



Rick Gallant
Vice President
Oil Sands Development & Research
403.237.4065 Tel
rick.j.gallant@esso.ca

June 30, 2014

Innovative Energy Technologies Program (IETP)
Alberta Department of Energy
Resource Development Policy Division
Energy Technical Services Branch
Petroleum Plaza North
9945 - 108 Street
Edmonton, Alberta T5K 2G6

Attention: Christopher Holly, Branch Head
Research and Technology

Dear Mr. Holly:

Re: Imperial Oil SA-SAGD IETP Annual Project Technical Report

Attached is Imperial Oil's 2013 Annual Project Report for the SA-SAGD pilot as required under IETP application 03-047.

Please contact Cathy Giang at (403) 284-7487 or cathy.giang@esso.ca with any questions or concerns.

Yours truly,

[Original Signed]

J.F. (John) Elliott, P.Eng.
Manager, Oil Sands Recovery Research

Attachment
cc: Cathy Giang, IOR
cc: Martin Mader, ADOE

IETP Application No. 03-047

Imperial Oil Resources - Cold Lake Solvent Assisted - SAGD Pilot

2013 Annual Project Technical Report

Confidential under IETP Agreement

Table of Contents

| | |
|---|-----------|
| TABLE OF CONTENTS | 3 |
| LIST OF APPENDICES | 4 |
| 1 ABSTRACT | 5 |
| 2 SUMMARY PROJECT STATUS REPORT | 6 |
| 2.1 MEMBERS OF THE PROJECT TEAM..... | 6 |
| 2.2 KEY ACTIVITIES..... | 6 |
| 2.3 PRODUCTION, AND MATERIAL AND ENERGY BALANCE FLOW SHEETS..... | 6 |
| 2.4 RESERVES..... | 9 |
| 3 WELL INFORMATION | 10 |
| 3.1 WELL LAYOUT MAP..... | 10 |
| 3.2 2012 DRILLING, COMPLETION, AND WORK-OVER OPERATIONS..... | 11 |
| 3.3 WELL OPERATION..... | 11 |
| 3.4 WELL LIST AND STATUS..... | 11 |
| 3.5 WELLBORE SCHEMATICS..... | 12 |
| 3.6 SPACING AND PATTERN..... | 14 |
| 4 PRODUCTION PERFORMANCE | 15 |
| 4.1 INJECTION AND PRODUCTION HISTORY..... | 15 |
| 4.2 COMPOSITION OF PRODUCED / INJECTED FLUIDS..... | 18 |
| 4.3 PREDICTED VS. ACTUAL COMPARISONS..... | 21 |
| 4.4 PRESSURES..... | 24 |
| 5 PILOT DATA | 25 |
| 5.1 ADDITIONAL DATA..... | 25 |
| 5.2 INTERPRETATION OF PILOT DATA..... | 30 |
| 6 PILOT ECONOMICS | 31 |
| 6.1 SALES VOLUMES OF NATURAL GAS AND BY-PRODUCTS..... | 31 |
| 6.2 REVENUE..... | 31 |
| 6.3 CAPITAL COSTS..... | 32 |
| 6.4 DIRECT AND INDIRECT OPERATING COSTS..... | 33 |
| 6.5 CROWN ROYALTIES..... | 34 |
| 6.6 CASH FLOW..... | 34 |
| 6.7 CUMULATIVE PROJECT COSTS AND NET REVENUE..... | 35 |
| 6.8 DEVIATIONS FROM BUDGETED COSTS..... | 35 |
| 7 FACILITIES | 36 |
| 7.1 MAJOR EQUIPMENT ITEMS..... | 36 |
| 7.2 CAPACITY LIMITATION, OPERATIONAL ISSUES, AND EQUIPMENT INTEGRITY..... | 36 |
| 7.3 PROCESS FLOW AND SITE DIAGRAMS..... | 36 |
| 8 ENVIRONMENTAL/REGULATORY/COMPLIANCE | 37 |
| 8.1 REGULATORY COMPLIANCE..... | 37 |
| 8.2 ENVIRONMENTAL CONSIDERATIONS..... | 37 |
| 8.3 AIR QUALITY..... | 37 |
| 8.4 AQUATIC RESOURCES..... | 37 |
| 8.5 WILDLIFE..... | 38 |
| 8.6 NOISE..... | 38 |

| | | |
|-----------|--|-----------|
| 8.7 | RECLAMATION..... | 38 |
| 9 | FUTURE OPERATING PLAN..... | 39 |
| 9.1 | PROJECT SCHEDULE | 39 |
| 9.2 | CHANGES IN PILOT OPERATION..... | 39 |
| 9.3 | OPTIMIZATION STRATEGIES..... | 39 |
| 9.4 | SALVAGE UPDATE | 39 |
| 10 | INTERPRETATIONS AND CONCLUSIONS | 40 |
| 10.1 | OVERALL PERFORMANCE ASSESSMENT | 40 |

List of Appendices

Appendix A: Process Flow Diagrams (PFDs) and Site Maps

1 Abstract

Imperial Oil Resources (Imperial) is conducting a Solvent Assisted - Steam Assisted Gravity Drainage (SA-SAGD) experimental pilot scheme at Cold Lake in the Clearwater formation to be operated under Alberta Energy and Utilities Board (AEUB) Approval 10689, dated October 30, 2006.

The experimental process design for the pilot involves the addition of 5-20% by volume of hydrocarbon solvent (diluent) along with the injected dry steam in a dual horizontal well SAGD configuration. Work performed by the Alberta Research Council (ARC)¹ and by Imperial indicates that the addition of solvent to the steam results in increased bitumen rates and decreased steam-oil ratios relative to the conventional SAGD process. The ES-SAGD process has been patented by ARC and Imperial has use rights to the technology through partial funding of the development work.

The pilot includes two horizontal well-pairs (four wells), six observation wells, associated steam and diluent injection facilities, artificial lift, as well as production measurement and testing facilities. The SA-SAGD pilot uses existing steam generation, water treatment, bitumen separation and processing facilities at Imperial's Mahkeses plant, as well as the existing steam distribution and production gathering system.

The pilot operation is expected to last up to five years.

This report summarizes progress that was made in 2013. Pilot operations continued with well-pair 1 operating in SA-SAGD mode, while the adjacent well-pair 2 operated in SAGD mode.

¹ Nasr, T.N., Beaulieu, G., Golbeck, H., and Heck, G.: "Novel Expanding Solvent - SAGD Process "ES-SAGD"", JCPT January 2003, Volume 42, and No. 1.

2 Summary Project Status Report

2.1 Members of the project team

The following were key members of the SA-SAGD team during 2013:

John F. Elliott, P.Eng. – Manager, Oil Sands Recovery Research
Larry M. Dittaro, P.Eng – SA-SAGD Pilot Team Lead
John Oxtoby, C.E.T – SA-SAGD Pilot Engineering Technologist
Aisha Hammouda, P.Eng – SA-SAGD Pilot Engineer
Alexander P. Dakers – SA-SAGD Pilot Technologist
Cathy Giang, E.I.T – SA-SAGD Pilot Engineer

2.2 Key activities

The pad started 2013 with well-pair 1 continuing to operate in SA-SAGD mode (T13-01 & T13-02) and well-pair 2 in SAGD mode (T13-03 & T13-04).

Injection was shut in on April 15, 2013 due to routine maintenance work on the main steam line from Mahkeses plant, with injection resuming on May 8, 2013.

There were diluent quality issues from July to October 2013, resulting in diluent injection shut in during these periods on well-pair 1.

Several well interventions were executed on both well pairs during 2013. Well-pair 1 received one water flush/nitrogen purge treatment and one acid stimulation treatment. Well-pair 2 received six water flush/nitrogen purge treatments and two acid stimulation treatments.

2.3 Production, and material and energy balance flow sheets

Gross balances

Steam:

Steam for the SA-SAGD pilot was generated at the Mahkeses plant in Cold Lake, which falls outside of the IETP project scope. Summary of injected steam volumes (by well, in m³):

| | T13-01 | T13-02 | T13-03 | T13-04 |
|--------|--------|--------|--------|--------|
| Jan-13 | 0.0 | 4960.1 | 0.0 | 4356.0 |
| Feb-13 | 0.0 | 3957.7 | 0.0 | 3338.2 |
| Mar-13 | 0.0 | 4660.0 | 0.0 | 4820.8 |
| Apr-13 | 0.0 | 2150.1 | 0.0 | 2148.6 |
| May-13 | 0.0 | 5045.7 | 0.0 | 4027.8 |
| Jun-13 | 0.0 | 5200.5 | 0.0 | 4024.2 |
| Jul-13 | 0.0 | 4458.4 | 0.0 | 3454.0 |
| Aug-13 | 0.0 | 5388.9 | 0.0 | 4252.5 |
| Sep-13 | 0.0 | 3567.9 | 0.0 | 2913.6 |
| Oct-13 | 0.0 | 6089.0 | 0.0 | 6058.3 |
| Nov-13 | 0.0 | 4780.6 | 0.0 | 4796.0 |
| Dec-13 | 0.0 | 4522.7 | 0.0 | 4584.6 |

Produced Materials

Produced water (by well, in m³):

| | T13-01 | T13-02 | T13-03 | T13-04 |
|---------------|---------------|---------------|---------------|---------------|
| Jan-13 | 4530.6 | 0.0 | 4145.9 | 0.0 |
| Feb-13 | 3822.2 | 0.0 | 3923.4 | 0.0 |
| Mar-13 | 4274.7 | 0.0 | 4451.0 | 0.0 |
| Apr-13 | 3424.3 | 0.0 | 2485.6 | 0.0 |
| May-13 | 4010.1 | 0.0 | 1989.2 | 0.0 |
| Jun-13 | 4649.9 | 0.0 | 5357.0 | 0.0 |
| Jul-13 | 4778.4 | 0.0 | 3827.9 | 0.0 |
| Aug-13 | 4250.6 | 0.0 | 3593.4 | 0.0 |
| Sep-13 | 3268.1 | 0.0 | 4104.5 | 0.0 |
| Oct-13 | 4188.8 | 0.0 | 4721.9 | 0.0 |
| Nov-13 | 3299.1 | 0.0 | 3533.7 | 0.0 |
| Dec-13 | 6416.8 | 0.0 | 3552.6 | 0.0 |

Volume disposed:

- There are no disposal wells included in this IETP project.

Produced hydrocarbon liquid (by well, in m³):

| | T13-01 | T13-02 | T13-03 | T13-04 |
|---------------|---------------|---------------|---------------|---------------|
| Jan-13 | 1942.3 | 0.0 | 805.7 | 0.0 |
| Feb-13 | 1595.7 | 0.0 | 760.5 | 0.0 |
| Mar-13 | 1833.4 | 0.0 | 834.0 | 0.0 |
| Apr-13 | 1916.0 | 0.0 | 486.9 | 0.0 |
| May-13 | 2690.3 | 0.0 | 370.6 | 0.0 |
| Jun-13 | 2841.0 | 0.0 | 1008.6 | 0.0 |
| Jul-13 | 2273.8 | 0.0 | 1141.3 | 0.0 |
| Aug-13 | 1713.5 | 0.0 | 1006.9 | 0.0 |
| Sep-13 | 1348.3 | 0.0 | 1447.7 | 0.0 |
| Oct-13 | 1269.1 | 0.0 | 1578.3 | 0.0 |
| Nov-13 | 1088.3 | 0.0 | 684.1 | 0.0 |
| Dec-13 | 2255.4 | 0.0 | 635.8 | 0.0 |

- The standard API of Cold Lake oil is 11.
- Produced hydrocarbon liquid volumes include liquid hydrocarbon from both the liquid and vent gas separators.
- Volumes in both T13-01 and T13-03 include diluent recovered in the oil liquid phase. A breakdown is provided in Section 4.1.

Diluent (purchased, in m³):

| | T13 |
|---------------|------------|
| Jan-13 | 918.9 |
| Feb-13 | 602.1 |
| Mar-13 | 908.2 |
| Apr-13 | 422.0 |
| May-13 | 904.8 |
| Jun-13 | 1027.0 |
| Jul-13 | 114.7 |
| Aug-13 | 783.6 |
| Sep-13 | 59.4 |
| Oct-13 | 553.3 |
| Nov-13 | 557.9 |
| Dec-13 | 873.3 |

- These volumes represent diluent that was purchased and stored on site at T13 (inside the diluent tank).
- Summary of injected diluent volumes (by well, in m³):

| | T13-01 | T13-02 | T13-03 | T13-04 |
|---------------|---------------|---------------|---------------|---------------|
| Jan-13 | 0.0 | 847.3 | 0.0 | 0.0 |
| Feb-13 | 0.0 | 635.1 | 0.0 | 0.0 |
| Mar-13 | 0.0 | 891.8 | 0.0 | 0.0 |
| Apr-13 | 0.0 | 421.2 | 0.0 | 0.0 |
| May-13 | 0.0 | 857.0 | 0.0 | 0.0 |
| Jun-13 | 0.0 | 1031.7 | 0.0 | 0.0 |
| Jul-13 | 0.0 | 97.0 | 0.0 | 0.0 |
| Aug-13 | 0.0 | 691.8 | 0.0 | 0.0 |
| Sep-13 | 0.0 | 106.2 | 0.0 | 0.0 |
| Oct-13 | 0.0 | 491.7 | 0.0 | 0.0 |
| Nov-13 | 0.0 | 524.1 | 0.0 | 0.0 |
| Dec-13 | 0.0 | 892.4 | 0.0 | 0.0 |

Produced Sand (m³):

- Sand production is not measured at the pilot, and any sand production is assumed to be negligible.

Produced gas (E³m³):

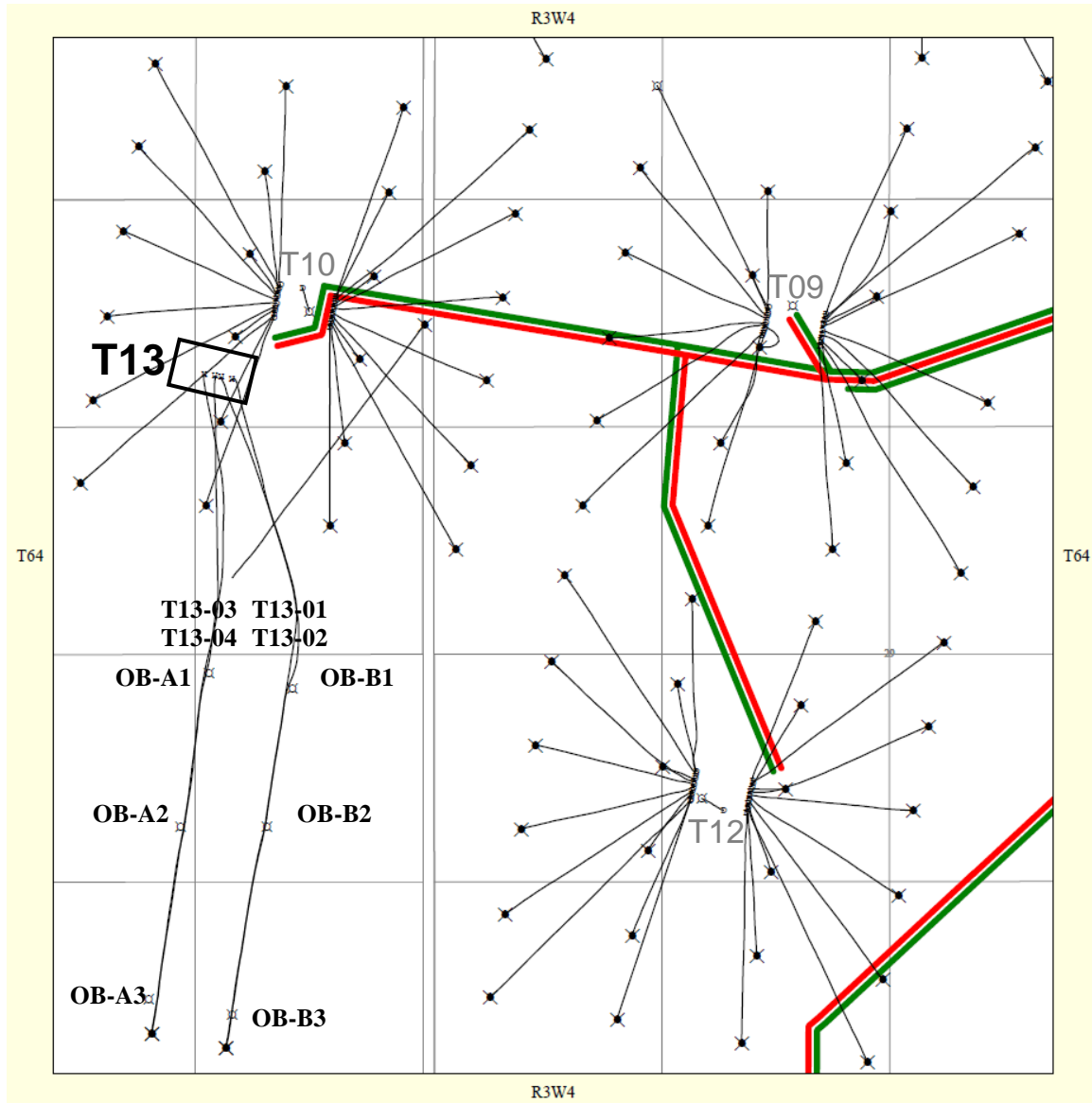
| | T13-01 | T13-02 | T13-03 | T13-04 |
|---------------|---------------|---------------|---------------|---------------|
| Jan-13 | 3.8 | 0.0 | 1.3 | 0.0 |
| Feb-13 | 4.1 | 0.0 | 1.8 | 0.0 |
| Mar-13 | 5.7 | 0.0 | 2.6 | 0.0 |
| Apr-13 | 5.0 | 0.0 | 0.7 | 0.0 |
| May-13 | 8.1 | 0.0 | 3.0 | 0.0 |
| Jun-13 | 7.5 | 0.0 | 3.8 | 0.0 |
| Jul-13 | 10.7 | 0.0 | 3.4 | 0.0 |
| Aug-13 | 8.6 | 0.0 | 3.8 | 0.0 |
| Sep-13 | 9.7 | 0.0 | 8.3 | 0.0 |
| Oct-13 | 9.6 | 0.0 | 8.2 | 0.0 |
| Nov-13 | 5.6 | 0.0 | 3.3 | 0.0 |
| Dec-13 | 8.3 | 0.0 | 1.9 | 0.0 |

2.4 Reserves

The current estimate of expected recovery is 40 to 50% of Original Bitumen in Place (OBIP). OBIP on T13 pad is 1062 km³. Note that this estimate is associated with SAGD only, as solvent assisted recovery uplift needs further assessment to support additional reserves booking.

3 Well Information

3.1 Well Layout Map



Legend

- Heavy Oil Well
- Observation Well
- Directional Well Path
- Steam Pipeline
- Production Pipeline

Figure 1: Location of SA-SAGD surface facilities and well trajectories

3.2 2013 drilling, completion, and work-over operations

There is no drilling or completion work to report for 2013. Drilling and completion work on the four horizontal wells was completed in 2008, and all six observation wells were drilled in the 2006-2007 timeframe.

3.3 Well operation

All four horizontal wells (T13-01, 02, 03, 04) started steam injection on November 17, 2009. The wells continued to operate in warm-up mode until June 30, 2010. On July 20, 2010, SAGD mode was initiated on both well-pairs. On October 20, 2010, solvent injection commenced into well T13-04, thus initiating SA-SAGD operation on the west well pair (well-pair 2). On May 28, 2012, the well-pairs went through a solvent switch, turning well-pair 2 to SAGD operation, and well-pair 1 to SA-SAGD operation.

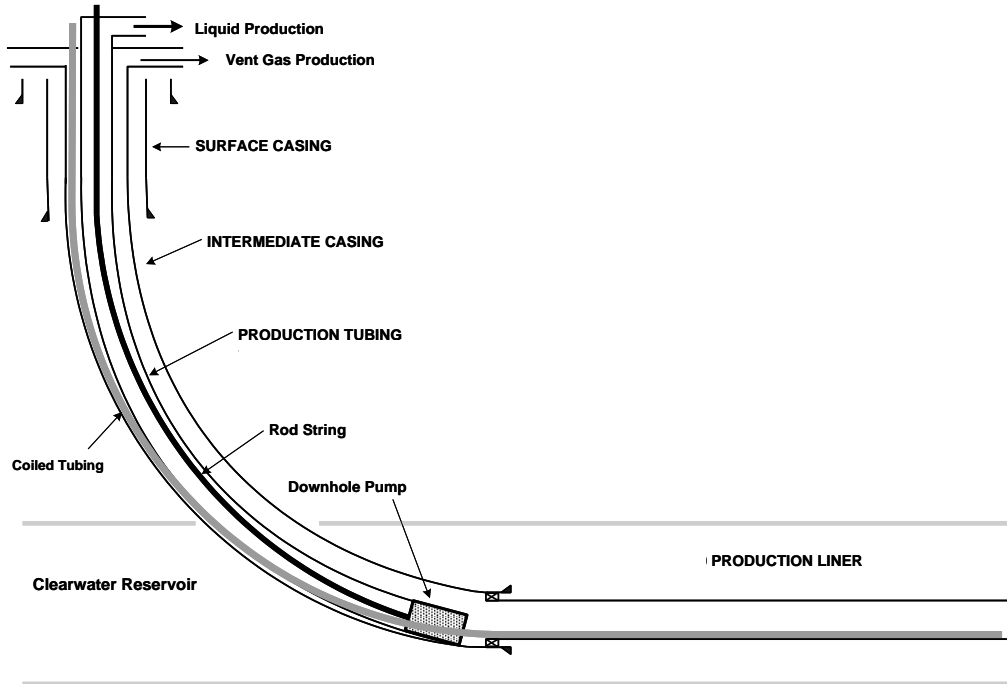
3.4 Well list and status

All wells are currently active. List as follows:

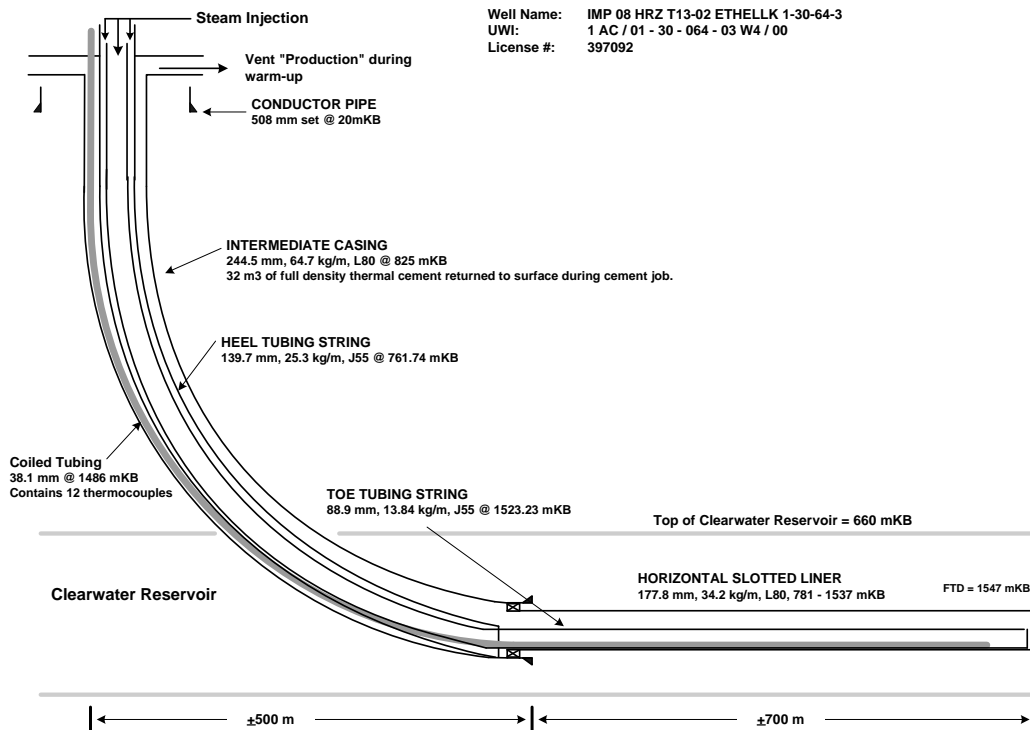
| | |
|----------------|--|
| East well-pair | 1AB/01-30-064-03W4/0 (T13-01) producer |
| | 1AC/01-30-064-03W4/0 (T13-02) injector |
| | 1AA/08-30-064-03W4/0 (OB-B1) observation well |
| | 1AD/08-30-064-03W4/0 (OB-B2) observation well |
| | 1AA/01-30-064-03W4/0 (OB-B3) observation well |
| West well-pair | 1AB/02-30-064-03W4/0 (T13-03) producer |
| | 1AC/02-30-064-03W4/0 (T13-04) injector |
| | 1AB/08-30-064-03W4/0 (OB-A1) observation well |
| | 1AA/07-30-064-03W4/0 (OB-A2) observation well |
| | 1AA/02-30-064-03W4/0 (OB-A3) observation well |

3.5 Wellbore schematics

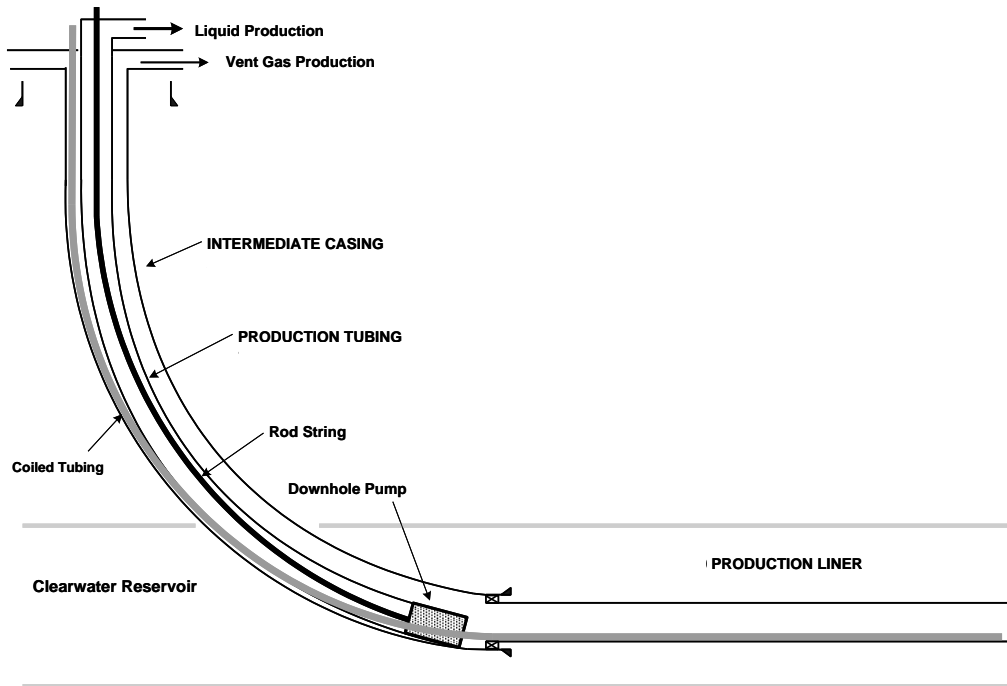
T13-01 (East producer) – SAGD schematic:



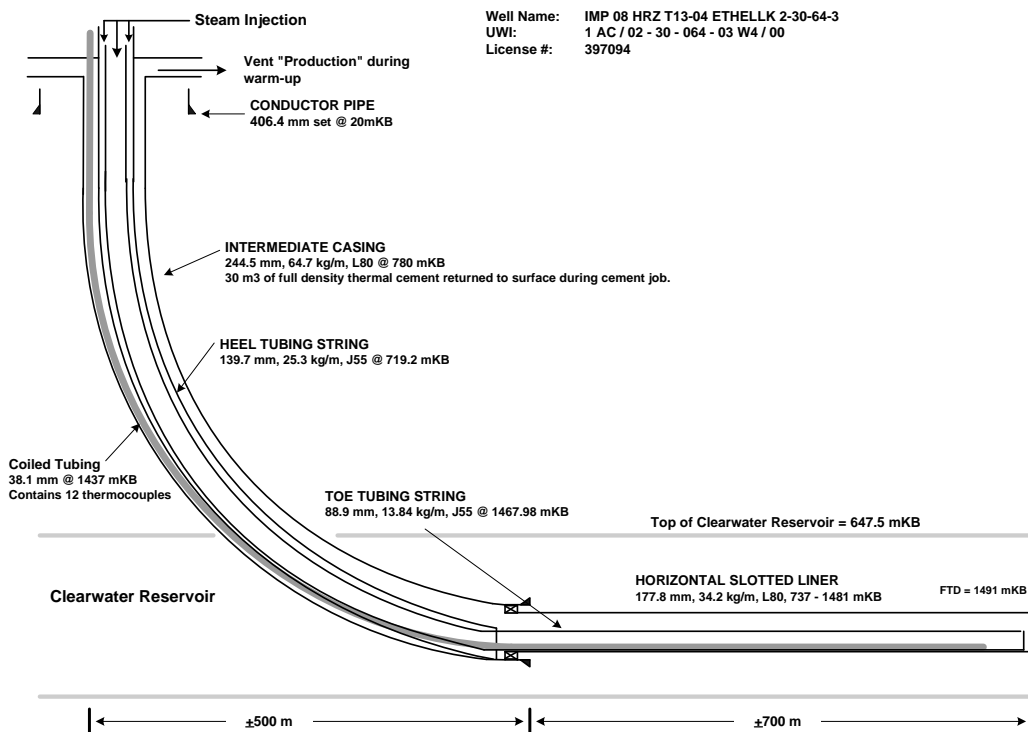
T13-02 (East injector):



T13-03 (West producer) – SAGD schematic:

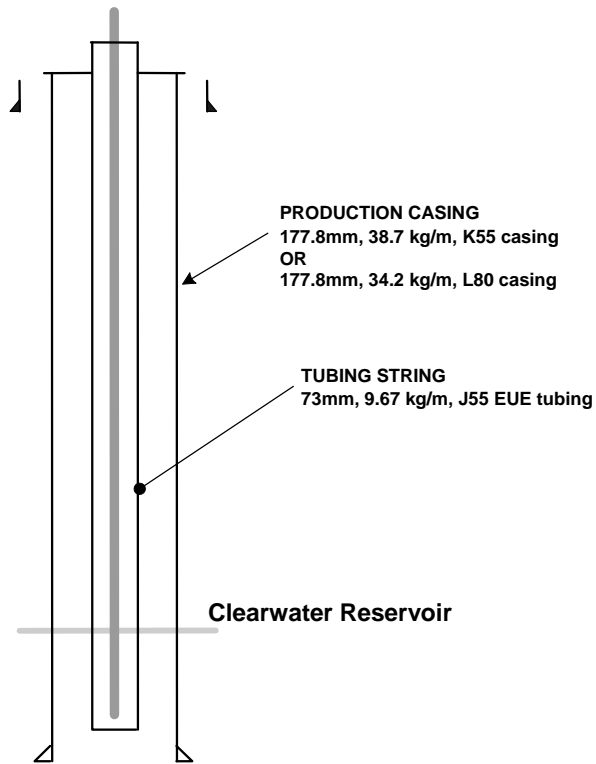


T13-04 (West injector):



Well Name: IMP 08 HRZ T13-04 ETHELLK 2-30-64-3
 UWI: 1 AC / 02 - 30 - 064 - 03 W4 / 00
 License #: 397094

All six observation wells are completed as follows (fitted with thermocouple bundles installed inside the 73 mm tubing string):



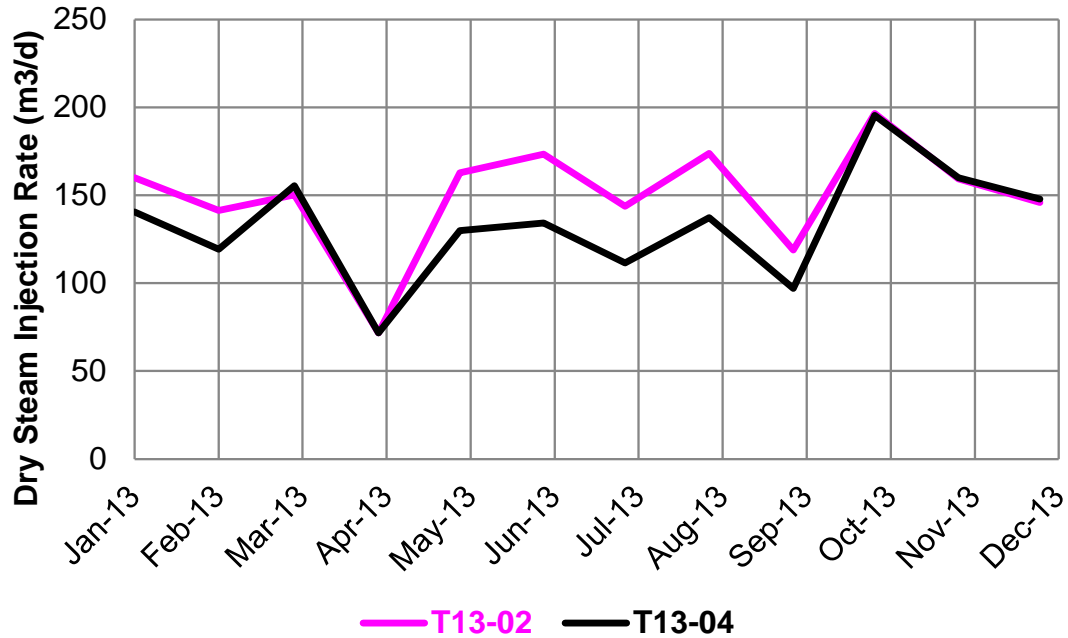
3.6 Spacing and pattern

The horizontal well-pairs are spaced approximately 150 m apart, with approximately 650 m of drainage length per well. This translates into a drainage pattern of approximately 97,500 m² (150m * 650m), which is roughly 24 acres per well.

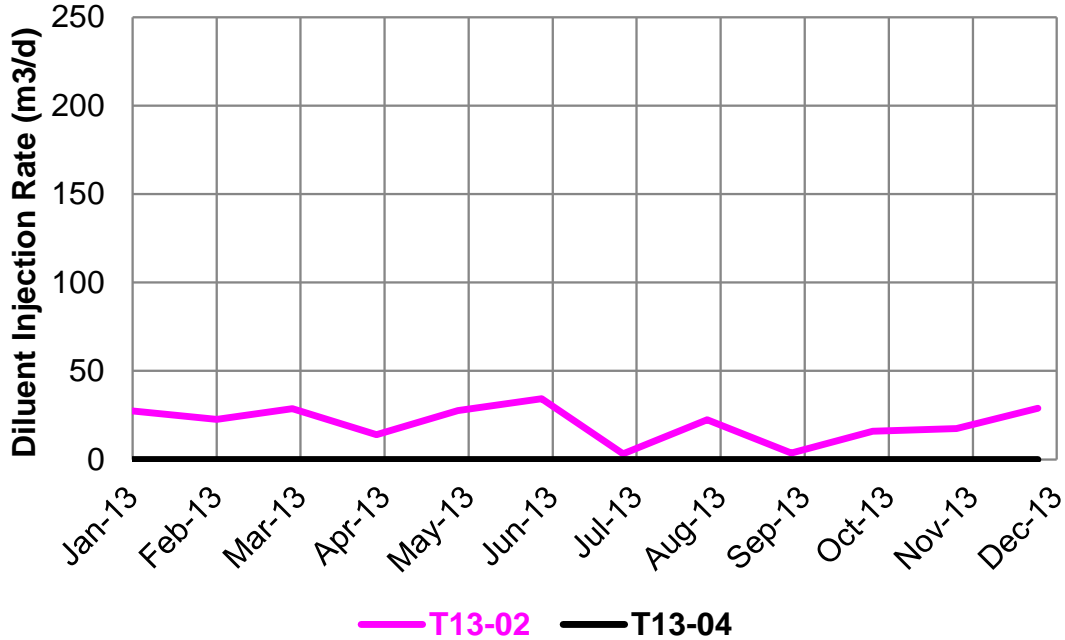
4 Production Performance

4.1 Injection and production history

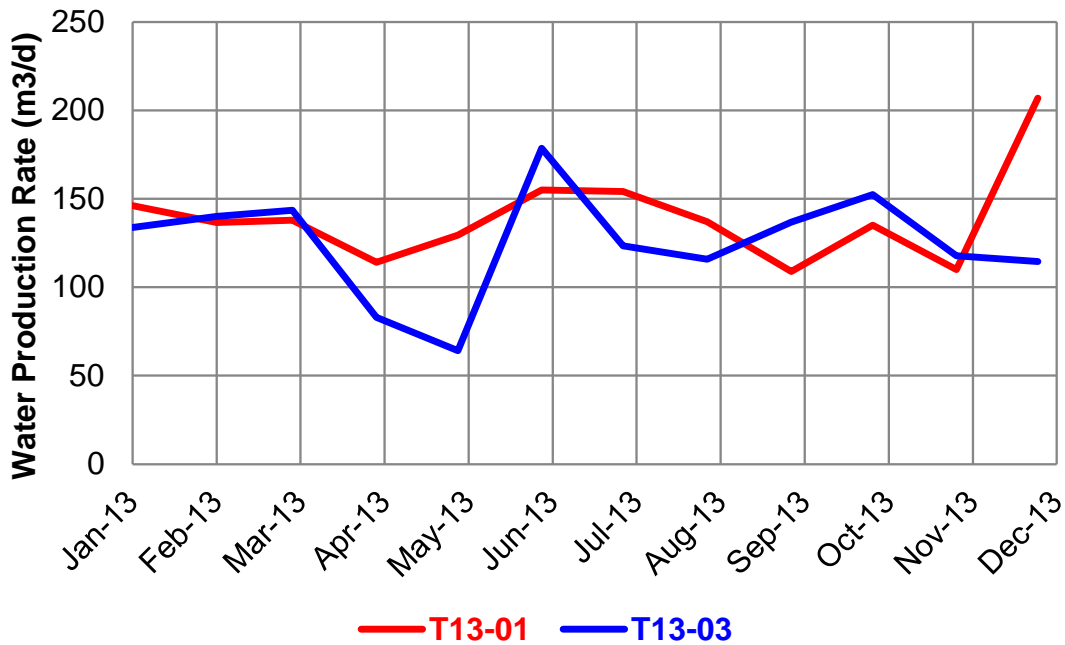
During SAGD / SA-SAGD operation, injection rates are dictated by an operational strategy to maintain injection pressure close to initial reservoir pressure (see section 4.4). Typical rates varied to achieve this, with durations of higher than average injection rates that followed periods of injection shut in (allowing pressure target to be reached in a timely manner). A plot of the monthly average steam injection rates for each well is shown below.



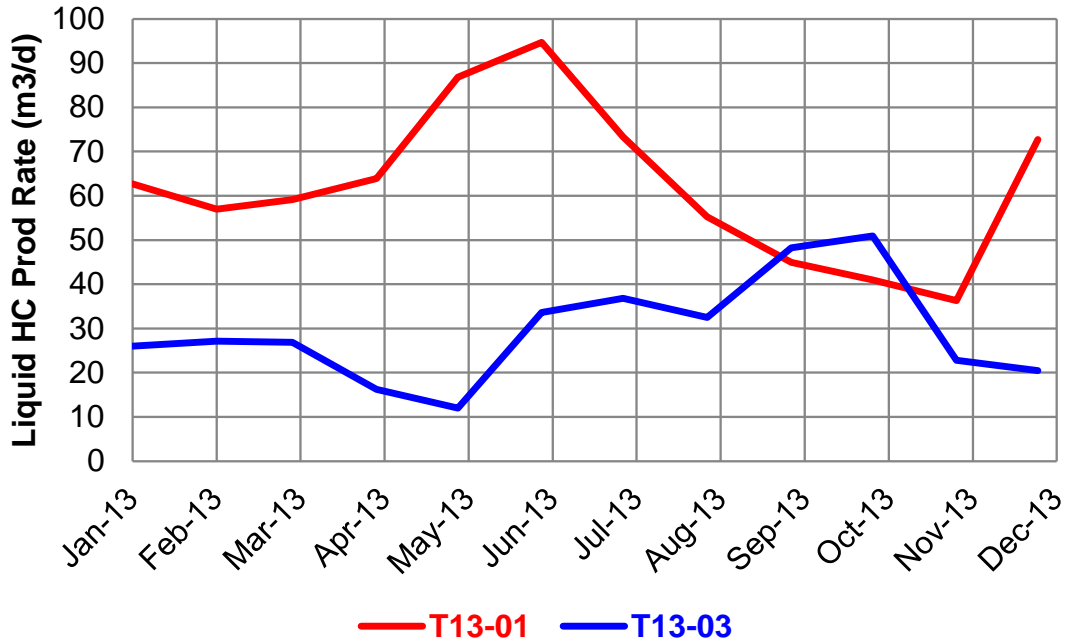
Well-pair 2 operated in SA-SAGD mode until end of May 2012, when well-pair 1 started operating in SA-SAGD mode. Rates were dictated by a target diluent volume of roughly 20% volume diluent/volume steam. A plot of the monthly average diluent injection rates for each well is shown below.



Water production during 2013 consisted of water from the condensing steam. Water production volumes from each well (monthly average rates) are shown below.



Liquid hydrocarbon volumes consisted of bitumen plus recovered diluent mix. Liquid hydrocarbon production volumes from each well (monthly average rates) are shown below (including liquid hydrocarbon from both the liquid and vent gas separators).



From production test samples, it was found during the year that 7-25 m³/day of T13-01 and 1-6 m³/d of T13-03 hydrocarbon liquid volumes were recovered diluent.

Diluent recovery has also been measured after diluent injection commenced for each well pair. It was observed that roughly 45-75% of injected volumes were being recovered on a monthly basis.

4.2 Composition of produced / injected fluids

The components of the injected fluid consisted of dry steam and diluent. Injected diluent was originally sourced from Provident Midstream from its facility in Redwater, AB up until June 2013, after which the injected diluent is sourced in Fort Saskatchewan, AB. The tables below detail a typical composition of the diluent in Redwater, AB and in Fort Saskatchewan, AB.

Redwater, AB:

| COMPONENT | CARBON NUMBER | MOLE FRACTION | MASS FRACTION | LIQUID VOL FRACTION |
|----------------------------|---------------|---------------|---------------|---------------------|
| Methane | C1 | 0.0000 | 0.0000 | 0.0000 |
| Ethane | C2 | 0.0000 | 0.0000 | 0.0000 |
| Propane | C3 | 0.0009 | 0.0005 | 0.0006 |
| i-Butane | i-C4 | 0.0012 | 0.0009 | 0.0010 |
| n-Butane | n-C4 | 0.0257 | 0.0187 | 0.0212 |
| i-Pentane | i-C5 | 0.2599 | 0.2344 | 0.2489 |
| n-Pentane | n-C5 | 0.2724 | 0.2457 | 0.2586 |
| Hexanes | C6 | 0.1917 | 0.2065 | 0.2065 |
| Heptanes | C7 | 0.0674 | 0.0844 | 0.0815 |
| Octanes | C8 | 0.0274 | 0.0391 | 0.0368 |
| Nonanes | C9 | 0.0073 | 0.0117 | 0.0108 |
| Decanes | C10 | 0.0028 | 0.0050 | 0.0045 |
| Undecanes | C11 | 0.0009 | 0.0017 | 0.0014 |
| Dodecanes | C12 | 0.0003 | 0.0007 | 0.0005 |
| Tridecanes | C13 | Trace | Trace | Trace |
| Tetradecanes | C14 | 0.0000 | 0.0000 | 0.0000 |
| Pentadecanes | C15 | 0.0000 | 0.0000 | 0.0000 |
| Hexadecanes | C16 | 0.0000 | 0.0000 | 0.0000 |
| Heptadecanes | C17 | 0.0000 | 0.0000 | 0.0000 |
| Octadecanes | C18 | 0.0000 | 0.0000 | 0.0000 |
| Nonadecanes | C19 | 0.0000 | 0.0000 | 0.0000 |
| Eicosanes | C20 | 0.0000 | 0.0000 | 0.0000 |
| Heneicosanes | C21 | 0.0000 | 0.0000 | 0.0000 |
| Docosanes | C22 | 0.0000 | 0.0000 | 0.0000 |
| Tricosanes | C23 | 0.0000 | 0.0000 | 0.0000 |
| Tetracosanes | C24 | 0.0000 | 0.0000 | 0.0000 |
| Pentacosanes | C25 | 0.0000 | 0.0000 | 0.0000 |
| Hexacosanes | C26 | 0.0000 | 0.0000 | 0.0000 |
| Heptacosanes | C27 | 0.0000 | 0.0000 | 0.0000 |
| Octacosanes | C28 | 0.0000 | 0.0000 | 0.0000 |
| Nonacosanes | C29 | 0.0000 | 0.0000 | 0.0000 |
| Triacontanes Plus | C30 + | 0.0000 | 0.0000 | 0.0000 |
| Benzene | C6H6 | 0.0097 | 0.0095 | 0.0071 |
| Toluene | C7H8 | 0.0095 | 0.0110 | 0.0083 |
| Ethylbenzene, p + m-Xylene | C8H10 | 0.0057 | 0.0075 | 0.0058 |
| o-Xylene | C8H10 | 0.0013 | 0.0017 | 0.0013 |
| 1, 2, 4 Trimethylbenzene | C9H12 | 0.0003 | 0.0004 | 0.0003 |
| Cyclopentane | C5H10 | 0.0310 | 0.0272 | 0.0241 |
| Methylcyclopentane | C6H12 | 0.0362 | 0.0381 | 0.0336 |
| Cyclohexane | C6H12 | 0.0231 | 0.0243 | 0.0206 |
| Methylcyclohexane | C7H14 | 0.0253 | 0.0310 | 0.0266 |
| TOTAL | | 1 | 1 | 1 |

Fort Saskatchewan, AB:

| COMPONENT | CARBON NUMBER | MOLE FRACTION | MASS FRACTION | LIQUID VOL FRACTION |
|----------------------------|---------------|---------------|---------------|---------------------|
| Methane | C1 | 0.0000 | 0.0000 | 0.0000 |
| Ethane | C2 | 0.0000 | 0.0000 | 0.0000 |
| Propane | C3 | Trace | Trace | Trace |
| i-Butane | i-C4 | 0.0001 | 0.0001 | 0.0001 |
| n-Butane | n-C4 | 0.0109 | 0.0080 | 0.0091 |
| i-Pentane | i-C5 | 0.2907 | 0.2650 | 0.2813 |
| n-Pentane | n-C5 | 0.2814 | 0.2567 | 0.2699 |
| Hexanes | C6 | 0.1603 | 0.1746 | 0.1744 |
| Heptanes | C7 | 0.0682 | 0.0864 | 0.0833 |
| Octanes | C8 | 0.0180 | 0.0260 | 0.0244 |
| Nonanes | C9 | 0.0036 | 0.0059 | 0.0054 |
| Decanes | C10 | 0.0015 | 0.0027 | 0.0024 |
| Undecanes | C11 | 0.0008 | 0.0015 | 0.0012 |
| Dodecanes | C12 | 0.0005 | 0.0011 | 0.0008 |
| Tridecanes | C13 | 0.0004 | 0.0008 | 0.0007 |
| Tetradecanes | C14 | 0.0002 | 0.0006 | 0.0004 |
| Pentadecanes | C15 | 0.0002 | 0.0004 | 0.0004 |
| Hexadecanes | C16 | 0.0001 | 0.0004 | 0.0002 |
| Heptadecanes | C17 | Trace | Trace | Trace |
| Octadecanes | C18 | Trace | Trace | Trace |
| Nonadecanes | C19 | 0.0000 | 0.0000 | 0.0000 |
| Eicosanes | C20 | 0.0000 | 0.0000 | 0.0000 |
| Heneicosanes | C21 | 0.0000 | 0.0000 | 0.0000 |
| Docosanes | C22 | 0.0000 | 0.0000 | 0.0000 |
| Tricosanes | C23 | 0.0000 | 0.0000 | 0.0000 |
| Tetracosanes | C24 | 0.0000 | 0.0000 | 0.0000 |
| Pentacosanes | C25 | 0.0000 | 0.0000 | 0.0000 |
| Hexacosanes | C26 | 0.0000 | 0.0000 | 0.0000 |
| Heptacosanes | C27 | 0.0000 | 0.0000 | 0.0000 |
| Octacosanes | C28 | 0.0000 | 0.0000 | 0.0000 |
| Nonacosanes | C29 | 0.0000 | 0.0000 | 0.0000 |
| Triacontanes Plus | C30 + | 0.0000 | 0.0000 | 0.0000 |
| Benzene | C6H6 | 0.0098 | 0.0097 | 0.0073 |
| Toluene | C7H8 | 0.0054 | 0.0063 | 0.0048 |
| Ethylbenzene, p + m-Xylene | C8H10 | 0.0020 | 0.0027 | 0.0021 |
| o-Xylene | C8H10 | 0.0004 | 0.0006 | 0.0004 |
| 1, 2, 4 Trimethylbenzene | C9H12 | 0.0001 | 0.0002 | 0.0001 |
| Cyclopentane | C5H10 | 0.0424 | 0.0376 | 0.0333 |
| Methylcyclopentane | C6H12 | 0.0649 | 0.0690 | 0.0608 |
| Cyclohexane | C6H12 | 0.0201 | 0.0214 | 0.0181 |
| Methylcyclohexane | C7H14 | 0.0180 | 0.0223 | 0.0191 |
| TOTAL | | 1 | 1 | 1 |

Produced fluids consisted of condensed water, bitumen, and recovered solvent. The table below details a typical composition of Cold Lake bitumen.

| COMPONENT | CARBON NUMBER | MOLE FRACTION | MASS FRACTION | LIQUID VOL FRACTION |
|----------------------------|---------------|---------------|---------------|---------------------|
| Methane | C1 | 0.0000 | 0.0000 | 0.0000 |
| Ethane | C2 | 0.0000 | 0.0000 | 0.0000 |
| Propane | C3 | 0.0000 | 0.0000 | 0.0000 |
| i-Butane | i-C4 | 0.0000 | 0.0000 | 0.0000 |
| n-Butane | n-C4 | 0.0000 | 0.0000 | 0.0000 |
| i-Pentane | i-C5 | 0.0000 | 0.0000 | 0.0000 |
| n-Pentane | n-C5 | 0.0000 | 0.0000 | 0.0000 |
| Hexanes | C6 | 0.0000 | 0.0000 | 0.0000 |
| Heptanes | C7 | 0.0000 | 0.0000 | 0.0000 |
| Octanes | C8 | Trace | Trace | Trace |
| Nonanes | C9 | Trace | Trace | Trace |
| Decanes | C10 | 0.0025 | 0.0006 | 0.0007 |
| Undecanes | C11 | 0.0084 | 0.0022 | 0.0024 |
| Dodecanes | C12 | 0.0174 | 0.0050 | 0.0054 |
| Tridecanes | C13 | 0.0290 | 0.0090 | 0.0096 |
| Tetradecanes | C14 | 0.0344 | 0.0115 | 0.0122 |
| Pentadecanes | C15 | 0.0411 | 0.0147 | 0.0155 |
| Hexadecanes | C16 | 0.0425 | 0.0162 | 0.0169 |
| Heptadecanes | C17 | 0.0425 | 0.0172 | 0.0179 |
| Octadecanes | C18 | 0.0404 | 0.0173 | 0.0179 |
| Nonadecanes | C19 | 0.0391 | 0.0177 | 0.0182 |
| Eicosanes | C20 | 0.0368 | 0.0175 | 0.0180 |
| Heneicosanes | C21 | 0.0366 | 0.0183 | 0.0187 |
| Docosanes | C22 | 0.0313 | 0.0164 | 0.0167 |
| Tricosanes | C23 | 0.0296 | 0.0162 | 0.0164 |
| Tetracosanes | C24 | 0.0261 | 0.0149 | 0.0150 |
| Pentacosanes | C25 | 0.0246 | 0.0146 | 0.0147 |
| Hexacosanes | C26 | 0.0243 | 0.0150 | 0.0150 |
| Heptacosanes | C27 | 0.0225 | 0.0144 | 0.0144 |
| Octacosanes | C28 | 0.0217 | 0.0144 | 0.0144 |
| Nonacosanes | C29 | 0.0218 | 0.0150 | 0.0149 |
| Triacotanes Plus | C30 + | 0.4274 | 0.7319 | 0.7251 |
| Benzene | C6H6 | 0.0000 | 0.0000 | 0.0000 |
| Toluene | C7H8 | 0.0000 | 0.0000 | 0.0000 |
| Ethylbenzene, p + m-Xylene | C8H10 | 0.0000 | 0.0000 | 0.0000 |
| o-Xylene | C8H10 | 0.0000 | 0.0000 | 0.0000 |
| 1, 2, 4 Trimethylbenzene | C9H12 | 0.0000 | 0.0000 | 0.0000 |
| Cyclopentane | C5H10 | 0.0000 | 0.0000 | 0.0000 |
| Methylcyclopentane | C6H12 | 0.0000 | 0.0000 | 0.0000 |
| Cyclohexane | C6H12 | 0.0000 | 0.0000 | 0.0000 |
| Methylcyclohexane | C7H14 | 0.0000 | 0.0000 | 0.0000 |
| TOTAL | | 1.0000 | 1.0000 | 1.0000 |

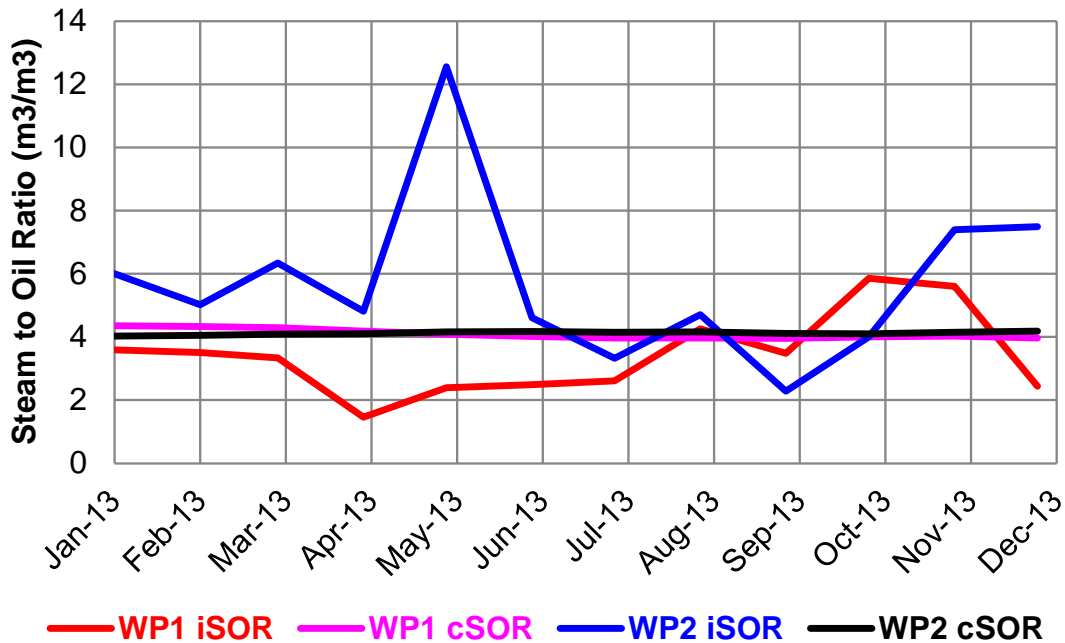
4.3 Predicted vs. actual comparisons

Well-pair 1 SOR ranged from 3-4 m³/m³ (SA-SAGD) and well-pair 2 SOR ranged from 5-7 m³/m³ (SAGD) prior to when plugging issues at the producers of both well pairs started to affect the data quality of the pilot.

SORs decreased at well-pair 1 in April 2013 as steam was shut in and the producer continued pumping. SORs increased at well-pair 1 between August to November 2013 as oil rates decreased due to diluent injection shut in over this period.

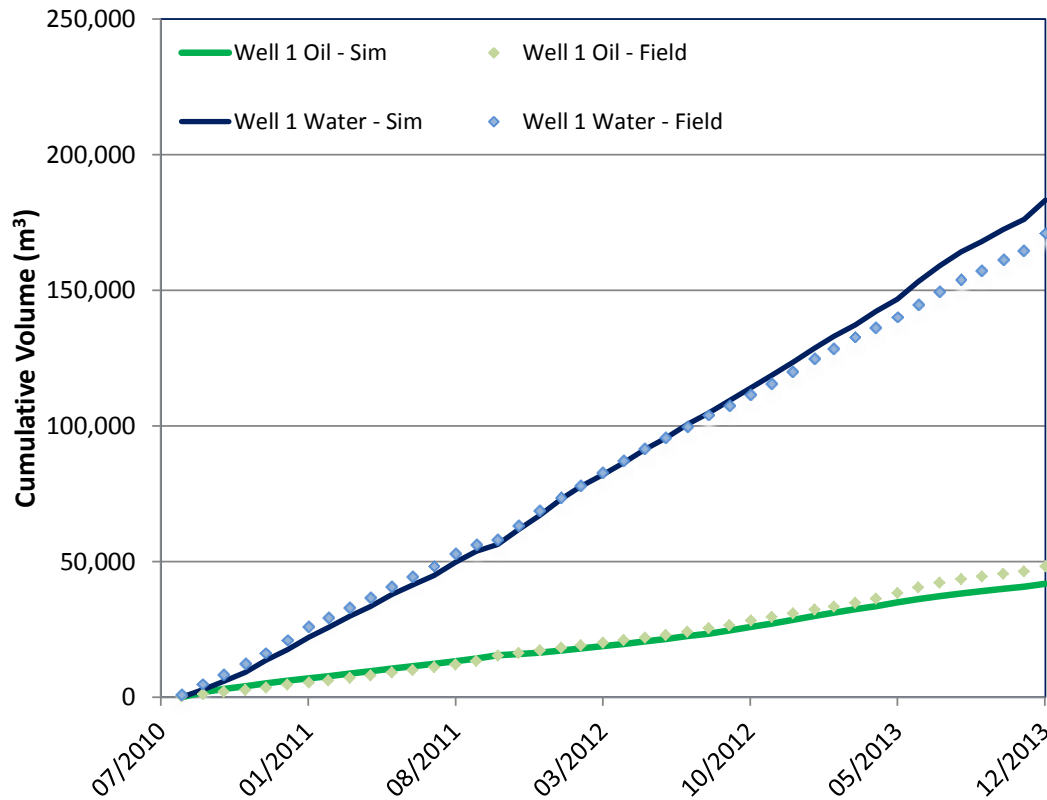
At well-pair 2, SORs spiked in May 2013 as both the injector and producer were shut in. Between June and October 2013, SORs at well-pair 2 decreased due to plugging issues observed at the producer. This plugging (skin) caused the producer BHP to decrease, the pump to operate inefficiently, and production fluid rates to drop (see section 5.2 for further discussion on skin).

SORs seen at the beginning of 2013 are generally within the expected performance range before the development of skin on the producers started to impact the pilot data quality. Plots of instantaneous and cumulative SORs (monthly averages) for each well-pair are shown below.



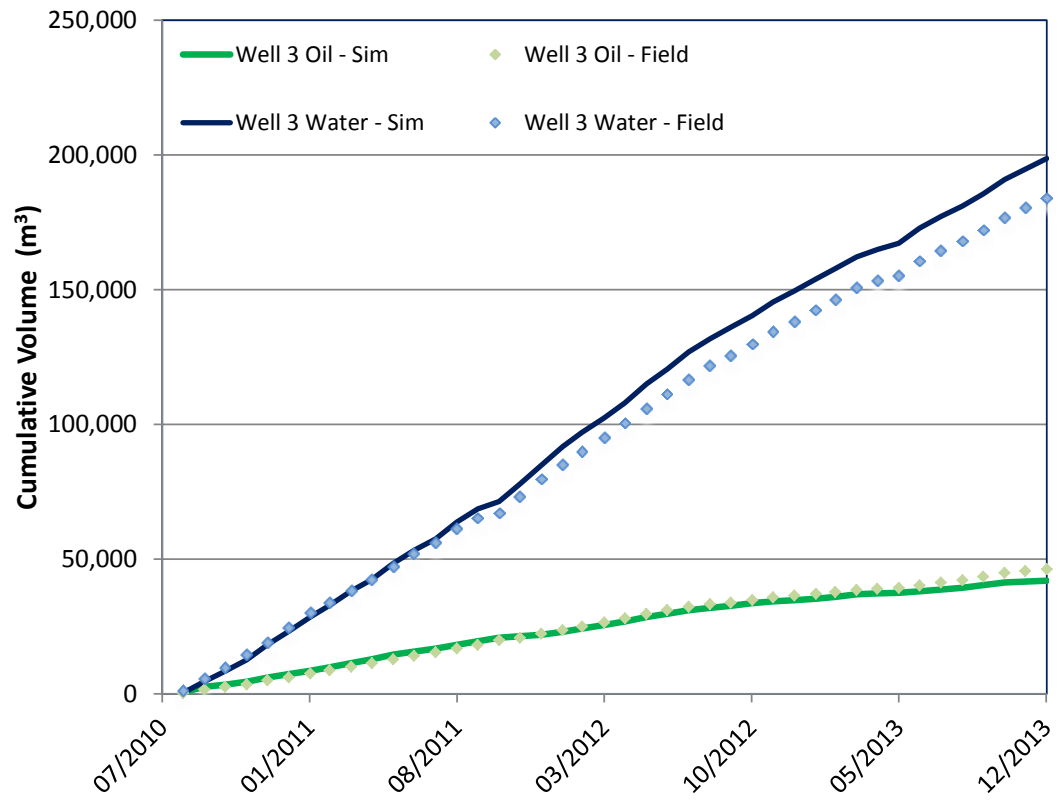
Field data was also used to generate history matched geologic-model based simulation models for SAGD / SA-SAGD operation, and create go forward predictions. Using steam injection volumes and production pressures as inputted values, oil and water cumulative production volumes were history matched.

The plot below shows a comparison of field data with latest simulation model results (history match) of well 1 (well-pair 1 producer) performance.



The latest simulation model results also matched the diluent production field data at well 1 fairly well.

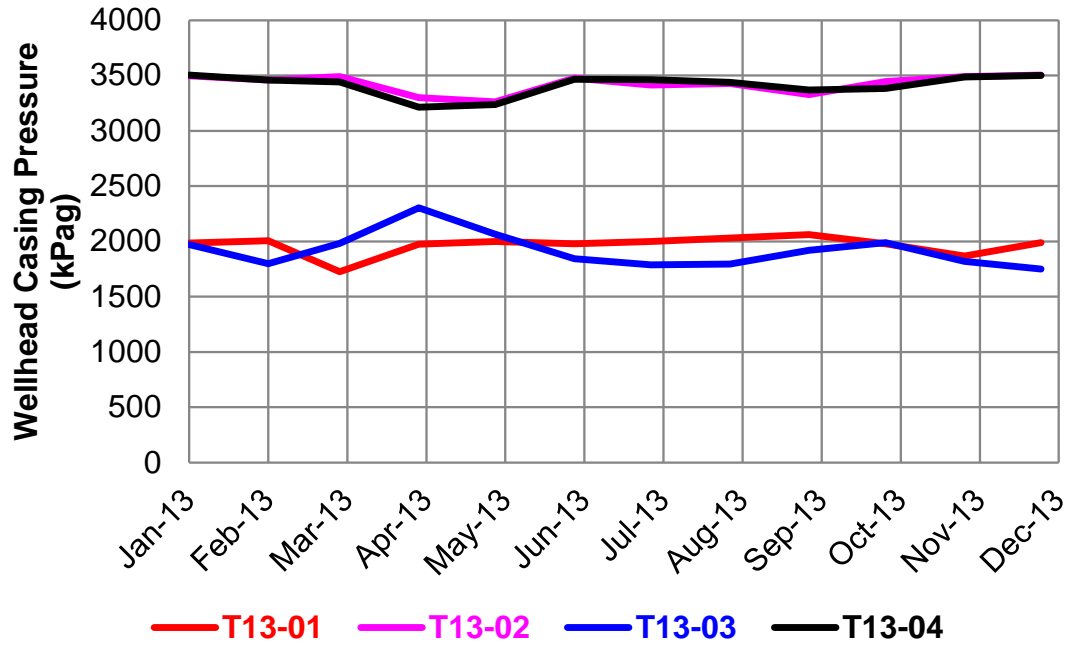
The plot below shows a comparison of field data with latest simulation model results (history match) of well 3 (well-pair 2 producer) performance.



The latest simulation model results also matched the diluent production field data at well 3 fairly well.

4.4 Pressures

During SAGD operation, steam is injected close to reservoir pressure (wellhead pressure of 3,500 kPa) in wells T13-02 and T13-04, with wellhead production in the 1,700-2,300 kPa range (wells T13-01 and T13-03). During the April injection shut in, wellhead pressure in the injection wells declined to approximately 3,000 kPa, and wellhead pressure in the injection wells declined to approximately 3,200 kPa during the September injection shut in. Plots of casing wellhead pressures (monthly average) for each well are shown below.

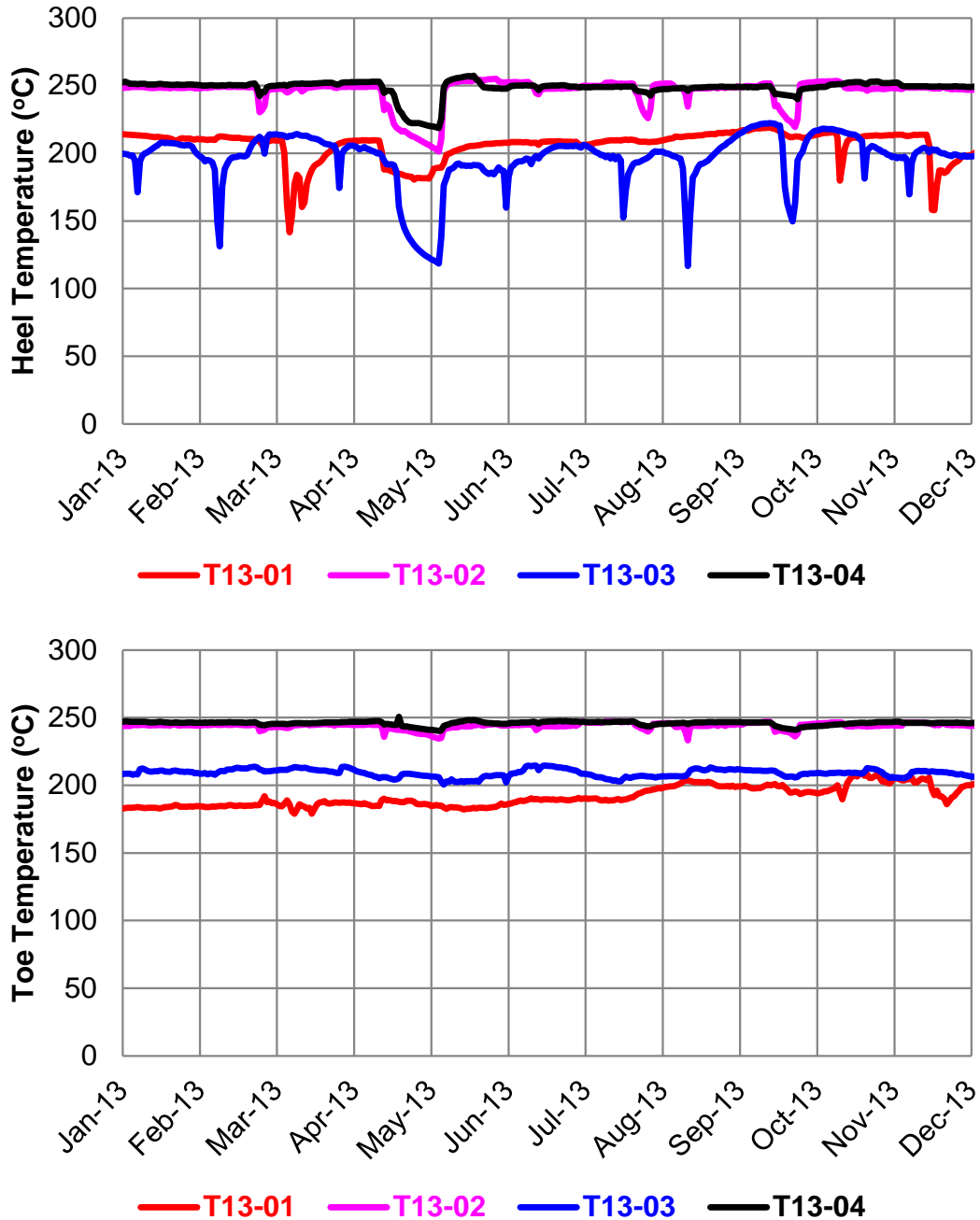


5 Pilot Data

5.1 Additional data

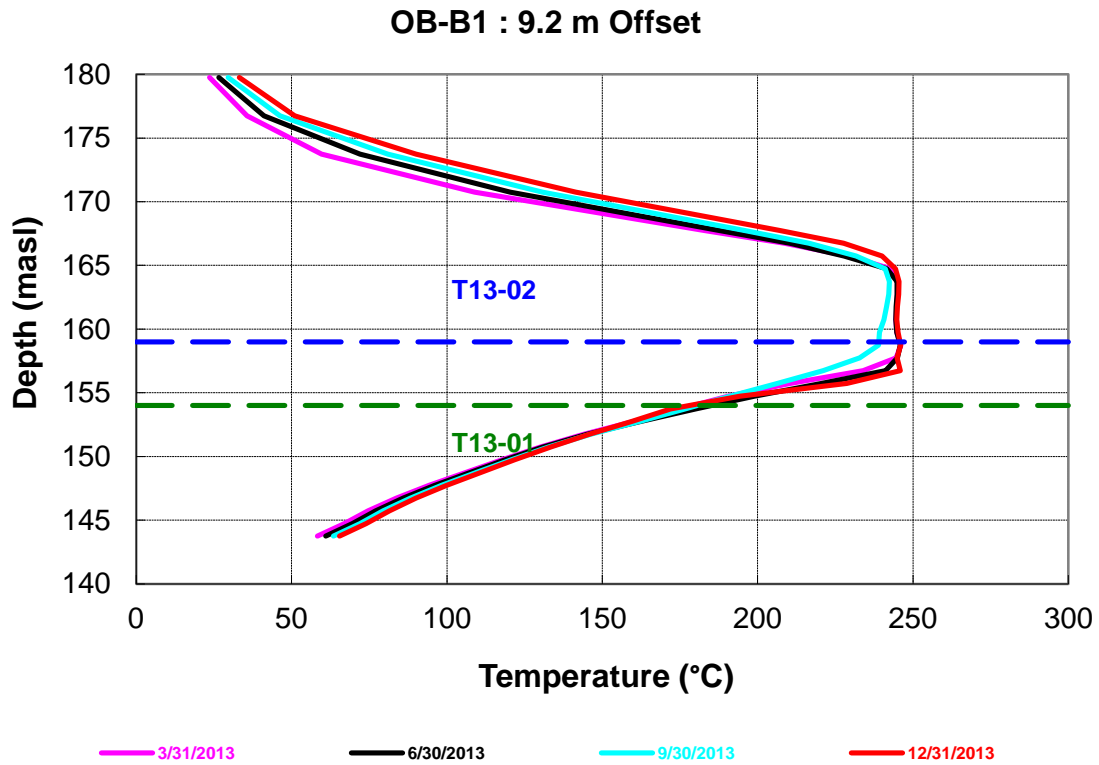
Beyond pressure and production, additional surveillance data collected during this time included temperature in each horizontal well and all six observation wells.

Injector well temperatures were approximately 250°C during SAGD/SA-SAGD operation (heel and toe of T13-02 & T13-04). Temperatures on the producer wells (T13-01 & T13-03) varied from 180-230°C along the wells during SAGD/SA-SAGD operation. Temperatures (daily average) along the horizontal well at the heel and toe are shown below.

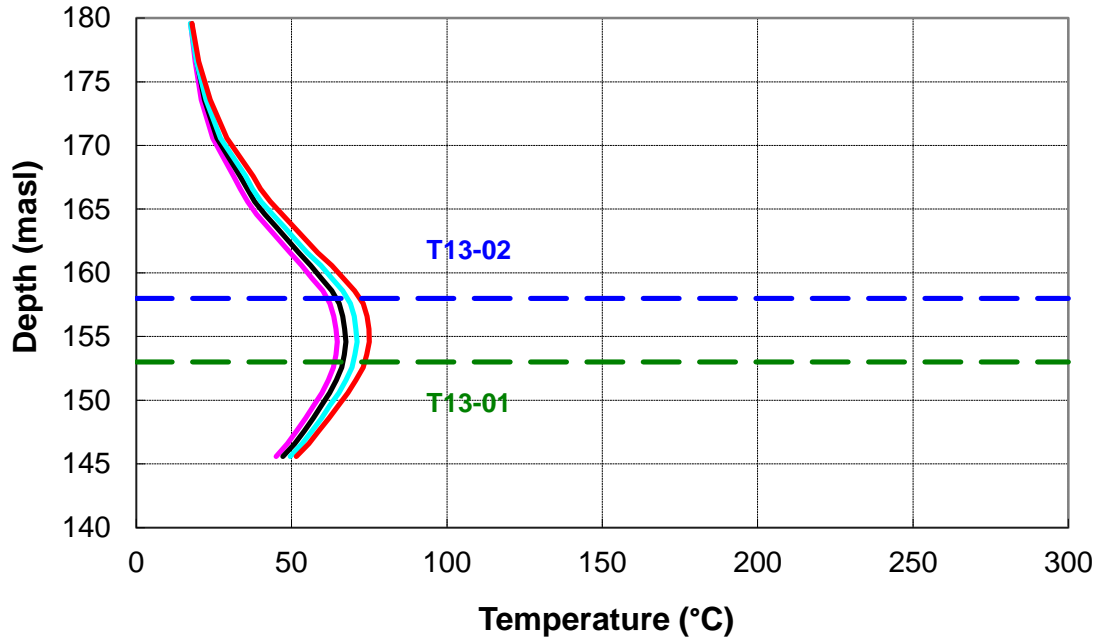


There are six total observation wells, three for each well-pair, that are positioned at the toe, heel, and midpoint of each horizontal well-pair. The offset distance from the horizontal wells varies between 5.7 and 13.5 m. The temperature at the observation wells provides a measure of the amount of heat transferred to the reservoir.

Observation wells OB-B1, B2, and B3 are adjacent to heel, mid, and toe of well-pair 1 (T13-01 & T13-02). Steam temperature was reached on OB-B1 in 2010, with continued vertical growth observed in 2011-2013. Temperature responses of between 75-100°C were also observed on B2 & B3 by the end of 2013. The temperature as a function of depth is shown below for each observation well at three-month intervals (dashed lines represent approximate depths of both the injector and producer wells from the adjacent well-pair).

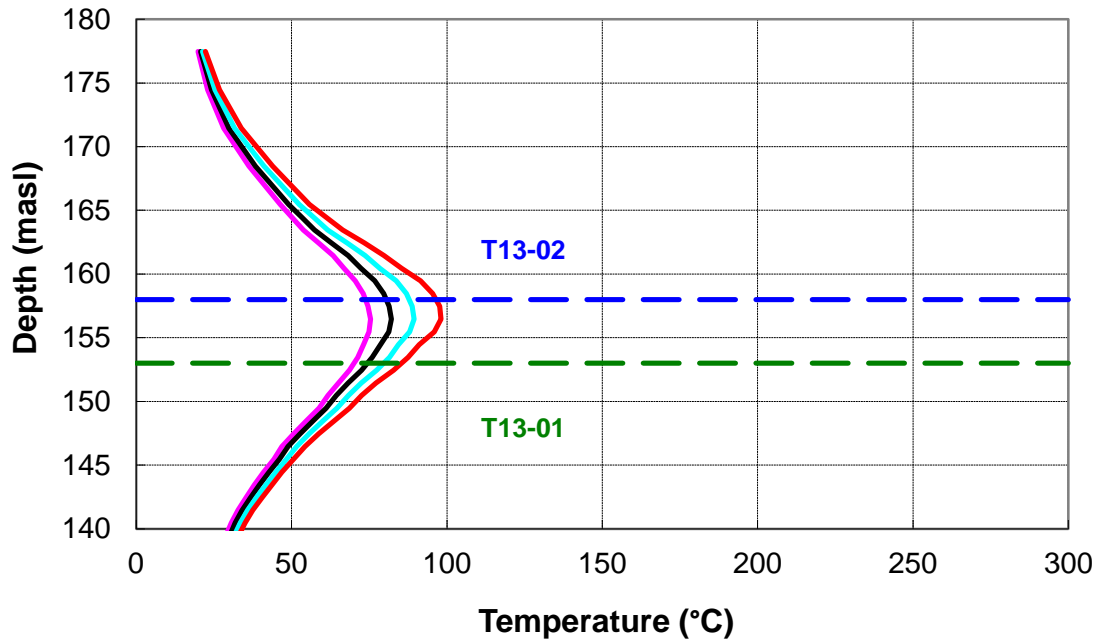


OB-B2 : 9.9 m Offset



3/31/2013 6/30/2013 9/30/2013 12/31/2013

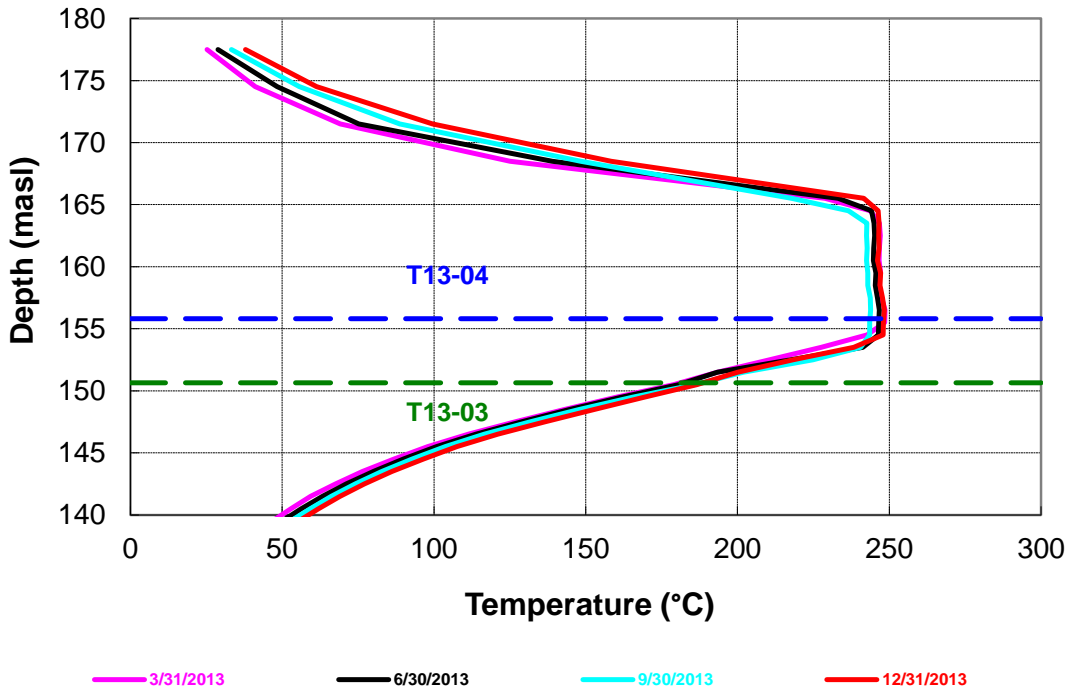
OB-B3 : 12.2 m Offset



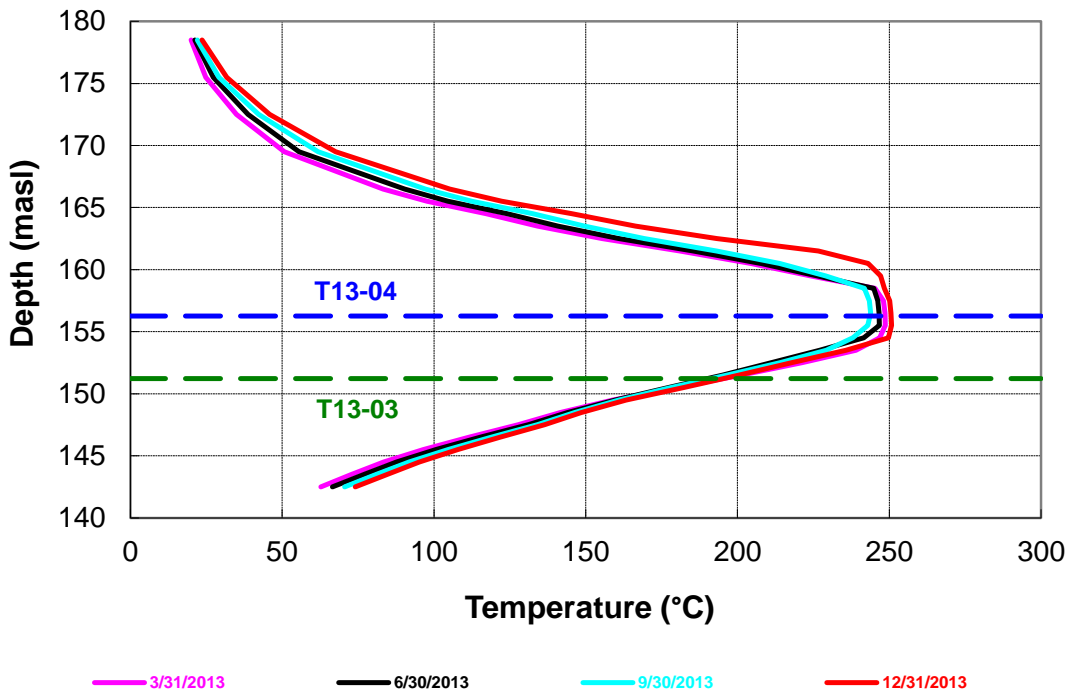
3/31/2013 6/30/2013 9/30/2013 12/31/2013

Observation wells OB-A1, A2, and A3 are adjacent to heel, mid, and toe of well-pair 2 (T13-03 & T13-04). All three wells reached steam temperature in 2011, and chamber continued vertical growth through 2013. The temperature as a function of depth is shown below for each observation well at three-month intervals (dashed lines represent approximate depths of both the injector and producer wells from the adjacent well-pair).

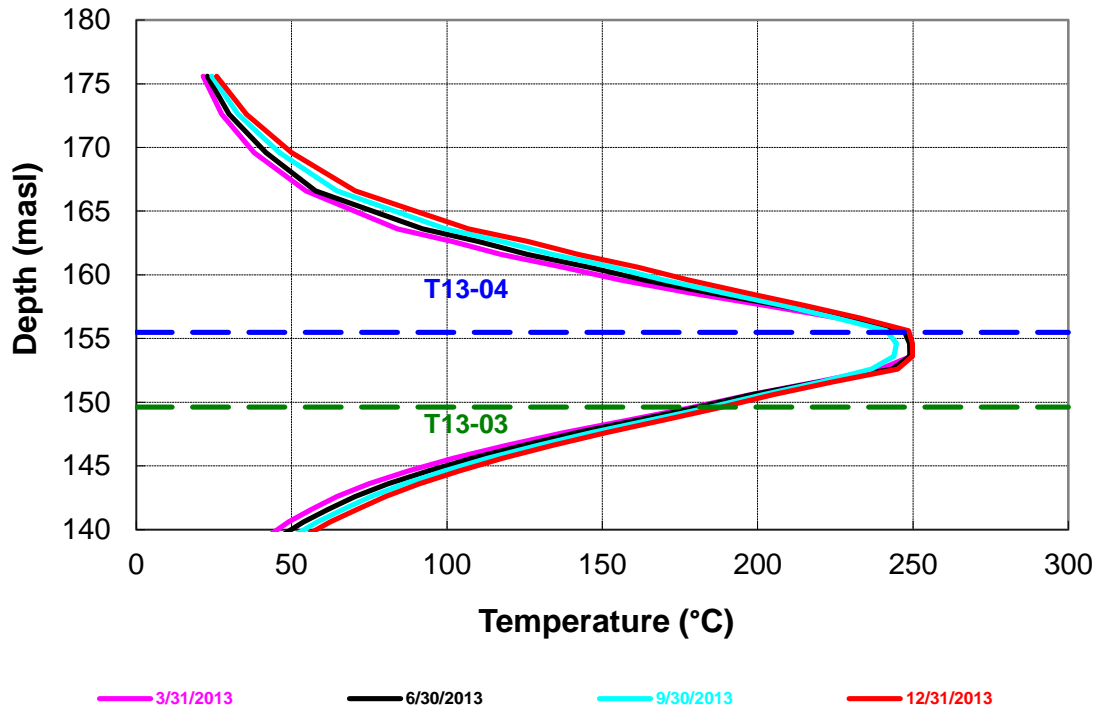
OB-A1 : 13.5 m Offset



OB-A2 : 5.7 m Offset



OB-A3 : 9.9 m Offset

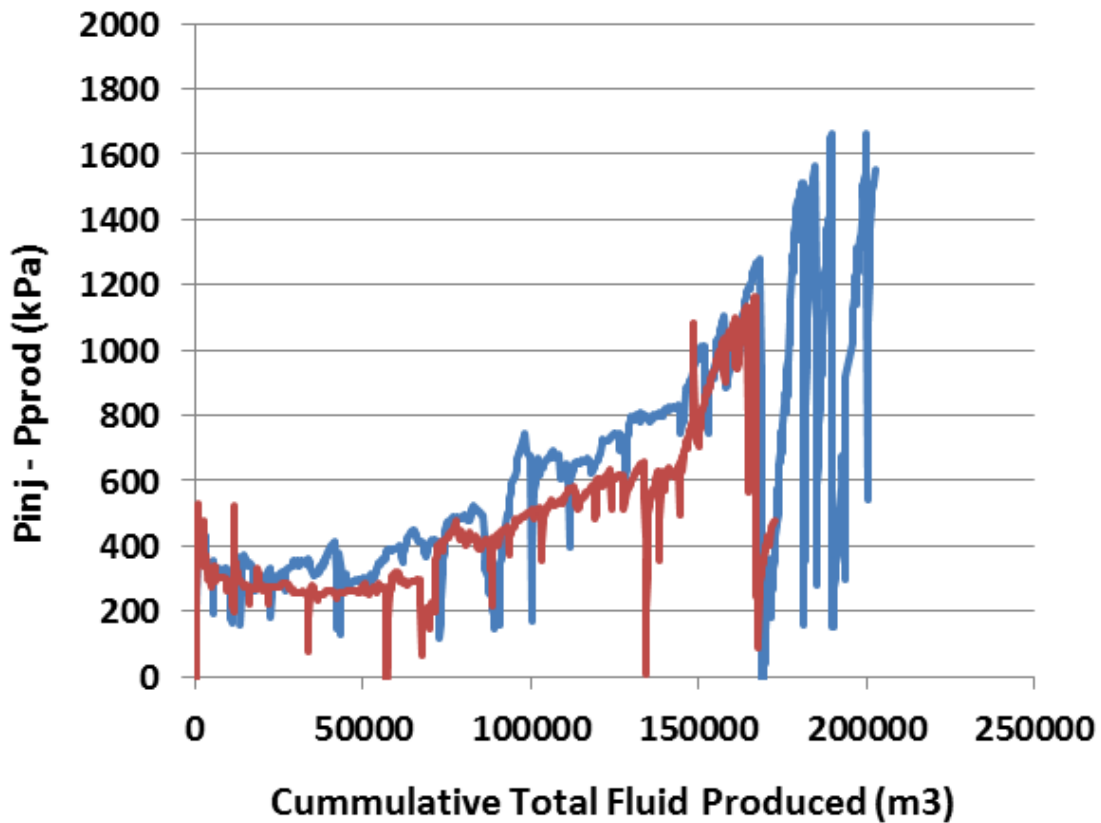


5.2 Interpretation of pilot data

The pressure differential between the injector and the producer pressures has been increasing over time at both well pairs. It has been observed that the differential increases with fluid throughput and that the differential increases to the point of restricting inflow to the well, decreasing the well's production capability. This near wellbore damage/skin is believed to be a mixture of scale, silica, and fines, which have been supported by the analysis of produced water samples.

Water flushes, nitrogen purges, and acid jobs have been implemented from the beginning of 2013 to present. These well interventions are required to maintain production volumes and to maintain efficient operations. The acid removes the scale, and the water flushes/nitrogen purges push away the fines. The success of the well interventions has mixed results to date, and optimization of the simulation programs is currently ongoing.

The plot below shows the increase in pressure differential with fluid throughput for each well-pair. Both well pairs follow similar trends, which imply that near wellbore damage/skin development is not impacted by the presence of solvent.



6 Pilot Economics

Price data used in this section is a combination of:

- Bitumen/natural gas pricing based on actual prices from Imperial Oil's 2013 10-K filing
- Solvent pricing from the Sproule December 31, 2013 price database

| | Bitumen C\$/bbl | Solvent (Edmonton Pentanes Plus) C\$/bbl | Natural Gas C\$/mcf |
|------|--------------------|--|------------------------|
| 2011 | 63.95 | 104.12 | 3.59 |
| 2012 | 59.76 | 100.84 | 2.33 |
| 2013 | 60.57 | 105.48 | 3.27 |

6.1 Sales volumes of natural gas and by-products

Natural gas volumes produced consisted of solution gas. These gas volumes were sent via a production pipeline to Imperial's Mahkeses plant, and used as fuel gas for steam generation.

Natural gas production was **128,776 m³** in 2013.

Steam injection was 103,556 m³ in 2013. Based on a 75 m³ natural gas / m³ steam ratio to generate steam, it is estimated that **7,766,708 m³** of natural gas was required to generate steam volumes.

Thus, the net gas volume for 2013 was **-7,637,932 m³** (128,776 m³ – 7,766,708 m³).

6.2 Revenue

As the SA-SAGD pilot is part of Imperial Oil's Cold Lake Production Project, injection and production volumes are blended with Mahkeses plant volumes, and thus revenue and net gas costs are not calculated separately.

Gross revenue for the pilot in 2013 is estimated to be **C\$10,323,285**. This is based on a bitumen production volume of 27,097 m³, and a bitumen price of 60.57 C\$/bbl.

6.3 Capital costs

The following table summarizes capital costs by category, incurred in 2013 (as per 2013 IETP claim form submissions):

| Category | Description and Details of Capital Costs | Cost (C\$) |
|----------------------------------|---|-------------|
| Facilities | Drilling | 0.00 |
| | Surface Facilities (Steam injection facilities, separator; chemical injection facilities, separator; production facilities, pump jacks, ROV, coolers) | 0.00 |
| | Engineering Procurement Construction | 0.00 |
| | Trunkline / Laterals | 0.00 |
| | Facilities - Capital Related Expense | 0.00 |
| Drilling | Drilling four horizontal wells - 2 well pairs, each well-pair consists of an injector and producer well | 0.00 |
| | Completion of horizontal wells | 0.00 |
| | Capital Related Expense | 0.00 |
| Trunkline | Drilling | 0.00 |
| | Surface Facilities | 0.00 |
| | Engineering Procurement Construction | 0.00 |
| | Trunkline / Laterals | 0.00 |
| | Capital Related Expense | 0.00 |
| Total Capital Costs (C\$) | | 0.00 |

6.4 Direct and indirect operating costs

The following table summarizes operating costs by category, incurred in 2013 (as per 2013 IETP claim form submissions):

| Category | Description and Details of Operating Costs | Cost (C\$) |
|------------------------------------|--|---------------------|
| Facility Exp. | Drilling observation wells, well heads, completions, reservoir monitoring instrumentation | 0.00 |
| | Completions | 0.00 |
| | Surface Facilities (Facilities portion associated with solvent injection: solvent tank, pump, lines; production and vent gas testing equipment, samples, separators, horizontal well reservoir monitoring instrumentation; EPCM) | 0.00 |
| Field Exp. | Field operating costs | 1,014,161.09 |
| | Surveillance costs | 50,766.08 |
| Total Operating Costs (C\$) | | 1,064,927.17 |

In addition, solvent injectant costs were incurred. These consisted of both cost of solvent, as well as trucking costs associated with transporting these volumes to site. Solvent costs incurred in 2013 were (as per 2013 IETP claim form submissions):

| | |
|------------------------------------|---------------------|
| Total Injectant Costs (C\$) | 5,465,541.60 |
|------------------------------------|---------------------|

Lastly, as discussed in the 2009 annual report presentation, steam for the pilot is generated at Imperial Oil's Cold Lake Mahkeses plant, which falls outside of the IETP project scope. As steam generated for the SA-SAGD pilot is a small fraction of the total plant capacity, it is difficult to include steam generation costs in the IETP claim forms that are accurate and auditable. As a result, estimates have been made (see section 6.1 and 6.6) to aid in cash flow calculations.

6.5 Crown royalties

This pilot is part of Imperial Oil's Cold Lake Production Project, with revenue and costs impacting the total Cold Lake payable royalty. Revenue began to be generated in 2010, with the pilot contributing to total Cold Lake payable royalties over the last four years.

| (C\$) | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | Total ('05-'13) |
|--|--------------------|--------------------|--------------------|--------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|--------------------|----------------------|
| SA-SAGD Revenue ¹ | 0 | 0 | 0 | 0 | 0 | 5,216,789 | 16,450,837 | 15,073,158 | 14,589,396 | 51,330,180 |
| SA-SAGD CAPEX & OPEX ² | 1,484,356 | 1,442,184 | 1,661,186 | 20,463,138 | 12,569,963 | 3,152,997 | 6,815,711 | 9,788,080 | 6,530,469 | 63,908,083 |
| SA-SAGD Gas Expense ³ | 0 | 0 | 0 | 0 | 52,724 | 786,251 | 958,678 | 722,781 | 882,020 | 3,402,454 |
| SA-SAGD Cash Flow | (1,484,356) | (1,442,184) | (1,661,186) | (20,463,138) | (12,622,687) | 1,277,541 | 8,676,449 | 4,562,298 | 7,176,907 | (15,980,357) |
| Cold Lake Royalty Rate | 30% | 30% | 30% | 25% | 28% | 31% | 34% | 34% | 35% | |
| Cold Lake Royalty Impact | (445,307) | (432,655) | (498,356) | (5,115,785) | (3,510,369) | 395,006 | 2,935,577 | 1,543,601 | 2,540,514 | (2,587,774) |
| Total Cold Lake Payable Royalties⁴ | 157,264,756 | 375,655,398 | 338,663,276 | 575,819,711 | 438,239,877⁵ | 628,604,615⁵ | 935,665,145⁵ | 678,964,474⁵ | 599,432,772 | 2,046,835,913 |

¹ Estimated, see section 6.6 for assumptions

² Based on IETP claim form submissions, see sections 6.3 and 6.4

³ Estimated, see section 6.6 for assumptions

⁴ Total Cold Lake royalties paid, which include SA-SAGD costs and revenue. IETP credits are not included.

⁵ Amendments to prior years were processed, therefore the royalties for these years has been revised

6.6 Cash flow

As the SA-SAGD pilot is part of Imperial Oil's Cold Lake Production Project, injection and production volumes are blended with Mahkeses plant volumes, and thus revenue and net gas costs are not calculated separately. Recovered solvent from the pilot will ultimately reduce diluent purchases made at the Mahkeses plant which are required for blending and shipping, but for the purposes of this report, solvent recovery is shown as a theoretical revenue stream. Estimates have been made for:

Bitumen revenue in 2013 = C\$10,323,285 (see section 6.2)

Recovered solvent revenue in 2013 = C\$4,266,111 (based on a recovered volume of 6,430 m³, and a solvent price of 105.48 C\$/bbl)

Net natural gas expense in 2013 = C\$882,020 (see section 6.1 - based on a net gas volume of -7,637,932 m³ and a gas price of 3.27 C\$/mcf)

Capital and operating costs are known to be:

Capital costs in 2013 = C\$0 (see section 6.3)

Operating costs in 2013 = C\$6,530,469 (see section 6.4 – includes operating and injectant costs)

2013 cash flow is estimated to be:

$$\begin{aligned} \text{Cash Flow} &= \text{Revenue} - \text{Costs} - \text{Royalties} \\ &= (\text{Bitumen} + \text{Solvent Revenue}) - (\text{Capital} + \text{Net Gas} + \text{Operating Costs}) - \text{Royalties} \\ &= (10,323,285 + 4,266,111) - (0 + 882,020 + 6,530,469) - 2,540,514 \\ &= \mathbf{C\$4,636,393} \end{aligned}$$

This does not include taxes.

6.7 Cumulative project costs and net revenue

Cumulative project costs to date are:

| C\$ | Up to YE 2011 | 2012 | 2013 | Total (to YE 2013) |
|----------------------------------|----------------------|-------------------|------------------|---------------------------|
| Total Capital Costs | 26,212,095 | -6,371 | 0 | 26,205,724 |
| Total Operating Costs | 14,877,346 | 2,356,755 | 1,064,927 | 18,299,028 |
| Total Injectant Costs | 6,498,082 | 7,437,696 | 5,465,542 | 19,401,319 |
| Total Net Gas Costs ¹ | 1,797,652 | 722,781 | 882,020 | 3,402,453 |
| Total Costs | 49,385,175 | 10,510,860 | 7,412,489 | 67,308,524 |

¹ Estimated, see section 6.6 for assumptions

Cumulative project revenue to date is:

| C\$ | Up to YE 2011 | 2012 | 2013 | Total (to YE 2013) |
|------------------------------|----------------------|-------------------|-------------------|---------------------------|
| Bitumen Revenue ² | 17,775,938 | 10,439,665 | 10,323,285 | 38,538,887 |
| Solvent Revenue ³ | 3,891,688 | 4,633,493 | 4,266,111 | 12,791,293 |
| Total Revenue | 21,667,626 | 15,073,158 | 14,589,396 | 51,330,180 |

² Estimated, see section 6.2 for assumptions

³ Estimated, see section 6.6 for assumptions

6.8 Deviations from budgeted costs

Changes from actual versus budgeted costs were outlined in the 2009 annual progress report. There have since been no further changes.

7 Facilities

7.1 Major equipment items

Major equipment items include:

Injection side

- Steam separator to separate condensed water from the inlet steam line
- Diluent tank (~83 m³ of useable volume)
- Diluent pump

Production side

- Rotary operated valve to direct production either to test or the group line
- Production cooler
- Production test cooler
- Production test separator
- Gas test separator

7.2 Capacity limitation, operational issues, and equipment integrity

Capacity limitations

- 300 m³/d (cold water equivalent) of dry steam injected per well pair
- 330 m³/d water produced per well
- 20% (based on dry steam rate), or 60 m³/d, maximum solvent injected per day
- 51.6 m³/d solvent produced per day
- 84 m³/d bitumen produced per well, without solvent assistance
- 110.4 m³/d bitumen produced per well, with solvent assistance
- 2,100 m³/d gas produced per well
- Total liquid from solvent assisted producing well: 492 m³/d (330 m³/d + 110.4 m³/d + 51.6 m³/d)

Operational Issues

No significant operational issues were encountered in 2013.

7.3 Process flow and site diagrams

For detailed PFDs and site diagrams, please refer to Appendix A.

8 Environmental/Regulatory/Compliance

A copy of any approvals mentioned in the following sections, as well as amendments made, can be supplied upon request.

8.1 Regulatory Compliance

The project is operating under ERCB scheme approval 10689B. To date, the pilot has been in full compliance, and no regulatory issues have arisen.

8.2 Environmental Considerations

The SA-SAGD pilot (construction, operation and reclamation) has been planned to align with the environmental objectives as outlined in the Cold Lake Expansion Project (CLEP) Environmental Impact Assessment (EIA) (Imperial Oil Resources, 1997) as well with requirements outlined in operating approval No. 73534-01-00 (as amended) issued by Alberta Environment and Sustainable Resources Development (ESRD) under the Alberta Environmental Protection and Enhancement Act (AEPEA). Numerous other directives and codes of practice have also been reviewed during the planning phase to ensure full compliance. Imperial has an internal database system populated with commitments, requirements and responsibilities as outlined in applicable regulations. The system, known as RegFrame, tracks commitments and notifies key personnel of activities for which the company is responsible. RegFrame includes information from numerous sources including directives, approvals, codes of practice, and specific local agreements. All requirements associated with the CLEP EIA and the EPEA are incorporated into applicable phases of the T13 SA-SAGD pilot life-cycle.

8.3 Air Quality

The SA-SAGD pilot has not resulted in any change to air emissions as considered in the EIA discussed previously. Imperial presently conducts air quality monitoring in the Cold Lake Operations (CLO) area, outside of regulatory mandates and as a measure of due diligence. Imperial actively monitors the air quality of the CLO area air shed through placement of eleven passive air quality monitoring stations targeting H₂S and SO₂ gas emissions associated with operating CLO facilities.

8.4 Aquatic Resources

Imperial regularly conducts monitoring programs involving aquatic resources located within the CLO area including surface water, wetlands and groundwater. These programs are regularly expanded and modified as a consequence of field expansion. Imperial presently reports its water diversion volumes in response to corresponding regulations and is in full compliance with water diversion reporting requirements. The addition of the SA-SAGD pilot did not generate an increase in water demand.

The SA-SAGD pilot location does not lie within 100 m of a water body. Imperial constructs its facilities with the objective of maintaining drainage patterns and natural flow and managing surface water runoff. Presently Imperial conducts monitoring of lakes and streams/creeks in the CLO area as part of the Regional Surface Water Monitoring Program (IOR 2005).

A Wetland Monitoring Program (Imperial Oil Resources 2005) was implemented in 2006 in which wetland vegetation, water quality and flow dynamics are evaluated on a regular basis. Groundwater monitoring instrumentation is utilized proximal to wetland areas to monitor water flow and drainage performance as well as to monitor water quality/chemistry. Setback requirements associated with environmentally sensitive areas have been maintained in proposed pad and facilities designs.

8.5 Wildlife

Imperial develops its project schedules in a manner consistent with applicable regulations. Environmental aspects are considered and evaluated during the pre-construction planning phase of all Cold Lake projects with special attention paid to wildlife habitat and movement issues. The SA-SAGD development was conducted with the objective of minimizing disturbance to wildlife habitat and movement.

During production, Imperial personnel adhere to the Wildlife Mitigation and Monitoring Plan (IOR 2012) which outlines specific actions and responsibilities designed to reduce operations-related risks to wildlife and wildlife habitat in the CLO area.

Reclamation plans are developed and implemented with particular attention paid to returning the land to an equivalent land capability. Wildlife use of reclaimed sites is a key aspect of reclamation success and will be monitored through the Cold Lake Reclamation Monitoring Program.

8.6 Noise

Through direct consultation with regulators and other stakeholders, Imperial has developed a noise prediction model to meet the requirements of ERCB Directive 038 (ERCB 2007). The entire Cold Lake Expansion Project has shown to be significantly below the allowable permissible sound level (PSL).

8.7 Reclamation

The SA-SAGD pilot decommissioning and reclamation activities will be addressed in accordance with the AEPEA Approval 73534-00-04, as amended.

9 Future Operating Plan

9.1 Project schedule

Key future milestones are as follows:

- End of Pilot Operations December 31, 2013 (except final seismic shoot in March 2014)
- 2013 Progress Report Q2, 2014
- Final Report Issued Q2, 2015

Key deliverables from the project team and the pilot operating team are as follows:

- Monthly reporting of injection and production volumes to AER (held confidential until end of pilot period)
- Annual progress reports (AER confidential) will only document operations data and the ongoing analysis of pilot performance including plots of cumulative injection, production, steam-oil ratios and solvent recovery from each well-pair; plots of temperature profiles from the observation wells; and data from any surveillance tools such as 3D seismic or cased hole logging
- Final report to include an engineering analysis of pilot performance versus key pilot objectives including output from reservoir simulation tools tuned to history match observed pilot performance

9.2 Changes in pilot operation

Pilot operations ended December 31, 2013, with the exception of the final seismic shoot in March 2014.

9.3 Optimization strategies

The pilot producers continue to develop skin, which impacts the inflow capabilities, and thus, total fluid production. Mitigation efforts undertaken to improve productivity include:

- (a) completed two acid jobs on both T13-01 and T13-03 in 2013 to remove skin
- (b) completed an acid job on T13-01 and T13-03 in 2014 to remove skin
- (c) plans to complete a perforation job on T13-03, as skin has developed around the well again, and acid jobs are only providing short term mitigation

9.4 Salvage update

Currently, there are no plans to salvage any of the equipment on site.

10 Interpretations and Conclusions

10.1 Overall performance assessment

To summarize overall 2013 performance:

- Continued successful pilot operations in 2013
- SA-SAGD (well-pair 1) and SAGD (well-pair 2) performance to date was generally within the expected range, but skin issues throughout the year impacted the pilot data quality

Difficulties Encountered

Both well pairs experienced an increasing near-wellbore pressure drop. Starting in 2013, this pressure drop interfered with the operations as the flowing bottomhole pressures (FBHPs) were higher than the surface separator pressure, resulting in a lack of fluid column maintained above the pump. The FBHPs declined to the point where this fluid column could not be sustained and gas interference effects became apparent. These effects complicated the interpretation of the post solvent-switch production effects of both well pairs.

Technical and Economic Viability

Judgements regarding technical and economic viability of a solvent-assisted SAGD process have yet to be made at this time.

Overall Effect on Gas / Bitumen Recovery

This has yet to be determined.

Future expansion or commercial field application

Given that there is existing infrastructure in place, Imperial has future plans to move to a second and extended phase of piloting that will not be part of the IETP funded pilot.

Appendix A

Process Flow Diagrams (PFDs)

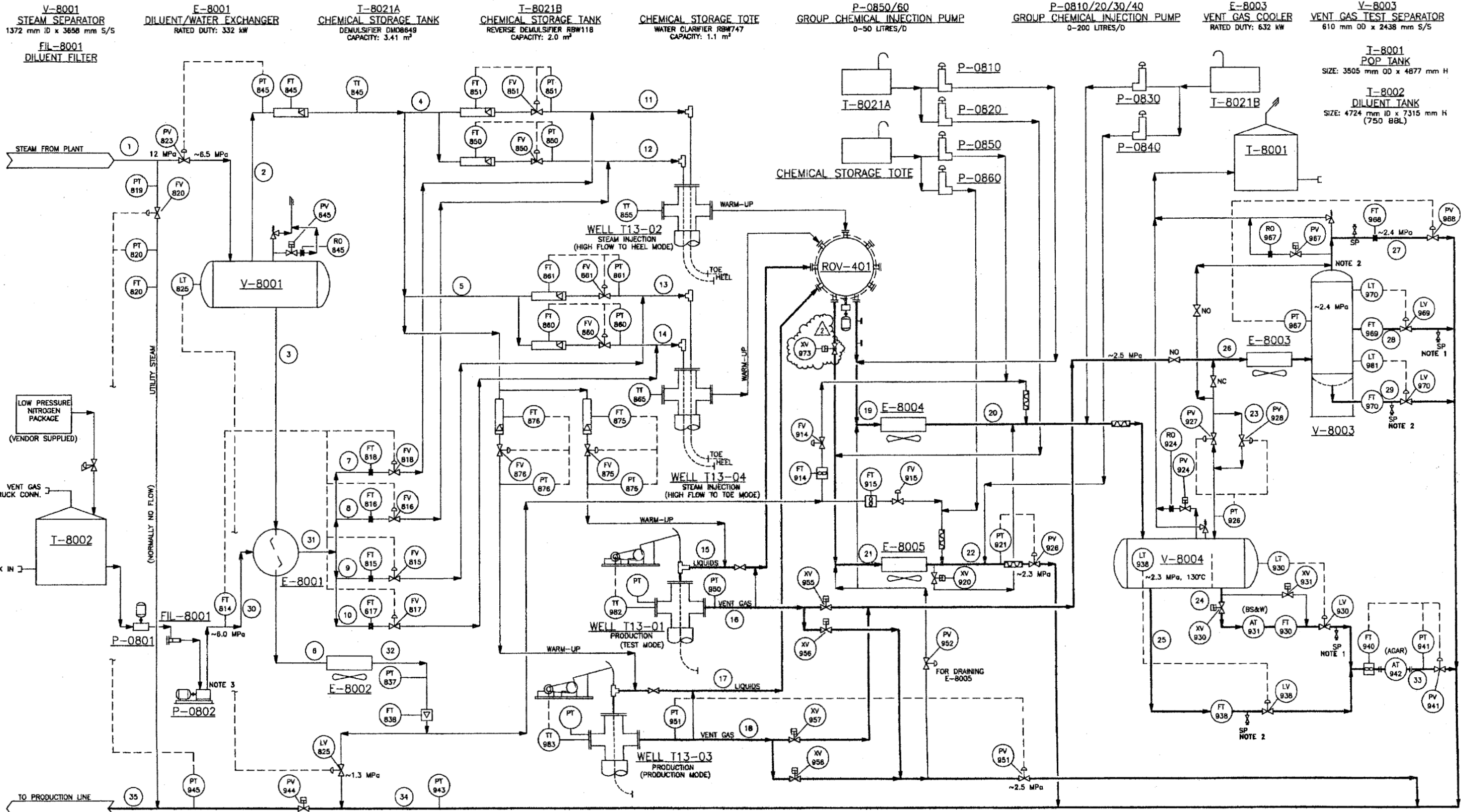
&

Site Maps

073-1151-020-337 01

AutoCAD

CAD/DRAWING NO MANUAL CHANGES



CONSTRUCTION NOTES:

1. PROPORTIONAL SAMPLER.
2. SAMPLE POINTS MANUAL STYLE.
3. MULTI-STAGE CENTRIFUGAL PUMP.

| | | | | | | |
|----------------------|------------------------|---------------------|------------------------|---------------------|-----------------------------|---------------------------|
| P-0801 | P-0802 | E-8002 | E-8004 | E-8005 | ROV-401 | V-8004 |
| DILUENT BOOSTER PUMP | DILUENT INJECTION PUMP | WATER COOLER | PRODUCTION TEST COOLER | PRODUCTION COOLER | 8-WAY ROTARY SELECTOR VALVE | PRODUCTION TEST SEPARATOR |
| 86 m³/d | 66 m³/d | RATED DUTY: 3498 kW | RATED DUTY: 1285 kW | RATED DUTY: 1285 kW | | 1524 mm ID x 6706 mm S/S |

Imperial Oil
Esso

IMPERIAL OIL RESOURCES

CLPP MAHKESES FIELD PHASES 11-13
PAD T13 SA-SAGD FACILITIES
PROCESS FLOW DIAGRAM

CONTRACTOR NAME: COLT ENGINEERING CORPORATION
CONTRACTOR DWG NUMBER: XY.2006.28284

SCALE: NONE
IOR DRAWING NUMBER: 073-1151-020-337 01

REV. 2

| NO. | DATE | REVISIONS | DRAWN | CHECK | DESIGN | APPR. | IOR DWG NO. | TITLE |
|-----|----------|---|-------|-------|--------|-------|-------------|-------|
| 2 | 09 03 18 | RE-ISSUED FOR CONSTRUCTION PER MOC C-4481 (XY.2006.28284) | MG | DAP | SAN | KSC | | |
| 1 | 08 11 14 | RE-ISSUED FOR CONSTRUCTION PER MOC C-4413 (XY.2006.28284) | DAP | MG | KSC | AMB | | |
| 0 | 08 08 08 | ISSUED FOR CONSTRUCTION (XY.2006.28284) | LPC | MG | KSC | AMB | | |

PERMIT TO PRACTICE
IMPERIAL OIL RESOURCES

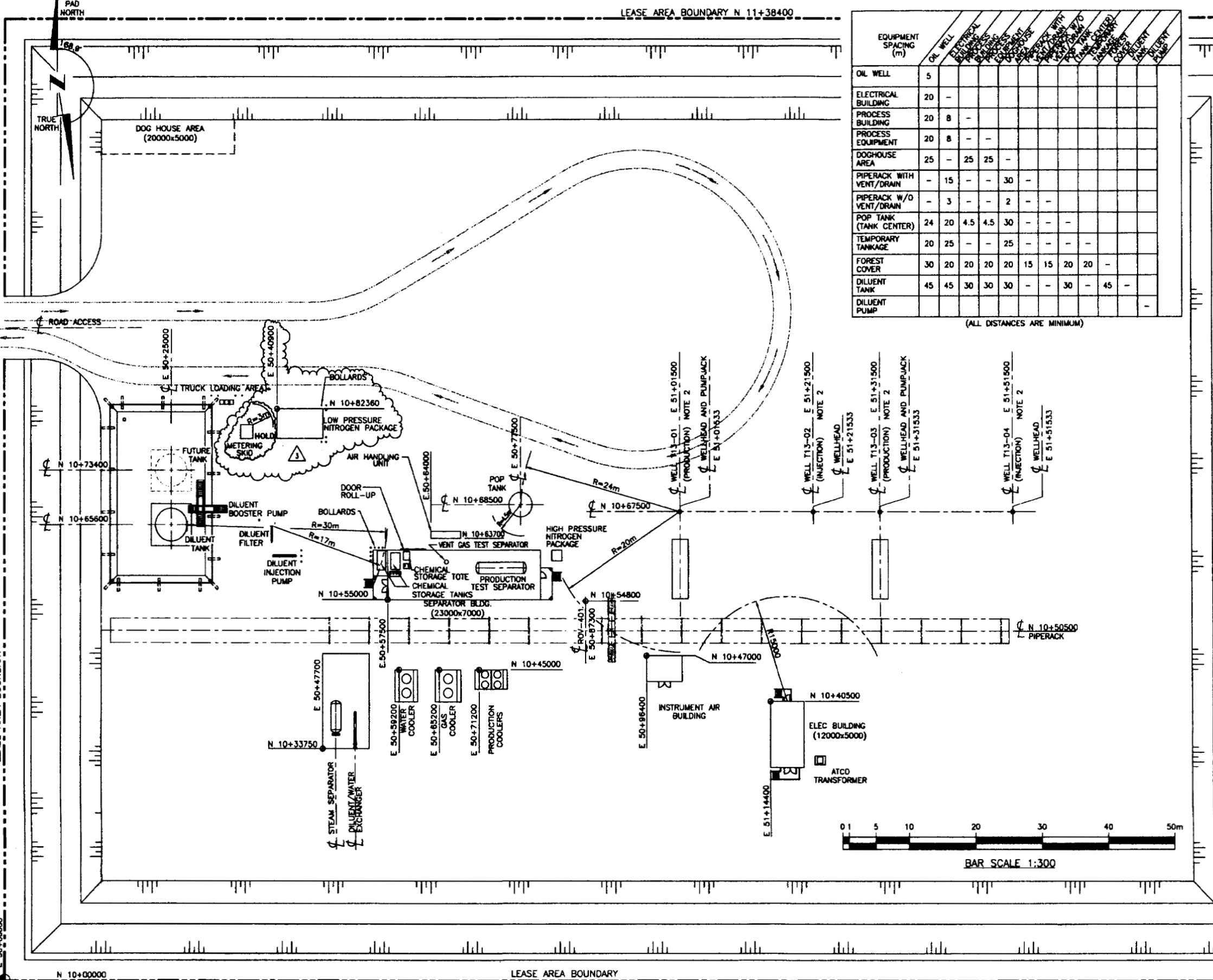
Signature: [Signature]
Date: Mar 26/09

PERMIT NUMBER: P00884
The Association of Professional Engineers, Geologists and Geophysicists of Alberta

APPROVED FOR CONSTRUCTION
DATE: Mar 26/09
REV. 2

PROJECT ENGINEERING

073-1151-010-302 01
AutoCAD
CADD DRAWING NO MANUAL CHANGES

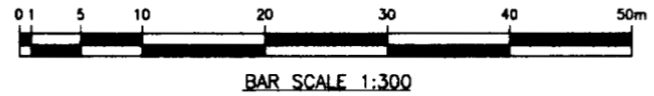


| EQUIPMENT SPACING (m) | EQUIPMENT | | | | | | | | | | | |
|-----------------------|-----------|---------------------|------------------|---------------|--------------------------|-------------------------|------------------------|-------------------|--------------|--------------|--------------|------|
| | OIL WELL | ELECTRICAL BUILDING | PROCESS BUILDING | DOGHOUSE AREA | PIPERACK WITH VENT/DRAIN | PIPERACK W/O VENT/DRAIN | POP TANK (TANK CENTER) | TEMPORARY TANKAGE | FOREST COVER | DILUENT TANK | DILUENT PUMP | WELL |
| 5 | | | | | | | | | | | | |
| 20 | | | | | | | | | | | | |
| 20 | 8 | | | | | | | | | | | |
| 20 | 8 | | | | | | | | | | | |
| 25 | | 25 | 25 | | | | | | | | | |
| - | 15 | | | | 30 | | | | | | | |
| - | 3 | | | | | 2 | | | | | | |
| 24 | 20 | 4.5 | 4.5 | 30 | | | | | | | | |
| 20 | 25 | | | 25 | | | | | | | | |
| 30 | 20 | 20 | 20 | 20 | 15 | 15 | 20 | 20 | | | | |
| 45 | 45 | 30 | 30 | 30 | | | 30 | | 45 | | | |

(ALL DISTANCES ARE MINIMUM)

| TAG No. | DESCRIPTION | LOCATION |
|-----------------------|--------------------------|-----------------|
| E-8001 | DILUENT/WATER EXCHANGER | AS SHOWN |
| E-8002 | WATER COOLER | AS SHOWN |
| E-8003 | GAS COOLER | AS SHOWN |
| E-8004 | PRODUCTION TEST COOLER | AS SHOWN |
| E-8005 | PRODUCTION COOLER | AS SHOWN |
| HTR-8110/1/2/3/4/5 | BUILDING HEATERS | SEPARATOR BLDG. |
| EF-8010/1/2/3 | EXHAUST FANS | SEPARATOR BLDG. |
| HTR-0004/5/6 | BUILDING HEATERS | ELEC. BUILDING |
| EF-0003/4 | EXHAUST FANS | ELEC. BUILDING |
| FL-8001 | DILUENT FILTER | AS SHOWN |
| K-8021 | INSTR. AIR COMP. PACKAGE | INST AIR BLDG. |
| P-0801 | DILUENT BOOSTER PUMP | AS SHOWN |
| P-0802 | DILUENT INJECTION PUMP | AS SHOWN |
| P-0810/20/30/40/50/60 | GROUP CHEM. INJ. PUMP | SEPARATOR BLDG. |
| T-8001 | POP TANK | AS SHOWN |
| T-8002 | DILUENT TANK | AS SHOWN |
| T-8021A/B | CHEMICAL STORAGE TANK | SEPARATOR BLDG. |
| V-8001 | CHEMICAL STORAGE TOTE | SEPARATOR BLDG. |
| V-8003 | STEAM SEPARATOR | AS SHOWN |
| V-8004 | VENT GAS SEPARATOR | SEPARATOR BLDG. |
| ROV-401 | PRODUCTION TEST | SEPARATOR BLDG. |
| T-13-01/03 | 8-WAY SELECTOR VALVE | AS SHOWN |
| T-13-02/04 | PRODUCTION WELLHEADS | LEASE AREA |
| - | INJECTION WELLHEADS | LEASE AREA |
| - | LP NITROGEN PACKAGE | AS SHOWN |
| - | HP NITROGEN PACKAGE | AS SHOWN |
| MAU-8010 | MAKE UP AIR UNIT | SEPARATOR BLDG. |
| HAH-8010 | AIR HANDLING UNIT | AS SHOWN |

- DESIGN NOTES:**
- LOCATION OF GROUNDWATER EVALUATION WELL (GEW) TO BE SUPPLIED BY FIELD.
 - WELLHEAD AND PUMPJACK IS OFFSET 33mm EAST OF WELL BORE.
- GENERAL CONSTRUCTION NOTES:**
- A. CONSTRUCTION CONTRACTOR SHALL:
- LOCATE AND INSTALL ALL HYDROTEST VENTS AND DRAINS AS PER DRAWING 073-0051-080-044 01.
 - PAINT PSV AND CAR SEALED VALVES WITH INTERNATIONAL ORANGE ENAMEL PAINT.
 - INSTALL CAR SEALED VALVES WITH THE VALVE STEM IN THE HORIZONTAL (PREFERRED) OR DOWNWARD POSITION UNLESS OTHERWISE NOTED.
 - GREASE THE UNDERSIDE OF ALL SLIDING PIPE SHOE BASE PLATES AND ALL DIRECTIONAL ANCHORS WITH HIGH TEMPERATURE GREASE (RATED TO -40°C AND 100°C).
 - LOCATE AND INSTALL PERSONNEL PROTECTION ON LINES AS PER EBP 14-1-1, PAR.4.14 AND AS PER PIPING GENERAL ARRANGEMENTS.
 - DO NOT PLACE VENTS AND DRAINS ON HYDROCARBON PIPING AND PIPELINES WITHIN 15m OF THE ELECTRICAL BUILDING AND 30m OF THE DOGHOUSE AREA.
- B. INSTRUMENTATION CONNECTIONS:
- PRESSURE CONNECTIONS ARE 3/4 NPT UNLESS NOTED OTHERWISE. INSTALL AS PER DETAIL 4 ON DRAWING 073-0051-080-044 01.
 - TEMPERATURE CONNECTIONS ARE 1 NPT UNLESS NOTED OTHERWISE.
 - ORIFICE TAPS ON HORIZONTAL PIPES TO BE HORIZONTAL IN LIQUID AND STEAM SERVICE AND VERTICAL (UPWARD) IN GAS SERVICE. PROVIDE NIPPLES AND GATE VALVES AS PER LINE SPECIFICATION. UNUSED TAPS TO BE PLUGGED WITH HXHD PLUGS COMPLYING WITH PIPING SPECIFICATIONS AND SEAL WELDED. ROOT PASS ON THE ORIFICE FLANGE/PIPE BUTT WELD TO BE GROUND SMOOTH TO THE INSIDE PIPE WALL.
- C. DEVIATION/DECISION RECORD:
- MOC-109 DEVIATION TO EBP 3-18-1, PAR.7.3.1. DO NOT INSTALL GUSSETS ON SMALL BORE (<NPS 2) CONNECTIONS.
 - MOC-439 DEVIATION TO EBP 19-1-1, TABLE 3. DO NOT PRIME OR PAINT ANY INSULATED PIPING.
 - MOC-442 DEVIATION TO EBP 3-30-3. USE OF PLATED CARBON STEEL COMPRESSION FITTINGS WITH STAINLESS STEEL FERRULES IS ALLOWED IN AIR AND CHEMICAL SERVICE (PIPING CLASS ZJCE0).
 - MOC-2185 DEVIATION TO EBP 18-200-1, USE OF CE>0.45<0.53 FOR FORGED BODY VALVES WITH PROCEDURES AS DESCRIBED.



IMPERIAL OIL RESOURCES

CLPP MAHKESES FIELD PHASES 11 - 13
PAD T13 SA-SAGD FACILITIES
PLOT PLAN

| | | | |
|---|----------------|---|-----------|
| CONTRACTOR NAME COLT ENGINEERING CORPORATION | SCALE 1:300 | IOR DRAWING NUMBER 073-1151-010-302 01 | REV. 3 |
| CONTRACTOR DWG NUMBER XY.2008.28284 | | | |

| NO. | DATE | REVISIONS | DRAWN | CHECK | DESIGN | APPR. | IOR DWG NO. | TITLE |
|-----|----------|---|-------|-------|--------|-------|-------------|-------|
| 3 | 08 05 25 | RE-ISSUED FOR CONSTRUCTION - MOC C-4784 (XY.2008.28284) | MG | DAP | BAF | GME | | |
| 2 | 08 11 13 | ISSUED FOR CONSTRUCTION - MOC C-4405 (XY.2008.28284) | KJG | GBF | GCS | BAF | | |
| 1 | 08 11 14 | RE-ISSUED FOR CONSTRUCTION - MOC C-4413 (XY.2008.28284) | YW | MG | BAF | GME | | |
| 0 | 08 08 15 | ISSUED FOR CONSTRUCTION (XY.2008.28284) | CAR | MG | BAF | GME | | |

PERMIT TO PRACTICE
IMPERIAL OIL RESOURCES

Signature: *[Signature]*
Date: MAY 21, 2009

PERMIT NUMBER: P00884

The Association of Professional Engineers,
Geologists and Geophysicists of Alberta

PERMIT

APPROVED FOR CONSTRUCTION

DATE: 27 MAY 09 REV: 3

[Signature]
PROJECT ENGINEERING