



PUBLIC DISCLOSURE DOCUMENT

**Proposed Development Plan
OPTI Canada Inc. & Nexen Inc.
Long Lake Phase 2 SAGD Project**

July 2005

1.0 INTRODUCTION

OPTI Canada Inc. and Nexen Inc. (OPTI/Nexen) are proposing to expand our Steam Assisted Gravity Drainage (SAGD) bitumen production at our Long Lake Project. This document has been prepared to inform you about our preliminary plans related to the proposed Long Lake Phase 2 SAGD Project (Phase 2). We encourage and welcome your input on this plan and your participation in the regulatory process.

OPTI Canada and Nexen Inc. are joint-venture partners developing the Long Lake Project in the Athabasca oil sands region of northern Alberta. The Long Lake Project (Phase 1) is located on Lease 27, approximately 40 kilometres southeast of Fort McMurray, Alberta.

Throughout the life of the Long Lake Project, we are committed to:

- Understanding & addressing stakeholder concerns
- Enhancing local employment & business development
- Investing in communities to build capacity & self-sufficiency
- Developing the Project in a safe & environmentally responsible manner

Under the Memorandum of Understanding (IL 96-7) between the Alberta Energy and Utilities Board (EUB) and Alberta Environment (AENV) with respect to Oil Sands Developments, OPTI/Nexen will be filing a joint application related to the Long Lake Phase 2 SAGD Project to amend the following approvals:

- Environmental Protection and Enhancement Act Approval No. 137467-00-00
- Oil Sands Conservation Act Approval No. 9151

We view the consultation process for the OPTI/Nexen Phase 2 Project as building on an ongoing co-operative approach with stakeholders that addresses such regional issues as fresh water conservation and protection, and air quality management. We will continue to make ourselves highly accessible to stakeholders regarding all aspects of our projects. As we more fully define plans for Long Lake Phase 2 and develop the Environmental Impact Assessment we will make this information available.

2.0 CURRENT OPERATIONS AT LONG LAKE PHASE 1

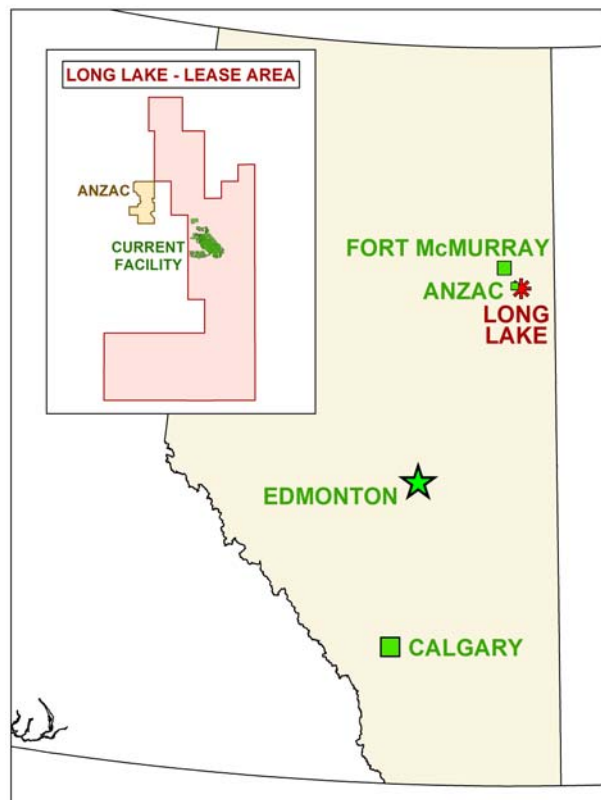
Long Lake Phase 1 received regulatory approval from the EUB in August 2003 and regulatory approval from AENV in November 2003. Phase 1 is a SAGD operation for thermal recovery and on-site upgrading of crude bitumen from the McMurray Formation in the Athabasca Oil Sands Area. Phase 1 has approval for 140,000 barrels per day (b/d) of upgrading capacity and 70,000 b/d of SAGD bitumen production.

SAGD is a proven method of bitumen extraction that recovers bitumen through: drilling of horizontal well pairs; injecting steam into the upper well; steam rising through the oil sands and heating the bitumen; and, bitumen flowing with condensed steam (water) into the lower well, and then to the surface.

Phase 1 is in the construction phase, with the SAGD coming online in the third quarter of 2006 followed by the start-up of an upgrader in the second quarter of 2007. OPTI/Nexen, in our commitment to reducing the development footprint, are initially constructing a 10 pad layout with a total of 82 well pairs.

Phase 1 has committed to exceeding a 90% recycle of process water as well as 99.25% sulphur recovery efficiency on a calendar day average (this level of sulphur recovery is greater than the EUB mandated 98.5% sulphur recovery requirements as outlined in *ID 2001-03: Sulphur Recovery Guidelines for the Province of Alberta*).

2.1 Long Lake Project Location



3.0 PROJECT INFORMATION FOR THE PROPOSED PHASE 2 PROJECT

3.1 Project Overview – Phase 2

The proposed Phase 2 project is located in Township 84, Ranges 6 & 7, W4M, approximately 14 km south of the Hamlet of Anzac and 11 km south of Phase 1, in the Regional Municipality of Wood Buffalo.

The purpose and objective of Phase 2 is to recover 70,000 b/d of bitumen in order to increase the Phase 1 processing capacity to 140,000 b/d of SAGD production and to (the approved) 140,000 b/d of onsite upgrading. Phase 2 will be fully integrated within Phase 1. Phase 2 will make substantial contributions to the local and regional economies, while meeting or exceeding all environmental guidelines.

Phase 2 will have a central facilities area which will include the following components:

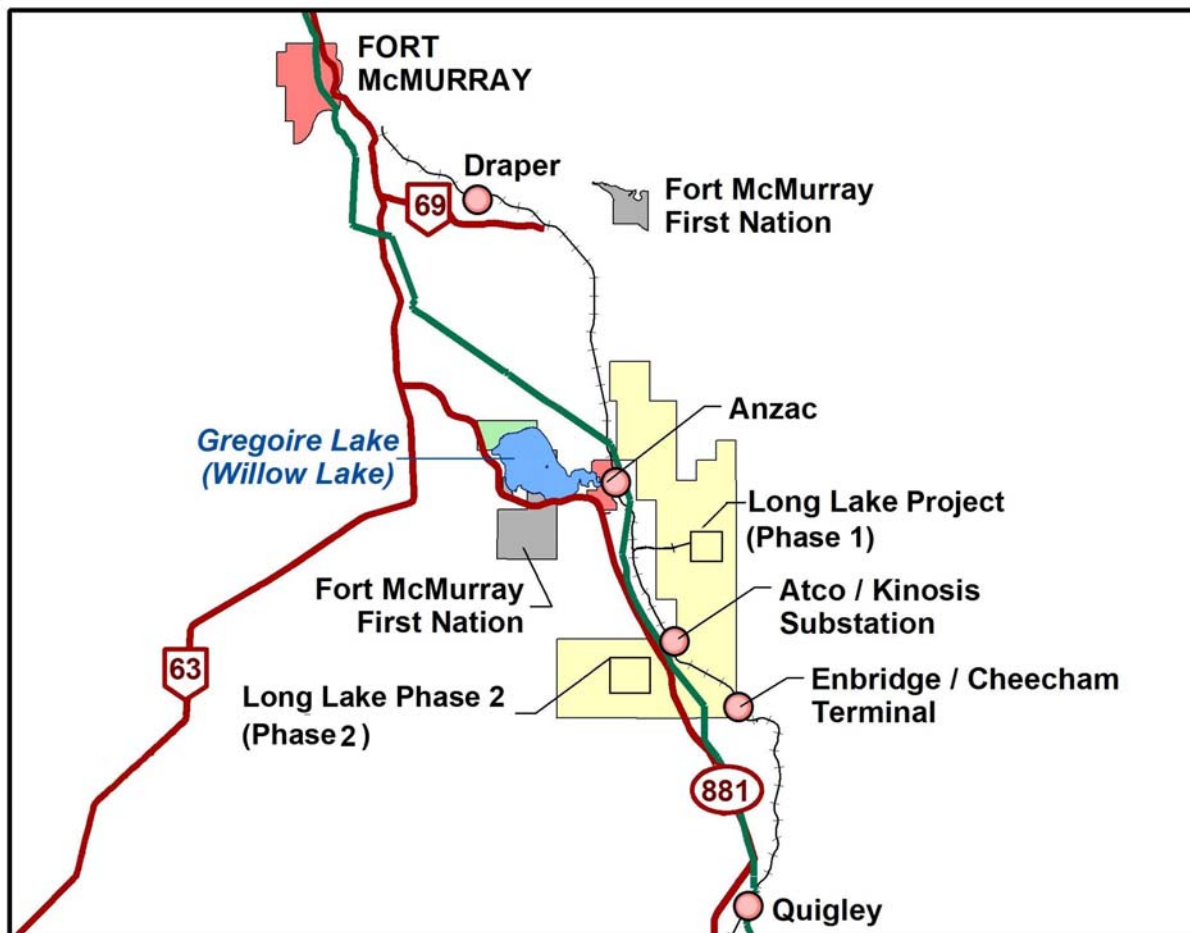
- Approximately 35,000 cubic metres per day steam generation facility equipped with the appropriate pollution abatement equipment to ensure ambient air quality standards are met;
- Produced and process water recycling;
- Gas turbine for power and steam cogeneration; and,
- Operations buildings.

In addition to the central facilities, Phase 2 will also include the following components:

- Well pads for steam injection and bitumen recovery wells, including the drilling of horizontal well pairs;
- Water source and disposal wells;
- Associated infrastructure including access roads and pipelines – note that OPTI/Nexen practice and promote Integrated Landscape Management (ILM) and will, wherever feasible, utilize existing infrastructure;
- A pipeline to deliver recovered bitumen from Phase 2 to Phase 1 for upgrading; and,
- A pipeline to deliver syngas from Phase 1 to Phase 2.

Pending regulatory approval, it is OPTI/Nexen's intention to begin construction of Phase 2 in the third quarter of 2008 with subsequent start-up expected in the second quarter of 2010 (See Proposed Phase 2 Timeline).

3.2 Proposed Location – Phase 2



3.4 Expected Regional and Economic Benefits – Phase 2

- Approximately 1 billion in capital investment.
- Approximately 75 new permanent full-time positions and approximately 500 contract work positions – as with Phase 1, OPTI/Nexen are committed to hiring locally and working with regional contractors whenever possible.

3.5 Environmental Considerations – Phase 2

An Environmental Impact Assessment (EIA) will be completed and submitted to AENV and the EUB. Stakeholders are invited to contribute to the EIA Terms of Reference (ToR).

6.0 CONTACT INFORMATION

If you have any questions or require additional information please do not hesitate to contact:

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