



Imperial Oil

ExxonMobil

Kearl

Kearl Oil Sands Project
Project Description

November 2003

PROPOSED DEVELOPMENT

Imperial Oil Resources (Imperial) and ExxonMobil Canada Ltd. (ExxonMobil) are advancing public consultation and other work on a proposed development in the Kearl Lake area, about 70 km north of Fort McMurray.

The proposed project is an oil-sands mining and bitumen-upgrading opportunity in the Athabasca oil-sands region.

The proposed development will be on the following oil-sands leases:

- Leases 6 and 87, in which Imperial holds 100 percent of the mining rights. Areas deemed suitable for surface mining are primarily in the western part of Lease 6 and the northwestern part of Lease 87.
- Lease 36 and 31A, in which ExxonMobil Canada holds 100 percent of the mining rights

The plans outlined in this document are based on preliminary studies by Imperial and ExxonMobil. Plans will be finalized based on further engineering-design and business analyses, as well as further assessment of the environmental, economic and social effects of the proposed development.

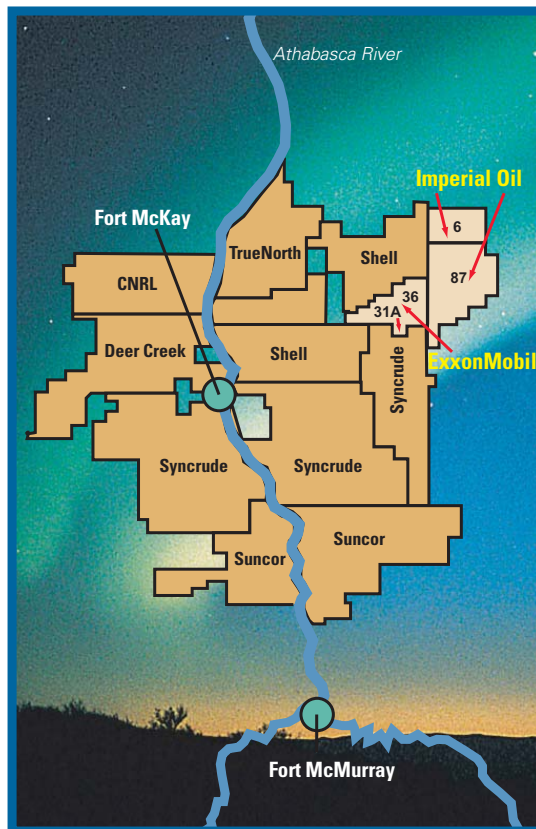
In the meantime, we invite your questions and comments as we continue to develop our plans. Contact information is on the last page of this document.

PROJECT BACKGROUND

ExxonMobil (formerly Mobil Oil Canada) initially proposed this project in 1997 and filed a preliminary disclosure. Drilling and evaluation work on the leases that were acquired (Lease 36 and 31A) during the 1950s, had confirmed significant bitumen resources.

Post 1997, ExxonMobil reviewed the Kearl opportunity to evaluate the potential for building a new oil-sands mine, upgrader and related facilities. After deferring the proposed project's regulatory filing, ExxonMobil continued to evaluate the Kearl oil-sands opportunity.

The Imperial leases (Leases 6 and 87) were jointly acquired by Imperial and Husky Energy. Lease 87 was acquired in 1989, and Lease 6 was acquired in 2000. In 2002, Imperial and Husky Energy concluded an agreement that gave Imperial all the mining rights on the two leases.



PARTICIPATING COMPANIES



Imperial Oil Limited

Imperial Oil Limited is Canada's largest integrated (production, refining and product delivery) petroleum company. It's a leading producer of crude oil and natural gas and a major company by international standards.

The company's focus is on exploring for and producing oil and natural gas, refining and marketing petroleum products, and manufacturing and selling petrochemicals. It has about 6,400 employees in two operating divisions - the Resources Division and the Products and Chemicals Division.

Resources Division

The Resources Division manages the company's natural resource operations and is based in Calgary, Alberta. It is Canada's largest oil producer and one of the largest producers of natural gas. It is the major developer of Canada's vast reserves of oil sands through its 25 percent ownership of the Syncrude project and its operations at Cold Lake, Alberta.

Imperial is also the leader of a Canadian group advancing the development of natural gas resources in the Mackenzie Delta region of Canada's Far North. The company also operates 18 pipelines and has ownership interests in several other pipelines.

Products and Chemicals Division

The Products and Chemicals Division manages the company's petroleum products and chemicals businesses, under the Esso brand. The products group operates four refineries and an extensive network of retail and wholesale outlets. It is one of the largest suppliers of refined products in Canada.

The chemicals group operates four manufacturing plants and a number of strategically located distribution centres across the country. It's one of the largest chemical companies in Canada. Chemical products include primary petrochemicals, plastic resins, solvents and additives for lubricating oils.



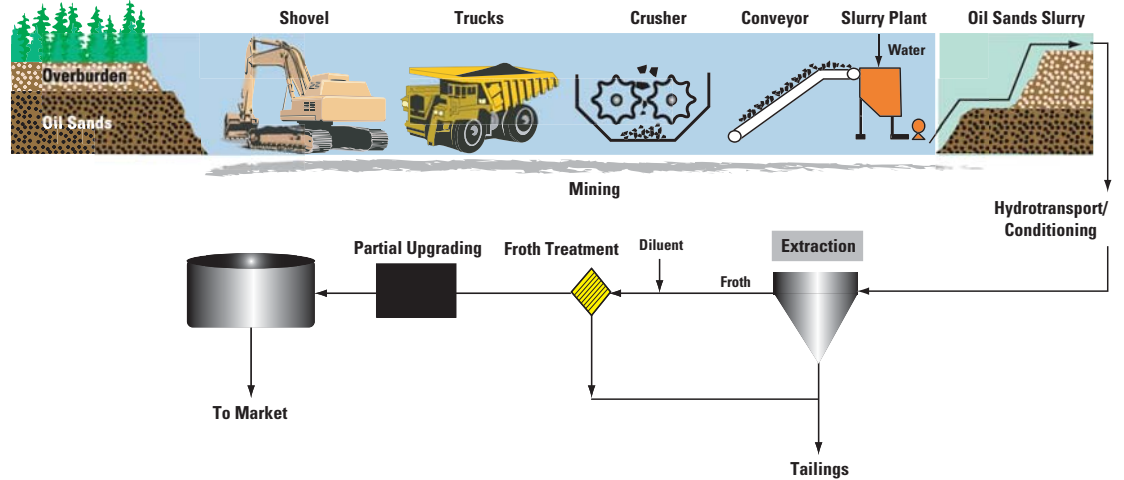
ExxonMobil Canada

ExxonMobil Canada (formerly Mobil Oil Canada) is a wholly owned subsidiary of Exxon Mobil Corporation and one of Canada's largest petroleum producers. The company also holds a leadership position in key petroleum exploration and production areas, with large working interests in the Hibernia, Terra Nova and Sable offshore energy projects off Canada's East Coast.

The company has about 1,100 employees who support its operations across Canada. In western Canada, ExxonMobil operates nine oil and gas facilities and has ownership interests in 13 other facilities. It's also part of the Canadian group (led by Imperial) advancing the development of Mackenzie Delta natural-gas resources in Canada's Far North.

ExxonMobil's western Canadian holdings include interests in more than three million acres of exploration lands. This includes its wholly owned mining Lease 36 and 31A in the Athabasca oil-sands region.

Preliminary Development Concept



PROPOSED FACILITIES AND OPERATION

Oil-Sands Mine

The mine's design concept is similar to existing mines in the Fort McMurray region. Plans are to use state-of-the-art, large-scale shovels, trucks, crushers and an oil-sands hydrotransport system.

The base mine will be developed in a staged approach. Initial development will involve clearing and draining the surface area, stockpiling the muskeg for use in future reclamation and removing the overburden before mining the oil sands can begin.

Bitumen Extraction

The mined ore will be crushed, mixed with water for slurring, transported and conditioned in a pipeline, and fed to a bitumen-extraction facility. The bitumen will be separated as froth - a mixture of bitumen, water and solids. The froth will be further treated in a froth treatment plant to produce clean bitumen.

Bitumen Upgrading

Current plans include partial bitumen upgrading on-site to reduce the bitumen's viscosity, so it can flow through a pipeline. Other upgrading options are also being studied.

Options for upgrading the clean bitumen include adding a lighter hydrocarbon liquid diluent, adding synthetic crude oil, partially upgrading the

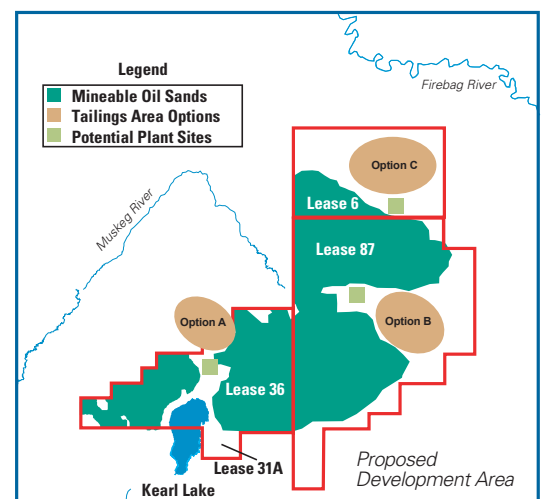
bitumen to meet pipeline specifications or fully upgrading to a synthetic crude. Alternate locations for the upgrader will also be studied.

Bitumen Transportation

The product will be transported to market through a pipeline to existing transportation systems in Edmonton or Hardisty, Alberta. Imperial and ExxonMobil own refineries in Canada and the U.S. that could receive bitumen or upgraded feedstock to make a variety of refined products. Production may also be sold to third parties.

Tailings Management

Tailings (a mixture of fine clay and water) are a by-product of the bitumen-extraction process. Various technologies will be evaluated to minimize fresh-water use, reduce land disturbance and maximize energy-efficiency through this process.



CONSULTATION PROCESS

As project operator, Imperial will provide a process for public consultation that is open and that fosters trust and credibility. Imperial has begun meeting with the public, elected officials and Aboriginal communities in the Athabasca region.

This is being done to provide updates on plans, proposed operations and activities and to seek input.

Imperial will continue to seek input from interested parties during all phases of the proposed project. This will be done before filing regulatory applications, during construction and after start-up. Consultation will include public meetings, newsletters, open houses and presentations. Additionally, one-on-one meetings will be held with groups who might be most directly affected by the proposed project.

If you think you are directly affected by these proposed development plans, please do not hesitate to contact us. Our contacts and their areas of responsibility are on the last page of this document.

Discussions will be held to identify, address and resolve issues wherever possible. Interested parties will also have the opportunity to review the detailed regulatory application once it has been filed.

Imperial and ExxonMobil already understand many of the regional cumulative environmental and socioeconomic issues through ExxonMobil's participation in key regional committees. Company representatives have participated in the Cumulative Environmental Management Association (CEMA), Regional Aquatics Monitoring Program (RAMP), Regional Issues Working Group (RIWG) and the Athabasca Tribal Council (ATC). Further understanding will be acquired through the public consultation and regulatory processes and ongoing participation in the regional committees.

ENVIRONMENTAL MANAGEMENT

Company Commitment

Imperial and ExxonMobil are committed to environmental management as an integral part of their business. This includes integrating environmental considerations in business planning, facilities and product design, operating processes and training programs.


The companies' current operations incorporate extensive environmental design and protection measures to minimize effects on water, land and air quality. In addition, a variety of ongoing consultation forums provide the public with opportunities to review and provide input to the companies' environmental performance.

Environmental Assessments

For the proposed Kearn development, a similar approach will be followed to address environmental aspects.

A team of experts with oil-sands environmental experience has been doing baseline studies (data collection) to understand the environmental conditions surrounding the development area.





The studies are considering, as examples, aquatic resources, soil, vegetation, wildlife and traditional land uses.

An environmental impact and cumulative effects assessment will also be done, building on the baseline studies. The regulatory documentation will also include management plans for water, air and land reclamation.

Alberta Environment issued terms of reference for the environmental impact assessment (EIA) for the project in 1998. However, since that time, changes have occurred, and those terms of reference can no longer be used. As a starting point for a revised EIA, Imperial is using the generic oil-sands mining terms of reference prepared by interested parties, industry and Alberta Environment. These terms of reference are subject to further input relative to the proposed Kearl project. A public notice will be published for the EIA terms of reference so interested parties can review the revised draft and identify necessary upgrades.

Much has been learned over the last six years about the environmental aspects of oil-sands mining projects. Some of this has come from the public hearings for the CNRL (Canadian Natural Resources Limited) Horizon and Shell Jackpine projects, which were held in the fall of 2003. Imperial intends, as much as practical, to draw on lessons learned from those projects during design and development of the proposed Kearl project.

Water Management

Imperial understands that water management is a key regional issue, and will evaluate technologies and production strategies that could reduce the project's fresh water requirements.

Environmental Protection

Setbacks will be maintained from designated environmentally sensitive areas. Several options for mine-pit development sequence, placement of tailings and location of plant facilities will be

evaluated. Imperial will seek interested parties' input into this aspect of the project's planning and design.

Reclamation Plans

After the project is complete, the surface of the development area will be reclaimed to facilitate drainage, provide surface soil cover and establish protective vegetation and wetlands.

Imperial will also seek interested parties' input into the final landscape design.

SOCIOECONOMIC BENEFITS

Imperial will build on socioeconomic assessments by other operators and industry associations, such as the Athabasca Regional Issues Working Group (RIWG), to determine the socioeconomic benefits and impacts of this project. We expect benefits to include:

- investment of an estimated \$5 to 8 billion (CDN) to develop the Kearl oil-sands project, which will be largely spent in the province of Alberta and across Canada. The final cost estimate will be highly dependent on the final upgrading option selected
- the specific construction workforce is dependent on the construction strategy pursued, but is expected to number several thousand
- more than 1,000 permanent jobs when the project is operational
- additional indirect employment during both construction and operation
- government income through royalties and taxes

Additionally, Imperial will encourage local and regional business development by preferring to use, on a cost-competitive basis, qualified local and regional materials and services suppliers with high safety and environmental performance standards.

GLOSSARY

ATC

Athabasca Tribal Council

Bitumen

The heavy oil recovered from oil-sands deposits

CDN

Canadian (used for dollar values)

CEMA

Cumulative Environmental
Management Association

Diluent

The diluting agent added to bitumen

EIA

Environmental impact assessment

Environmental Aspects

An activity, product or service that can routinely or non-routinely affect the environment and that a division or business unit can control or influence

Kearl

A proposed development area (about 70 km north of Fort McMurray) in the Athabasca oil-sands region

Overburden

Loose or unconsolidated geologic material that lies over solid bedrock

Tailings

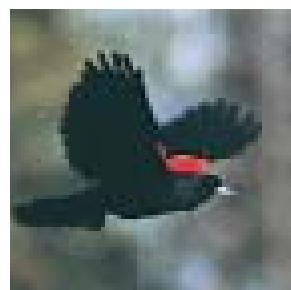
A mixture of very fine clay and other materials suspended in water – a by-product of the bitumen extraction process

RAMP

Regional Aquatics Monitoring Program

RIWG

Regional Issues Working Group



COMPANY CONTACTS

For the near term, all proposed development activities will be coordinated from Imperial's offices in Calgary, Alberta. The company address is:

Imperial Oil Resources
3535 Research Road NW
Calgary, Alberta T2L 2K8

Inquiries related to the proposed project are welcome, and should be directed to:

Mark Little
Kearl Oil-Sands Project Manager

Tel. 403-284-7490
mark.s.little@esso.ca

Stuart Nadeau
Regulatory and Environmental Issues

Tel. 403-284-7543
stuart.nadeau@esso.ca

Roy Steinhauer
Aboriginal Affairs Manager

Tel. 403-237- 3710
roy.g.steinhauer@esso.ca

Pius Rolheiser
Public Affairs

Tel. 403-237- 2663
pius.j.rolheiser@esso.ca

Kearl

