



in Touch

Reaching out to Imperial annuitants and their families

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Kearl receives regulatory approval

Approval marks key step forward for oil sands project

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The Alberta Energy and Utilities Board and the Government of Canada granted conditional approval of Imperial's proposed Kearl oil sands project in late February, following a joint federal and provincial review.

Imperial holds about a 70 percent share and ExxonMobil Canada holds the remaining share of the proposed project located about 70 kilometres northeast of Fort McMurray.

"This decision is a significant milestone for our project and our company," says Randy Broiles, senior vice-president of resources. "It has taken many years of work to get to this point and we appreciate the efforts of everyone who has been involved."

The Kearl project is similar in design to existing oil sands mines in the Fort McMurray region that use large-scale shovels, trucks, crushers and oil sands hydrotransport technology. The current plan is to develop the mine in a staged manner, with an initial

production capacity of about 100,000 barrels a day. Subsequent expansions could increase capacity to approximately 300,000 barrels a day as early as 2018. The project scope does not include an upgrader.

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In its decision, the panel placed 17 conditions on Imperial related to environmental and technical requirements for the project, eight recommendations to the federal government for environmental monitoring and 20 recommendations to the province to continue work with regional officials to address shortfalls in health care, housing and other services in the region.

In January, to help deal with growing pressures on the health system, Imperial and the local health region signed a memorandum of understanding that supports the development of a medical centre that would provide more robust health services to the workforce than is typically
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Publications
Mail Agreement
No. 40064421

2006 annual report now online

Imperial's 2006 annual report, entitled *Energy Leadership: Yesterday, Today and Tomorrow*, details the company's performance in 2006 and its prospects for the future. Check it out online at www.imperialoil.ca/invest.



Imperial's 2006 United Way campaign a success

Employee and annuitant contributions helped raise close to \$3 million for the United Way. This year's campaign included innovative activities from coast-to-coast such as Days of Caring, bake sales, clothing drives and canoe races. In addition, United Way Day at Esso-branded retail gasoline sites across Canada raised approximately \$186,000. On this day, one cent from every litre of gasoline and \$1 from each car wash sold was donated to United Way.



Sarnia employees volunteer at the United Way BBQ

Record earnings in 2006

Imperial Oil announced net income for 2006 of \$3,044 million (\$3.11 per share). This was the highest net income in the company's history, surpassing the previous record of \$2,600 million (\$2.53 a share) in 2005. Fourth quarter earnings were \$794 million (\$0.83 a share) in 2006, compared with \$1,016 million (\$1.00 a share) in the fourth quarter of 2005.

Imperial Oil Review magazine discusses environmental progress

Recent public opinion surveys show that Canadians are concerned about the state of the environment, air quality and their relationship to energy demand. The latest edition of the *Imperial Oil Review*, Imperial's award-winning magazine, speaks to these issues in three ways: Imperial's CEO gives his perspective; scientists tell of far-reaching new oil sands research; and industry leaders reveal what is being done to clean the air. The latest issue is now available online at www.imperialoil.ca/the-review.



Kearl continued from front page

provided on site. Also, the Kearl project is expected to operate a fly-in, fly-out workforce which will mitigate most of the potential impact on local services.

And, in October 2004, Imperial committed \$10 million over five years to the Imperial Oil-Alberta Ingenuity Centre for Oil Sands Innovation (COSI) in part to help find more environmentally friendly ways to extract bitumen. Techniques currently in development at COSI, however, will not be ready for use by the first stage of the project but could be adopted in later phases.

As a next step, the implications of the panel's conditions are being reviewed for cost and scheduling impacts. Engineering work to optimize design and project economics is also being advanced. A final decision on the project is expected sometime in 2008. For more information on the Kearl oil sands project, visit www.imperialoil.ca.

Imperial thanks customers for patience during Ontario fuel shortage

Employees, contractors, associates and distributors thanked for restoration efforts



In an advertisement that was published in 20 prominent Ontario newspapers – including the provincial editions of the *Globe and Mail* and the *National Post* – the company thanked customers for their patience and patronage.

“Communities across Canada have trusted Esso as a responsible and reliable supplier,” read the advertisement. “We value this trust and will continue to work hard to keep it.”

The fuel supply shortage, which lasted about four weeks beginning in mid-February, was the result of a fire at the Nanticoke refinery, other industry operating incidents, restrictions in marine access due to ice and a CN rail strike.

Repairs to the Nanticoke refinery were conducted under an aggressive plan in which employees worked around the clock and experts were brought in from across North America to assist. The work was completed safely without incident.

In an attempt to lessen the impact of the fuel shortage in Ontario, Imperial made every attempt to secure alternate supplies. Despite this effort, outages were widespread and many locations were without product for approximately two weeks. Priority for fuel was given to emergency services and home heating customers.

“We know that the shortage had a significant impact on both our customers and retailers. That’s why we have done everything in our power to limit repercussions from this unfortunate situation,” said Simon Smith, vice-president and general manager of fuels marketing. “We appreciate the patience exhibited by our customers and the tireless efforts made by our employees, associates, contractors and distributors to minimize the impact.”

In response, Imperial is considering additional marketing programs to support its retailers and to encourage customers to return to their local Esso stations.

Imperial Oil Foundation donates \$350,000 to cancer research

The gift will support a cancer metastasis research scientist position at London Health Sciences Centre (LHSC).

Dr. Alison Allan, an oncology researcher who has been recruited to fill the position, will work on expanding the current understanding of cancer metastasis – the development of secondary tumours away from the primary cancer site and the cause of most cancer deaths. Her research program is also expected to enhance collaborative research with other cancer research teams at the program and across the city.

Cliff Nordal, president and chief executive officer at LHSC, described the partnership with Imperial Oil as helping to lay “the foundation to build better patient care and enhanced medical education.”

LHSC is one of Canada’s largest acute-care teaching hospitals and is dedicated to excellence in patient care, teaching and research. LHSC has also pioneered many national and international medical breakthroughs.

“We are very pleased to have the opportunity to contribute to an important research area that hopefully in a short time will benefit thousands of people across Canada,” said Monica Samper, president of the Imperial Oil Foundation.

Imperial and LHSC officials at the funding announcement



Imperial Leduc No. 1 celebrates 60th anniversary

Annuitant has personal connection to historic day

Seldom in history can the turning point in the fortunes of an industry be identified so accurately as in the case of the 1947 Leduc discovery.

After drilling 133 consecutive dry holes throughout the West as part of a “last chance” drilling venture, Imperial struck black gold. On February 13, 1947, Imperial's Leduc No. 1 became the Alberta wildcat well that launched the rapid growth of Western Canada's petroleum industry. The well was abandoned in 1974 after producing more than 300,000 barrels of oil.

Howie Dingle, former vice president of production at Imperial, has a close connection to the crew who made this discovery. His father, Walter Dingle, helped survey the location of Leduc No. 1 before drilling began. “It's exciting to know my father was part of the team that made this important discovery. I often recall his stories about the rapid growth and success that ensued.”

The discovery pointed to the vast reserves of oil that lay under much of southern Alberta and changed the way geologists, economists and politicians saw the Canadian oil industry.

To help tell the continuing story of this historic event, the Canadian Petroleum Discovery Centre in Devon is developing a new exhibit focused on Leduc No. 1. Imperial donated \$100,000 towards the creation of this exhibit.



Imperial Leduc No.1

The way we were... Watson's Garage

Built in 1926, Watson's garage is believed to be the oldest existing example of an Imperial gas station in Canada. During the depression when gas and vehicle prices were unaffordable for most, proprietor and dealer John Watson also used the shop for bike repair. It operated as an Imperial station until the 1960s. Today, the building can be seen at the Cumberland Heritage Village Museum in Ottawa.



Photo: Campbell Trueman

Imperial Oil and Alberta Ingenuity partner to expand innovative research centre



L-R: Randy Broiles, Angelene Zubkoff, Nadia Andrews, Winnie Lieu and Naidene Petersen.

University of Alberta centre gains additional momentum and new name

Water use in oil sands development is a significant concern for Albertans and Canadians, particularly as the industry develops and grows over the next 20 years. An innovative research centre at the University of Alberta is poised to tackle this issue through a new partnership with Imperial Oil and Alberta Ingenuity.

The centre, now called the Imperial Oil-Alberta Ingenuity Centre for Oil Sands Innovation, has a mandate to find more efficient, economically viable and environmentally responsible ways to develop Canada's oil-sands resources.

More than \$15 million in research will be invested over the next five years to develop new energy technologies and long-term solutions. Of this total, Imperial is contributing \$10 million. The centre will recruit a team of more than 50 faculty members, graduate students and researchers to tackle critical issues such as how to improve water conservation.

"Investing in research and innovation is of critical importance to satisfying rising energy demand, while meeting increasing environmental expectations. We share the commitment of the University of Alberta and have long recognized that research and technology are fundamental to responsible development of Alberta's oil sands," said Randy Broiles, senior vice-president of resources.

"I congratulate our partners Imperial Oil and Alberta Ingenuity for their generosity and their foresight in the creation of the centre," said Dr. David Lynch, dean of the faculty of engineering, University of Alberta. "This is a tangible symbol of our partners' commitment to innovation and confidence in our joint ability to manage Alberta's oil sands resource investment wisely well into the future."

For additional information on the centre, read "Oil Sands' Green Team" in the winter 2006 / 2007 issue of the *Imperial Oil Review* at www.imperialoil.ca/thereview.

What's in your mailbox?

Assistance with benefits is just an e-mail away

You can now contact the benefits helpline at IOL.benefits.helpline.canada@esso.ca. Please include your annuitant identification number in all e-mail requests.

To ensure privacy, do not e-mail confidential or personal information. For matters that are confidential or personal in nature, please call the benefits helpline at 1-800-387-0621 or toll-free at 416-441-7606 within the Toronto area.

E-mail inquiries are usually answered within one to two business days.

Have you changed your address?

Contact the benefits helpline by phone or e-mail (see above) to update your address.

Sun Life has a new mailing address for claims

The new address will help to sort, process and return your health and dental claims faster. This change is effective immediately.

The new address is:

Sun Life Assurance Company of Canada

Health Claims Office

PO Box 9718 Stn T

Ottawa ON K1G 3L3

Claims can be made on a recent claim form sent by Sun Life or on an Imperial Oil/ExxonMobil Canada claim form available through the benefits helpline. Sun Life will continue to accept forms sent to the old address until year's end. Response time to mail sent to the old address may be longer.

Mackenzie gas project update

In mid-March, Mackenzie gas project proponents filed revised cost and schedule information with the National Energy Board and Joint Review Panel.

The updated information includes project costs of \$3.5 billion for the gas-gathering system, \$7.8 billion for the Mackenzie Valley Pipeline, and \$4.9 billion for the development of the three anchor fields.

Project timing is uncertain, but production start-up is expected no sooner than 2014 and is conditional on progressing regulatory and fiscal matters. Future project activities will focus on the regulatory process and discussions with the federal government on the fiscal framework.

"We continue to be hopeful that the project will be built, and we will continue our efforts to see how we can make it go forward," said Randy Broiles, senior vice-president of resources. "The Mackenzie project represents a significant, vital new supply source for the North American

market. It will provide employment and business opportunities to the people of the North, billions of dollars in royalties, taxes and other revenues to governments, benefits to resource developers and significant economic growth and opportunity for this country – clearly benefits for many in its ultimate development."

The project is being proposed by Imperial, ConocoPhillips Canada, Shell Canada, ExxonMobil Canada and the Aboriginal Pipeline Group (APG). The APG was formed in 2000 to enable ownership interest by the Aboriginal peoples of the Northwest Territories in the proposed Mackenzie Valley natural-gas pipeline. TransCanada PipeLines Limited is helping to facilitate and finance the APG's ownership, in addition to other support, in the current phase of project development.



Norman Wells' ice buggy improves efficiency of ice road construction

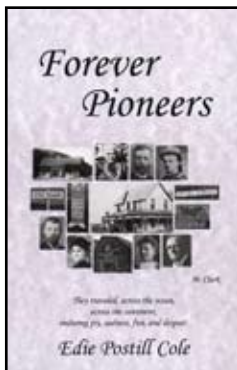
Before the ice buggy, ice roads were made by a five-person crew who would confirm ice thickness by drilling holes with a portable auger, all the while pulling a toboggan filled with supplies. The ice buggy, developed by Norman Wells' staff and a marine supplier, can travel over land and through water, and is equipped with a hydraulically driven auger and a ground penetrating radar unit. "The ice buggy is a good example of creative thinking and teamwork," said Elmer Ellis, field foreman at Norman Wells. "We've reduced crew size, minimized overall human exposure to the weather and expanded actual work time beyond daylight hours."

Novelist recounts western pioneer life

The book, called Eggs for Shoes, was a surprise success...



Edie Postill Cole



From an early age, Edie Postill Cole always knew she'd write a book. Her inspiration, however, didn't come until late in life at age 62, after she'd read her grandmother's memoirs.

"Grandma left beautiful memoirs that just had to be read." So Edie reworked the diary into a novel about life as an Alberta homesteader," embellished with just a little bit of fiction," she says. The book, called *Eggs for Shoes*, was a surprise success, selling an almost unheard of quantity for a self-published title – sales exceeded 5,000 copies. She then wrote a second book, which came out in 2003, about her paternal grandparents – pioneers who lived in Ontario, British Columbia and Alberta. It sold about 2,000 copies.

Interest in her books has been wide spread. She has been interviewed by television and newspaper reporters across Western Canada. The books' success, in part, can be attributed to good marketing. Edie's husband, John, an annuitant who worked in marketing for Imperial, now helps sell her books. "He loves to hit the road and drive me around to promote my books. He's just drivin' Miss Edie," she says.

Despite their efforts, the Coles have never made money on the books but Edie maintains a positive attitude. "It's allowed me to meet and reconnect with so many people from my past," she says. "It's the best thing I've ever done."

In fact, she's thinking about writing a third but isn't sure when she'd find the time. Today, she's kept busy touring with book signings and speakers' engagements for those interested in Western Canadian history.

Did you know?



Imperial employees and retirees actively volunteer their time and energy to different community initiatives. For instance, annuitant Ajaz Quraishi volunteers with more than 20 organizations, including the Lakeland United Way, Cold Lake Community Services and Cold Lake Victim Services. Imperial supports volunteers like Quraishi. In 2006, Imperial Oil contributed more than \$12 million to community initiatives through donations, sponsorships and other financial support.

To learn more about Imperial's corporate citizenship activities, visit www.imperialoil.ca.

remembering

We regretfully acknowledge the deaths of the following employees and annuitants:

ANNUITANTS

Robert Adair, home oil, Vancouver
Frances M. Allard, law, Toronto
Rita L. Ashton, products division, Sarnia
Edmund J. Badry, logistics, Calgary
Howard H. Barry, products division, Montreal
Jean Bernard, operator, Edmonton
Michel Bezy, refining, Montreal
J. Maurice Biron, marketing, Montreal
Elvis W. Boyd, logistics, Sarnia
Earl B. Brown, drilling and facilities, Calgary
Janis Bumbulis, products division, Don Mills
Bernard E. Butcher, retail/commercial, London
A. Maxine Cairns, comptroller's, Don Mills
Ernest M. Cameron, Ontario marketing distribution, Finch
Michael L. Chornopsky, exploration, Calgary
James Clare, marketing, Ontario
John G. Cook, marketing, Vancouver
Norman D. Coyle, comptroller's, Saint John
William G. Creighton, marketing Atlantic-Newcastle, New Brunswick
George DeMille, minerals, Calgary
Gerard Desjardins, home oil, Quebec
Rolland Dube, marketing, Quebec
Jean Edgar, comptroller's, Thunder Bay
C. Douglas Erskine, marketing, Toronto
Mary M. Farron, products division, Sarnia
Arthur Fenby, comptroller's, Toronto
Patrick S. Foley, logistics, Dartmouth
William C. Fraser, logistics, Sarnia
Robert J. Freitag, operations, Willesden Green
Douglas I. Gibson, resource development, Calgary
John E. Gibson, Atlas Supply, Rexdale
Joseph M. Goulet, logistics, Regina
Ralph V. Greenough, logistics, Dartmouth
Gertrude M. Griffin, marketing, Toronto
Leonard Grime, transportation and supply, Toronto
Lloyd J. Grinder, marketing and distribution, Vancouver
Victoria E. Groomers, refining, Edmonton

Vincent C. Guertin, logistics, Sarnia
Andrew M Hall, transportation, Edmonton
J. Clare Hamilton, exploration, Calgary
Ross Haynes, research & technology, Calgary
William F. Hicks, operations services, Strathcona
George Horsfield, regional project management group, Strathcona refinery
Allan C. Hunter, products division, Dartmouth
Steffany Ireland, gas department, Calgary
Leonard S. Jenner, comptroller's, executive offices, Don Mills
Muriel Evelyn Jones, administration, Calgary
Dudley A. Keeler, comptroller's Edmonton
Wallace Kilbride, lubes & specialist, Sarnia
Gordon J. Kube, oil sands, Lloydminster
George P. Lalonde, executive, Calgary
Louis P. Laurence, refining, Montreal
Therese Laurin, comptroller's, Montreal
James J. Leroux, employee relations, Montreal
Magloire Lindsay, sales, Quebec
Robert Manion, logistics, Montreal
Glen D. Martin, controllers, Sarnia
Douglas J. Maxwell, production drilling, Calgary
Douglas W. McCallister, refining, Edmonton
D. Leone McLennan, comptroller's, Edmonton
Victor Milne, products and chemicals marketing, Ontario
John S. Morrison, logistics, loco, refinery
Edgar Muller, marketing, Willowdale
Alfred E. Nickels, products division, Sarnia
Donald C. Nieman, purchasing, Edmonton
Ronwell H. Noseworthy, marketing, Gander, Newfoundland
Rene Patenaude, marketing and distribution, Cote St-Paul, Quebec
Donald Perry, chemical division, Sarnia
Richard A. Peters, products division, Strathcona
Victor Poborsa, marketing, Willowdale
Raymond Poulin, comptroller's, Montreal
Leslie G. Preece, comptroller's administration, Don Mills
Hector C. Quintal, production, Edmonton
Margaret T. Regan, medical, Toronto
Selma M. Richter, comptroller's, Edmonton

*in*Touch

This publication is produced three times a year by Imperial's public affairs department. *In Touch* is published electronically on the Imperial Oil website at www.imperialoil.ca/intouch.

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Fax: (403) 237-3611

Design: Humdinger Communications

Translation: Imperial Oil Limited

Publications Mail Agreement No. 40064421

Sun Life: 1-800-361-6212

Policy No. 25212

Benefits helpline:

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The benefits helpline is open weekdays between 8 a.m. and 4 p.m. EST, except on holidays and earned days off. The helpline will be closed on the following upcoming Fridays: May 11, June 15, July 20 and August 24.

Archibald Ritchie, refining, Nanticoke
Octavius R. Robertson, comptroller's, Don Mills
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William Serink, operating, Redwater, Alberta
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