

Imperial Oil Resources Limited has applied to the Alberta Energy and Utilities Board and Alberta Environment for approval to further expand its operations at Cold Lake, Alberta.

The proposed expansions would add production capability to the company's existing Cold Lake Production Project (CLPP). The expansions, within Imperial's current lease area, and shown on the accompanying map, include:

- three new phases of bitumen production (Phases 14-16), with associated steam-generation, bitumen-processing, water-treatment and field facilities, to form a new operating area known as Nabiye (na-bee-yae; Dene, meaning "otter");
- an extension of the existing Mahihkan (ma-hee-kan; Cree, meaning "a wolf") operating area to a new area known as Mahihkan North.

Assuming timely regulatory approval and favorable business and market conditions, the Nabiye development could be complete and on-stream as early as late 2006. Wells in the proposed Mahihkan North development would be drilled as required to sustain full production from the existing Mahihkan plant. Total investment over the first 10 years of operation is expected to be about \$1 billion, of which \$600-700 million is related to the initial plant and field facilities for the Nabiye development.

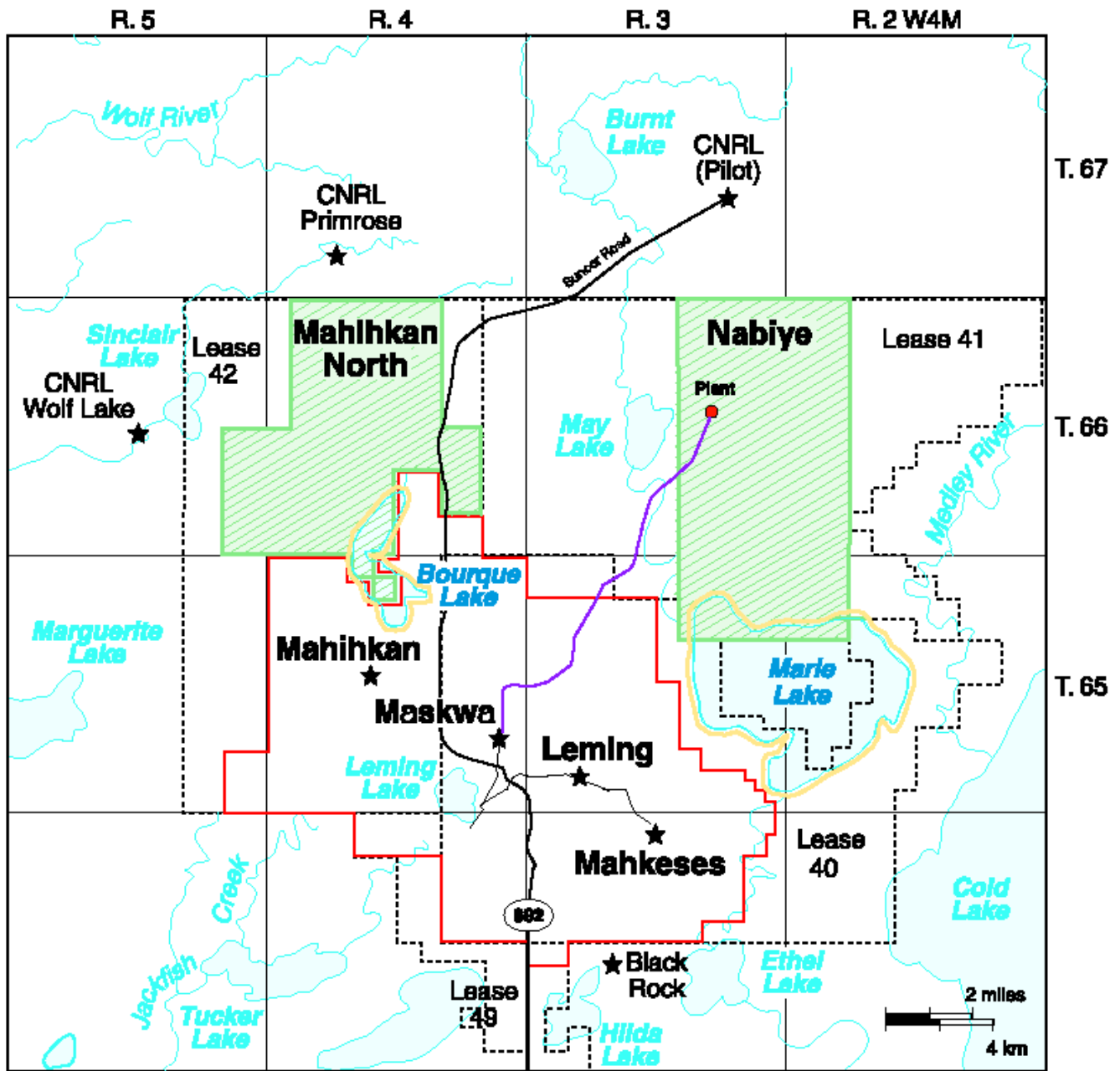
The Nabiye development (CLPP Phases 14-16) would be located northeast of Imperial's existing plant sites (immediately north of Marie Lake). The development would increase bitumen production by 30,000 barrels a day and add 250 million barrels of recoverable reserves at Cold Lake. It is expected that the Nabiye development will utilize cyclic steam-stimulation, which is used in Imperial's existing operations at Cold Lake, to recover bitumen. A new plant containing steam-generation, bitumen-processing and water-treatment facilities is planned to be built to support production from the three new production phases.

An electrical transmission line would be required to connect surplus power from the Mahkeses (Phases 11-13) co-generation power plant, scheduled for start-up in late 2002, to the Nabiye plant. New pipelines would also be constructed between the Nabiye plant and existing plants to transfer process streams between various Cold Lake sites.

The Mahihkan North development is a northwesterly extension of Phases 9 & 10 of the existing Mahihkan field, and would involve drilling additional wells from new surface pads located to the east, west and north of Bourque Lake. This development would maintain production from the existing Mahihkan plant and develop an additional 125 million barrels of recoverable reserves over the next 10-20 years, and as much as 200 million barrels over the project life. Development of Mahihkan North is expected to be similar in design and technology to current operations, using cyclic steam-stimulation as the primary recovery mechanism. Approximately 600 new wells drilled from more than 20 new pads would be required over the next 10 years, with a further 800 wells planned thereafter.

Pipelines and other surface facilities would be built to connect these pads to the Mahihkan steam and bitumen-processing plants. This development will ensure continued full, efficient use of existing steam-generation capacity at the Mahihkan site and maximize bitumen production.

Throughout the regulatory review period, Imperial will work closely with regulators and area residents. The company will continue its public consultation efforts to ensure the interests of stakeholders are represented and considered.



- Oil Sands Lease Boundaries
- Approved Development Area
- ▨ Proposed Development Areas

- ★ Plants
- ▭ Facility Setback From Lake
- Proposed Access Corridor