

Recovery Technologies – Shallow Reserves

Truck & Shovel Mining

- Athabasca only
- < 75m to top of oil sands formation
- 6% of OBIP
- 20% of initial established reserves
- 68% of cumulative production

Source: EUB Alberta's Reserves 2004 and Supply/Demand Outlook 2005-2014

6

Strategy West Inc.

Muskeg River Extraction Plant



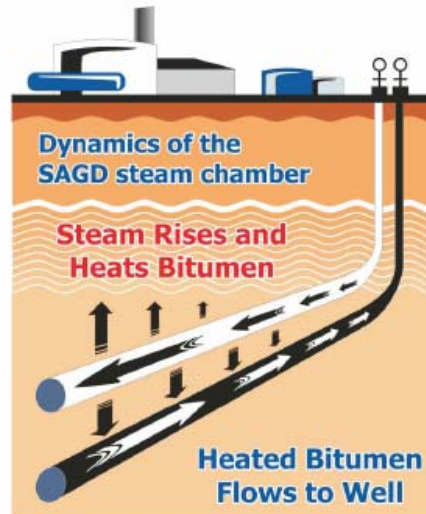
Source: Albian Sands Energy

Strategy West Inc.

Recovery Technologies – Deep Reserves

In Situ Recovery

- > 75m depth to top of oil sands formation
- Athabasca, Cold Lake and Peace River
- 94% of OBIP
- 80% of initial established reserves
- 32% of cumulative production



Source: Husky Energy; Sunrise Project Application; August 2004

Strategy West Inc.

Syncrude Plant Site

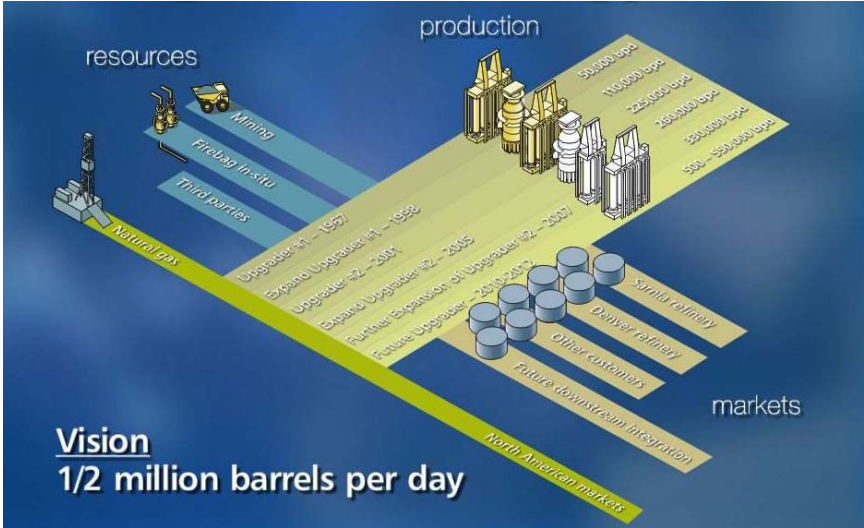


Source: Syncrude Canada Limited.

9

Strategy West Inc.

Suncor's Integrated Strategy: Mining, In Situ, Upgrading and Refining



Source: Suncor Energy Inc.

10

Strategy West Inc.

Oil Sands Supply Cost

- **Supply Cost is the constant dollar price needed to recover all capital expenditures, operating costs, royalties and taxes and earn a specified return on capital**
- **Supply costs are calculated:**
 - In constant 2004 dollars
 - Using a discount rate of 10%/a (real) - 12%/a (nominal) based on an inflation rate of 2%/a
 - For hypothetical standalone projects
 - Before financing (unlevered)
 - No flow-through of taxable losses
 - No expansion uplifts

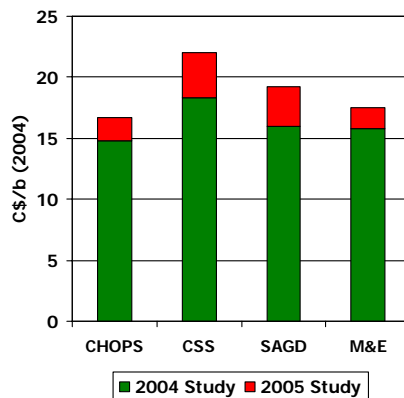
Source: Canadian Energy Research Institute; May 3, 2005

11

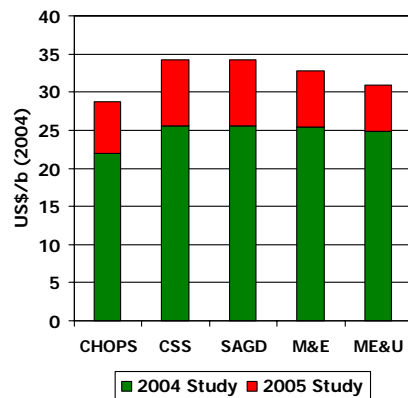
Strategy West Inc.

Oil Sands Supply Costs

Bitumen Supply Cost at Plant Gate



Equivalent WTI Price at Cushing OK



Source: Canadian Energy Research Institute; May 3, 2005

12

Strategy West Inc.

Athabasca Mining Projects

<u>(kb/d bitumen)</u>	<u>2005</u>	<u>2020</u>
Suncor Steepbank/Millennium	155	324
Syncrude North/Aurora	286	627
AOSP Muskeg/Jackpine	155	570
CNRL Horizon	-	270
Petro-Canada Fort Hills	-	190
Imperial/Exxon Kearl Lake	-	300
Synenco Northern Lights	-	100
Deer Creek Joslyn Mine	-	188
<u>Others</u>	-	<u>100</u>
Totals	596	2,669

Source: Regulatory applications and company announcements

13

Strategy West
Inc.

Athabasca In Situ Projects

<u>(kb/d bitumen)</u>	<u>2005</u>	<u>2020</u>
Suncor Firebag	25	376
Petro-Canada Mackay River	30	65
EnCana Christina Lake	18	70
EnCana Foster Creek	36	63
JACOS Hangingstone	10	60
Nexen Long Lake	3	291
Deer Creek Joslyn	2	42
ConocoPhillips Surmont	-	100
Husky Sunrise	-	200
<u>Others</u>	<u>22</u>	<u>400</u>
Totals	144	1,666

Source: Regulatory applications and company announcements

14

Strategy West
Inc.

Other In Situ Projects

<u>(kb/d bitumen)</u>	<u>2005</u>	<u>2020</u>
Cold Lake		
Imperial Cold Lake	140	170
CNRL Primrose Wolf Lake	53	113
<u>Others</u>	<u>7</u>	<u>117</u>
Totals	200	400
Peace River		
Shell Cadotte/Carmon	12	100
<u>Others</u>	<u>-</u>	<u>8</u>
Totals	12	108

Source: Regulatory applications and company announcements

15

Strategy West
Inc.

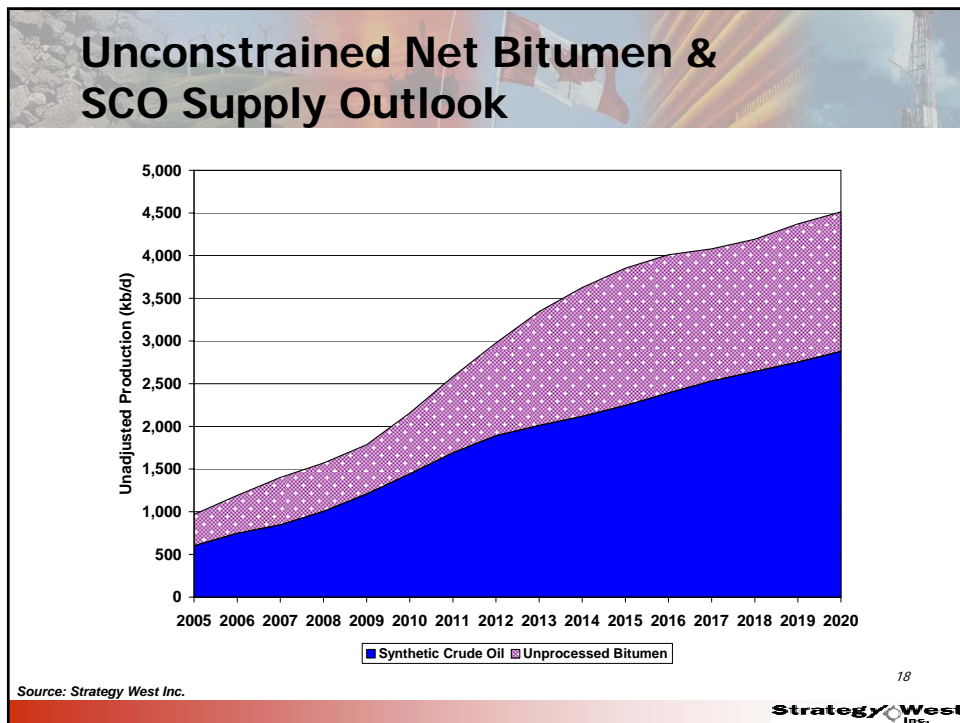
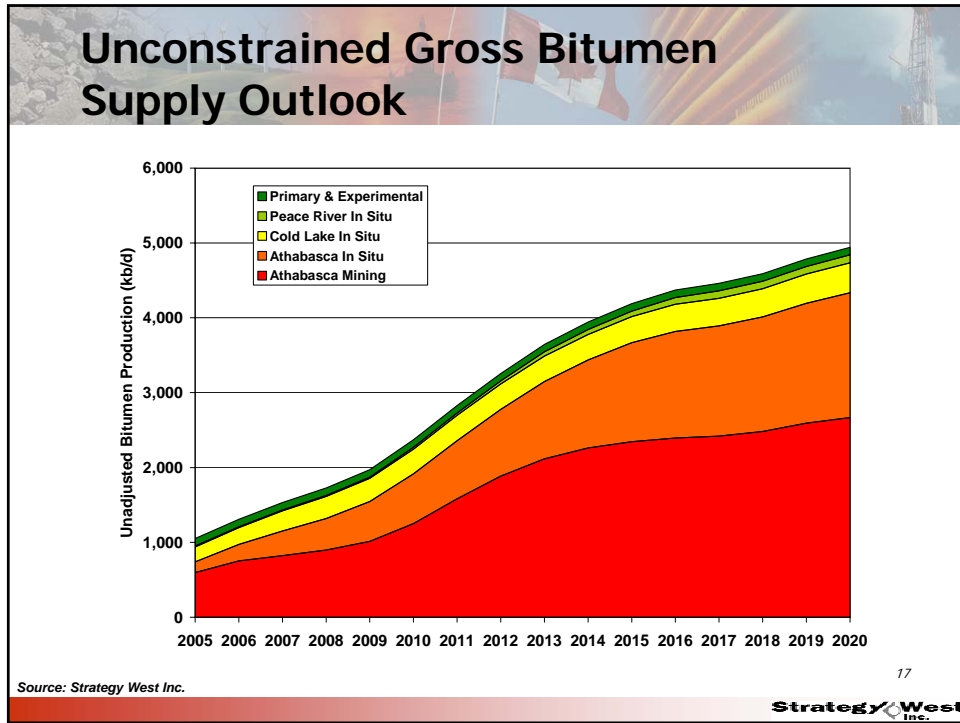
Alberta Upgraders

<u>(kb/d SCO)</u>	<u>2005</u>	<u>2020</u>
Suncor Tar Island	136	357
Syncrude Mildred Lake	246	539
AOSP Scotford	158	295
Husky Lloydminster	62	69
OPTI Long Lake	-	234
CNRL Horizon	-	233
BA Energy Heartland	-	160
Synenco Northern Lights	-	100
Suncor Voyageur	-	190
North West Sturgeon	-	225
<u>Unidentified</u>	<u>-</u>	<u>475</u>
Totals	602	2,877

Source: Regulatory applications and company announcements

16

Strategy West
Inc.



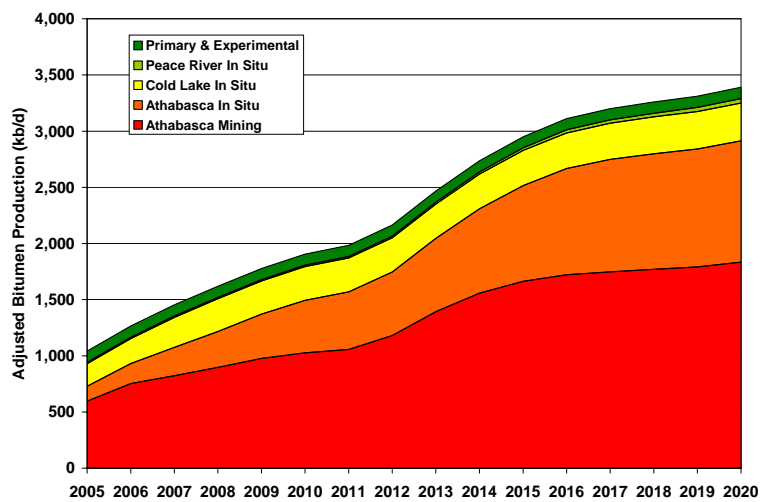
Industry Challenges

- Environment
 - Air – Greenhouse Gas Emissions
 - Water – Use and Disposal
 - Land – Reclamation
 - Cumulative Effects
- Labour Availability and Productivity
- Energy Requirements, Sources and Costs
- Project Costs
- Markets and Market Access
- Infrastructure

19

Strategy West Inc.

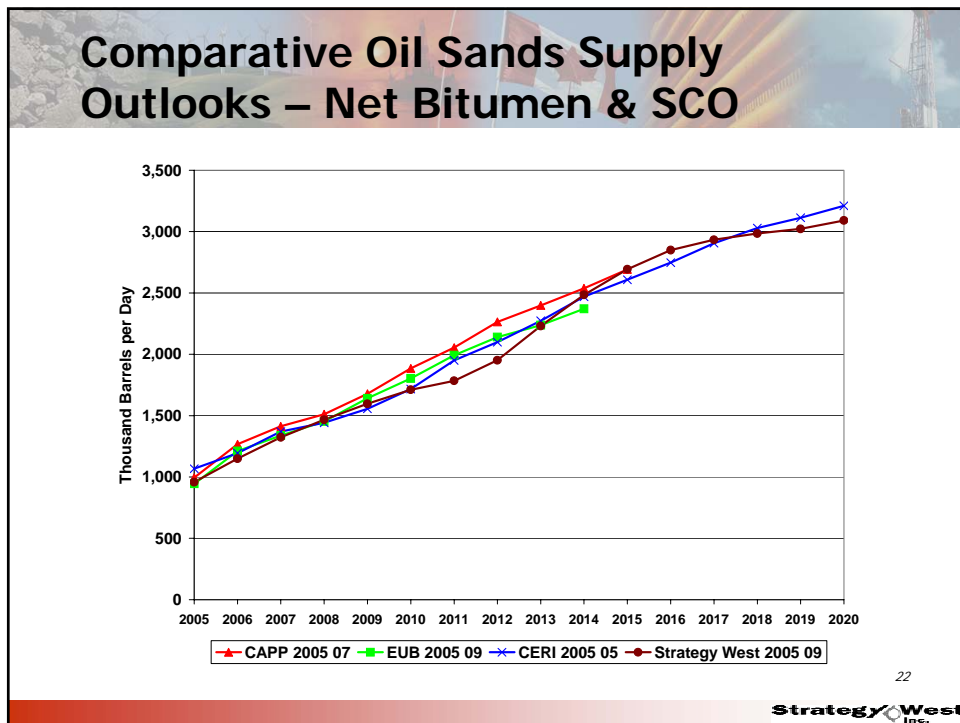
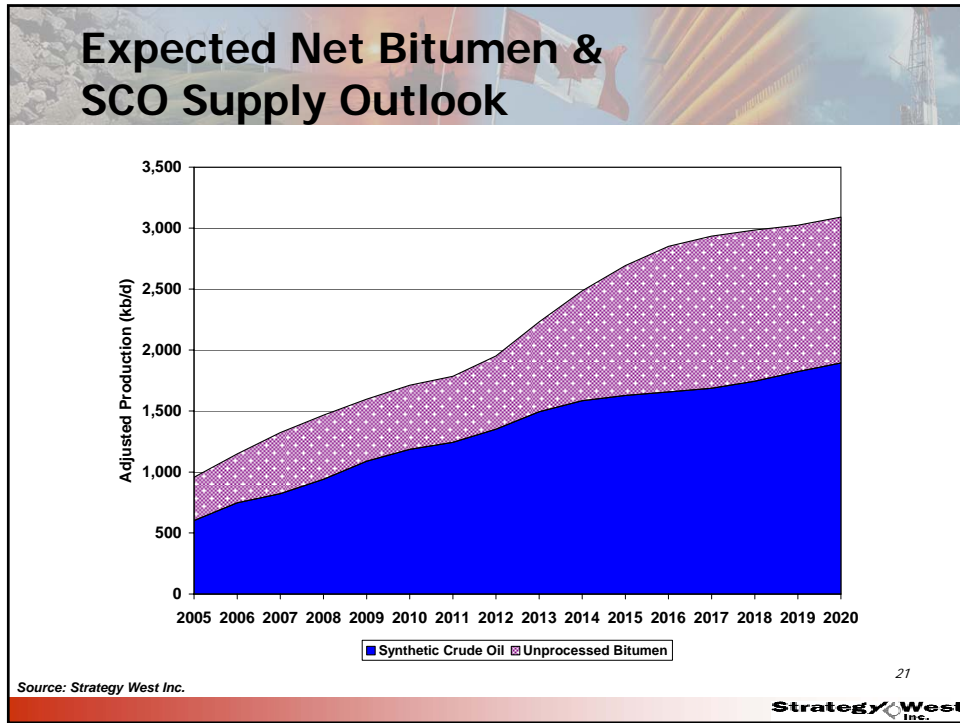
Expected Gross Bitumen Supply Outlook



Source: Strategy West Inc.

20

Strategy West Inc.



Conclusions

- Canada's oil sands are one of the world's largest hydrocarbon accumulations
- The industry is well developed and growing rapidly
- Oil sands projects are economically attractive at about US\$30-35/b WTI
- The industry is aggressively addressing the challenges it faces
- Net production is expected to exceed 3 million b/d by 2020 and to continue growing

23

Strategy West
Inc.

