

# Terra Nova Development



## Canada-Newfoundland and Labrador Industrial Benefits

### Public Quarterly Report

October 01, 2012 – December 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 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 December 31, 2012. This fourth 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 fourth quarter of 2012. Some of these highlights and achievements include:

- the completion of the Terra Nova Integrated Swivel Turnaround (IST) program, which brought the Terra Nova FPSO to the Marystown shipyard for maintenance and repairs from June to October:
  - Included a successful return to oil production on December 09th, 2012.
- operational and capital expenditures for the Terra Nova project totaled approximately \$229 million, 68% of which was spent in Newfoundland and Labrador (NL) and the other provinces and territories of Canada. Of that:
  - 56% was spent in NL, and
  - 12% was spent in the other provinces and territories of Canada.
- a total of 1,482 purchase orders valued at \$16.4 million were issued, 1,355 of which were awarded to vendors with a NL location or another Canadian location. Approximately \$13.1 million (80%) was spent in Canada including NL.
  - \$11.8 million in purchase orders awarded to NL locations (72%), and
  - \$1.3 million in purchase orders awarded to other Canadian locations (8%).
- a total of 1,198 people working on the Terra Nova project by the end of December 31, 2012:
  - 978 or approximately 82% were residents of Newfoundland and Labrador, and
  - 111 or approximately 9% were residents of other Canadian provinces or territories.

## Section 3.0 – Employment

As of December 31, 2012, a total of 1,198 people were working on the Terra Nova development. During the fourth quarter, there was a decrease in employment due to the conclusion of the Terra Nova Integrated Swivel Turnaround program. Of the 1,198 total, 978 or approximately 82% were residents of NL, while another 111 or approximately 9% were residents of other regions of Canada at the time of hiring (Table 3.1). Of the Newfoundland and Labrador residents, 463 employees worked onshore, and 497 worked offshore. Of the residents from other Canadian provinces and territories, 31 worked onshore, 33 worked offshore and 47 worked outside of NL (Table 3.2).

<b>Table 3.1 – Total Employment Summary Terra Nova Project (Q4, 2012)</b>			
Direct Employment (Total Number of Persons)	Newfoundland and Labrador Residents (%)	Other Canadians (OC) (%)	Non-Canadians (NC) (%)
<b>1,198</b>	<b>82%</b>	<b>9%</b>	<b>9%</b>

<b>Table 3.2 – Employment Summary by Location Terra Nova Project (Q4, 2012)</b>						
Location	Total Number of Persons					Total
	Residency Status			Gender		
	NL	OC	NC	Male	Female	
<b>Onshore</b>	<b>463</b>	<b>31</b>	<b>27</b>	<b>373</b>	<b>148</b>	<b>521</b>
<b>Offshore</b>	<b>497</b>	<b>33</b>	<b>80</b>	<b>584</b>	<b>26</b>	<b>610</b>
<b>Other</b>	<b>18</b>	<b>47</b>	<b>2</b>	<b>46</b>	<b>21</b>	<b>67</b>
	<b>Total:</b>					<b>1,198</b>

Of the 1,198 employees supporting the Terra Nova development, 1,003 were male and 195 were female or approximately 16% 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 one of these categories. The discipline that is the most male-dominant is the other category at 98% male (this category largely represents marine crew), while the discipline that is the most female-dominated is administration at 68% female.

Discipline	Number of Persons				Total Number of Persons
	Male	%	Female	%	
<b>Management</b>	<b>110</b>	<b>86%</b>	<b>18</b>	<b>14%</b>	<b>128</b>
<b>Administration</b>	<b>39</b>	<b>32%</b>	<b>82</b>	<b>68%</b>	<b>121</b>
<b>Engineers</b>	<b>90</b>	<b>85%</b>	<b>16</b>	<b>15%</b>	<b>106</b>
<b>Technicians</b>	<b>107</b>	<b>82%</b>	<b>23</b>	<b>18%</b>	<b>130</b>
<b>Professionals</b>	<b>108</b>	<b>79%</b>	<b>28</b>	<b>21%</b>	<b>136</b>
<b>Skilled Trades</b>	<b>215</b>	<b>97%</b>	<b>6</b>	<b>3%</b>	<b>221</b>
<b>Labour</b>	<b>47</b>	<b>81%</b>	<b>11</b>	<b>19%</b>	<b>58</b>
<b>Students</b>	<b>24</b>	<b>83%</b>	<b>5</b>	<b>17%</b>	<b>29</b>
<b>Other</b>	<b>263</b>	<b>98%</b>	<b>6</b>	<b>2%</b>	<b>269</b>
<b>Totals:</b>	<b>1,003</b>		<b>195</b>		<b>1,198</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 (Q4, 2012)</b>			
Reporting Period	Content		
	Newfoundland and Labrador (%)	Other Canadian (%)	Non-Canadian (%)
<b>This Quarter:</b>	<b>56</b>	<b>12</b>	<b>32</b>
<b>Year to Date (YTD):</b>	<b>55</b>	<b>13</b>	<b>32</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 third quarter ending on September 30, 2012 were 59%, 11% and 30% for Newfoundland and Labrador, other Canadian and non-Canadian spending, respectively. In comparison, this means there was a decrease in Newfoundland and Labrador content (-3%), and an increase in other Canadian (+1%) and non-Canadian content (+2%) for the fourth quarter of 2012. These changes are attributed to expenditures related to the Integrated Swivel Turnaround program in the province of Newfoundland and Labrador.

## Section 5.0 – Contracting and Procurement

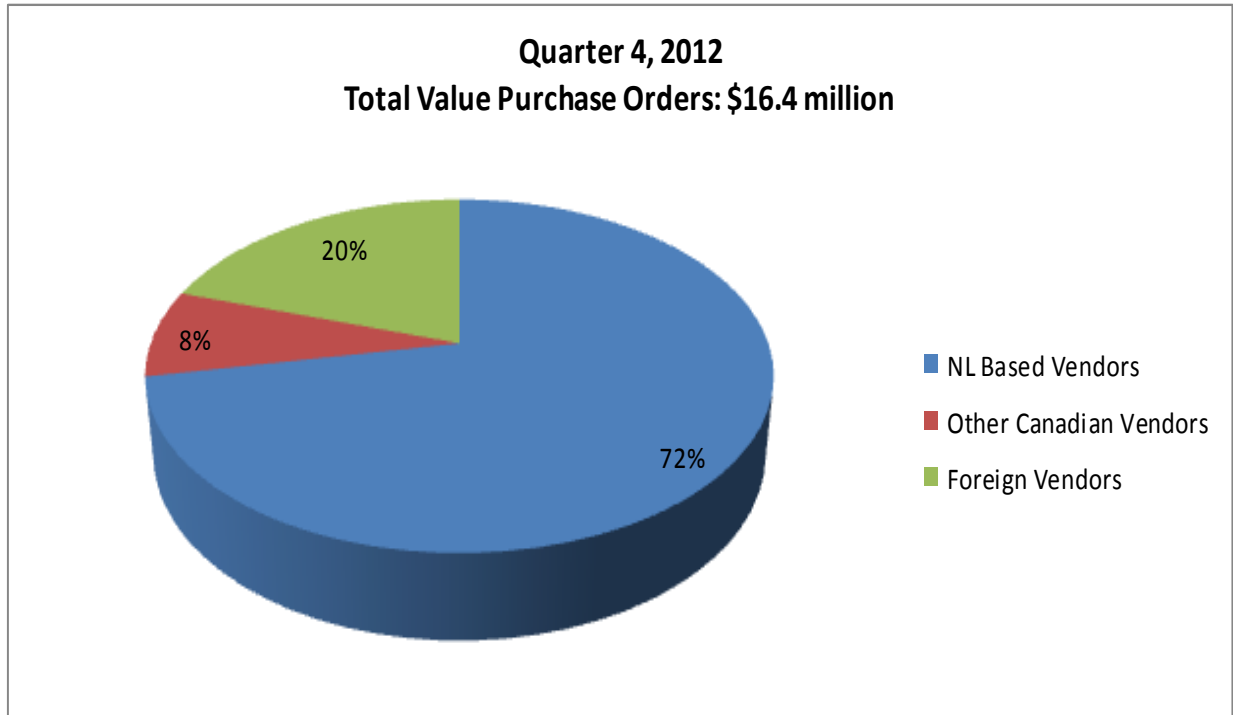
One new contract with a value greater than \$250,000 was awarded during the period October 01, 2012 to December 31, 2012 (Table 5.1).

<b>Table 5.1 – New Contracting Activity Terra Nova Project (Q4, 2012)</b>		
Description	Contractor	Contractor Location (NL, Other Canadian, Non- Canadian)
<b>Grouting Services</b>	<b>ULO Systems LLC</b>	<b>Non-Canadian</b>



A total of 1,482 purchase orders with a cumulative value of approximately \$16.4 million were awarded during the fourth quarter of 2012. Approximately \$13.1 million, (80%) 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 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.