

About This Report

BALANCE

This report is a comprehensive discussion about the social, economic and environmental impacts of Syncrude's business activities. On the following pages, we review our progress to date toward more sustainable performance, as well as our plans going forward.

This is our second sustainability report and we welcome your comments and feedback to info@syncrude.com or our toll-free telephone line at **1-800-667-9494**. More information about Syncrude, as well as access to past annual and sustainability reports, can be found at www.syncrude.com

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BALANCE

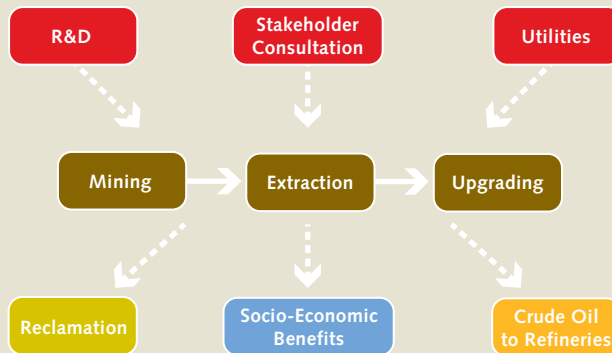
About Syncrude

Syncrude Canada Ltd. is a leader in Canada's oil sands industry, producing 13 per cent of the nation's crude oil requirements. Our mission is to create wealth for our stakeholders from Canada's oil sands by safely, reliably and profitably producing high quality crude oil and other products in an environmentally and socially responsible manner.

Towards this, Syncrude operates technologically advanced oil sands mines, extraction and upgrading facilities, and utilities plants at its sites north of Fort McMurray, Alberta.

Syncrude was incorporated in 1964 and began producing crude oil in 1978. Today, our company is the world's largest producer of light, sweet crude oil from the oil sands with cumulative production surpassing 1.5 billion barrels.

The Syncrude Project is a joint venture among Canadian Oil Sands Limited Partnership (5%), Canadian Oil Sands Limited (31.74%), Conoco Phillips Oilsands Partnership II (9.03%), Imperial Oil Resources (25%), Mocal Energy Limited (5%), Murphy Oil Company Ltd. (5%), Nexen Inc. (7.23%), and Petro-Canada Oil and Gas (12%).



Mining

Shovel and truck operations mine the oil sand, which is then placed in a hydrotransport system where it is mixed with warm water. This process creates a bitumen slurry which is pumped via pipeline to extraction facilities.



Reclamation

After mining is complete, our vision is to create a new landscape that sustains an integrated mosaic of land uses which meet stakeholder expectations. To date, we have permanently reclaimed over 3,400 hectares and planted over 2.8 million tree and shrub seedlings. And, in cooperation with the Fort McKay First Nation, we have successfully developed wood bison habitats.





Research and Development

Syncrude invests over \$40 million annually on science and technology, and is among the top 50 R&D companies in the country. At our Edmonton Research Centre, we operate one of the largest private sector research programs in Western Canada.



Stakeholder Consultation

We are strongly committed to ensuring the public, whether individuals or interested groups, are consulted about corporate actions that could directly affect them. Their input and expectations are integral to the decisions we make today and how we plan for the future.



Utilities

Syncrude's utilities facilities generate the steam, electricity, air and water required to run the operation. Syncrude is self reliant in electrical power generation and a net exporter of electricity to the Alberta Power Grid.



Extraction

The bitumen slurry is fed into separation vessels where the bitumen floats to the surface in a froth. This froth is diluted with naphtha, and then fed into centrifuges which further separate liquids and solids. Finally, the naphtha is removed, leaving only pure bitumen.



Upgrading

Bitumen is fed into either one of two cokers or a hydrogen processor. It is thermally cracked into hydrocarbon gases, naphtha and gas oil. While the hydrocarbon gases are treated for use as refinery fuel, the naphtha and gas oils are treated and blended into *Syncrude Sweet Blend*. The oil is then transported via pipeline to refineries across North America.



Socio-Economic Benefits

Through our work to produce *Syncrude Sweet Blend*, we contribute to the social and economic well-being of Canadians.

Refineries/Customers

Refineries process *Syncrude Sweet Blend* to make high quality gasolines and diesel fuels, jet fuels and chemical feedstocks. Syncrude and its owners work continuously to understand present and future refinery requirements.



Securing Canada's Energy Future

Syncrude is securing
Canada's energy future
with the vision to lead,
the knowledge to succeed,
the commitment to
do better and the heart
to win the race.

We will do this by encouraging learning and innovation in everything we do, pushing the limits of what technology can accomplish and working together to make Syncrude the best place to work.

In this way, we will be safe, reliable and profitable, and all of our stakeholders will want to invest in our future.

To achieve our vision, we:

- are safe, reliable and profitable
- create our own future
- realize our potential
- respect competence and value contribution
- have the courage and conviction to do what is right
- interact with care, honesty and respect
- are a participative organization
- continuously improve

Syncrude's Vision and Values, and our guiding principles, reflect our commitment to responsible oil sands development.