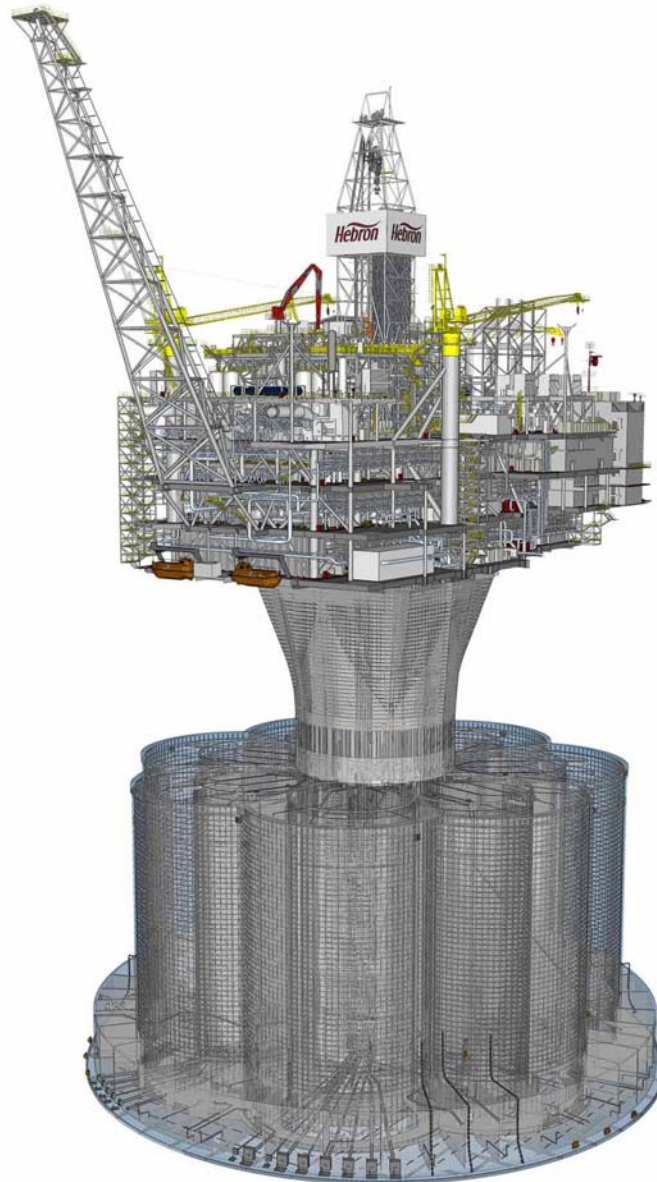




ExxonMobil Canada Properties



**Hebron Project Canada-Newfoundland and Labrador Benefits Report  
for the Period January 1, 2012 to December 31, 2012**

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## 1.0 Introduction

Hebron is a heavy oil field estimated to produce more than 700 million barrels of recoverable resources. The field was first discovered in 1980, and is located offshore Newfoundland and Labrador in the Jeanne d'Arc Basin 350 kilometres southeast of St. John's, the capital of Newfoundland and Labrador. It is approximately 9 kilometres north of the Terra Nova project, 32 kilometres southeast of the Hibernia project, and 46 kilometres from the White Rose project. The water depth at Hebron is approximately 92 metres.

The Hebron co-venturers are: ExxonMobil Canada Properties (36%), Chevron Canada Resources (26.7%), Suncor Energy Inc. through the Hebron Petro-Canada Partnership (22.7%), Statoil Canada (9.7%) and Nalcor Energy – Oil and Gas Inc. (4.9%). ExxonMobil Canada Properties is the operator of the Hebron Project.

During May 2011, ExxonMobil Canada Properties (EMCP), on behalf of the Hebron co-venturers, filed the Hebron Benefits Plan with the Canada-Newfoundland and Labrador Offshore Petroleum Board (C-NLOPB). The Hebron Benefits Plan was conditionally approved on May 31, 2012 and covers the construction and operations phases of the Project.

Five key principles of the Benefits Plan include:

- Meeting local benefits commitments while maintaining the highest levels of safety, environmental performance, efficiency and integrity of our operations;
- Selecting contractors and suppliers that will work diligently with us to deliver benefits to the people of the Province;
- Promoting the development of local skills and industry capacity that leaves a lasting legacy for the communities in which we operate and for the Province;
- Delivering execution certainty so that Hebron delivers best-in-class return on investment to stakeholders, including the Province of Newfoundland and Labrador; and
- Working collaboratively with industry, government, academic and training institutions, community and other stakeholder groups for the effective delivery of benefits.

As outlined in section 45 of the Atlantic Accord Acts, specific provisions of the Hebron Benefits Plan include a plan for:

- The employment of Canadians and, in particular, members of the labour force of the Province of Newfoundland and Labrador;
- Providing manufacturers, consultants, contractors and suppliers and service companies in the Province, and other parts of Canada, with full and fair opportunity to participate on a competitive basis in the supply of goods and services used in any proposed work or activity referenced in the Benefits Plan;

- Providing first consideration to services provided from within the Province and to goods manufactured in the Province, where those services and goods are competitive in terms of fair market price, quality and delivery;
- Consistent with the Canadian Charter of Rights and Freedoms, providing individuals resident in the Province with first consideration for training and employment in the work program for which the Benefits Plan was submitted;
- The establishment of an office in the Province where appropriate levels of decision-making are to take place; and
- Expenditures for R&D, including education and training, to be carried out in the Province.

This report summarizes the Hebron Project activities for the period of January 1, 2012 to December 31, 2012 in the areas of employment, expenditures, procurement and contracting, supplier development research and development, diversity and other relevant areas.

## 2.0 Project Activity and Benefits Accomplishments

The Hebron Project has had a year filled with milestone achievements and accomplishments. The Project has been involved in continuous collaboration and engagement with various stakeholders throughout 2012 regarding benefits initiatives and plans. ExxonMobil Canada Properties (EMCP) is dedicated to providing benefits to the Province and has achieved major accomplishments during 2012.

2012 saw the completion of front-end engineering and design and by the end of the year the project was well into the detailed design phase of the project. EMCP also completed the transition through Gate 3 during 2012.

Hebron received regulatory approval of the Project's development application, including conditional approval of the Benefits Plan. There were three conditions placed on the Benefits Plan and EMCP responded to all three conditions during 2012. The Canada-Newfoundland and Labrador Offshore Petroleum Board announced its decision on May 31, which cleared the way for continued development of the project.

EMCP rolled out the Hebron Benefits Monitoring and Reporting System (HBMRS) to contractors and subcontractors during 2012. The software is a multi-level data collection and reporting system that has been designed to capture company information, employment, expenditures, procurement activities and training on the Hebron Project. Kiewit-Kvaerner Contractors (KKC) and WorleyParsons (WP), the Engineering, Procurement, Construction contractors (EPC contractors) also conducted training sessions for their subcontractors throughout 2012. The training sessions were extended to include a presentation on how to calculate NL and Canadian content to assist in reporting processes.

EMCP hosted its annual benefits update sessions in St. John's, Clarenville and Marystown during September 2012 and in Corner Brook during October 2012. The purpose of these sessions was to update the invited stakeholders on progress of the Project; typical presentation included EMCP's commitment to safety, an overview of the roles and responsibilities of EMCPs' and EPCs' Benefits teams, as well as

updates on construction, community relations and diversity initiatives and the human resource requirements during the development and production phases with an emphasis on the Project's commitment to providing benefits to the Province. Update sessions for diversity related groups were held in St. John's during October 2012. These sessions provided a more detailed update on the progress and implementation of the Diversity Plan. Both sessions included attendees from academia, municipal governments, community representatives and other key stakeholders.

On October 31, 2012 the Hebron Project officially opened the Bull Arm Information Centre. This celebration saw members of the Hebron Project team along with representatives from provincial and municipal governments, project co-venturers, EPCs and media gather at Bull Arm to open the centre and tour the site. The information centre will serve many purposes for the Hebron Project. First, because the centre is open to the public, it will be a source of project information. In addition to that, the centre will help build and strengthen relationships with the surrounding communities by providing an added means of communication between the towns and the project.

Enhancements to the Project websites of EMCP and its main contractors were implemented during 2012. EMCP and its main contractors maintain a procurement section on their respective Project websites to communicate with the service and supply sector regarding contracting and procurement information related to the Hebron Project. The procurement sections of the website provide easy navigation for the public and clear division between what procurement activities are forecasted and awarded.

Within the procurement section of the Project websites, a new section entitled "Contracting Strategies" was added to communicate overall descriptions and estimated timelines of procurement activities and scopes of work for the Project. EMCP provides details for its major scopes of the Hebron Project and, where appropriate, has provided links to its main contractors' websites which further describe sub-components of the work. The contracting strategies are intended to include an appropriate level of detail to provide the local service and supply community with an understanding of the general scope, timing and duration of the activity to allow them to plan their participation in the Project.

To promote interactive communication, a feedback option exists in a number of locations on the Project websites. This option engages the service and supply sector by providing the opportunity to inquire and provide input on procurement activity. EMCP and its main contractors will monitor and acknowledge feedback and consider any input that may enhance the procurement process. The feedback option is available on the main procurement section of the website, within the 'Upcoming Procurement Opportunities' and 'Contracting Strategies' sections.

EMCP has updated its in-province construction phase labour requirements and has posted the forecast on the Hebron Project website. The website contains a table of the annualized labour requirements and two histograms: one histogram depicts construction trades labour requirement while the other identifies management and staff including engineering. This information will be updated when there are material changes.

A Utilities Process Module (UPM) supplier information session was hosted by WorleyParsons (WP) and Hyundai Heavy Industries (HHI) during October 2012. At the session, WP gave a topsides project update and provided specific information on the status of its procurement packages. HHI gave an overview of its company and capacity for fabricating modules and focused on upcoming procurement opportunities. One on one sessions were scheduled with local suppliers and procurement representatives from HHI to determine potential for local participation during fabrication of the UPM.

EMCP, Benefits Management and Public Affairs representatives met with NOIA to provide quarterly project updates. The meetings provide an opportunity to discuss any topics or issues related to the service and supply community with regards to local participation during the construction phase of the project.

During August 2012, the ExxonMobil Eastern Canada Projects Contractor Safety, Security, Health and Environment Forum was held at the Sheraton Hotel in St. John's. Its purpose was to facilitate the sharing of safety, security, health, and environment (SSHE) expectations, experiences, successes, best practices and learnings among potential contributors to Hebron and Hibernia Southern Extension Projects.

The Hebron Benefits team has undertaken various initiatives to create and enhance a benefits culture on the Project during 2012:

- Two editions of an internal 'Hebron Benefits Bulletin' newsletter were printed and distributed to all Hebron Project offices. The Bulletin provides an update of benefits-related activities to the project.
- The Project held Benefits Awareness sessions for EMCP and the main EPCs to ensure the Project team members are familiar with benefits related requirements.
- The Hebron Benefits team created and distributed posters detailing benefits-related requirements to contribute to the benefits culture on the Hebron Project. One poster categorizes benefits requirements from Section 45 of the Atlantic Accord Acts, the Hebron Benefits Plan and the Hebron Benefits Agreement. The second poster provides a detailed listing of the Hebron Benefits Agreement requirements. Both posters are distributed through the Project offices in Newfoundland and Labrador and Houston.
- The Hebron Benefits Team also distributed its first 'Building a Benefits Culture Focus Area' to the project team to contribute to the benefits awareness and culture on the Hebron Project. The one page 'Focus Area' provides a fact, update or reminder to the project team to ensure benefits commitments and requirements are instilled and considered in project decisions and activities. They are also copied to the main EPCs to share with their project teams.

On December 31, 2012, the co-venturers of the Hebron Project reached official project sanction, ensuring the construction and fabrication of the Hebron platform will proceed and enabling future drilling and production of the Hebron field. The investments made by the Hebron co-venturers are yielding significant benefits for Newfoundland and Labrador and will provide employment opportunities for thousands of people. The capital cost for the project is estimated at \$14 billion.

In keeping with our dedication to safety, security and strong communities, the Hebron Project continued its investment within our province: Examples of this was EMCP's support of:

Iris Kirby House  
 Grace Sparkes House  
 Threads of Life  
 Safety Services Newfoundland and Labrador  
 Crime Stoppers  
 Newfoundland and Labrador Sexual Assault Crisis & Prevention Centre  
 Police Officer of the Year Awards  
 Women in Resource Development Corporation including:

- Techsploration
- Girls Exploring Trades and Technology
- Techsploration Orientation to Trades and Technology Program (TOTT)

Glenn Roy Blundon Centre (MUN)  
 Coalition of Persons with Disabilities  
 Kids Eat Smart  
 Wreckhouse International Jazz and Blues Festival  
 The Atlantic Ballet Theatre

In addition to all of this work, EMCP participated in the NOIA Conference, the Placentia Bay Industrial Showcase, Oil and Gas Week, Safety Services NL's annual conference, provided Junior Achievement training to a school in Clarenville and raised substantial funds for United Way. Members of the Hebron team also volunteered their time to help in the construction of two homes for Habitat for Humanity.

### **Gravity Based Structure and Topsides**

In 2012, EMCP authorized Kiewit-Kvaerner Contractors and WorleyParsons to proceed with work on the Hebron Project gravity based structure (GBS) and topsides, respectively. The authorization followed substantial completion of front end engineering and design services and exercised ExxonMobil's option to subsequently award the next phase, including detailed engineering, procurement and construction (EPC) services.

Both EPC contractors provide overall project management of the contracts with subcontracts awarded to multiple third parties, with a focus on performing work in Newfoundland and Labrador in accordance with the benefits requirements under the Canada-Newfoundland and Labrador Atlantic Accord legislation and the Hebron Project Benefits Agreement.

KKC and WP launched the Bull Arm trades database ([bullarmtrades.com](http://bullarmtrades.com)) during 2012. The database allows individuals with varying trades to register their interest in working on the Hebron Project. The purpose of the database is to create a pool of trades labour from which to recruit when opportunities become available on the project. The database is a source to draw upon once unions exhaust their out of work lists and the project moves to Priority 2 of the site hiring process.

KKC and WP have also been involved in various sessions and stakeholder engagements and have had success in reaching specific milestones throughout 2012. Some accomplishments include:

- improvement of EPC project websites
- participation in supplier information sessions and benefits update sessions
- participation at various events such as NOIA conference, NOIA/NLOWE event Untapped Resources: Women in Oil and Gas, Placentia Bay Industrial Showcase, Expo Labrador and WE Connect Canada Conference
- hosted booth at a job fair in Corner Brook during October 2012
- progressed implementation of the Labour Shortage Mitigation Plan through meeting with affiliate unions to discuss labour requirements and training opportunities and to form necessary relationships to implement training programs
- KKC hosted a 'Bull Arm Family Day 2012' at Bull Arm site in June 2012

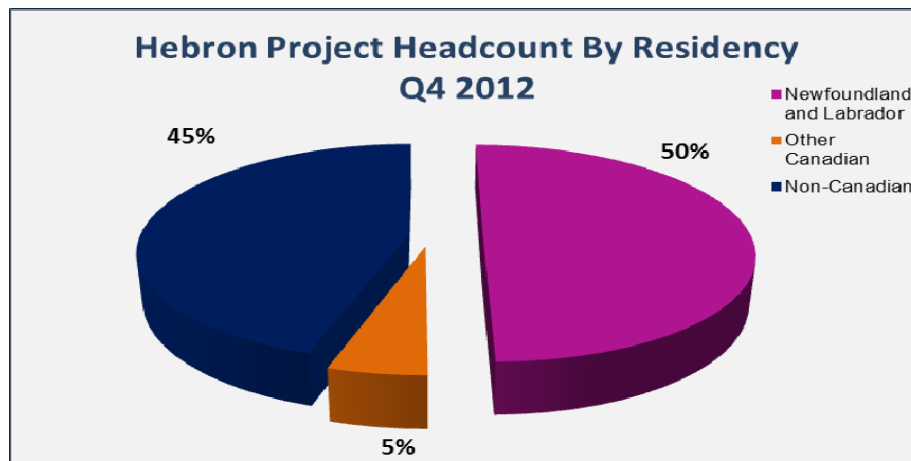
### 3.0 Employment

The total number of person hours worked on the Hebron Project during 2012 was 3,680,383. The total number of people employed on the Hebron project as at December 31, 2012 was 2379 of which 1,186 (50%) were NL residents, 121 (5%) were Other Canadians and 1,072 (45%) were Non-Canadians based on Canadian General Standards Board (CGSB) reporting guidelines and the C-NLOPB definition of residency (ie in compliance with the Newfoundland and Labrador Elections Act). A breakdown among the Project Management team, GBS team and Topsides team can be seen below.

#### HEADCOUNT

Total Employment Summary Hebron Project Year 2012			
Direct Employment (Total Number of Persons)	Newfoundland and Labrador Residents (%)	Other Canadians (%)	Non-Canadians (%)
2379	50%	5%	45%

Note: Project Management Team hours include third party contractors in support of the project management team. Person hours and headcount are updated as more recent information becomes available. Reports may be subject to change.





Employment Summary by Location Hebron Project Year 2012						
Location	Total Number of Persons					
	Residency Status			Gender		TOTAL
	NL	OC	NC	Male	Female	
Newfoundland and Labrador	1,159	82	274	1,179	336	1,515
Other Canada	12	26	4	31	11	42
Outside Canada	15	13	794	665	157	822
<b>TOTAL</b>	<b>1,186</b>	<b>121</b>	<b>1,072</b>	<b>1,875</b>	<b>504</b>	<b>2,379</b>

- Report includes total number of persons directly employed on the project at the end of the reporting period, including operator and contractor personnel
- Residency status is reported as of the time of hire, based on the following definitions:
 

**Canadian Citizen:**  
A person who was born in Canada and has not relinquished his/her Canadian citizenship; or, a person who has been granted Canadian citizenship; or, a person who has been granted landed immigrant status.

**Newfoundland and Labrador Resident:**  
A Canadian citizen or landed immigrant who meets the residency requirements of the Province as defined by *The Elections Act*, SNL 1992, CE-3.1. (At point of hire)
- Headcount includes persons that have worked 50% (at least 80 hours per month) during Q4 2012

Employment Summary by Discipline Hebron Project Year 2012					
Discipline	Number of Persons				Total number of Persons
	Male	%	Female	%	
Management	133	89%	16	11%	149
Administration	24	21%	88	79%	112
Engineers	685	87%	102	13%	787
Technicians	161	69%	74	31%	235
Professionals	357	66%	187	34%	544
Skilled Trades	411	96%	16	4%	427
Labour	79	91%	8	9%	87
Students	25	66%	13	34%	38
Other	-	-	-	0%	-
<b>Total:</b>	<b>1,875</b>	<b>79%</b>	<b>504</b>	<b>21%</b>	<b>2,379</b>

## Notes:

- Disciplines are based on the following National Occupational Classification (NOC) Codes:
  - Management** includes: Senior Managers as well as Middle and 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 & Services
  - **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
2. Project Management Team headcount includes third party contractors in support of the project management team.

### PERSON HOURS

Person Hour Summary Report HEBRON PROJECT Year 2012	
Activity/Component	Total Person Hours
Project Management Team	486,844
Gravity Based Structure	1,499,153
Topsides	1,694,386
<b>Total for 2012</b>	<b>3,680,383</b>
<b>Project Cumulative</b>	<b>6,053,028</b>

#### 4.0 Canada-NL Content Estimates

The Newfoundland and Labrador content percentage of the 2012 expenditures totaled 32%, Other Canadian 13% and Non-Canadian expenditures totaled 55%. As a cumulative project figure, the content percentages are Newfoundland and Labrador 33%, Other Canadian 12% and Non-Canadian 55%.

Canadian-NL Content Estimates Hebron Project Year 2012			
Reporting Period	Content		
	NL (%)	Other Canadian (%)	Non-Canadian (%)
Year to Date	32%	13%	55%
Project Cumulative	33%	12%	55%

## 5.0 Procurement and Contracting

### EMCP - Project Management Team

Throughout 2012, the Hebron Project continued participation in conferences, trade shows, information sessions and business networking events to increase accessibility and provide information related to the procurement process. EMCP is committed to ensuring that companies in the Province and other parts of Canada have a full and fair opportunity to compete for work on the project, and that first consideration is given to local companies on a competitive basis. This is cascaded to the EPCs on the project.

Please see Appendix I for listing of new contracts awarded with a value greater than \$250,000 during the reporting period January 1, 2012 to December 31, 2012.

During 2012, EMCP and the EPCs have undertaken various initiatives to ensure benefits are an important consideration at each stage of the procurement process. The following provides examples of 'first consideration' in the procurement and contracting process.

- Safety Supplies - Many potential vendors with a local office/operation expressed interest. Potential bidders that did not maintain a local office were excluded.
- Environmental Supplies - Many potential vendors with a local office/operation expressed interest. Potential bidders that did not maintain a local office were excluded.
- Road Sand and Salt - A decision was made to source locally. Local companies were solicited by phone to gauge capability to supply the required equipment/truck for the contract. Companies submitted proposals and the contract was awarded to the vendor with the best overall value option.
- Maintenance and Removal of 2<sup>nd</sup> Turbidity Containment (Fishing Nets) - A decision was made to sole source to a local company for fishing nets.
- Freight Forwarding - A decision was made to sole source this package to a local company.
- Industrial Metal Handling and Recycling - A decision was made to sole source this package to a local company for industrial scrap metal recycling.
- Lifting Equipment, Slings and Shackles, etc. - The bid list for this package was limited to local companies who could supply the full scope of supply. Non-local companies were excluded and the contract was awarded to two local companies.
- Prefab of Pipe Spools (TI, 6MO, etc.) Base Slab - A local company was issued early scope award for base slab spools. Bidders were disqualified if unable to meet benefits requirements.
- Prefab of Pipe Spools (TI, 6MO, etc.) Main Works - The main scope of this contract was awarded to a local joint venture company. Bidders were disqualified if unable to meet benefits requirements.
- Mobile Crane Rental - A decision was made to sole source this package to a local company.
- Freight Forwarding - Strong technical and commercial competitive bids were received. First consideration to NL companies was a key factor in the final determination on awarding to a local company.

**Kiewit-Kvaerner Contractors – GBS**

KKC's procurement focus during 2012 was to complete the Early Works Program at Bull Arm site and prepare for the start of GBS construction. KKC constructed the bund wall at Bull Arm site and then drained the area to create the dry dock. Upgrading of roads, construction of batch plants and refurbishment of existing buildings are additional activities that occurred in Bull Arm throughout 2012. KKC procurement team in NL grew from 25 people in January 2012 to a team of 43 by December 2012.

KKC is committed to providing full and fair opportunity and first consideration to NL suppliers and to further enhance the supply community in NL.

Key progress in the area of subcontracting in 2012 included the awarding of the following contracts to NL and Canadian companies:

- Fabrication of the two barges (fabricated in Glovertown) awarded July 2012 and September 2012
- Prefabrication of risers and J-Tube spools awarded July 2012
- Prefabrication of pipe spools awarded October 2012
- Prefabrication of steel skirts awarded June 2012
- Miscellaneous Secondary Steel (Civil) awarded November 2012
- General Buildings (Refurbish) Services – EPC awarded June 2012
- Sewage Treatment Plant Upgrades & Refurbishment – EPC awarded June 2012
- New Site Buildings - EPC (Medical facility, Site Hub Office, & Dry Dock Offices) awarded August 2012
- Camp Design Supply Install & Commission awarded August 2012
- Camp Management (Catering & Janitorial Services) awarded September 2012
- Demolition-Including Old Batch Plant – EPC awarded February 2012
- Drill & Blast Services (Dry Dock) awarded August 2012
- Reinforcement awarded August 2012
- Reinforcement Verification & Prequalification Testing awarded May 2012
- Mobile Crane Package awarded May 2012
- Concrete Laboratory Tests awarded July 2012
- Post Tensioning Contract (Engineering design, specialties) awarded September 2012
- Electrical Engineering Support Services awarded May 2012
- Bundwall Instrumentation awarded February 2012
- Marine Design Service awarded March 2012
- Barge Supply - Local Fabrication awarded July 2012
- Waste Management awarded March 2012
- Sanitary Services awarded November 2012
- Turn Key 3rd Party Medical Services awarded October 2012
- Personnel Shuttle Services (St. Johns) awarded October 2012

## **WorleyParsons Canada Ltd. – Topsides**

Throughout 2012, WorleyParsons focused its procurement efforts on a number of areas including expanding the procurement team, updating procurement forecasts, finalizing and updating associated procurement procedures, and issuing of EOIs, prequalification documents and ITTs for a variety of long lead equipment and subcontracting packages.

The requirements for WorleyParsons to provide full and fair opportunity and first consideration to NL suppliers, and WorleyParsons own desire to do its part to further enhance the supply community in NL, have been important factors in progressing procurement initiatives. Key progress in the area of procurement in 2012 includes:

- The procurement team in NL grew from 14 people in December 2011 to a team of 36 by December 2012
- Implementation of a Benefits approach for the UPM to ensure NL and Canadian companies are provided full and fair opportunity in the supply of goods and services for the module. This approach entailed undertaking an EOI and prequalification process for UPM scopes and directing HHI (UPM contractor) to add prequalified Canadian and NL suppliers to bid lists for specific packages.
- ITTs were developed for key subcontracts including the Living Quarters (LQ) and Drilling Modules and Helideck
- The Living Quarters subcontract was awarded to NECL Apply Lervik Partnership (NEAL), a partnership between local fabricator NECL and a Norwegian partner
- The Freight Forwarding subcontract was awarded to PF Collins International Trade Solutions
- The Customs Brokerage subcontract was awarded to PF Collins Trade Solutions
- Other key subcontracts awarded in 2012 include the UPM, Installation, Heat Trace and UPM transportation subcontracts
- Numerous purchase orders have been issued for Topsides packages including long lead equipment packages and bulks

Due to the fact that NEAL is designing and fabricating the LQ in the province there are many opportunities for technology transfer and training. The participation of NL based suppliers and people to do this work is resulting in technology transfer and increased knowledge as they see new techniques and fabrication technologies used on the project. The incorporation of aluminum into the LQ in particular has led to a transfer of knowledge to the province.

NEAL is involving engineering and technology program students with the project team during the design and fabrication stages of the project. NEAL is also working with the Resource Development Council trade unions through the Hebron Employers Association to optimize the use of apprentices.

## 6.0 Supplier Development

EMCP arranged its annual supplier information sessions (SIS) to ensure the local service and supply community had an opportunity to meet with procurement representatives of KKC and WP. Supplier information sessions were held in March of 2012 in St. John's, Clarenville and Corner Brook. The sessions consisted of a morning presentation by EMCP and the two EPC contractors, KKC and WP. Following the morning presentations, local suppliers met one on one with representatives from the EPC contractors. The intent was to allow potential suppliers the opportunity to exchange contact information and relevant data about the materials and/or services they can supply to the project, while allowing KKC and WorleyParsons the benefit of meeting individually with companies and learning what the local community is capable of supplying to the project. There were over 300 attendees at the St. John's sessions, 75 at the Clarenville session and 35 people attended the Corner Brook session.

EMCP introduced a diversity breakfast prior to each supplier information session during the 2012 sessions. The goal of these breakfasts was to encourage the participation of diverse businesses in the sessions by allowing a casual networking period prior to the event to allow for questions. These breakfasts were attended at each venue by representatives from support organizations and diverse business owners.

EMCP continues to make progress toward implementation of its Supplier Diversity Program. Discussions took place with several organizations such as WeConnect Canada, Newfoundland and Labrador Organization of Women Entrepreneurs, (NLOWE), Canadian Aboriginal and Minority Supplier Council (CAMSC), and Qalipu Mi'kmaq First Nation Band to determine how the project can maximize involvement and support diverse businesses.

EMCP engaged a local IT firm to enhance its vendor database to allow for more efficient searches within the database, easier navigation and form submission for vendors and a streamlined password retrieval option. These enhancements will help facilitate implementation of the Supplier Diversity Program.

EMCP, in coordination with KKC Benefits and Quality departments, completed an assessment of a local company to establish where they currently stand with regards to their capability to perform work/services or to provide product for the Hebron GBS Project (based on QSSHE only). The results of this assessment suggested enhancements required to their management systems so they can meet the minimum qualifications required for the Hebron Project and potential future projects. This is consistent with the Newfoundland and Labrador benefits objective of providing full and fair opportunity and first consideration to NL companies to participate in the Hebron Project and the added objective of facilitating supplier development.

## 7.0 Research and Development and Education and Training

Hebron continues to make strategic investments in R&D and E&T and is on track to meet its Development phase expenditure obligation. Expenditures for the 2012 year exceeded \$6 million for the following areas.

R&D activities:

- 1) Gouging Facility - Study to assess the magnitude and parameters that affect subgouge displacements for the design of buried submarine pipelines in cold regions
- 2) Enhanced Satellite Radar - Development of algorithms to enhance Satellite Radar-based Iceberg Detection and Sea Ice Monitoring
- 3) Enhanced Drift Forecasting - Enhance iceberg and sea ice drift models accuracy for application at existing and/or new offshore areas
- 4) Marine Dredge Disposal - Assess the biological productivity at offshore dredge disposal sites
- 5) Hook Study - Evaluate a representative selection of existing lifeboat hook designs
- 6) Bioindicators - Development and testing of diagnostic tools for effects assessment of specific marine life
- 7) Dual Polarized Radar - The development and field testing of a multifunctional shipboard/offshore platform-based radar system
- 8) Wave Model Testing - Hydrodynamic testing of waves on concrete structures
- 9) PrOD System Desktop Study - Evaluate effectiveness of PrOD (Preferred Orientation and Displacement) systems regarding deployment of lifeboats
- 10) Ice Model of Tanker Route – To determine potential encounters with ice as input into design loads
- 11) Health, Safety and Environment (HSE) Development - Establishment of an HSE research and development program to identify HSE priorities and projects

Hebron also concluded Contribution Agreements (CA) in 2012 to participate in several Joint Industry Projects (JIP) administered through Petroleum Research Newfoundland and Labrador (PRNL). These include:

- 1) Bio-indicators– Diagnostic Tools for Effects Assessment of Specific Marine Life
- 2) Marine Dredge Disposal –Measuring Recovery to Natural Conditions
- 3) Towing, Sheltering and Recovery of TEMPSC Lifeboats/Life Rafts
- 4) Arctic and Cold Climate Oil Spill Response Research Facility – Market Study

E&T activities:

Investment in the Co-Operative Education Programs continues to be a high priority for the project. In support of achieving the Hebron Benefits Plan commitment to employ co-operative education students and to promote career development in the oil and gas industry, the Hebron Project, including EMCP, WP and KKC, employed 103 Co-operative Education students from Memorial University of Newfoundland and College of the North Atlantic in 2012.

Hebron also provided support to various organizations and institutions including the following:

- 1) MUN - Let's Talk Science
- 2) Association for New Canadians - Energy Sector Language Training
- 3) MUN - Future Set/Girl Quest
- 4) WRDC - Techsploration Orientation to Trades and Technology (TOTT)
- 5) MUN - Blundon Centre
- 6) MUN – Diversity Endowment Scholarship
- 7) MUN – Diversity Research Fund

## 8.0 Diversity

### Representation

- Representation numbers indicate a percentage of the total Project workforce, including ExxonMobil employees, contractor agency employees, main contractors and subcontractors

Employment Categories	Women	Aboriginal Peoples	Persons with Disabilities	Visible Minorities
Management and Supervisory	15%	0%	0%	1%
Professional and Technical	21%	1%	0%	4%
Administrative	81%	2%	2%	2%
Skilled Crafts and Trade	4%	1%	0%	0%
Other (Labour, etc.)	6%	0%	0%	0%

### Implementation

- Investment contributions toward community outreach expended in 2012 exceeded \$340K. This included the distribution and implementation of previously approved and announced programming and new funding distribution.
- When compounded with initial diversity investments from 2010/2011 this totals approximately \$2 million on external outreach alone
- Funding has been distributed through multiple organizations throughout the province, representing all designated groups
- Regular consultation and discussion with stakeholders has assisted in identifying additional opportunities for outreach programs
- Significant efforts to ensure deployment of qualified women to Bull Arm site at representative rates have been undertaken by project representatives, union members and community organizations
- Recruitment efforts have engaged local organizations in an effort to outreach to the broadest possible base of potential candidates
- Efforts to outreach to a diverse supplier base are ongoing and involve partnership with local and national supplier diversity organizations



**APPENDIX I**  
**2012 Contract Award Listing**

## 5.0 Procurement and Contracting cont'd

Tables below lists contracts awarded with a value greater than \$250,000 during the reporting period January 1, 2012 to December 31, 2012.

Contracting Activity Hebron Project 2012		
Description	Contractor	Contractor Location (NL, Other Canada, Outside Canada)
<b>EMCP CONTRACTS</b>		
Crude Transportation Study	Ausenco Engineering Canada Inc.	Other Canada
Inspection Surveillance Services	Intertek Moody	Other Canada
Inspection Surveillance Services	GL Noble Denton Canada Ltd.	NL
Inspection Surveillance Services	Spectrol Energy Services Inc.	NL
Inspection Surveillance Services	SGS Canada Inc.	Other Canada
Marine Warranty Surveyor	London Offshore Consultants	Other Canada
Technical Staff and Office Space for OLS	Aker Offshore Partners	NL
Hebron Reprocessing 1997 seismic survey	CGG Veritas US Inc.	Outside Canada
Design of OLS Connectors	VerDerg Connectors Ltd.	Outside Canada
Hebron Geotechnical Drill Program	Fugro Geosurveys Inc.	NL
Design of OLS Hose String	Dunlop Oil and Marine Ltd.	Outside Canada
NTL Terminal Study	Newfoundland Transshipment Ltd	NL
Hebron Wellbore Trajectory and Slot Assignment Study	Schlumberger Canada Ltd.	Other Canada

Contracting Activity Hebron Project 2012		
Description	Contractor	Contractor Location (NL, Other Canada, Outside Canada)
<b>KKC CONTRACTS</b>		
Offices and containers	Modspace	Other Canada
Fuel Storage and Supply	North Atlantic Refining Ltd.	NL
Electrical materials and tools	McLoughlan Supplies Limited	NL
Manufacture and Supply Pre-cast Guide Walls	Capital Precast Limited, Pennecon Concrete	NL
Demolition (including old batch plant) - EPC	G.J. Cahill	NL
Concrete (Site Upgrade)	Fortis Concrete	NL
Plant Equipment - Slurry Wall Special Equipment	Peter Kiewit Infrastructure Co.	Other Canada
Bund Wall Instrumentation	Cahill Instrumentation & Technical Services (2011) Ltd.	NL
Safety Supplies	Hazmasters	NL
Waste Management (Garbage & Recycling Removal & Disposal at Bull Arm site)	Vardyvilla	NL
Tower Cranes (PO) (Supply tower cranes)	Kroll Cranes AS	Outside Canada
Marine Design Services & Vessel Inspection	BMT Fleet Technology	NL
Additional Parking Lot Facilities	Martek Morgan Finch	NL
Concrete Specialities (Superplastisers, Air Entrainer, Retarders)	Sika Canada Inc.	Other Canada
Supply GBS Aggregates	Capital Ready Mix	NL
Tax Specialist Consulting Services	Hayward Creations Inc.	NL
Electrical Engineering Support Services	Maderra Engineering Inc.	NL
General Building (Refurbish) Services-EPC	Talon Energy Services	NL
Carbon Steel Plates	EEW Steel Trading LLC	Outside Canada
Soil Drain Filters	Westcon Yard AS	Outside Canada
Sewage Treatment Plant Upgrades and Refurbishment - EPC	Cahill Instrumentation & Technical Services (2011) Ltd.	NL
Bolts For Embedment plates	Canada Fittings & Flanges Inc.	NL
Steel Skirts	G.J. Cahill	NL
Pipes, Fittings and Flanges (Titanium/Super Duplex/6MO/carbon steel, stainless steel, copper nickel, duplex, and other special materials)	Canada Fittings & Flanges Inc.	NL
T-headed bars	HRC Canada Inc.	NL
Anodes	Skarpandro Corrosion AS	Outside Canada
Barges Supply - Local Fabrication	Mammoet-Hunt Atlantic	NL
GBS Thermal Assessment	Prospect Flow Solutions	Outside Canada
Risers & J-tubes	Canada Fittings & Flanges Inc.	NL
Model Test for Breaking Wave Pressures	Marintek	Outside Canada
Construction offices on barge at deep water	Encanex Environmental Oil and Gas Corp.	Other Canada
Supply and Delivery of Blended Cement-Bentonite-Slag Product (for slurry wall)	S & B Industrial Minerals N. America Inc.	Outside Canada
GBS Concrete Laboratory Testing	Stantec Consulting Ltd.	NL
Skid Mounted Backup Generators for Batch Plant	Wajax Power Systems	Other Canada
Reinforcement	AGF Steel	Other Canada
Design, rental and Fabrication of Slipform Equipment and Supervision	Gleitbau Ges.m.b.H	Outside Canada
New Site Buildings-EPC (Medical facility, Site Hub Office and Dry Dock Offices)	Malthus Canada	NL
Camp Design Supply Install	Malthus Canada	NL
Rebar Couplers	HRC Canada Inc.	NL
Lifting equip., spreader beams, slings, shackles etc	Hercules SLR	NL

<b>Contracting Activity Hebron Project 2012</b>		
Description	Contractor	Contractor Location (NL, Other Canada, Outside Canada)
<b>KKC CONTRACTS</b>		
Lifting equip., spreader beams, slings, shackles etc	Unalloy-IWRC	NL
Access systems (suspended wall brackets)	Safway Services Canada	NL
Formwork	Aluma Systems	NL
Post Tensioning Contract (Engineering design, specialities)	Freyssinet Canada Limitee	NL
Steel Profiles	P. van Leeuwen Jr's Buizenhandel B.V.	Outside Canada
Cable, incl Embedded Cables and the connections	Source Atlantic Inc	NL
Access systems (suspended wall brackets)	Dunlop Access Systems LLC	Outside Canada
Towing/Mooring Brackets and Fair Leads	Scana Steel Stavanger AS	Outside Canada
Prefabrication of pipe spools (Ti, 6Mo, etc.)	G.J. Cahill (early scope award)	NL
Ball valves	Score (Eastern Canada) Ltd	NL
Concrete Distribution Systems (mixer trucks, hoppers, pumps, distribution booms, wheelbarrows, etc)	Pumpcrete	Other Canada
Construction Electrical Distribution Enclosures (C4)	Talon Energy Services	NL
Baskets (storage - gas bottles, waster)	C&W Offshore	NL
Personnel/Cargo hoists (Alimak type)	Alimak Hek Inc.	Outside Canada
Personnel Shuttle Services (St. Johns)	Corporate Concierge Services Inc	NL
Concrete Curring Compound and Sealing Materials	Apex Construction Specialties Inc	NL
Turn Key 3rd Party Medical Services	Atlantic Offshore Medical Services (AOMS)	NL
Prefabrication of pipe spools (Ti, 6Mo, etc.)	Pennecon-Ti Tanium Ltd JV (Main Award)	NL
Grating	Stangeland Glassfiber Produkter AS	Outside Canada
Fasteners + Gaskets	AGS Flexitallic	Other Canada
DWS Mooring Chain and Accessories	Bexco	Outside Canada
DWS Mooring Chain and Accessories	Vicinay Cadenas	Outside Canada

Contracting Activity Hebron Project 2012		
Description	Contractor	Contractor Location (NL, Other Canada, Outside Canada)
<b>WP CONTRACTS</b>		
Waste Management Services	Newalta	NL
Gas Turbine Driven Generator Package	GE Oil & Gas (Nuovo Pignone S.P.A.)	Outside Canada
Gas Turbine Driven Compressor Package	GE Oil & Gas (Nuovo Pignone S.P.A.)	Outside Canada
Firewater Pump/Emergency & Essential Gensets Package	New Eureka Pumps Inc.	Outside Canada
Fiscal Metering Package	Alderly Systems Ltd	Outside Canada
Cement Unit	Halliburton   Cementing	Outside Canada
Gas Injection Compressor Package	GE Oil & Gas (Nuovo Pignone S.P.A.)	Outside Canada
LP Compressor Package	Howden Process Compressors	Outside Canada
WI Minox Deoxygenation Package	Grenland Group AS (now called Agility Group AS)	Outside Canada
UPM Constructability - HHI	Hyundai Heavy Industries Co. Ltd.	Outside Canada
Crude Export Pumps Package	CPC Pumps International	Outside Canada
Crude Booster Pumps	New Eureka Pumps Inc.	Outside Canada
Sea Water Lift Pumps	New Eureka Pumps Inc.	Outside Canada
UPM Fabrication	Hyundai Heavy Industries Co. Ltd.	Outside Canada
Vessel Internals	CDS Separation Technologies	Outside Canada
Living Quarters Module	NECL Apply Leirvik Partnership	NL
Heavy Wall, Cladded & Alloy Vessels	Sungjin Geotec Co., Ltd.	Outside Canada
Sea Water Filters	Boll Filter Corporation	Outside Canada
Diesel Treatment Package	Alfa Laval, Inc.	Outside Canada
Gravel Pack	Halliburton	Outside Canada
Installation Contractor	Fagioli S.P.A	Outside Canada
Electric Heat Trace (FEED + EPC)	Tracer Construction	Outside Canada
API 610 Pumps Package	CPC Pumps International	Other Canada
Bulk Pipe, Fittings and Flanges	Canada Fittings & Flanges Inc.	NL
Bulk Mud & Cement Storage Equipment	Halliburton Group Canada	NL
High Pressure Mud Pumps	Aker Solutions Drilling Technologies	Outside Canada
GBS & Topside Model Test	Marintek Sintef Group	Outside Canada
Bulk Structural Steel	Edgen Murray Canada	Other Canada
Water Treatment Package	Bob J Johnson & Associates	Outside Canada
Power and Zigzag Grounding Transformers	ABB Inc.	Outside Canada
Waste Heat Recovery Units	Kanfa Tec AS	Outside Canada
Compact Electrostatic Coalescer	Aker Process Systems	Other Canada
Printed Circuit Heat Exchangers	Heatric Division of Meggitt	Outside Canada
Compact Floatation Skid	MI-SWACO	NL
Derrick & Associated Equip.	TTS Energy	Outside Canada
Plate & Frame Heat Exchanger	Alfa Laval, Inc.	Outside Canada
Pig Launchers Receivers	Mulgrave Machine Works Ltd.	Other Canada
Drain Treatment Package	Alfa Laval, Inc.	Outside Canada

Contracting Activity Hebron Project 2012		
Description	Contractor	Contractor Location (NL, Other Canada, Outside Canada)
<b>WP CONTRACTS</b>		
Overhead Traveling Cranes	J Barnsley Cranes Ltd.	Outside Canada
Personnel & Goods Elevator	Alimak Hek AB	Outside Canada
Shell and Tube Heat Exchangers	Hans Leffer Gmbh & Co. KG	Outside Canada
Rig Skidding	Bardex	Outside Canada
Electrochlorination Package	Siemens Canada Ltd.	Other Canada
Switchgear, MV MCC's, and System Integration	Powell Industries	Outside Canada
LV MCC's and VFD's	Schneider Electric Canada Inc	Other Canada
Shale Shakers	National Oilwell Varco (NOV)	Outside Canada
Filters Coalescers	AWC, Incorporated	Outside Canada
Methanol Injection Pumps	SPX Flow Technologoy Div. of SPX Corporation	Outside Canada
Navigational Aids and Obstruction Lighting	Automatic Power, Inc	Outside Canada
Choke and Kill Equipment	Techdrill	Outside Canada
Air Handling Units	Alscott Air Systems	Other Canada
Chemical Injection Package	AGI Industries (Milton Roy USA)	Outside Canada
Deluge Skid Package	Angus Fire (Kidde Fire Protection)	Outside Canada
Well Control	Hydril USA	Outside Canada
Project Logistics Services (Freight Forwarding) (Formerly S	PF Collins	NL
Miscellaneous Pumps	PCM S.A.	Outside Canada
Central Foam Package	Angus Fire	Outside Canada
ANSI Pumps	Itt Goulds Pumps	Outside Canada
Drag Chains	Metreel	Outside Canada
High Pressure Mud & Cementing Manifolds	TechDrill	Outside Canada
Deep Well, Through Column Pumps	Pumps Plus Ltd.	NL
Butterfly Valves (All Types Materials)	Emco Corporation	NL
High Pressure Hoses	Contitech Beattie Corp	Outside Canada
Miscellaneous Vessels & Tanks	Sungjin Geotec c/o I.P.S. Services	Outside Canada
Valves	Lockwood International	Other Canada
Mud Vacuum Equipment	MI-Swaco	NL
Drill Floor Equipment	Aker Solutions	Outside Canada
Mud Tank Cleaning Equipment	M-I Drilling Fluids Canada	NL
Agitators	SPX Flow Technologoy c/o T.D. Rooke	Outside Canada
Drilling Centrifugal Pumps	Hyflodraulic Limited	NL
Drilling Drains Treatment Equipment	Encanex Environmental Oil and Gas Corp.	NL
Automatic Reset - Adjustable Relief Valves	National Oilwell Varco (NOV)	Outside Canada
BOP Transport Skid	Hyflodraulic Limited	NL
Utility Winches	Hercules SLR	NL
Custom Brokerage	PF Collins	NL
HVAC Fans	Alscott Air Systems	Other Canada
Wall, Door, Window Cladding	MechTool	Outside Canada
HVAC Terminal Units	Wozair (USA) Ltd	Outside Canada

**APPENDIX II**  
**2012 Hebron Photos**



The Hebron Project and Memorial University's Glenn Roy Blundon Centre for Students with Disabilities announced the The Hebron Project Psychological - Educational Assessment Bursary. This bursary will provide assistance to students who are otherwise unable to access services offered at the centre. (February 2012)



Hebron's GBS Project Manager presenting at ExxonMobil Eastern Canada Projects Contractor Safety, Security, Health and Environment Forum at the Sheraton Hotel in St. John's. (August 2012)





Members of the Hebron team volunteering for 'Habitat for Humanity' (October 2012)



Hebron Senior Project Manager presenting at 2012 NOIA Conference (June 2012)



The official opening of the Bull Arm information centre (October 2012)



United Way Fundraiser Kick off (October 2012)