

Terra Nova Development



Canada-Newfoundland and Labrador Industrial Benefits

Public Quarterly Report

January 01 – March 31, 2012

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Section 1.0 – Introduction

The Terra Nova Oil Field is situated on the Grand Banks, about 350 kilometers east-southeast of St. John's, Newfoundland, and 35 kilometers southeast of the Hibernia Oil Field. The Terra Nova field is comprised of a combination of producing wells, as well as water injection and gas injection wells, and delivers production from the Graben, East Flank and Far East blocks.

Discovered in 1984, the field was the second to be developed off Newfoundland. Production from the field began in 2002, through the use of a Floating, Production Storage and Offloading (FPSO) vessel. This was the first development in North America to use FPSO technology in a harsh weather environment.

The FPSO is a ship-shaped vessel which has integrated oil storage capability from which oil is offloaded into a shuttle tanker. The storage capacity of the Terra Nova FPSO is 960,000 barrels of oil and can accommodate up to 120 personnel while producing. The vessel is 292.2 meters long, 45.5 meters wide and stands higher than 18 storeys. Terra Nova pre-production capital expenditures were approximately \$2.8 billion. The FPSO arrived in field on August 21, 2001 and produced first oil in January 2002.

Suncor Energy, as operator of the Terra Nova project, is committed to enhancing opportunities for the people of the province through participation in the Terra Nova Development. A lasting economic legacy is being created for the province through Suncor's recruitment and training of local talent, its provision of full and fair opportunity to local businesses, and by giving first consideration to locally produced goods and services within the Province, where those goods and services are deemed competitive.

The following represents Suncor's Industrial Benefits Public Report for the quarter ending March 31, 2012. This first quarter public report provides a summary of activities related to the production phase of the Terra Nova project carried out by Suncor and its major sub-contractors.

Section 2.0 – Project Activity and Benefits Accomplishments

Suncor achieved a number of milestones during the first quarter of 2012. Some of these highlights and achievements include:

- operational expenditures for the Terra Nova project at just over \$114 million, 64% of which was spent in Newfoundland and Labrador (NL) and the other provinces and territories of Canada:
 - 45% was spent in NL, and
 - 19% was spent in the other provinces and territories of Canada.
- four new contracts were awarded at a value of \$104 million, three of which were awarded locally to companies based in NL and one that is based in other provinces or territories of Canada.
- a total of 1,593 purchase order's valued at \$18.3 million were issued, 1,461 of which were awarded to vendors with a NL location or another Canadian location (91% with a total of \$16.6 million):
 - \$11.9 million in purchase order's awarded to NL locations (65%), and
 - \$4.7 million in purchase order's awarded to other Canadian locations (26%).
- a total of 1,187 people working on the Terra Nova project by the end of March 31, 2012:
 - 1,065 or 90% were residents of Newfoundland and Labrador at the time of hiring, and
 - 95 or 8% were residents of other Canadian provinces or territories at the time of hiring.

Section 3.0 – Employment

As of March 31, 2012 a total of 1,187 people were working on the Terra Nova development. Of this total, 1,065 or approximately 90% were residents of NL when hired, while another 95 or approximately 8% were residents of other regions of Canada at the time of hiring (Table 3.1). Of the Newfoundland and Labrador residents, 861 employees worked onshore, 195 worked offshore and 9 worked in another location outside of NL. Of the residents from other Canadian provinces and territories, 33 worked onshore, 12 worked offshore and 50 worked outside of NL (Table 3.2).

Table 3.1 – Total Employment Summary Terra Nova Project (Q1, 2012)			
Direct Employment (Total Number of Persons)	Newfoundland and Labrador Residents (%)	Other Canadians (OC) (%)	Non-Canadians (NC) (%)
1,187	90%	8%	2%

Table 3.2 – Employment Summary by Location Terra Nova Project (Q1, 2012)						
Location	Total Number of Persons					Total
	Residency Status			Gender		
	NL	OC	NC	Male	Female	
Onshore	861	33	27	719	202	921
Offshore	195	12	0	134	74	207
Other	9	50	0	40	19	59
	Total:					1,187

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Of the 1,187 employees supporting the Terra Nova development, 893 are male and 294 are female or approximately 25% of the total workforce (Table 3.3). Table 3.3 also breaks down the employment summary by discipline, which includes management, administration, engineers, technicians, professionals, skilled trades' workers, labour workers, students and others that do not fit under these categories. The discipline that is the most male-dominant is the skilled trades category at 98% male, while the discipline the most female-dominated is administration at 68% female.

Discipline	Number of Persons				Total Number of Persons
	Male	%	Female	%	
Management	122	86%	19	14%	141
Administration	49	32%	100	68%	149
Engineers	79	82%	16	18%	95
Technicians	140	84%	24	16%	164
Professionals	83	68%	40	32%	123
Skilled Trades	257	98%	4	2%	261
Labour	53	77%	15	23%	68
Students	15	55%	12	45%	27
Other	95	59%	65	41%	159
Totals:	893	100%	294	100%	1,187

Notes:

- Disciplines are based on the following National Occupational Classification (NOC) Codes:
 - Management** includes: *Senior Managers* as well as *Middle & Other Managers*
 - Administration** includes: *Administrative & Sr. Clerical Personnel* as well as *Clerical Personnel*
 - Engineers** includes: only those in that NOC Code
 - Technicians** includes: *Semi-professionals & Technicians*
 - Professionals** includes: only those in that NOC Code
 - Skilled Trades** includes: *Skilled Crafts & Trades* as well as *Skilled Trades & Service*
 - Labour** includes: *Semi-Skilled Manual Workers, Other Manual Workers* as well as *Intermediate Sales & Service*
- Students** includes: any student enrolled at a recognized educational institution or accredited academic program and includes both graduate and undergraduate students, cadets or any other student.
- Other** includes: positions that do not fit into any of the other disciplines.

Section 4.0 – Canadian-Newfoundland and Labrador Content

The following table is intended to reflect the benefit distribution from Terra Nova cash expenditures. Table 4.1 summarizes the content distribution of these operating and capital cash expenditures for the period being reported by Newfoundland and Labrador, other Canadian and non-Canadian spending.

Table 4.1 – Canadian-Newfoundland and Labrador Content Estimates Terra Nova Project (Q1, 2012)			
Reporting Period	Content		
	Newfoundland and Labrador (%)	Other Canadian (%)	Non-Canadian (%)
This Quarter:	45	19	36
Year to Date (YTD):	45	19	36
Project Cumulative(since production started in 2002):	56	17	27

The expenditure content estimates for fourth quarter ending in December 31, 2011 were 56%, 14% and 29% for Newfoundland and Labrador, other Canadian and non-Canadian spending, respectively. In comparison, this means there is a decrease in Newfoundland and Labrador content (-11%), and an increase in other Canadian (+5%) and non-Canadian content (+7%) for the first quarter of 2012. These changes are due to a one-time \$30 million expenditure on original manufacturer's equipment purchases for offshore equipment.

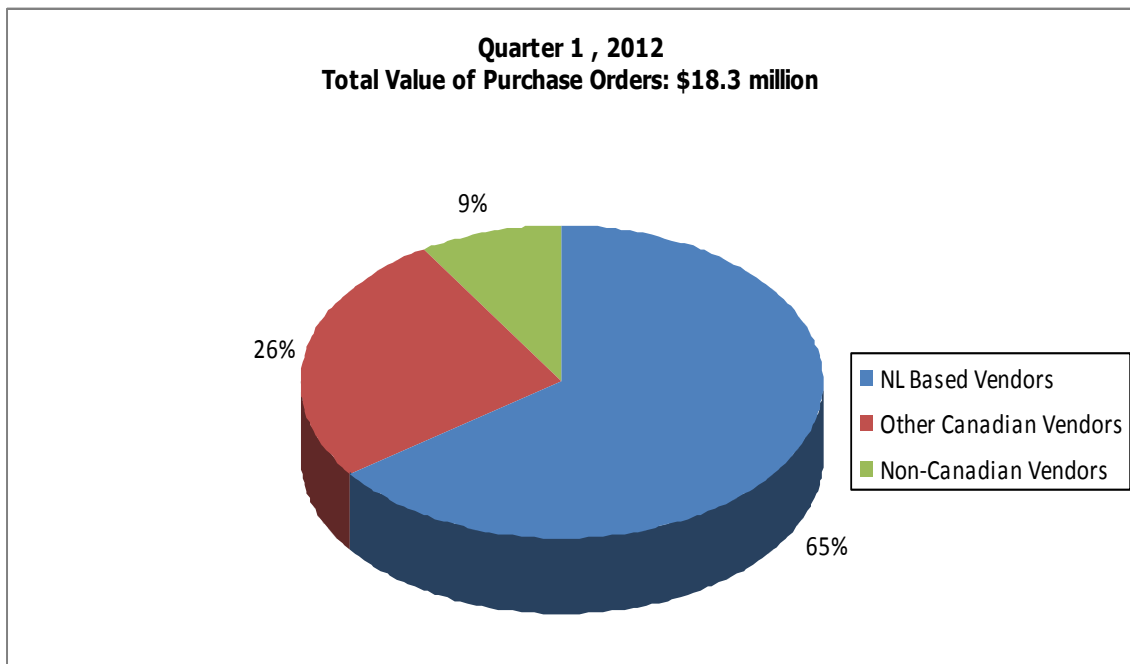
Section 5.0 – Contracting and Procurement

A total of four new contracts greater than \$250,000 with a cumulative value of approximately \$104 million were awarded during the period January 01, 2012 to March 31, 2012 (Table 5.1).

Table 5.1 – Contracting Activity Terra Nova Project (Q1, 2012)		
Description	Contractor	Contractor Location (NL, Other Canadian, Non- Canadian)
3D Processing of Seismic Data (North Mara/Flying Foam)	CGGVeritas (Canada) Inc.	Other Canadian
Dual Polarized Ice Detection and Navigation Radar Research and Development	Petroleum Research Atlantic Canada (PRAC)	NL
2012 Riser/Flowline Installation	Subsea 7 Canada Inc.	NL
Liner Hangers and Services	Halliburton Group Canada Inc.	NL

A total of 1,593 purchase order's with a cumulative value of approximately \$18.3 million was awarded during the first quarter of 2012. Figure 5.1 summarizes the location of the vendors that were awarded purchase order's as well as the percentage of the total awarded value.

Figure 5.1 - Purchase Orders (Percentage of Participation on a Value Basis)



Section 6.0 – Conclusion

Suncor Energy is committed to enhancing its local Industrial Benefits for the people and the province of Newfoundland and Labrador. Throughout Terra Nova's life of field, Suncor Energy will be creating a lasting economic legacy that will benefit the people of the province.