North America and Canada’s Oil Sands

Ports-to-Plains Energy Summit
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ConocoPhillips Canada
April 7, 2011
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OF THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995

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Today’s Presentation

• Safety Moment
• The Context
• About the Oil Sands
• COP’s Position
• The Surmont Project
• Oil Sands Technology
• The Transportation Corridor
• A Secure Energy Future
Safety Moment – Transportation Safety

• Traffic safety is large focus in Ft McMurray Area

• Coalition for a Safer 63 & 881 launched in April 2010

• Now has 16 members cross-industry
Global Energy Demand

Fossil fuels projected to meet 80% of energy demand in 2035

Global Crude Oil Reserves by Country

Source: Oil & Gas Journal Dec. 2008

World Oil Reserves

State owned or controlled

Accessible

Other Accessible Reserves

53%

47%

Canada’s Oil Sands

Other Accessible Reserves

264

175

136

115

102

99

92

60

44

36

30

21

billion barrels

Saudi Arabia
Canada
Iran
Iraq
Kuwait
Venezuela
Abu Dhabi
Russia
Libya
Nigeria
Kazakhstan
United States

Includes 170 billion barrels of oil sands reserves
Significant Source of US Supply

Source: EIA, Jan-Dec 2008
• There are 1.7 trillion barrels of oil in the Canadian Oil Sands

• Only 20% can be mined – the rest (1.4 trillion barrels) is too deep
The Opportunity

• Only 20% can be mined – the rest, 1.7 trillion barrels, is too deep

• Extraction methods:
  – Open Pit
  – In-Situ
The Land and Boreal Forest

- Canada’s Boreal Forest: 3,200,000 km²
- Canada’s Oil Sands: 140,200 km²
- Alberta Protected Areas: 90,464 km²
- Oil Sands Mineable Area: 4,802 km²
- Mining Area Under Development: 530 km²

ConocoPhillips
Canada Oil Sands

Slide 12
The Challenge: Viscosity

Viscosity (cP)

- Bitumen at virgin reservoir conditions
- Peanut Butter
- Ketchup
- Maple Syrup
- Olive Oil
- Cream
- Water
- Typical oil in the ground

Temperature (deg C)

0 50 100 150 200 250
SAGD In-Situ Process

- Minimal surface footprint from well pads.
- Two horizontal wells.
- Top well injects steam into the reservoir, heating up the bitumen - reducing viscosity.
- Heated bitumen flows back to surface through bottom well.
- High water recycle rate from steam production.
ConocoPhillips Oil Sands Interests

- Leading land position in the oil sands
- >1 million net acres
- Producing 63,000 bbls/day
- Focused on in-situ development
Asset Overview: Surmont

- 50/50 joint venture with TOTAL E&P Canada
- SAGD recovery process
- Phase 1 first steam June 2007, Currently producing 23,000 bbls/day
- Phase 2 multi-billion dollar mega-project under construction
- Combined Phase 1&2 plateau of 110,000 bbls/day production
- Future phases could bring peak production to 400,000 bbls/day
Surmont Phase 2 Update

• Clearing and grubbing completed in 2010.
• In 2011, we will:
  • Finish the first phase of the 1,000 bed construction camp
  • Complete the majority of the piling and foundation work
  • Install our first pipe rack module
• First production for Phase 2 is currently slated for 2015.
Oil Sands Technology

- **Water**
  - Use less water
  - Recycle more water
  - Use higher salinity water

- **Land**
  - Disturb less land
  - Use land more efficiently
  - Reclaim land

- **GHGs**
  - Less steam/bbl of oil
  - Fewer GHGs/bbl of steam
  - Facilitate CCS

Data source: CERA, 2009
Oil Sands Leadership Initiative (OSLI)

- Five like-minded companies working together to create a step-change in performance in these key areas:
  - Technology Breakthrough
  - Water Management
  - Land Stewardship
  - Sustainable Communities
- Vision: Achieving world-class environmental, social and economic performance in developing this world-scale oil sands resource.
- 2011 Budget: $23.4 million
Technology Example - VIT

• Vacuumed insulated tubing (VIT):
  – Consists of concentric inner and outer standard oil field tubing welded at each end
  – A vacuum is applied to the annular space
  – Further insulated with a covering

• Benefits:
  – Heat retention in SAGD operations, resulting in reduced steam-oil ratio (SOR)
  – Lower SOR means less natural gas burned and less water used

• Currently being piloted at Surmont
Transportation Corridors
## Canada’s Oil Sands & Economic Impact on US

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<th>National Impacts</th>
<th>2010</th>
<th>2015</th>
<th>2020</th>
<th>2025</th>
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<td>U.S. Gross Domestic Product ($US Billions)</td>
<td>11.5</td>
<td>34.0</td>
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<td>U.S Employment (Thousand Person Years)</td>
<td>172</td>
<td>343</td>
<td>88</td>
<td>22</td>
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Source: CERI Study, Oct 2009
A Secure Energy Future

- Oil sands part of the North American energy mix and can be developed sustainably.
- A conducive policy environment will lead to Opportunities for all of North America.
- Investing in technology to minimize the impacts associated with development.
- Opportunities for energy security that include transportation.
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