

# Terra Nova Development



## Canada-Newfoundland and Labrador Industrial Benefits

### Public Quarterly Report

April 01, 2013 – June 30, 2013

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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 with accommodations for 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 Terra Nova, 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 June 30, 2013. This second 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 second quarter of 2013. Some of these highlights and achievements include:

- operational and capital expenditures for the Terra Nova project totaled approximately \$185 million, 67% of which was spent in Newfoundland and Labrador (NL) and the other provinces and territories of Canada.
  - 57% was spent in NL, and
  - 10% was spent in the other provinces and territories of Canada.
- a total of 1,711 purchase orders valued at \$20.7 million were issued, 1,333 of which were awarded to vendors with a NL location or another Canadian location. Approximately \$16.8 million (81%) was spent in Canada including NL.
  - \$11.9 million in purchase orders awarded to NL locations (57%), and
  - \$4.9 million in purchase orders awarded to other Canadian locations (24%).
- a total of 1,358 people working on the Terra Nova project by the end of June 30, 2013, 1,300 (96%) were residents of Canada including NL.
  - 1,226 or approximately 90% were residents of Newfoundland and Labrador, and
  - 74 or approximately 6% were residents of other Canadian provinces or territories.

## Section 3.0 – Employment

As of June 30, 2013, a total of 1,358 people were working on the Terra Nova development. Of the 1,358 total, 1,226 or approximately 90% were residents of NL, while another 74 or approximately 6% were residents of other regions of Canada at the time of hiring (Table 3.1). Of the Newfoundland and Labrador residents, 637 employees worked onshore, 571 worked offshore, and 18 worked outside of Newfoundland. Of the residents from other Canadian provinces and territories, 27 worked onshore, 45 worked offshore, and 2 worked outside of Newfoundland. (Table 3.2).

<b>Table 3.1 – Total Employment Summary Terra Nova Project (Q2, 2013)</b>			
Direct Employment (Total Number of Persons)	Newfoundland and Labrador Residents (%)	Other Canadians (OC) (%)	Non-Canadians (NC) (%)
<b>1,358</b>	<b>90%</b>	<b>6%</b>	<b>4%</b>

<b>Table 3.2 – Employment Summary by Location Terra Nova Project (Q2, 2013)</b>						
Location	Total Number of Persons					Total
	Residency Status			Gender		
	NL	OC	NC	Male	Female	
<b>Onshore</b>	<b>637</b>	<b>27</b>	<b>21</b>	<b>510</b>	<b>175</b>	<b>685</b>
<b>Offshore</b>	<b>571</b>	<b>45</b>	<b>14</b>	<b>609</b>	<b>21</b>	<b>630</b>
<b>Other</b>	<b>18</b>	<b>2</b>	<b>23</b>	<b>39</b>	<b>4</b>	<b>43</b>
	<b>Total:</b>					<b>1,358</b>

Of the 1,358 employees supporting the Terra Nova development, 1,158 were male and 200 were female or approximately 15% 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 in one of these

categories. The disciplines that are the most male-dominated are the other category (largely represented by marine crew), the skilled trades, and labour categories- representing 96%, 98%, and 90% male respectively, while the discipline that is the most female-dominated is administration at 75% female.

Discipline	Number of Persons				Total Number of Persons
	Male	%	Female	%	
<b>Management</b>	<b>108</b>	<b>85%</b>	<b>19</b>	<b>15%</b>	<b>127</b>
<b>Administration</b>	<b>24</b>	<b>25%</b>	<b>71</b>	<b>75%</b>	<b>95</b>
<b>Engineers</b>	<b>72</b>	<b>81%</b>	<b>17</b>	<b>19%</b>	<b>89</b>
<b>Technicians</b>	<b>150</b>	<b>87%</b>	<b>23</b>	<b>13%</b>	<b>173</b>
<b>Professionals</b>	<b>87</b>	<b>74%</b>	<b>31</b>	<b>26%</b>	<b>118</b>
<b>Skilled Trades</b>	<b>454</b>	<b>98%</b>	<b>9</b>	<b>2%</b>	<b>463</b>
<b>Labour</b>	<b>103</b>	<b>90%</b>	<b>12</b>	<b>10%</b>	<b>115</b>
<b>Students</b>	<b>25</b>	<b>65%</b>	<b>13</b>	<b>35%</b>	<b>38</b>
<b>Other</b>	<b>135</b>	<b>96%</b>	<b>5</b>	<b>4%</b>	<b>140</b>
<b>Totals:</b>	<b>1,158</b>		<b>200</b>		<b>1,358</b>

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.

<b>Table 4.1 – Canadian-Newfoundland and Labrador Content Terra Nova Project - Operating and Capital cash expenditures (Q2, 2013)</b>			
Reporting Period	Content		
	Newfoundland and Labrador (%)	Other Canadian (%)	Non-Canadian (%)
<b>This Quarter:</b>	<b>57</b>	<b>10</b>	<b>33</b>
<b>Year to Date (YTD):</b>	<b>53</b>	<b>18</b>	<b>29</b>
<b>Project Cumulative(since production started in 2002):</b>	<b>56</b>	<b>16</b>	<b>28</b>

The expenditure content percentages for the second quarter ending on June 30, 2013 were 57%, 10% and 33% for Newfoundland and Labrador, other Canadian and non-Canadian spending, respectively.

## Section 5.0 – Contracting and Procurement

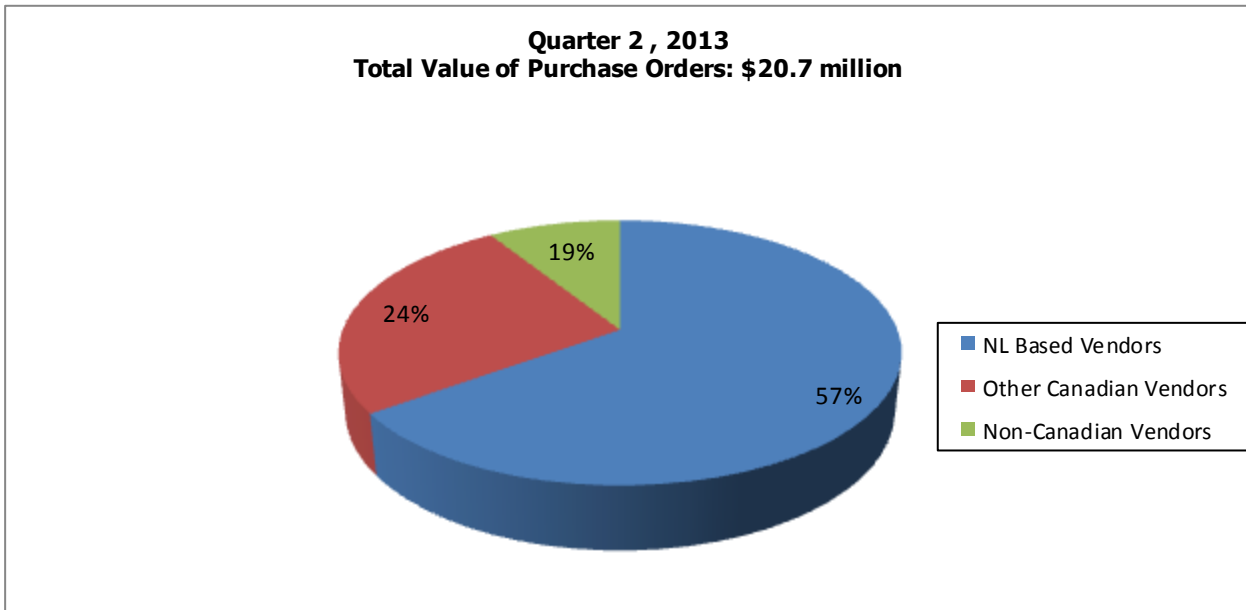
A total of 3 new contracts having a value of approximately \$36.9 million were awarded during the period April 01, 2013 to June 30, 2013.

<b>Table 5.1 – New Contracting Activity Terra Nova Project (Q2, 2013)</b>		
Description	Contractor	Contractor Location (NL, Other Canadian, Non-Canadian)
Light Intervention Vessel & Services	Helix Well Ops (UK) Ltd.	Non-Canadian
FPSO Benchmarking	McKinsey and Company	Canadian
Supply of Drill Bits	Schlumberger Canada Limited.	Canadian



A total of 1,711 purchase orders with a cumulative value of approximately \$20.7 million were awarded during the second quarter of 2013. Approximately \$16.8 million, (81%) was spent in Canada including NL. Figure 5.1 summarizes the distribution of spend associated with all purchase orders across locations.

**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 in support of its commitment to economic prosperity, social well-being and a healthy environment economic

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.