



**Sable Project
Annual 2006
Canada-Nova Scotia Benefits Report**

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Executive Summary

The 2006 Sable Offshore Energy Project (SOEP) Canada Nova Scotia Benefits Report is hereby submitted to the Canada-Nova Scotia Offshore Petroleum Board. The cumulative Nova Scotia expenditures through December 31, 2006 total \$1,887.4 million or 36.6% of total project expenditures. The cumulative Canadian content of the total project expenditures was 53.2% based on \$5,159.2 million expenditures to date.

As of the end of 2006, the Sable Project began its ninth consecutive year of continuous development and operations, and continued support for initiatives aimed at developing and sustaining the natural gas industry in Nova Scotia.

In 2006, significant new capital investments were made to facilities which provided additional direct expenditure and employment benefits to Nova Scotia. A major offshore campaign was executed offshore Nova Scotia in 2006 to install, hook-up, commission and start-up the new compression platform.

Also in 2006, significant investments were made in the areas of community education, research and development, training, technology transfer and support of diversity and inclusion programs. During 2006, the Sable owners and major contractors invested more than \$3.8 million in training and educational initiatives. This brings the cumulative Project training and education expenditures to over \$39.4 million. Also during the year the Sable Project employed a total of 47 co-operative education students in technical and business disciplines. This brings the cumulative co-op placements to 511 students and represents expenditures of more than \$4.48 million.

In January 2005, ExxonMobil implemented a new version of the SAP accounting software. The data necessary to prepare the Canada Nova Scotia Benefits Report is extracted from SAP using a software query routine. During 2006 an omission in this query routine was confirmed which resulted in non-vendor ExxonMobil costs such as payroll, being excluded from the 2005 and the Q1, Q2 and Q3 2006 benefits reports. As a result, the 2005 expenditure data has been restated to include these costs. The non-vendor ExxonMobil costs for 2006 have been included in the total expenditures for the year. The SAP query routine did correctly extract all expenditures to external vendors and suppliers during 2005 and 2006.

This annual report captures the previously submitted quarterly reports together with the fourth quarter 2006. Beginning in 2007, the Sable Project will be fully in the production phase. Therefore, as described in Section 2.6 of the Benefits Plan Decision Report, Benefits reporting will be submitted annually in the future. Quarterly Benefits Reports were submitted to the CNSOPB since 1998.

Introduction

The **2006 Canada-Nova Scotia Benefits Report** for the Sable Project is hereby submitted to the Canada-Nova Scotia Offshore Petroleum Board (CNSOPB) in accordance with the requirements under Section 2.6 and Condition #9 of the Sable Offshore Energy Project Canada-Nova Scotia Offshore Petroleum Board Benefits Plan Decision Report dated December 3, 1997 (for implementation effective December 30, 1997).

This report addresses Sable Project benefits activities for the period January 1, 2006 to December 31, 2006, and has been prepared and submitted by ExxonMobil Canada Properties (ExxonMobil) as the Sable Project operator.

In preparing this report we encouraged our many vendors to share their experiences and successes as a result of their work on the Sable Project. We have included information on some of these vendors in the text of the report.

Production activities for the Sable Project commenced in late 1999. From startup through 2006 both development and production activities were undertaken. The completion of the Compression Project during the fourth quarter of 2006 marked the conclusion of the development phase of the Sable Project.

Beginning in 2007, the Sable Project will be fully in the production phase. Therefore, as described in Section 2.6 of the Benefits Plan Decision Report, only annual Benefits Reports will be submitted in the future. Quarterly Benefits Reports have been submitted to the CNSOPB since 1998.

2.0 Operations and Project Development Update

2.1 Operations

As of the end of 2006, the Sable Project began its ninth consecutive year of continuous operation and continued support for initiatives aimed at developing and sustaining the natural gas industry in Nova Scotia. Operations highlights in 2006 included:

Workplace Safety, Health and Environment

The end of the First Quarter, 2006 marked 5 years without a Lost Time Incident (LTI) at the Sable Project onshore facilities (for both employees and contractors). The focus on safety, health and environmental protection continued throughout 2006.

ExxonMobil is also proud to have played a part in the establishment of the Marine Safety Council and is very pleased with the positive measurable results shown through our world-class safety performance. The Marine Safety Council has been an invaluable tool in contributing towards this success and it helps to further demonstrate the fact that cooperation, shared expertise and shared experience can and does positively influence and enhance safety for those working on vessels offshore Atlantic Canada.

In recognition of the Marine Safety Council success, ExxonMobil was awarded the CAPP Stewardship of Excellence Award in the Health & Safety Category. Additional information on this award and the Marine Safety Council is included in Section 4.1 of this report.

Drilling and Production

During 2006, drilling activities were completed on the Alma 3 well, thus concluding the current phase of drilling. A total of 20 wells have been drilled to date on the Sable Projects. ExxonMobil will continue to evaluate potential opportunities for drilling.

The mobile offshore drilling unit (MODU), GlobalSantaFe Galaxy 2 (GX2) extended its stay in Nova Scotia as a result of a decision to utilize the rig as an accommodation unit to provide additional bed spaces needed for the 2006 offshore work campaign. During the first quarter retro-fitting of the GX2 commenced to provide additional accommodation facilities for personnel scheduled to hook up and commission the new compression platform. The retro-fit work was completed locally by Global Santa Fe (GSF) and its local fabrication sub-contractor Marener Industries.



Figure 1 – RG2 Drilling Rig (MODU) in Sable

In mid April the GX2 was positioned on the north side of the Thebaud central processing platform for the start of the 2006 offshore campaign and installation of the compression platform.

Once the compression platform was installed, the GX2 was repositioned at the south side of compression for hook-up and commissioning (HUC) and remaining brownfield activities.

The Galaxy II offshore drilling rig accommodations unit demobilized from the Compression Platform site in December. GSF rig de-commissioning of the accommodations facilities was completed in Halifax in early 2007.

Planned production facilities shut downs were held on five separate occasions (for 5 day periods in May, June and September, and shorter periods in February and November) to allow for installation of the compression facilities and installation of new filtration equipment at the Goldboro Gas Plant. In all instances the facilities were safely restarted.

Planning and field trials for a program to grout the legs of the Thebaud Process platform was carried out with initial field work carried out during the fourth quarter 2006.

2.2 Project Development

Compression Platform

The ExxonMobil and SaiWoo Contracting Compression Project Management Teams had a strong presence in Halifax throughout 2006. Project Management teams included Nova Scotia and other Canadian personnel in key disciplines such as safety, health and environment (SHE), quality (QA/QC), regulatory/certification, project controls (cost/schedule), engineering, construction, offshore logistics/coordination. In addition, a large number of local subcontracted personnel supported the project in 2006.

The Compression Project focused on offshore installation, commissioning and start-up of the new compression platform. The Compression Project offshore campaign commenced April 15th and start-up of the new Compression facilities was achieved on November 14th, 2006.



Figure 2 - Compression Deck on TAK Ocean Transporter

The following summarizes the compression project major activities completed in Nova Scotia during 2006:

2.2.1 Thebaud Modifications

Installation and integration of the new compression platform facilities involved a number of modifications and preparatory work on the existing Thebaud central processing platform. This was known as the 'brownfield' modifications and consisted of the work on the Thebaud platform to 'cut-in' to existing systems and install 'tie-in' connections for compression systems. The work comprised design, fabrication and installation of: cut-ins to existing systems, tie-ins to connect from existing to new systems, modifications to the existing electrical and instrumentation systems, supports for two new pipe racks and support structure for a new compression platform bridge.

Cut-ins

The cut-ins brownfield work commenced in 2005 on the Thebaud platform and continued in 2006. The work involved cutting into existing production systems to provide connecting points for compression piping, electrical and instrumentation systems.

Accent Engineering Consultants was awarded the contract to manage the engineering, procurement and construction activities for the cut-ins work. Accent employed several local fabrication firms to complete the onshore work. Amec Black & MacDonald (ABM) and its local sub-contractors completed the actual offshore 'work pack' installations. This significant scope of work was completed in time for compression start-up in the fourth quarter of 2006.

Accent engineers utilized ExxonMobil's 'work pack' methodology in the planning, design and execution of offshore construction activities. The picture below shows cut-ins 'work pack' installations, typical of a many similar installations which were designed, procured and fabricated onshore and installed offshore on Thebaud to provide connections for the new Compression platform.



Figure 3 - Typical 'Cut-ins' Offshore Work Pack Piping Installations

Tie-ins

Tie-ins brownfield work was initiated offshore in April 2006, immediately prior to the installation of the compression platform (in mid-May 2006), and continued through installation and platform hook-up and commissioning work.

SaiWoo Contracting managed the structural brownfield works which consisted of installation on Thebaud, of pins and guide supports (early works) for the pipe racks, two 60 tonne pipe racks, and installation of steel pipe spools, supports and electrical / instrumentation tie-ins.

SaiWoo Contracting employed the services of local sub-contractors for this scope of work. SNC Lavalin provided local engineering support, Cherubini Metals Works provided early onshore fabrication of heavy pins and guides, Aecon Fabco provided onshore fabrication of pipe racks, The Saipem S7000 installed the pipe racks offshore, and Amec Black & MacDonald provided offshore hook-up and commissioning support (for pipe supports, cable tray supports, electrical and instrumentation items, carbon steel piping, etc.).

One of two Compression Pipe Racks, built in Dartmouth and installed offshore on Thebaud



Figure 4 - Pipe Rack at Aecon-Fabco



Figure 5 - Support & Guides



Figure 6 - Support Hooks



**Supply Vessel
Transporting
two Pipe Racks
Offshore**

Figure 7 – Pipe Racks

Habitat Construction

During the early works phase, the Thebaud central processing platform continued to operate in normal production mode. Local subcontractors utilized prefabricated, pressurized welding habitats to contain the “hot work” activities. All work was performed under EMC’s “Permit to Work” system.

Aluma Systems, supplier of habitats and scaffolding, erected a mock-up of the habitat outdoors in the Aluma Systems’ yard and performed tests to determine the internal working conditions. This testing was conducted onshore, prior to the habitat being installed on the Thebaud platform, to support the early construction activities.



Figure 8 - Offshore Welding Habitat

2.2.2 Compression Platform Installation

Transportation & Installation

SaiWoo Contracting heavy lift vessel, the Saipem S7000, began installation activities on May 14th and final installation of the compression jacket, topsides, pipe racks and bridge was completed by June 3rd.



Figure 9 - Saipem SSCV S7000 lifting compression deck

Hook-up and Commissioning (HUC)

HUC of the compression topsides was managed by Daiwoo Shipbuilding and Marine Engineering (DSME) of SaiWoo Contracting. The major portion of the "hands-on" hook-up and commissioning work was subcontracted by DSME to G.J. Cahill and Company Limited (Cahill), a local Nova Scotia company with specific experience in conducting offshore facilities hook-up and commissioning for the Alma and South Venture platforms. This subcontractor provided HUC supervision, technical leads, (including piping/mechanical, electrical and instrumentation leads); HUC trades workforce and support personnel for safety, quality control, inspection, planning, reporting, etc. Cahill also provided onshore engineering and technical support and engineering discipline leads to support the offshore work program.

DSME fostered the transfer of new information and technology/skills to companies within Nova Scotia. Prior to offshore commissioning, several Nova Scotia employees were dispatched to DSME's fabrication facilities in Okpo, Korea, to participate in the ongoing pre-commissioning activities, allowing these employees to become familiar with the compression platform systems and gain on-board experience to facilitate compression offshore commissioning works.

As HUC subcontractor, G. J Cahill was responsible for its own activity-specific procedures for quality auditing and control, document control, risk assessment, safe work practices, and a "job card" system to manage the immediate work activities, all in accordance with the existing

EMC practices. In addition, G.J.Cahill produced detailed procedures for welding and non-destructive examination (NDE) of welds, welder qualification, and dimensional control of its work.

Offshore hook-up activities, completed mainly by local trades, included structural items and steel outfitting, piping, mechanical, electrical and instrument systems, insulation, painting and cleaning. Offshore pre-commissioning and commissioning activities included instrument bench and/or field calibration, system oil flushing, electrical loop testing/continuity checking, function testing, leak testing, including N2/He testing for critical systems, purging and inerting, function and operability testing, integrated system operation test, safety automation systems (SAS) loop and C&E test.

In the fourth quarter, G.J Cahill completed final painting, insulation, removal of scaffolding and final commissioning and turnover of systems to the ExxonMobil start-up team. Start-up of the new Compression facilities was achieved on November 14th, 2006.

Offshore Support Services

The 2006 offshore campaign to install, hookup, commission and start-up the Compression facilities required significant effort and resources from the local labour force and supplier community. The strength of the local capacity and the level of local input in 2006 exceeded initial expectations.

Support services utilized included local aviation services, marine crews and supply/anchor handling vessels, catering personnel, medical personnel, local trades personnel (welding, mechanical, electrical, instrumentation, etc.), technical and inspection services, tools and equipment rentals, scaffolding services, insulation and painting, safety training services, medical services, warehousing, logistics/stevedoring, survey services, weather forecasting, safety equipment, environmental services, customs clearance/brokerage, inland transportation services, miscellaneous consumables, materials and services.

The total workforce in the field reached its peak in May 2006, during the offshore heavy lift installations. On May 29th, the total workforce on the Saipem SSCV S7000, the Galaxy 2 accommodation rig, the Thebaud platform and offshore support vessels, totaled 550 personnel.

NS Compression Vendors

- Amec Black and MacDonald	- Aitec	- Wesco
- Accent Engineering	- Hobbs Material Engineering	- Sea Systems
- G.J. Cahill	- Canadian Flange & Fittings	- PV Inspection
- CCF	- Liteco	- Blue Water Agencies
- TTL Supply	- EMCO	- Survival Systems
- Parker Brothers	- Aluma Systems	- Spectrol
- Mills Painting	- Nedco Atlantic	- Nova Scotia Community College
- BJ Services	- Nova Communications	- Kelly's Services
- Specialty Power	- Harris & Roome	- RKO Steel
- TJ Inspection	- Eastpoint Engineering	- Marener Industries
- Fugro Jacques	- ABB	- Mobile Valve
- SNC Lavalin	- FIL	- Brenton Testing
- Martec Engineering	- Pitney Bowes	- EPCO
- Cherubini Metal Works	- Canspec	- Multi Glass Atlantic
- Aecon/Fabco	- Secunda	- Argo Protective Coatings
- Atlas Testing Labs	- CHC	- Oceaneering
- ABS Americas	- Offshore Logistics Inc.	- Plus 8 Scaffolding
- Pro Insul	- CTS Containers	- Cole International
- Canadian Maritime Engineering	- Holmes Maritime	- Matrix Environmental
- Hertz Equipment Rental	- K&D Pratt	- Helly Hansen
- Crane Supply	- Lengkeek Vessel Engineering	

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Figure 10 – List of Local Vendors

3.0 Economic Impacts

The Sable Project continued to have a significant positive impact on the Canadian economy, and in particular, the economy of Nova Scotia. Expenditures below will be shown using the *Canada General Standards Board Method* adopted by the Canada-Nova Scotia Offshore Petroleum Board. In addition to expenditures, three other indicators of economic impact (person hours, headcount and new hires) are also reported.

3.1 Expenditures - Canada General Standards Board (CGSB) Method

In January 2005, ExxonMobil implemented a new version of the SAP accounting software. The data necessary to prepare the Canada Nova Scotia Benefits Report is extracted from SAP using a software query routine. During 2006 an omission in this query routine was confirmed which resulted in non-vendor ExxonMobil costs such as payroll, being excluded from the 2005 and the Q1, Q2 and Q3 2006 benefits reports. As a result, the 2005 expenditure data has been restated to include these costs. The non-vendor ExxonMobil costs for 2006 have been included in the total expenditures for the year. The SAP query routine did correctly extract all expenditures to external vendors and suppliers during 2005 and 2006.

The following Table shows the re-stated expenditures for 2005.

Table 1 - 2005 Re-stated Expenditures

	2005 Nova Scotia Benefits Re-statement				
	Cdn		% Content		
	<u>M\$</u>	<u>% of Total</u>	<u>NS</u>	<u>OC</u>	<u>FOR</u>
2005 Reported – 3 rd Party Vendors	373.6	82%	33.8%	12.5%	53.7%
2005 Non-Vendor ExxonMobil Internal Costs	83.9	18%	46.0%	11.8%	42.2%
2005 Re-stated Total Expenditures	457.6	100%	36.0%	12.4%	51.6%

The quarterly reports for Q1, Q2 and Q3 of 2006 also excluded the non-vendor ExxonMobil costs. Tables 2 and 3 below include the vendor and non-vendor expenditures for the year 2006.

Table 2 - 2006 Expenditures

	2006 Nova Scotia Benefits				
	Cdn		% Content		
	<u>M\$</u>	<u>% of Total</u>	<u>NS</u>	<u>OC</u>	<u>FOR</u>
2006 Reported – 3 rd Party Vendors (Q1-Q3)	334.2	72%	35.9%	11.4%	52.7%
Q4 2006 3 rd Party Vendors	83.3	18%	43.3%	23.8%	32.9%
2006 Non-Vendor ExxonMobil Internal Costs	45.5	10%	80.4%	19.6%	0%
2006 Total Expenditures	463.0	100%	41.6%	14.4%	44.0%

Table 3 – 2006 Expenditures

	Nova Scotia	Other Canadian	Foreign	Total
Q1-Q3 (\$ Millions)	120.0	38.1	176.1	334.2
% (Q1-Q3)	35.9%	11.4%	52.7%	100%
Q4 (\$ Millions)	36.1	19.8	27.4	83.3
% (Q4)	43.3%	23.8%	32.9%	100%
Non-vendor ExxonMobil Internal Costs (2006) (\$Millions)	36.6	8.9	0	45.5
%	80.4%	19.6%	0%	100%
2006 Totals \$ (Millions)	192.7	66.8	203.5	463.0
% 2006	41.6%	14.4%	44.0%	100%

In March 2007 ExxonMobil conducted refresher training for our vendors on Canada-Nova Scotia Benefits Reporting and the CGSB methodology.

As a result of this training some vendors may be submitting updated information to ExxonMobil which could result in a restatement of Nova Scotia, Other Canadian or Foreign expenditure content for 2005 or 2006. No significant change to the cumulative expenditures is anticipated.

Table 4 – Historical Expenditures Pursuant to CGSB Methodology

Table 4 Historical Expenditures Pursuant to CGSB Methodology (in \$ millions)				
	Nova Scotia	Other Canadian	Foreign	Totals
Cumulative to December 31, 1998	218.0	166.5	596.7	981.2
Percentage of Total	22.2%	17.0%	60.8%	100.0%
Cumulative to December 31, 1999	623.1	282.8	1,145.2	2,051.1
Percentage of Total	30.4%	13.8%	55.8%	100.0%
Cumulative to December 31, 2000	795.2	385.1	1,234.7	2,415.0
Percentage of Total	32.9%	16.0%	51.1%	100.0%
Cumulative to December 31, 2001	965.4	445.7	1,334.5	2,745.6
Percentage of Total	35.2%	16.2%	48.6%	100.0%
Cumulative to December 31, 2002	1,142.1	546.3	1,497.1	3,185.5
Percentage of Total	35.9%	17.1%	47.0%	100.0%
Cumulative to December 31, 2003	1,351.7	648.4	1,729.4	3,729.5
Percentage of Total	36.2%	17.4%	46.4%	100.0%
Cumulative to December 31, 2003	1,351.7	648.4	1,729.4	3,729.5
Percentage of Total	36.2%	17.4%	46.4%	100.0%
Cumulative to December 31, 2004	1,532.4	731.5	1,974.6	4,238.5
Percentage of Total	36.1%	17.3%	46.6%	100.0%
Restated Cumulative to December 31, 2005	1,696.3	788.1	2,211.8	4,696.2
Percentage of Total	36.1%	16.8%	47.1%	100%
Cumulative to December 31, 2006	1,889.0	854.9	2,415.3	5,159.2
Percentage of Total	36.6%	16.6%	46.8%	100%

3.2 Employment

Person Hours

The 2006 total person hours for the Sable Project was 2,180,000. The Nova Scotia component of this total was 1,390,000 or 63.7%. During the Fourth Quarter of 2006 person hours totaled 400,000. These person hours are broken down as follows:

Nova Scotian	310 thousand person hours (76.17%)
Other Canadian	40 thousand person hours (10.72%)
Foreign	50 thousand person hours (13.11%)

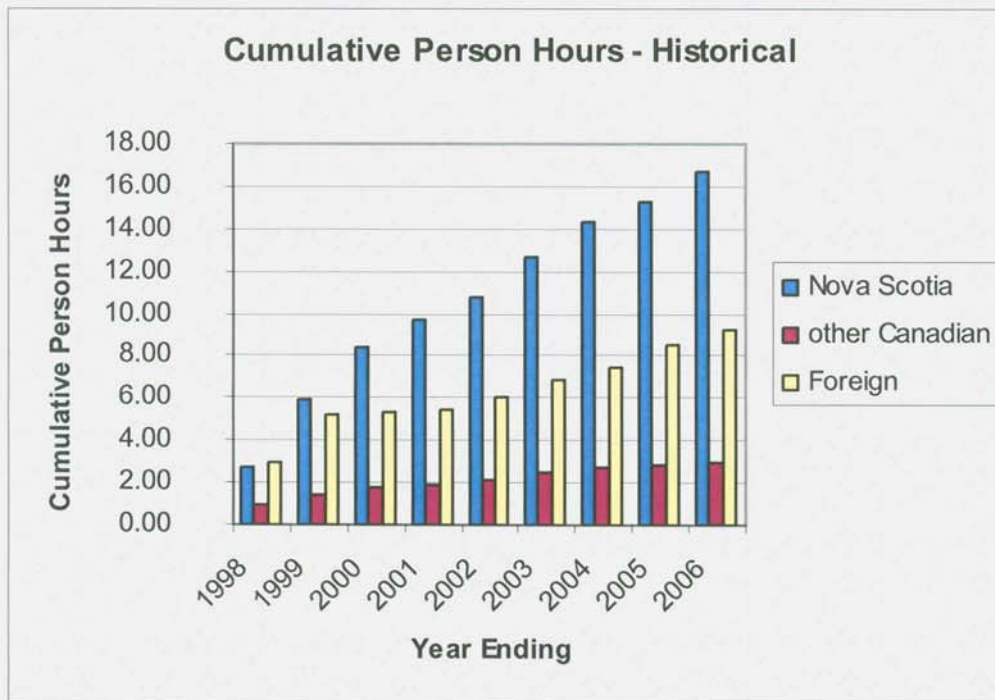
Details on cumulative person hours through December 31, 2006 are provided in the Tables below. Please see Appendix 1 for a listing of 2006 labour hours by vendor.

Table 5 – 2006 Quarterly Person Hours

2006 Quarterly Person Hours (in millions of Person Hours)				
	Nova Scotia	Other Canadian	Foreign	Totals
First Quarter 2006	0.32	0.04	0.36	0.72
Percentage of Total	44.54%	5.55%	49.91%	100.00%
Cumulative to March 31, 2006	15.65	2.86	8.93	27.44
Percentage of Total	57.02%	10.43%	32.55%	100.00%
Second Quarter 2006	0.35	0.03	0.16	0.54
Percentage of Total	65.36%	5.26%	29.38%	100.00%
Cumulative to June 30, 2006	16.00	2.89	9.09	27.98
Percentage of Total	57.18%	10.33%	32.49%	100.00%
Third Quarter 2006	0.41	0.07	0.04	0.52
Percentage of Total	79.35%	12.86%	7.79%	100.00%
Cumulative to September 30, 2006	16.41	2.96	9.13	28.50
Percentage of Total	57.59%	10.37%	32.04%	100.00%
Fourth Quarter 2006	0.31	0.04	0.05	0.40
Percentage of Total	76.17%	10.72%	13.11%	100.00%
Cumulative to December 31, 2006	16.72	3.00	9.18	28.90
Percentage of Total	57.86%	10.38%	31.76%	100.00%

Table 6 – Person Hours – Historical

Historical Person Hours (in millions of Person Hours)				
Year Cumulative as of December 31	Nova Scotia	Other Canadian	Foreign	Totals
1998	2.70	1.00	2.91	6.61
% of Cumulative	40.85%	15.13%	44.02%	100%
1999	5.93	1.48	5.25	12.66
% of Cumulative	46.84%	11.69%	41.47%	100%
2000	8.39	1.74	5.36	15.49
% of Cumulative	54.16%	11.23%	34.6%	100%
2001	9.75	1.90	5.49	17.14
% of Cumulative	56.88%	11.09%	32.03%	100%
2002	10.73	2.19	6.04	18.96
% of Cumulative	56.59%	11.55%	31.86%	100%
2003	12.67	2.50	6.83	22.00
% of Cumulative	57.59%	11.36%	31.05%	100%
2004	14.30	2.71	7.46	24.47
% of Cumulative	58.44%	11.07%	30.49%	100%
2005	15.33	2.82	8.57	26.72
% of Cumulative	57.37%	10.55%	32.07%	100%
2006	16.70	3.00	9.18	28.88
% of Cumulative	57.83%	10.39%	31.79%	100%

**Figure 11 - Cumulative Person Hours**

Employment Headcount

The estimated Project employment headcount on December 31, 2006 was 645. The Table and Chart below includes those individuals working directly on the Sable Project and those working for major contractors on the specified reporting dates. Of the 645 people working on the Sable Project on December 31, 2006, 572 (88.7%) were working in Nova Scotia.

Table 7 – Employment Headcount

Month	Activity in Nova Scotia	Activity in the Rest of Canada	Total Project Activity
March 31, 2001	1,084		1,311
June 30, 2001	1,047	21	1,097
September 28, 2001	1,032	15	1,076
December 31, 2001	649	11	681
March 29, 2002	602	14	719
June 28, 2002	904	17	1,049
September 30, 2002	1,175	44	1,543
December 31, 2002	917	78	1,290
March 31, 2003	906	34	1,162
June 30, 2003	1,159	64	1,418
September 30, 2003	742	35	976
December 31, 2003	1,088	33	1,269
March 31, 2004	1,017	41	1,397
June 30, 2004	1,427	37	1,840
September 30, 2004	975	39	1,239
December 31, 2004	909	43	1,174
March 31, 2005	800	32	1,086
June 30, 2005	706	34	1,440
September 30, 2005	687	30	1,511
December 31, 2005	740	30	1,589
March 31, 2006	728	33	1,245
June 30, 2006	801	35	909
September 30, 2006	685	38	773
December 31, 2006	572	26	645

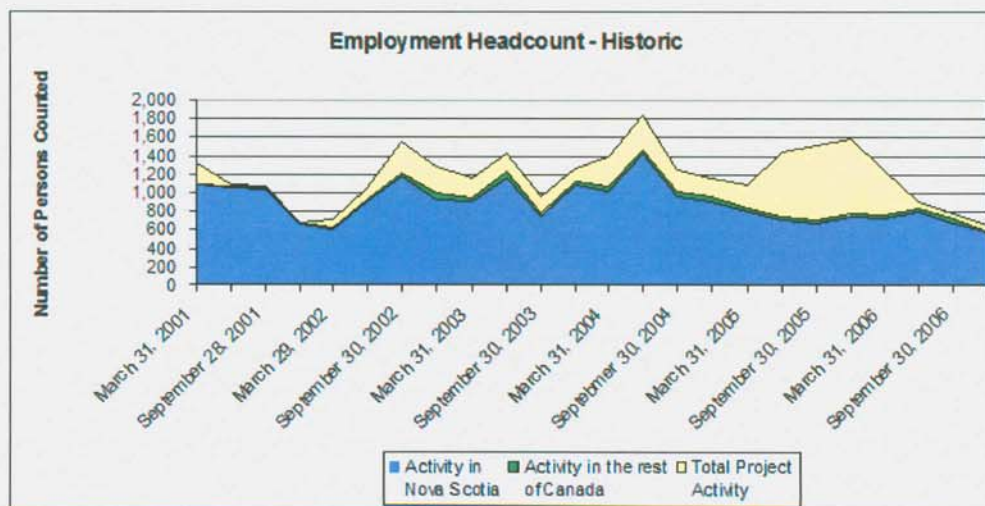


Figure 12 - Employment - Historic

Residency of New Hires / Secondees

The total number of New Hires/Secondees reported for the Sable Project and its major contractors during the Fourth Quarter of 2006 was 118. The table below shows the historic distribution of the Residency of New Hires / Secondees for the Sable Project.

Table 8 – Residency of New Hires

Quarter	Nova Scotia	Other Canadian	Foreign	Total
Q1 2001	150	10	29	189
Q2 2001	127	21	34	182
Q3 2001	83	41	38	162
Q4 2001	40	33	14	87
Q1 2002	47	8	67	122
Q2 2002	85	19	158	262
Q3 2002	153	36	310	499
Q4 2002	39	20	149	208
Q1 2003	91	20	103	214
Q2 2003	191	36	82	309
Q3 2003	416	15	12	443
Q4 2003	128	12	7	147
Q1 2004	155	10	95	260
Q2 2004	124	17	49	190
Q3 2004	169	10	11	190
Q4 2004	117	4	43	164
Q1 2005	52	2	46	100
Q2 2005	69	2	92	163
Q3 2005	80	5	82	167
Q4 2005	67	19	110	196
Q1 2006	82	6	29	117
Q2 2006	218	38	289	545
Q3 2006	166	51	6	223
Q4 2006	111	5	2	118

3.3 Student Employment

Support for co-op and work placement programs continued through 2006. There were 47 placements during the year that provided work opportunities for students of varied disciplines. Ten of these placements were during the fourth quarter. Total co-op expenditures for the year were \$444,000.

Cumulative expenditures for the 511 co-op/work placements are provided in the table below.

Table 9 – Co-op Work Placements

Co-op Work Placements - Historic				
Year	Number of Placements	Cumulative Placements	Investment	Cumulative Investment
1998	36	36	\$250,000	\$250,000
1999	61	97	\$325,263	\$575,263
2000	58	155	\$334,133	\$909,396
2001	71	226	\$608,394	\$1,517,790
2002	73	299	\$572,932	\$2,090,722
2003	90	389	\$706,539	\$2,797,261
2004	64	453	\$646,345	\$3,443,606
2005	11	464	\$592,985	\$4,036,590
2006	47	511	\$444,120	\$4,480,710

First Quarter, 2006	7	7	\$97,633
Second Quarter, 2006	15	22	\$140,872
Third Quarter, 2006	13	35	\$108,529
Fourth Quarter, 2006	12	47	\$97,086

Co-op experiences:**Engineering Co-ops**

ExxonMobil and our contractors employed 47 engineering co-op students during the 2006 work terms. Students worked with mentors and were challenged in technical areas and with hands on experience when possible. Co-op students completed work term reports for presentation to peers and ExxonMobil engineering staff. The 2006 engineering co-op student assignments included:

- Shear Failure Based Sand Prediction and ToolPro Sand Strength Analysis
- SH&E Interface Plan Development
- Enhance current ability of Surveillance Engineering to simulate/forecast process behavior
- Equipment Certification (Hazardous Equipment List)
- Pipeline Flow Assurance
- Thebaud Switchgear Electrical Modifications
- Firewater Pump Vibration Testing
- Sable Compression Performance Test
- Sable Satellite Intervention Crew - QRA
- Modeling the South Venture Field
- Satellite Hydraulics
- Sable Compression Performance Test



In 2006, the Tier 2 Compression Project required several engineering co-op students to travel to some of the project work sites as part of their work place assignments. In order to complete a spring work term assignment with the 'Hazard Equipment List', engineering student David Langille traveled to the Daewoo Shipbuilding and Engineering Shipyard in Okpo, Korea for two weeks, where he was exposed to technology transfer in modern shipyard methods, offshore equipment and fabrication activities.

Three Dalhousie University Engineering Co-op students (above) traveled by helicopter to the offshore Thebaud Central Processing Platform, as a part of their workplace assignments related to SHE and engineering studies.

Figure 13 - Co-op Students Dalhousie University Engineering Co-op

The text below was provided by a Mechanical Engineering student and summarizes some of his work experience:

"My primary project during my work term was titled "Pipeline Flow Assurance", and dealt with prediction of MEG (mono-ethylene glycol) "slugs" into the Goldboro gas plant ("slug" is the commonly used term for a rapid burst of fluid in the pipeline). This subject was identified as an opportunity for improvement by the Surveillance Team,.....

....Much of my early work involved collecting as much data as possible regarding the liquid levels in various locations of the Sable pipeline, as well as performing preliminary calculations regarding pipeline efficiency and researching previous work done on this subject.

I eventually developed an Excel spreadsheet that takes in data from various sensors and meters throughout the Sable system and uses that data to predict where MEG is in the pipelines. This prediction was used towards the goal of my project; to try to predict and explain the large volumes of MEG seen at the Goldboro gas plant onshore."

Commerce Co-ops

ExxonMobil has regularly employed commerce / accounting co-op students in the controllers group, usually for 4 month terms. Typically a new student is hired each term however 2 students in the past 3 years have come back for the 2nd term. The controllers group program exposes students to industry methods and provides further insight when applying for permanent job postings after graduation. Co-op students generally feel that the positions at ExxonMobil provide an opportunity to gain wide experience with relevant systems (SAP), spreadsheet and productivity tools (Excel, PowerPoint), variety of work experience (drilling, project work, controls, financial reporting), and good business practices and programs (including ethics, self-assessment, audit, etc). The work is challenging and offers some exposure to the Controllers management team through the day to day activities and end of work term presentation.

4.0 Diversity and Inclusion

Creating and maintaining an all inclusive and diverse workforce has been a priority for ExxonMobil. During the Fourth Quarter of 2006, and throughout the year, efforts continued to encourage representation of traditionally underrepresented groups, namely:

- Aboriginal Persons
- Racially Visible Persons
- Women
- Persons with Physical/Mental Challenges

ExxonMobil does not make assumptions about membership in a traditionally underrepresented group. Rather, ExxonMobil encourages "voluntary self-identification" which occurs when individuals identify themselves as members of a traditionally underrepresented group on an application/resume and/or proactively to their supervisor/organization, or through other voluntary means.

The following table provides a tally of individuals who identified themselves as a member of a traditionally underrepresented group during the period of the Second Quarter of 2001 through the Fourth Quarter of 2006.

Table 10 – Traditionally Underrepresented Groups

Self-Identified Members of Traditionally Underrepresented Groups - Historic				
Quarter	Aboriginal Persons	Racially Visible Persons	Women	Persons with Physical/Mental Challenges
2001	32	46	405	14
2002	81	145	370	14
2003	23	77	390	24
2004	7	80	412	14
2005	8	49	332	6
2006	9	36	235	4

5.0 Capacity Development

During the Fourth Quarter of 2006, capacity development initiatives related to developing and supporting a viable and increasingly sustainable gas industry in Nova Scotia continued to be undertaken. These initiatives have been divided into four core areas:

- Training and Education
- Technology Transfer
- Supplier Development
- Research and Development

Please note: Items in Section 4.0 may also be reported by ExxonMobil and affiliates in other reports.

5.1 Training and Education

During the Fourth Quarter of 2006, emphasis continued to be placed on relevant skill development in Nova Scotia related to the oil and gas industry. In addition to expenditures made on employee training, investments in community training and educational programs were also made. The following three initiatives are examples of ExxonMobil training and education initiatives in undertaken internally or with our stakeholders during 2006:

1) Marine Safety Council

The Canadian Association of Petroleum Producers (CAPP) has presented ExxonMobil Canada with the 2006 Steward of Excellence Award for Health and Safety Performance. The award recognizes ExxonMobil Canada's leadership in forming a Marine Safety Council to improve supply vessel safety for the offshore area. In January 2003, the first Marine Safety Council meeting was



Figure 14 - Sable Asset Manager Brent Janke, third from left, presents recognition awards to ExxonMobil Canada marine contractors who are Marine Safety Council members including, from left, Rick Strong of Seabase Maersk, Joachim Pektzilikoglou of Atlantic Towing and Harry Pitcher of Secunda Marine.



Figure 15— Offshore Supply Vessel held among Canada East personnel and supply vessel contractors. Throughout 2004, other energy companies operating in the area joined in. Since 2005, the council has been widely accepted and used in the region to promote the goal of *Nobody Gets Hurt – I Will Not Get Hurt Today*. Participation by contractors' senior leadership, supply vessel captains and crew members was critical. They set aside their competitive nature and shared best practices and ideas for many improvements. These include the development of marine operating procedures and the adoption of safety tools used on the offshore production platforms, such as Job Safety Analysis, Last-Minute Risk Assessment and Hazard Awareness. The result is a marked improvement in safety performance. The contractor recordable incident rate per 200,000 hours worked dropped from a rate of 9 in 1998 to a rate of 2.6 at the end of 2006.

2) Natural Gas Pipeline Emergency Response Drill

ExxonMobil held an emergency response drill in the Roachvale area on the South River Lake Road in Guysborough County on Sunday, September 17, 2006.

The purpose of the exercise was to provide the companies' emergency response teams and local emergency response organizations with an opportunity to test their skills and ensure they are prepared to respond quickly and effectively in the unlikely event of an emergency in the area. Other organizations participating in the exercise included: Maritimes and Northeast Pipelines, East Coast Response Corporation, Point Tupper Marine Services Limited, Emergency Measures Organization, EHS - Guysborough, RCMP - Guysborough, Erinville Volunteer Fire Department, Guysborough Volunteer Fire Department, Larry's River Volunteer Fire Department, Manchester and Boylston Volunteer Fire Department and Harborview Volunteer Fire Department.

While ExxonMobil manages their business with the goal of preventing incidents, these exercises ensure team readiness. This exercise was a joint initiative between industry and the local emergency measures organizations.

3) Compression Training - NSCC

The Nova Scotia Community College was selected through competitive bid process to provide operations and maintenance training for the ExxonMobil Sable Tier 2 Compression Project. NSCC developed a custom training program that included a week-long Basic Compressor Course, two weeks of Operating Systems training and duty-specific training for control room operators and maintenance personnel. Training development was predicated on meeting the procedure-based competency requirements of ExxonMobil Operating Integrity Management System (OIMS). During the period May 2005 through June 2006, training was developed and delivered to approximately 60 ExxonMobil employees and contractors. A permanent multimedia and hardcopy Compression training package and full training records for all participants were also provided under contract.

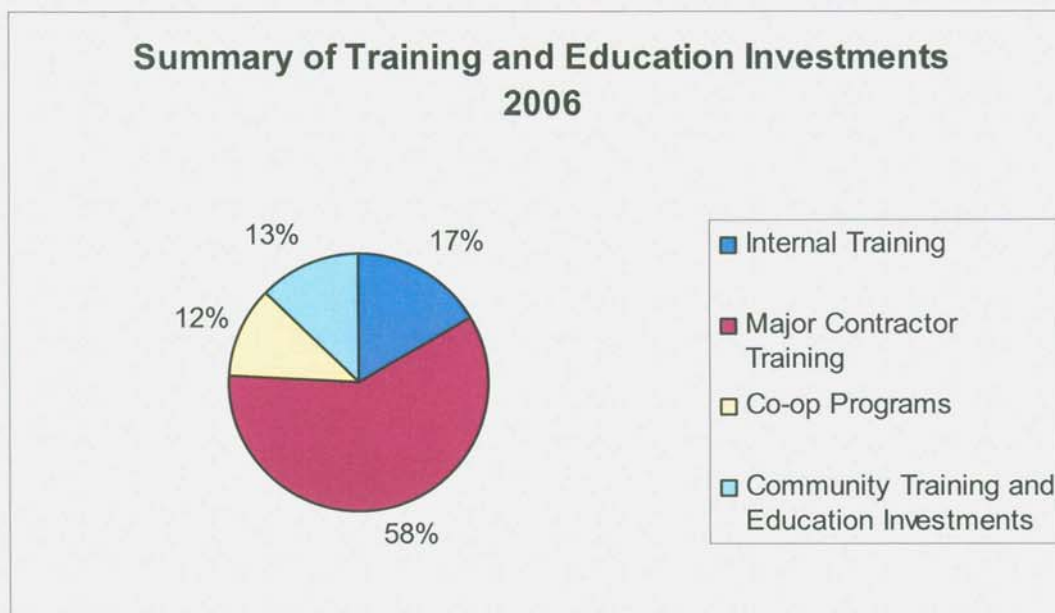
Training and education investments for 2006 are summarized in the tables and chart below:

Table 11 – Training and Education Investments (by quarter)

Training and Education Investments – 2006 (Including Co-op/Work Placement Programs and Community Training and Education Investments)	
Quarter	Investment
First Quarter 2006	\$744,199
Second Quarter 2006	\$1,504,959
Third Quarter 2006	\$752,311
Fourth Quarter 2006	\$834,571
Total	\$3,836,040

Table 12 – Training and Education Investments

Summary of Training and Education Investments 2006		
Description of Training	Fourth Quarter	2006 Total
Internal Training	\$108,838	\$638,703
Major Contractor Training	\$256,257	\$2,267,227
Co-op Programs	\$97,086	\$444,120
Community Training and Education Investments	\$372,390	\$485,990
Totals	\$834,571	\$3,836,040

**Figure 16 - Training and Education**

In 2006, over \$3.83 million was spent on Training and Education. Cumulatively, in excess of \$39.4 million has been invested in Training and Education. The following table shows the history of training and education investments.

Table 13 – Training and Education Investments – Historic

Training and Education Investments – Historic (Including Co-op/Work Placement Programs, Community Training and Education Investments)		
Year	Investment	Cumulative
1998	\$7,027,316	\$7,027,316
1999	\$5,635,294	\$12,662,610
2000	\$3,296,130	\$15,958,740
2001	\$5,440,177	\$21,398,917
2002	\$4,071,942	\$25,470,859
2003	\$3,881,650	\$29,352,509
2004	\$3,260,635	\$32,613,144
2005	\$3,047,550	\$35,660,694
2006	\$3,836,040	\$39,496,734

5.2 Technology Transfer

During 2006, expenditures related to technology transfer totaled more than \$500 thousand. As in previous years, 'rig' related work made up a large portion of this transfer. The 'rig' related portion of technology transfer is declining as the current phase of drilling activity ends.

The cumulative expenditures related to technology transfer are provided in the following tables.

Table 14 – Technology Transfer - by quarter

Technology Transfer Investments Fourth Quarter 2006	
Quarter	Investment
First Quarter, 2006	\$176,703
Second Quarter, 2006	\$189,175
Third Quarter, 2006	\$209,781
Fourth Quarter, 2006	\$13,080
Total, 2004	\$588,738

Table 15 – Technology Transfer - Historic

Technology Transfer Investments - Historic		
Quarter / Year	Investment	Cumulative
1998	\$972,655	\$972,655
1999	\$391,967	\$1,364,622
2000	\$7,625,490	\$8,990,112
2001	\$4,662,600	\$13,652,712
2002	\$4,149,458	\$17,802,170
2003	\$7,076,230	\$24,878,400
2004	\$4,672,802	\$29,551,202
2005	\$1,015,354	30,566,556
2006	\$588,738	\$31,155,294

Examples of Technology Transfer to Nova Scotia Firms:

ExxonMobil encouraged our contractors to share their success stories in support of the 2006 Annual Report. The information below was provided by two of these contractors.

Eastpoint Engineering

EastPoint Engineering Ltd. of Halifax, Nova Scotia has secured a variety of technologies from such diverse locations as Sweden, Britain, Germany, USA, and France which allow the company to position their design and supply solutions to the needs of this focused marketplace in a unique manner. As a critical element of the Fire Control and Human Safety systems on board the Drill Rig, the HVAC solutions provided by EastPoint meet and exceed the technical expectations of the operators, making these solutions the preferred option of many Rig operators. This combination of leading edge technologies is being provided to this very demanding marketplace from Nova Scotia as an extension of the initial efforts of the Sable project.

Fabcon Canada

On the Sable Tier II Compression Project, Fabcon has provided Technology Transfer to Nova Scotia engineers, in the areas of Process Instrumentation and Process Controls.

Process Instrumentation Engineering:

The control systems associated with an offshore installation such the Sable Tier II Compression phase are complex and technologically challenging areas. Fabcon's Colin McLeod has 25 years experience in these systems and continues to provide his knowledge and expertise to these offshore installations. The support personnel who report to and interface with Mr. McLeod are continually exposed to his knowledge and experience. His

example and guidance have been beneficial to all who work with and for him. This has helped to develop many up coming technologists and engineers to take these challenges on to other projects in Canada.

Process Controls Engineering:

The process design and operability aspects of offshore installations can be complex with unique and challenging features in some areas. Fabcon's Peter Wynn has 23 years experience with these facilities, particularly in the more specialized areas such as large process compression systems and dynamic simulation methods on the Sable Tier II Compression phase. He continues to provide his expertise to these facilities in both the design and operation stages. The rigor of the oil and gas industry for the design, documentation, testing and quality checks involved are very high and Mr. Wynn is able to provide guidance and leadership while dispersing technology to many of the supporting personnel who work with him on the project. This increased their knowledge and understanding of process engineering which is a portable skill they can take on to future projects in Canada.

5.3 Local Supplier Capacity

Steel and Pipe Spool Fabrication Services

The Sable Project continues to challenge the capacity of the local fabrication community with new opportunities to respond to onshore and offshore fabrication needs. In 2006, local fabricators stepped up to the challenge to meet project safety and quality requirements, technical specifications and schedule constraints in a responsive and competitive way. Where unique materials were required, the project free issued steel of the specified grades to fabricators for construction of structural steel and/or pipe spool fabrication works as required offshore. Fabricators developed the required welding procedure qualifications, welding procedure quality testing, welder qualification and testing to meet the material specifications, and implemented the work according to procedures and project standards. The following indicates the level of participation in 2006:

- Amec Black & Macdonald - EPCM contractor to ExxonMobil, coordinated and supplied all labour for work throughout 2006 on all offshore and onshore facilities. Completed offshore work scope for WP03 work pack including installation of overhead pipe rack and bridge landing platform for compression project at Thebaud.
- Partners Construction Pictou - Fabricator on unique projects such as South Venture Tie ins, compression cut-ins, Alma 3 flow line, North Triumph pigging project at Thebaud and dehydration tower modifications, new filters and strainers at Goldboro
- Marener Construction - fabricated 80 tons of structural steelwork for additional accommodations project at Thebaud, new lifeboat davit and platform at North triumph, installation of dive support equipment on the Kingfisher and major structural repairs to the North Triumph crane.
- Parker Aluma - suppliers of labour and materials for all Sable facilities in the field of scaffolding, coatings and insulation. Contractor for all vessel cleaning and NORM containment.
- Hercules - Supplier of materials and skilled labour to effect upgrades to all offshore cranes.

- Aecon-Fabco - Completed onshore work scope for prefabricated pipe racks, bridge landing and piping spools for system interconnections forming part of WP03 work pack for compression project



Figure 17 – Beams and Pipes for fabrication of South and East Pipe Racks at Aecon-Fabco, Dartmouth (for Brownfield Modifications - WP03)

Engineering Services

Accent Engineering

ACCENT Engineering of Dartmouth, Nova Scotia has been involved with the Sable Project since 1997. In the past few years, ACCENT's involvement has expanded from Engineering only to Engineering, Procurement and Fabrication, allowing ACCENT to broaden its capabilities and services offered. ACCENT now manages this broader scope of work with particular emphasis on QA/QC for procurement and fabrication. As such, ACCENT has had the opportunity to audit fabricators locally for the fabrication of piping and structural components. Accent has also had the opportunity to visit/audit plants internationally for the manufacture of a pump skid (USA), valves (Italy) and control valves (France), gaining valuable knowledge. During 2006, Accent worked over 45,000 person hours and had over \$8,000,000 in expenditures on several Sable Projects. Co-op students formed part of the project team for some of the work executed for Sable.

Eastpoint Engineering Ltd.

EastPoint Engineering Ltd. of Halifax, Nova Scotia was the successful proponent for the provision of the design and supply of the Heating, Ventilation and Air Conditioning (HVAC) equipment requirements for the ExxonMobil Tier II Compression Platform. This project was contracted through Saiwoo Contracting, the EPCM contractor for compression, and was installed on the platform in Okpo, Korea. This requirement put EastPoint in contact with Daewoo, a Saiwoo JV participant who were pleasantly surprised by the quality and capabilities of the EastPoint team. They were one of the first teams to achieve QA acceptance on this project. The total contract value of 1.5M\$ was the beginning of a series of follow on contracts with Daewoo for other non EMCP projects which at the time of writing exceed 30 M\$. EastPoint continues to develop the relationship with Daewoo and other Korean Drill Rig suppliers and currently employs a dedicated team from a new office location in Bedford, Nova Scotia which focuses on this market and the Gulf Coast of the USA, all as a direct result of securing their first HVAC contract for the Sable Compression Project.

ABB Canada

ABB of Dartmouth, has maintained an office in Nova Scotia since 1945. In recent decades ABB has found it has become increasingly difficult to find a critical mass of business to justify the local office. All other original manufacturers of automation have left the province or the region or in some cases, Canada. The maintenance of a local office is important to Nova Scotia industry. It provides local expertise and support and thus plays a role in maintaining the viability of sustainable industry. It also provides employment and effects technology transfer to ABB employees as well as industry.

The Sable Project has played a key role in maintaining a business environment that supports the viability of the ABB office in Nova Scotia. For the Compression Project, ABB supplied the Process Control System and Fire and Gas, Process Shutdown and Emergency Shutdown Safety Systems. Modifications were also made for tie-in to existing systems including the Process Information System. The Compression project has resulted in over 34,000 hours of work, the majority of which was done by the Nova Scotia office. The Sable Project has been a success for ABB. It has been recognized as such within the ABB organization with the Nova Scotia engineering team being given the Performance Excellence Award for 2006. Based on the performance of the systems during startup we believe that this has in turn been a successful aspect of the project for Exxon Mobil and Saiwoo Contracting. One of the key reasons for success on the Compression Project was the ability to apply the knowledge and experience gained from the continuity of collaboration between ABB and the owners during various Sable projects since 1998.

Other benefits include:

- Technology transfer for engineering and applications of High Integrity SIL3 TMR technology to the ABB Nova Scotia office. This has resulted in opportunities to sell this expertise for work in other parts of North America.
- The ABB Nova Scotia office developed an engineering tool for a system interface that will enhance engineering execution of future systems.
- ABB outsourced peak load engineering work to a local third party company providing employment and technology transfer.
- The Sable facilities utilize a demanding telecommunication infrastructure with respect to integrating offshore and onshore facilities. Experience from the Sable Project has assisted ABB in enhancing the design of its communication system interfaces for the benefit of other ABB projects around the world.

Research and Development Initiatives

Throughout 2006, ExxonMobil, its partners, and contractors continued working on research and development initiatives.

The cumulative reported initiatives in research and development from the Sable Project as of December 31, 2006 is over \$24 million. Please see the table below for historic research and development initiatives reported.

Table 16 – Research and Development Initiatives

Research & Development Initiatives - Historic		
Year	Investment	Cumulative
1995	\$121,500	\$121,500
1996	\$146,000	\$267,500
1997	\$3,888,373	\$4,155,873
1998	\$5,758,207	\$9,914,080
1999	\$2,813,428	\$12,727,508
2000	\$4,690,139	\$17,417,647
2001	\$2,564,786	\$19,982,433
2002	\$2,068,169	\$22,050,602
2003	\$666,385	\$22,716,987
2004	\$277,000	\$22,993,987
2005	\$628,127	\$23,622,114
2006	\$458,113	\$24,080,227

First Quarter, 2006	n/a
Second Quarter, 2006	\$29,113
Third Quarter, 2006	\$35,000
Fourth Quarter, 2006	\$394,000
Total, 2006	\$458,113

Pengrowth - Nova Scotia Energy Scholarship Program

The Pengrowth-Nova Scotia Energy Scholarship Program was established as a joint initiative of Pengrowth Corporation, one of the Sable Project owners, and the Nova Scotia government. Under this unique program, scholarships are awarded to students who pursue careers in the energy sector. Scholarships are offered to students entering university or community college after completing Grade 12 at a Nova Scotia high school. At least 10 scholarships, valued at \$10,000 each (\$2,500 renewable over 4 years), are awarded annually to students pursuing energy related studies at a university. One additional university scholarship is designated each year for a member of a First Nation or visible minority. The program also offers at least 4 non-renewable \$2,500 scholarships for first-year students pursuing energy related trades and technology programs at the Nova Scotia Community College. The program also includes research grants for students pursuing studies at the master's degree level. As many as 4 grants, worth up to \$15,000 each, are awarded every year to graduate students conducting eligible research. To date, this fund has provided almost 40 scholarships for Nova Scotia students.

(Ref: Website, Department of Energy:

<http://www.gov.ns.ca/news/details.asp?id=20061115003>)

Petroleum Research Atlantic Canada (PRAC)

PRAC is a federally incorporated, public-private partnership, formed when members of industry, academia and government came together to find a way to build regional petroleum-related research and development capacity. PRAC, housed at Dalhousie University in Halifax, Nova Scotia, is designed to be a Centre of Excellence in oil and gas research and education.

PRAC is undertaking a number of activities that will be a key contribution to the development of a sustainable oil & gas industry in Atlantic Canada, including:

- facilitate contacts and initiatives between the University and the oil and gas industry.
- coordinate interdisciplinary research projects targeted at industrial needs.

- offer graduate courses in petroleum engineering and offshore environmental studies.
- develop and provide short courses of interest to the private sector.
- create workshops and initiate seminars on industry-related issues.
- hire Research Chairs from within or outside the University who possess special skills related to the oil and gas industry. These could be research scientists or engineers with a close working relationship with industry, or they could be drawn from the industry itself.

As the oil and gas industry develops, there will be an increased demand for Nova Scotians trained in oil and gas industry-related technology. PRAC is a valuable source of specially trained individuals. Through its research and in-house expertise, PRAC serves as a needed resource to industry. During 2006, the Sable Project continued to provide funding for PRAC R&D initiatives.

Sable Island Research Projects

Sable Terrain Management Team – In 2006 ExxonMobil Canada provided \$11,000 for a review of Sable Island terrain management programs that were undertaken between 1976 and 1995. The 2006 review also will look at changes – both natural and anthropogenic – in the landscape of Sable Island, and will make recommendations for conservation. The work between 1976 and 1995 was primarily funded by Mobil Oil Canada and involved sand trapping and transplanting techniques including debris dikes, wood slat snow fencing, and barriers constructed with used Christmas trees. The barriers were used to manage water and sand movement; transplanted beach grass was used to re-vegetate damaged areas. Early projects dealt with breaks and washovers through the south beach dune line, many of which were caused by natural erosion. Later work focused primarily on areas damaged by human activities, particularly vehicle traffic over vegetated terrain. Of particular interest is evaluation of the success of restoration work conducted at former drill sites from exploration activity on the Island in the 1960s and '70s, as well as a decommissioned helicopter refueling facility and a secondary landing pad east of the Sable Island Station.

Sable Ozone Study - ExxonMobil Canada is providing \$16,000 to support Sable Island's involvement in an international research project that will examine transport of pollutants and their chemical transformation in air masses crossing North America. Sable Island's participation will be to measure ozone profiles from as high as 40 kilometers for a 30-day period during the summer by launching balloon-borne radiosondes that transmit meteorological data back to ground equipment located at the Sable Island Station. Ozone profiles will be conducted once a day and the timing will be coordinated by scientists from the National Oceanographic and Atmospheric Administration (NOAA) in Boulder, Colorado. Other sites will include ships, planes, and ground-based observations in places such as Kelowna BC, Edmonton, Bratt Lake SK, Egbert ON, Yarmouth NS, Beltsville MD, Boulder CO, Houston TX, Huntsville AL, Los Alamos NM, Narragansett RI, Trinidad Head CA, Valparaiso IN, Wallops Island VA and Mexico City.

Other Scholarships

Top students graduating from the seven high schools in Guysborough, Antigonish and Richmond counties are awarded bursaries each year from the Sable owners to help them with post-secondary education.

6.0 Community Education and Participation

Contribution to Community

The Sable project makes a positive contribution to local communities both in financial support and through volunteer involvement by ExxonMobil Canada employees who have always generously supported local charities with their time, talent and money.

Highlights of activity in Nova Scotia in 2006 include supporting the following charities and projects:

United Way

Employees contribute to the United Way through payroll deductions and through a creative, fun and successful fund-raising campaign, which is matched by the Sable owners. This year the ExxonMobil Canada campaign in Halifax raised a total of \$135,000, which ranked it in the top 10 campaigns for the United Way of Halifax Region, along side of much larger organizations such as Department of Defense, Aliant and Emera/Nova Scotia Power.

Junior Achievement

ExxonMobil provided funding and volunteers for the Junior Achievement program, *the Economics of Staying in School* in Halifax. Students have described this as the best school day of their lives, while others indicated it made them think more seriously about career choices and how they impact their lifestyle choices as adults.

Queen Elizabeth II Health Science Centre

Health care and emergency health care are important to everyone, but also have a direct link to our business, where despite tireless efforts to stay safe injuries can still happen. That's why ExxonMobil is donating \$150,000 to the QEII's Working Miracles capital campaign in Halifax. The donation will be directed to the development of a new state-of-the-art art trauma resuscitation room that incorporates the latest design, ergonomics and equipment to deal with the most critically ill patients in the Maritimes.

Scholarships

Top students graduating from the seven high schools in Guysborough, Antigonish and Richmond counties are awarded bursaries each year from the Sable owners to help them with post-secondary education.

Sable Island Ozone Study

ExxonMobil Canada provided \$16,000 to support Sable Island's involvement in an international research project that will examine transport of pollutants and their chemical transformation in air masses crossing North America. Sable Island's participation measured ozone profiles from as high as 40 kilometres for a 30-day period during the summer by launching balloon-borne radiosondes that transmit meteorological data back to ground equipment located at the Sable Island Station. By supporting the Sable Island Station, Canada enhances its ability to participate in international programs of monitoring and research.

Joseph Howe Elementary school

It feels like this inner city school has been adopted by our company and our employees. In addition to \$10,000 in annual funding, our employees have assisted the school and its students with literacy programs, renovations and a computer room. The school has also been able to benefit from our relationship with the arts community thereby providing additional programming to the students.

Discovery Centre

The Sable project owners have supported the Discovery Centre Science Gallery in Halifax for a number of years. This hands-on science learning experience entertains and educates more than 50,000 people annually. Look for the ExxonMobil Gallery the next time you visit.

Kiwanis Music Festival

The Kiwanis music festival provides a learning experience for thousands of young musicians in Nova Scotia and the Sable project has been a leading sponsor for many years.

Granville Green Outdoor concert

Each summer, a series of outdoor concerts are held on Sundays in Port Hawkesbury, NS. These free concerts at the local waterfront are quite an attraction for locals and tourists and the series is sponsored by the Sable project owners.

Festival Antigonish

Festival Antigonish attracts more than 10,000 people each summer and provides valuable work experience to local performers and crew. Sable has supported the festival since the project began.

Mulgrave Road Theatre

Through the support of the Sable project, this theatre group has written and performed numerous plays based on stories from the Guysborough area.

Nova Scotia Nature Trust

The St. Mary's River in Guysborough County, home of the Goldboro gas plant, is one of the largest watersheds in Nova Scotia and one of Canada's heritage recreational salmon fisheries.

The Nova Scotia Nature Trust and the Sable project teamed up to save the recreational salmon fishery in St. Mary's River through a five-year project that will identify and permanently protect some of the highest priority conservation sites on the river, engage local community members in land stewardship, and provide outreach and land stewardship education in the community.

The Sable owners provided the lead gift of \$30,000 for the campaign.

Sherbrooke Village - Hands on History Program

Funding from a \$16,000 donation by the Sable project allows a school in the Guysborough area to visit and spent time at the historic village experiencing life in the past. This four-year program is bringing history to life for hundreds of school children in the area, while complementing their academic training.

Feed Nova Scotia/St. Mary's & Guysborough Food banks

The Sable project has been helping feed Nova Scotians through various initiatives such as Feed Nova Scotia, formerly the Metro Food Bank, and St. Mary's and Guysborough food banks in eastern Nova Scotia.

Techsploration

ExxonMobil and the Sable project were founding sponsors of Techsploration, which provides Grade 9 girls with information about careers in trades and technology. In addition to financial support, female employees from ExxonMobil act as role models and an employee is also a volunteer on the organization's board of directors.

Neptune Theatre

The Sable project continues to support Neptune Theatre and in 2006 was the presenting sponsor of the musical *Evita*. ExxonMobil sponsored a pre-concert reception for community stakeholders and theatre representatives.

For the eighth year, the Sable project supported Neptune's Pre-Professional program for young people interested in further developing their performance skills. This program targets dance, movement, musical theatre and modern acting techniques.

Symphony Nova Scotia

Sable is a supporter of the Adopt-a-Musician program which connects musicians with students and teachers in Grades 4 and 5. The students then create and perform their own music at a final concert.

Stan Rogers Festival

The Sable project has been sponsoring the Stan Rogers Festival for the past 10 years. This world-class event transforms the Town of Canso, NS, drawing thousands of visitors and boosting the local economy.

Canadian Association of Petroleum Producers - Energy in Action

About 17 ExxonMobil employees and contractors planted trees and stocked salmon fingerlings in the Sackville River as part of CAPP's Energy in Action environmental initiative, which was also sponsored by ExxonMobil.



Figure 18 – Tree Planting (left to right) by Karen Harrigan, Kim Breshetti and Joanne Boucher

New Harbour Beach Sweep

ExxonMobil employees helped out the First New Harbour Beavers and Cubs with a Beach Sweep of the New Harbour beach, about a half-hour from the Goldboro gas plant. ExxonMobil also sponsored the event, which resulted in bags and bags of garbage being picked up off the local beach.



Figure 19 – New Harbour Beach Sweep Participants

Sable Island's Terrain Study

ExxonMobil Canada has provided support for a review of Sable Island terrain management programs that were undertaken between 1976 and 1995. The review will also look at changes – both natural and anthropogenic – in the landscape of Sable Island, and make recommendations for conservation. The work between 1976 and 1995 was primarily funded by Mobil Oil Canada and involved sand trapping and transplanting techniques including debris dikes, wood slat snow fencing, and barriers constructed with used Christmas trees. The barriers were used to manage water and sand movement; and transplanted beach grass was used to re-vegetate damaged areas.

Other organizations that received support in 2006 include:

- 12th Annual Sherbrooke NS Show & Shine
- Antigonish/Guysborough Early Intervention Program
- Arthritis Society Nova Scotia Division
- Atlantic Oilworkers Curling Association
- Auction in support of Stephen Zwann
- Bayview Education Center
- Bedford Blues PeeWee AA Hockey
- Bedford Soccer Associates
- Bedford Youth Development Association
- Canadian Offshore Resources Exhibition (CORE) Conference
- Canadian Progress Club
- Canso Area Daycare
- Canso Curling Association
- Canso Regatta
- Cape Breton Regional Library
- Causeway Shrine Club
- Cerebral Palsy Association

Clean Nova Scotia
Country Harbour Smokey Hollow Holidays
Ducks Unlimited
Ecole Acadienne de Pomquet, NS
Entrepreneurial and Skills Program for Youth
Foyer Ecole
Geological Association of Canada
Girl Guides Canada
Goulds Minor Softball
Guysborough Amateur Athletic Association
Guysborough Come Home Week Society
Guysborough County Regional Development Association
Guysborough Fish & Game Association
Havre Boucher & Area Cultural, Development and Recreation Association
Havre Boucher Fall Classic Golf
Heritage Collegiate ROV competition
Immaculate Conception Parish
Inverness Regional Minor Baseball Association
Keepers of the Beacon
La Frimousse Prescolaire
La Societe des Acadians de la Region de Tor Baie
Mocean Dance
Mulgrave Memorial Education Center
Mulgrave Volunteer Fire Department
Ocean Lake Riders
O'Connell Drive Elementary School's Read-a-Thon
Offshore/Onshore Technology Association of Nova Scotia (OTANS)
Parkinson Society
Port Hawkesbury Skating Club
RCMP Library Literacy Program
Ritchie Mann Invitational 2006 in support of Breast Cancer
Roy Feltmate Memorial ATV Rally
Sackville Minor Hockey & Ringette Association
Saint Andrew's Consolidated School
Lung Association Breath of Hope Lung Walk
Scotia Days Festival
Seniors Along The Bay
St Mary's Academy
St Mary's Summer Celebration
St Peter's Parish
St. Francis of Assisi School
St. Martha's Hospital
St. Mary's Education Center
Tourette Syndrome Foundation
UNICEF
YMCA/YWCA of Pictou County

Please see Appendix 6 for further details on Community Investments for 2006.

Appendix 1

Sable Project Person Hours 2006

Vendors	2006 Nova Scotia	2006 Other Canadian	2006 Foreign
ABB Inc.	1,305	159	0
Accent Engineering Consultants	37,237	207	296
AMEC Black & MacDonald	119,789	6,227	101
Atlantic Eagle (Atlantic Towing)	434	12	0
Atlantic Offshore Medical	23,014	612	0
Blue Water Agencies Limited	2,560	0	0
Brunell Energy Canada Inc.	15,798	1,411	4,055
Canadian Helicopters	31,559	9,507	0
CL Consultants	166	166	0
East Coast Catering	24,612	0	0
ExxonMobil Canada	295,000	10,000	25,500
F I Oilfield Services Canada Limited	4,491	0	0
Fabcon Canada Limited	20,338	903	4,337
Facility Innovations	11,074	316	0
Fitzgerald, J.A. Consulting Services	1,266	0	0
Fugro Jacques Geosurveys Inc.	2,796	1,134	0
George Leblanc Consulting Limited	1,987	0	0
GlobalSantaFe Drilling Co. (Cda) Ltd.	94,216	996	5,084
Haliburton Energy Services	0	780	1,280
Helly Hansen Canada	8,035	0	0
Hughes Christensen	30	50	0
Import Tool Corporation	3,664	1,968	344
Iron Mountain	1,143	0	1,446
Kelly Services (Canada) Limited	671	40	0
Lloyd's Register of Shipping	4,465	8	7,267
London Offshore Consultants Ltd.	28	0	1,670
M.I. Drilling Fluids Canada	3,847	1,069	0
Maersk Company Nova Scotia Limited	48,271	11,331	34
Matrix Environmental	9,092	103	0
Maxxam Analytics	501	0	0
Nova Communications	3,594	0	0
Nova Scotia Community College	589	448	0
NSB Offshore	7,907	0	0
Oceaneering Canada Ltd.	10,692	3,008	672
Oceans Ltd.	1,655	1,095	0
Offshore Logistics	47,172	0	0
R-F Ironworks Limited	653	0	0
RTD Quality Services Inc.	5,916	1,115	0
SaiWoo Contracting	385,876	73,797	559,222
Schlumberger of Canada	2,839	754	0
Secunda Marine	156,891	43,403	0
Staffing Services International Inc.	2,880	0	0
Stewart McKelvey Stirling & Scales	172	0	0
Swaco Canada	2,477	390	0
Team Products and Services Limited	1,144	0	0
W. LaBrash Consulting Inc.	2,043	0	0

Appendix 2

Team	Academic Institution and Location		Discipline
ACCENT Engineering Consultants Inc.	Dalhousie University	Engineering	
ACCENT Engineering Consultants Inc.	Dalhousie University	Engineering	
ACCENT Engineering Consultants Inc.	Dalhousie University	Mechanical Engineering	
ACCENT Engineering Consultants Inc.	Dalhousie University	Mechanical Engineering	
ACCENT Engineering Consultants Inc.	Dalhousie University	Universal Studies (Document Control)	
ACCENT Engineering Consultants Inc.	Memorial University of Newfoundland	Engineering	
ACCENT Engineering Consultants Inc.	Dalhousie University	Engineering	
ACCENT Engineering Consultants Inc.	Dalhousie University	Engineering	
ACCENT Engineering Consultants Inc.	Dalhousie University	Engineering	
AMEC Black & McDonald	Dalhousie University	Engineering	
AMEC Black & McDonald	Dalhousie University	Engineering	
ExxonMobil Canada	Dalhousie University	Commerce	
ExxonMobil Canada	Dalhousie University	Commerce	
ExxonMobil Canada	Dalhousie University	Engineering	
ExxonMobil Canada	Dalhousie University	Engineering	
ExxonMobil Canada	Dalhousie University	Engineering	
ExxonMobil Canada	Dalhousie University	Commerce	
ExxonMobil Canada	Dalhousie University	Commerce	
ExxonMobil Canada	Dalhousie University	Engineering	
ExxonMobil Canada	Dalhousie University	Engineering	
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ExxonMobil Canada	Dalhousie University	Engineering</	

Appendix 2 (cont'd)
2006 Co-op and Work Placements

Team	Academic Institution and Location	Discipline
Saiwoo Contracting	Dalhousie University	Engineering
Saiwoo Contracting	Dalhousie University	Engineering
Saiwoo Contracting	Dalhousie University	Engineering
Saiwoo Contracting	Dalhousie University	Engineering
Saiwoo Contracting	Dalhousie University	Engineering
Saiwoo Contracting	Dalhousie University	Engineering
Saiwoo Contracting	Dalhousie University	Engineering
Saiwoo Contracting	Memorial University	Engineering

Appendix 3

2006 Technology Transfer Investments

Team	Program Description
Fabcon Canada Limited	Transfer of technology in the form of skills from Specialist Personnel on the Sable Project to local engineering staff in process simulation and instrumentation and control activities. These skills were transferred to Nova Scotia from the UK.
GlobalSantaFe Drilling Co. (Canada) Ltd.	A supervisory staff of 4 and a shorebase team of 1 were transferred from the UK to Nova Scotia for the continuous process of training rig personnel on state-of-the-art rig equipment and technologies. The offshore installation managers have continued to participate in the dissemination of technology through the training of two Nova Scotian barge engineers. During this quarter, one non-Canadian Senior Electrician left Nova Scotia and was replaced by a Nova Scotian. This resulted in a milestone for the Galaxy II, with all electrical and mechanical maintenance personnel now Nova Scotian.
Salwoo Contracting	Senior Management and specialists onboard the Galaxy II transferred skills to Nova Scotia from the UK.

Appendix 4

2006 Research and Development Investment

Recipient	Program Description	Investor
ExxonMobil Canada	Petroleum Research Atlantic Canada (PRAC)	ExxonMobil Canada
Helly Hansen Canada Ltd.	Ongoing research and development of the E-452 survival suit.	Helly Hansen Canada Ltd.
Imperial Oil Canada	Petroleum Research Atlantic Canada (PRAC)	Imperial Oil Canada
Nova Scotia Community College	Nova Scotia Community College Trades and Technology Fund Donation	Nova Scotia Community College
Nova Scotia Students	Scholarships	The Pengrowth-Nova Scotia Energy Scholarship Program
NS High School Students	Bursaries	ExxonMobil Canada

Appendix 6

2006 Community Investment Summary

Initiative	Community Development & Support	Training & Education	Environmental Enhancement	Cultural Support	Underrepresented Communities
United Way	✓	✓		✓	✓
Junior Achievement	✓	✓	✓	✓	✓
Queen Elizabeth II Health Science Centre	✓	✓			
Scholarships	✓	✓		✓	✓
Sable Island Ozone Study	✓	✓	✓		
Joseph Howe Elementary school	✓	✓		✓	✓
Discovery Centre	✓	✓	✓		
Kiwanis Music Festival	✓			✓	
Granville Green Outdoor concert	✓			✓	
Festival Antigonish	✓			✓	
Mulgrave Road Theatre	✓			✓	
Nova Scotia Nature Trust	✓	✓	✓		
Sherbrooke Village - Hands on History Program	✓	✓		✓	
Feed Nova Scotia/St. Mary's & Guysborough Food banks	✓				✓
Techsploration	✓	✓			✓
Neptune Theatre	✓				
Symphony Nova Scotia	✓				
Stan Rogers Festival	✓			✓	
New Harbour Beach Sweep	✓	✓	✓		
Sable Island's Terrain Study	✓	✓	✓		

Developing Leaders in Energy



Congratulations to the winners of the 2006 Pengrowth-Nova Scotia Energy Scholarships

Fourteen Nova Scotia students have been chosen to receive the Pengrowth-Nova Scotia Energy Scholarship. Ten receive university scholarships worth as much as \$10,000 each, \$2,500 renewable over four years, based on a combination of extracurricular activities and academic performance. Four receive \$2,500 non-renewable scholarships at the Nova Scotia Community College.



Evan Bridson-Pateman
Annapolis
Education Centre,
Annapolis Royal,
B.Sc., Dalhousie
University



Danielle Glenn
Dr. John Gillis
Regional High
School,
Antigonish,
Engineering,
St. F.X. University



Kevin MacIssac
Northumberland
Regional High
School, Westville,
Electro Mechanical
Technology, NSCC



Scott Smith
Halifax West
Regional High
School, Halifax,
B.Sc., University
of Calgary



Christopher Cloney
South Colchester
Academy,
Brookfield,
BEng, Dalhousie
University



Ashley Hill
Memorial High
School,
Sydney Mines,
B.Sc., Atlantic
Baptist University



Corey MacNeil
Auburn Drive
High School,
Cole Harbour,
Electronic
Engineering
Technology, NSCC



Mark Staples
J.L. Isley High
School, Halifax,
BEng, Dalhousie
University



Gillian Fung
Sackville High
School,
Sackville,
B.Sc., Dalhousie
University



Amy Ingram
Liverpool
Regional High
School, Liverpool,
BCom, Saint
Mary's University



Cody Rawding
North Queens
Rural High
School,
Caledonia,
Mechanical
Engineering
Technology, NSCC



Daniel Verner
Riverview Rural
High School,
Coxheath,
Engineering,
Cape Breton
University



Malcolm Gillis
Cape Breton
Highlands
Academy,
Margaree,
Architectural
Engineering
Technology, NSCC



Beth MacEachern
Northumberland
Regional High
School, Westville,
B.Sc., Dalhousie
University

The Pengrowth-Nova Scotia Scholarship Program is designed to develop home-grown expertise by encouraging Nova Scotia students to pursue careers in the energy sector. These students can make a difference in the Nova Scotia energy sector by becoming tomorrow's Leaders in Energy. To find out how to apply for the next academic year, please visit: www.gov.ns.ca/energy



Developing Leaders in Energy

Congratulations to the winners of the 2006 Pengrowth-
Nova Scotia Petroleum Innovation Grant



Virginia Brake

Virginia is a Master's of Science student in the Earth Sciences Department at Dalhousie University working on 3D seismic interpretation. In April 2006, she completed her Bachelor of Science (Honours) degree at Dalhousie University.

Sarah Bowman

Sarah is enrolled in the Master's of Science in Applied Science program at Saint Mary's University. Sarah grew up in Lower Sackville and completed her Bachelor of Science with Honours in Geology and Geography at Saint Mary's University.

Thinking about petroleum-related research? The Pengrowth-Nova Scotia Petroleum Innovation Grant supports researchers investigating areas of importance to Nova Scotia's growing energy sector. As many as four non-renewable \$15,000 awards are available each year for Master's level students who are beginning studies in **earth sciences, business, or engineering** at a Nova Scotia university.

To find out how to apply for the next academic year, please visit: www.gov.ns.ca/energy

