[redacted]

DM-149655

SCENARIO BRIEF	
MEETING WITH THE CANADIAN ASSOCIATION OF PETROLEUM PRODUCERS (CAPP)	
TIME AND LOCATION	Date - Thursday September 29, 2011 Time - 3:30 p.m. – 4:10 p.m. Place - DM's office boardroom, 27th Floor TLC
PARTICIPANTS	Organization : Dave Collyer, President, CAPP Environment Canada: Paul Boothe, Deputy Minister Margaret Meroni, Energy and Transportation Directorate
CONTEXT OF MEETING	To discuss the industry innovation initiative.
ANTICIPATED OBJECTIVES, OUTCOME, DELIVERABLES – SPECIFIC RESULTS TO AIM FOR IN THE MEETING	CAPP specified that they wanted to discuss their industry innovation initiative. They did not respond to a request for further details on this subject. [redacted] s.21(1)(a) s.21(1)(b)
ISSUES	The Government of Canada coordinated the development of the Integrated Plan for Oil Sands Monitoring in collaboration with provincial, territorial and academic scientists. This plan includes components for monitoring air quality, biodiversity, and water in the oil sands region. The plan will provide the scientific foundation necessary to provide governments and industry with the information that they need to continue to ensure the environmentally sustainable development of this important resource.

POINTS TO REGISTER

- **Environment Canada works closely with the Alberta government under the Canada–Alberta Administrative Agreement for the Control of Deposits of Deleterious Substances under the Fisheries Act.**

- **The Alberta government issues permits which prohibit the release of tailings to surface waters. Under the Canada-Alberta agreement, the province has a commitment to alert Environment Canada if monitoring indicates leaching to waters frequented by fish.**

- **Presently, all oil sands open pit mining operators are respecting Alberta Environment' "zero-discharge" policy regarding their process-affected water, which results in the creation of tailings ponds.**

s.21(1)(b)

- [redacted] **Oil Sands Process Water (OSPW) stored in tailing ponds (currently covering an area of about 130 km^2), there will likely be a need for environmental controls for the proposed end-pit-lakes, even if these systems will operate decades from now.**

- **End-pit-lakes may be an important area to explore for collaboration opportunities amongst the broad range of engaged stakeholders which involves federal, provincial and territorial governments; science, technology, research and development, and regulatory experts; and other stakeholders such as aboriginal and environmental organizations; in addition to the industrial professionals already involved in groups such as the Canadian Oil Sands Network for Research and Development's (CONRAD) Tailings Ponds Consortium.**

BACKGROUND

Oil Sands Overview

Alberta's oil sands are a strategic energy resource for Alberta and Canada. The oil sands are the largest developed bitumen deposits in the world. The proven oil reserves from them are second in the world only to Saudi Arabia. Oil sands are developed using two techniques: surface mining or in situ drilling. Today, about one-half of production comes from each method. The industry expects that surface mining will be used to develop 20 per cent of the resource while the other 80 per cent of the resource must be developed using advanced in situ drilling technology, similar to conventional oil production.

The development of the oil sands in Alberta continues at an accelerating rate. Approximately $125 billion in capital investment has been announced for the period 2006 to 2015. Oil from conventional oil production is falling in Canada, whereas bitumen production is expected to triple or quadruple by 2020. The production of oil from the oil sands is already over half of Canadian oil production and this proportion will increase to three-quarters by 2020.

Upstream oil and Gas (including oil sands)

- Environment Canada is not only concerned with the environmental impacts of individual oil and gas projects, it is concerned with the cumulative effects of development, especially in the oil sands and urban centers. Impacts are not limited to air emissions. Terrain disturbance, disruption of groundwater regimes, and contamination of surface waters are all concerns, particularly with the accelerated pace of development.

- The upstream oil & gas sector accounts for approximately 21% nitrogen oxides, 17% sulphur dioxide, and 28% volatile organic compounds of total national emissions (based on the 2006 national inventory). New developments and growth of the industry means increased energy demands (from energy intensive oil sands operations) and increased air emissions.

- Upstream oil and gas sector was a $148-billion-a year industry in 2008. The non-oil sands portion had an estimated value of producer sales (industry revenues) of $110 billion while oil sands had an estimated value of $38 billion.

- In 2008, the industry contributed an estimated $26 billion to government revenues in the form of royalty payments, bonus payments, and income taxes, up from $24 billion in 2007.

CANADIAN ASSOCIATION OF PETROLEUM PRODUCERS (CAPP)
Suite 2100, 350 7th Avenue S.W.
Calgary, Alberta
Canada T2P 3N9
P: 403.267.1100
www.capp.ca

Organizational Profile

- The Canadian Association of Petroleum Producers group (CAPP) represent the many Canadian Upstream oil and natural gas companies as a single voice. It is structured as an association representing qualifying members (producer and associate status). CAPP's role is to work closely with its members, governments, communities and stakeholders; CAPP analyzes key oil and gas issues and represents member interests nationally in all of Canada's provinces and territories. It is estimated that CAPP members produce nearly 98% of Canadian petroleum production. Together CAPP's members and associate members are an important part of a $110-billion-a-year national industry that provides essential energy products.

- CAPP's mission is to enhance the economic sustainability of the Canadian upstream petroleum industry in a safe and environmentally and socially responsible manner, through constructive engagement and communication with governments, the public and stakeholders in the communities in which we operate.

- CAPP is extremely active on discussions of climate change issues with governments, and often takes a leadership role on behalf of industry.

- In March 2010, CAPP launched Responsible Canadian Energy™ as the evolution of CAPP's long-standing Stewardship Program. Building on the success of Stewardship, Responsible Canadian Energy™ is a focused and unified approach to directing Canada's oil and gas industry efforts to continue to improve health and safety, social and environmental performance. The Vision & Principles for Canada's oil and gas industry include: conducting business activities in a safe and sustainable manner, balancing social, economic and environmental considerations; holding each other accountable; and measuring ourselves against the following principles:

    - Provide a safe and healthy workplace for our employees, contractors and for the communities in which we work, with a goal to do no harm;
    - Conduct our activities in an environmentally responsible manner;
    - Engage our stakeholders in open and responsive communications;
    - Create opportunities for economic and social benefits in the communities in which we operate, at a local and national level; and
    - Conduct our business activities with integrity, ensuring all people are treated with dignity, fairness and respect.

BIOGRAPHY – DAVE COLLYER

David Collyer
President, Canadian Association of Petroleum Producers (CAPP)

David Collyer is the new President of the Canadian Association of Petroleum Producers (CAPP), effective September 15, 2008.

As president David is responsible for enhancing the economic well-being and sustainability of the Canadian upstream petroleum industry in a socially, environmentally and technically responsible manner. David is a major voice of the upstream oil and natural gas industry in Canada.

The goal of the CAPP is to analyze key oil and gas issues representing their members' interests nationally in 12 of Canada's provinces and territories. Current issues that David will be undertaking as president include: climate change, the environmental impacts of oil sands development, and the shortage in the skilled labour in the upstream industry.

David has a BSc in Petroleum Engineering and an MBA from the University of Alberta and has spent the past 30 years at Shell Canada including positions as: Vice President Commercial Business, Vice President Marketing and Transportation, Vice President Frontier, Vice President HSSE & Sustainable Development, Oil Sands and most recently serving as President and Country Chair (2008).

David is a board member of the Energy Council of Canada executive committee. He is also a member of the Association of Professional Engineers, Geologists, and Geophysicists of Alberta (APEGGA), the Society of Petroleum Engineers (SPE), and the Canadian Institute of Mining, Metallurgy and Petroleum (CIM).

harrisdecima
A HARRIS INTERACTIVE COMPANY

Tracking Research Results

To: CAPP

From: Bruce Anderson
Harris Decima

Date: September 26, 2011

Re: Latest Results – CAPP Oil Sands Campaign

Methodology

Harris Decima established benchmark data for CAPP in advance of the launch of the advocacy campaign, and has measured the impact of the campaign on several occasions since then. The latest wave of research is based on 2,071 online interviews, using the same methodology as in the benchmark and prior tracking waves. Field dates were July 18 to August 2, 2011.

Opinions of Oil Sands

In our latest wave, opinion towards the oil sands continues to show signs of the improvement we found in the spring. Positive feelings about oil sands development are at 47%, up 8 points from the benchmark. Negative feelings have dropped to 22%, the lowest point we have measured. The pattern of improvement is evident on an aggregate basis, and also in each target market: Toronto, Vancouver and Ottawa. This increases our level of confidence that this improvement is taking place and is not a statistical anomaly.

OTTAWA
1800-160 Elgin St.
Ottawa, Ontario, Canada
K2P 2P7

Tel: (613) 230-2200
Fax: (613) 230-3793

MONTRÉAL
400-1080 Beaver Hall Hill
Montréal, Québec, Canada
H2Z 1S8

Tel: (514) 288-0037
Fax: (514) 288-0138

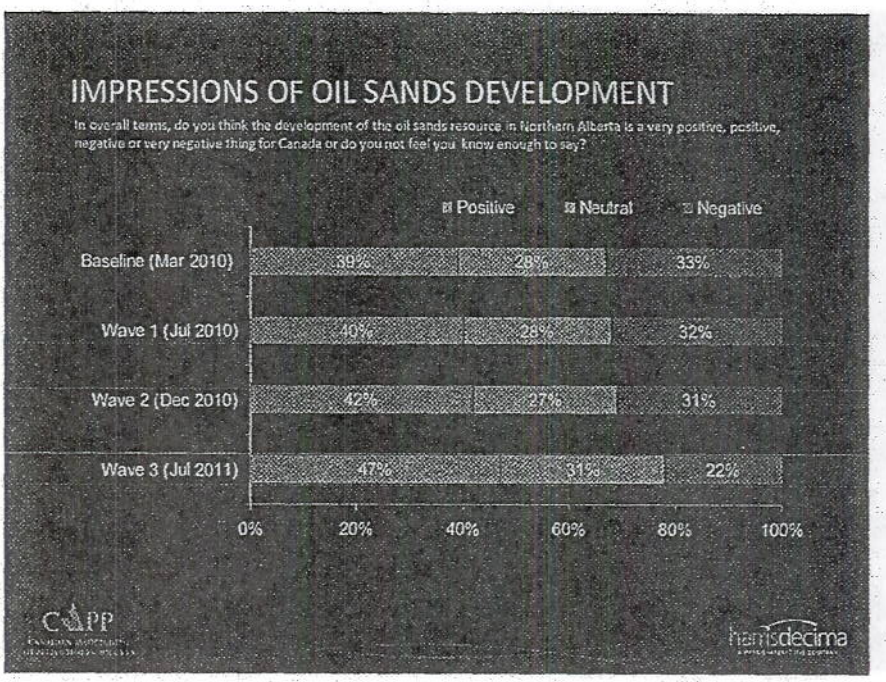
TORONTO
405-2345 Yonge St.
Toronto, Ontario, Canada
M4P 2E5

Tel: (416) 962-2013
Fax: (416) 962-0505

VANCOUVER
500-666 Burrard St.
Vancouver, British Columbia, Canada
V6C 3P6

Tel: (778) 370-1373
Fax: (604) 601-2074

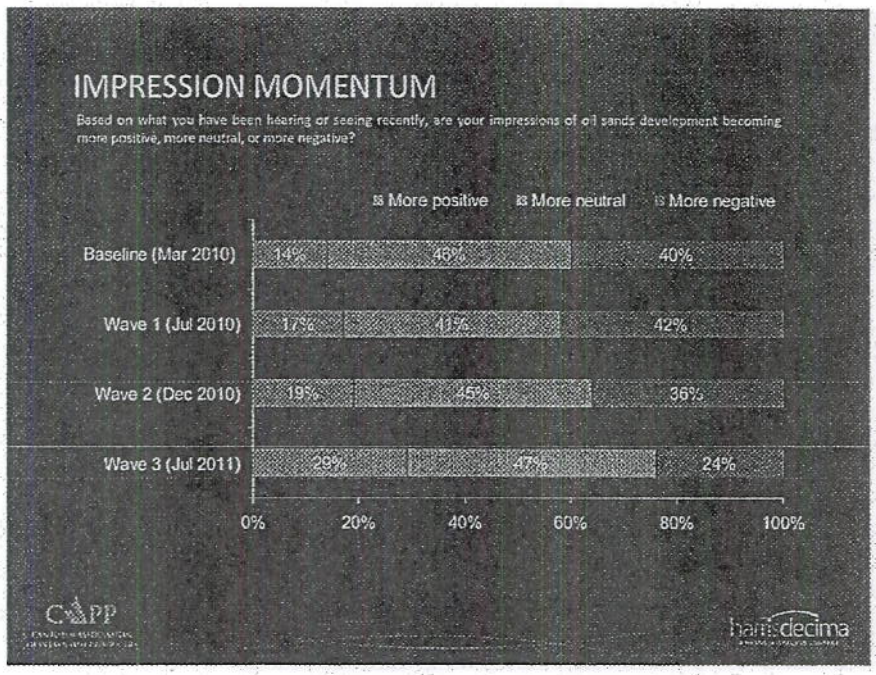
harrisdecima
A HARRIS INTERACTIVE COMPANY



We also have routinely measured "momentum": whether people say that their feelings are improving or getting worse, as this is often a precursor of future change in opinion.

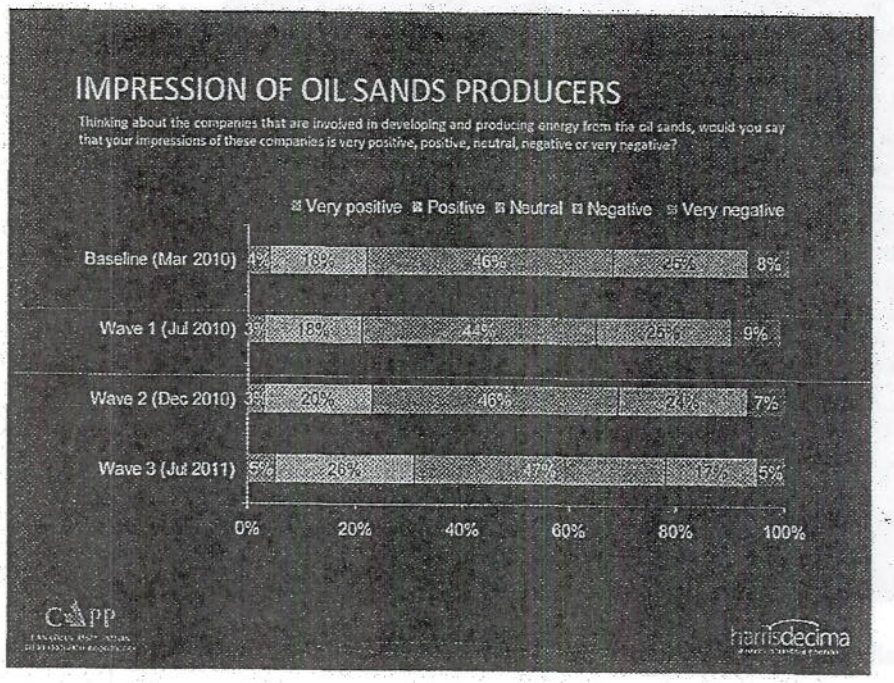
The news on this front is encouraging as well: the number of people who say their feelings about the oil sands are improving has jumped to 29% while fewer people are saying their impressions are growing more negative. This is the first time since our research began that positive movement outweighed negative movement.

harrisdecima
A HARRIS INTERACTIVE COMPANY



Impressions of oil sands development are getting better, and so are impressions of the companies that work in the oil sands. In this latest wave, 31% offer a positive opinion, 22% a negative opinion and the rest are neutral. This is the first time positive opinions have outnumbered negative opinions towards oil sands producers.

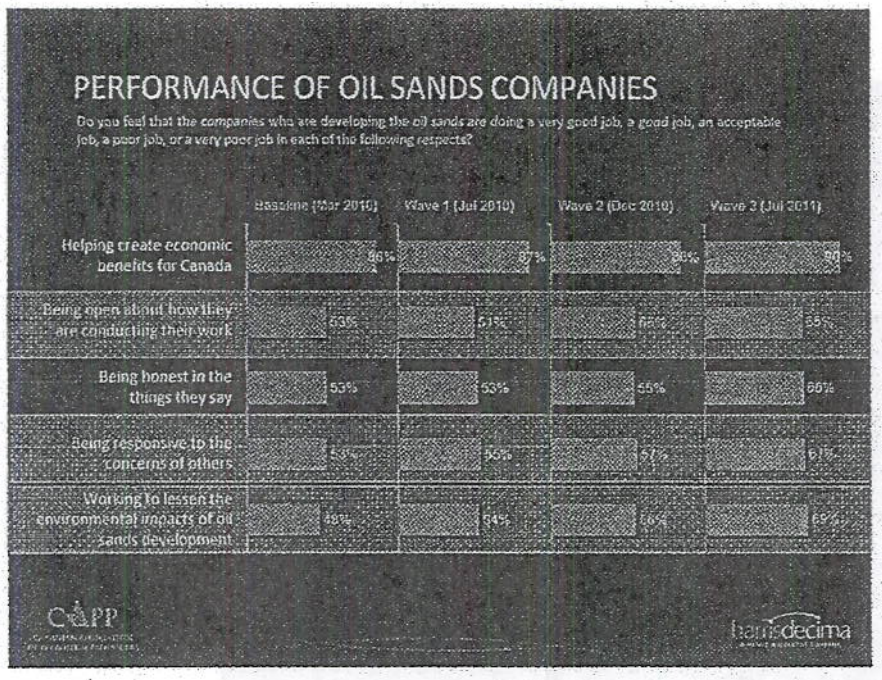
harrisdecima
A HARRIS INTERACTIVE COMPANY



Oil sands producers have long been known for making a positive economic contribution to Canada. 90% of those interviewed in this wave give the industry good marks for economic contribution, up marginally over time.

More noteworthy is that some of the other, historically more negative perceptions of oil sands producers have been shifting for the better. From the baseline, we have seen double-digit gains in perceptions that producers:

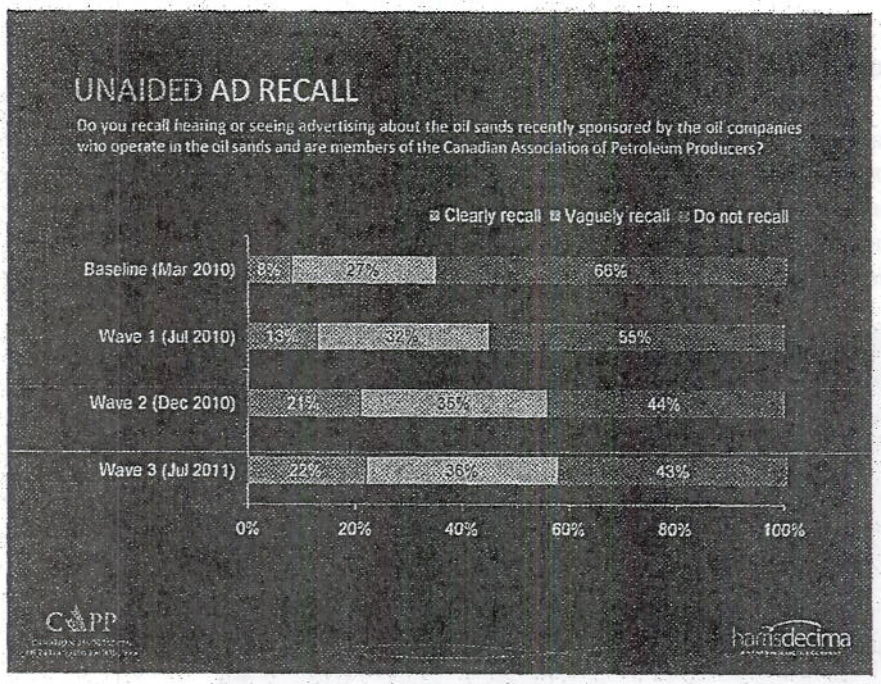
- Are open about how they are conducting their work
- Are honest in the things they say
- Are responsive to the concerns of others
- Are working to lessen the environmental impacts of oils ands development. *(This item has shifted the most, a 19-point improvement from the baseline in March of 2010).*



Campaign Recall

Recall levels of the campaign continue to show improvement. In the latest wave, unaided recall levels stood at 58% (the highest to date). TV placements continue to show the strongest levels of recall, in line with the fact that this is by far the largest area of expenditure.

The latest TV concepts, featuring Jacob Handel and David Lynch, compare well with the recall levels achieved by earlier spots in the campaign rotation.



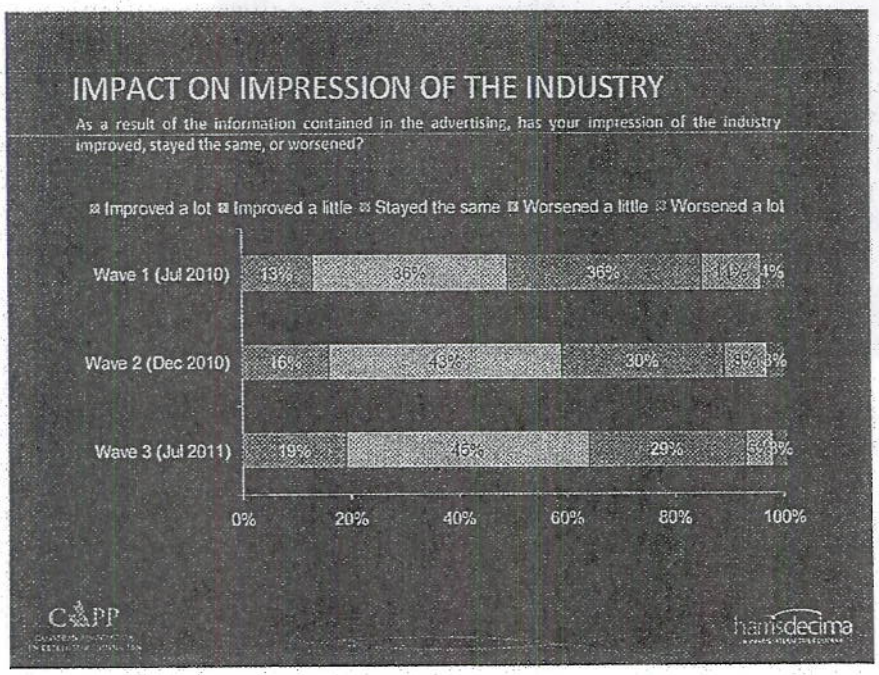
Both the new TV spots found high levels of credibility, with more than 70% indicating that they found the material contained in the spots to be believable.

And, in this wave, fully 75% report having a favourable view of the campaign overall, the highest level measured to date.

harrisdecima
A HARRIS INTERACTIVE COMPANY

Impact on Impressions

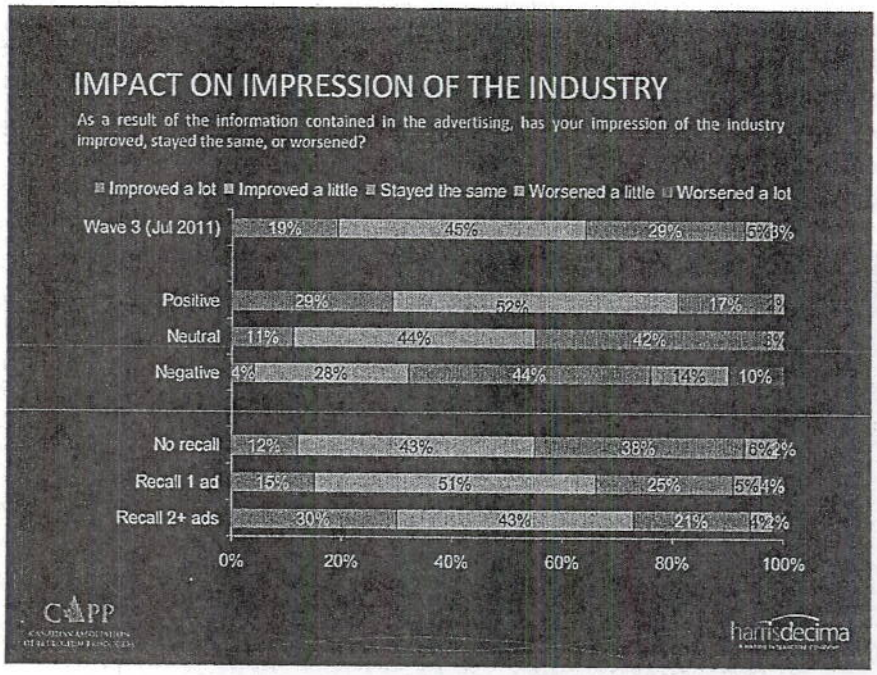
Overall, 64% of those interviewed this wave say the campaign improved their views of the oil sands industry, while 8% say it has left them with a more negative view. These are the best results achieved to date, and suggest that the fact that the campaign has been in market for a significant length of time is helping create a cumulative effect on opinion.



Looking at the results in finer detail show that the campaign is continuing to achieve its goal of shifting neutral position to a more positive stance. More than half of those who have a neutral opinion of the oil sands say the campaign has a positive effect on their opinion.

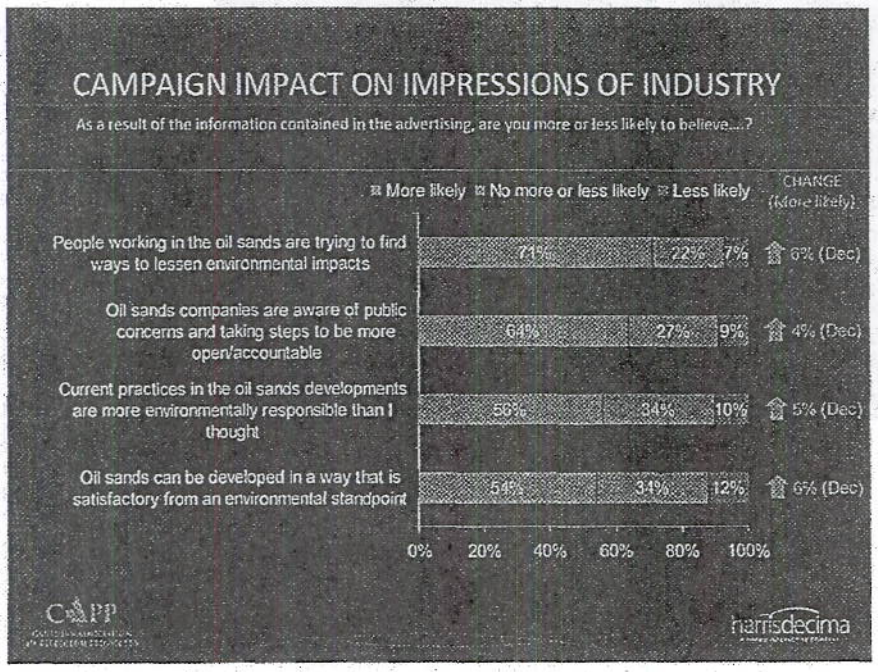
As well, the number of exposures that people have to the campaign matters a lot in terms of impact on opinion. Among those who recall 2 or more of the TV spots, more than 70% say their opinion of the oil sands is better than it was before.

harrisdecima
A HARRIS INTERACTIVE COMPANY



harrisdecima
A HARRIS INTERACTIVE COMPANY

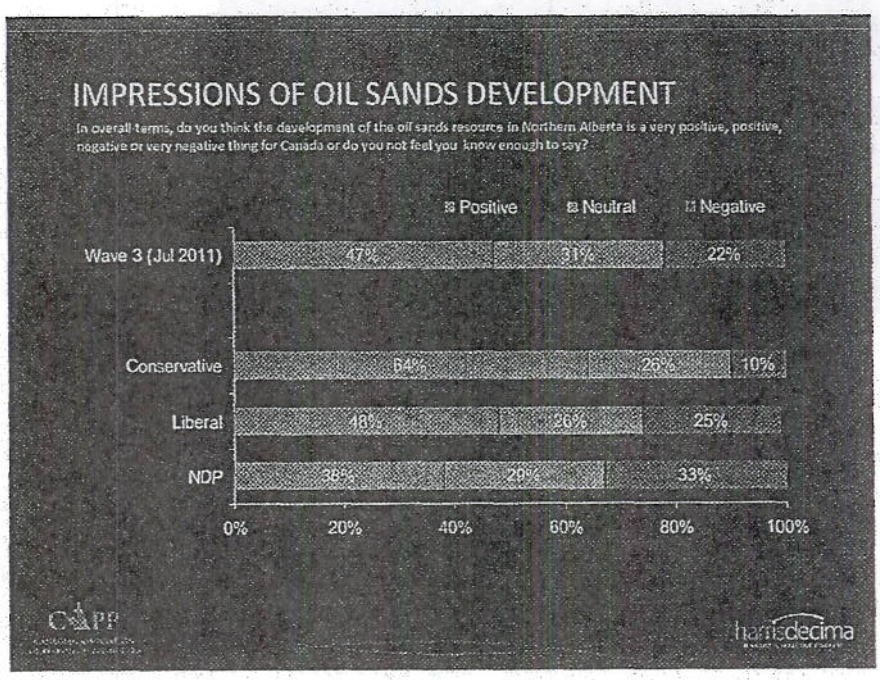
Exposure to the campaign leads the public to be *more likely to believe* that people working in the oil sands are trying to find ways to lessen environmental impacts (71%), that oil sands companies are aware of public concerns and taking steps to be more open and accountable (64%), that the oil sands development is more environmentally responsible than they thought (56%). Each of these items shows improvement from the last wave of research results.



Impact on Different Political Constituencies

Because one of the reasons for conducting this campaign is to help inform the political debate in Canada about energy and the sands in particular, it is useful to look at how opinions vary by political allegiance or leaning.

In general, Conservative Party supporters continue to show the most positive impressions of the oil sands, and NDP supporters are at the other end of the spectrum. However, as of the latest wave, more NDP supporters have a positive view of oil sands development (38%) than have a negative view (33%).

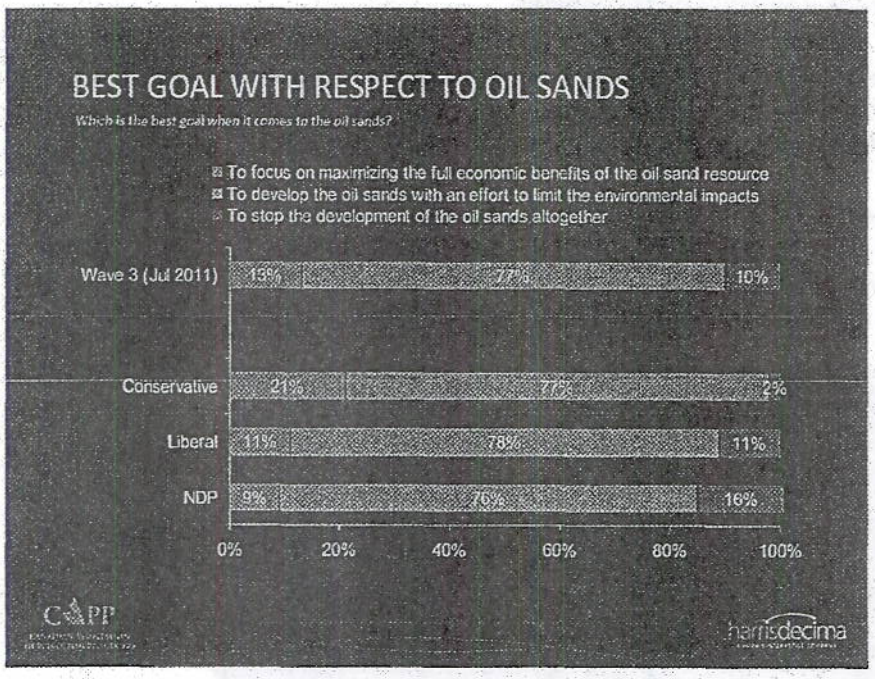


As well, only 16% of NDP supporters think that the best approach to take with the oil sands is to stop development altogether. The vast majority (76%) believe that it makes more sense to concentrate on developing the oil sands with a greater effort to limit environmental impacts.

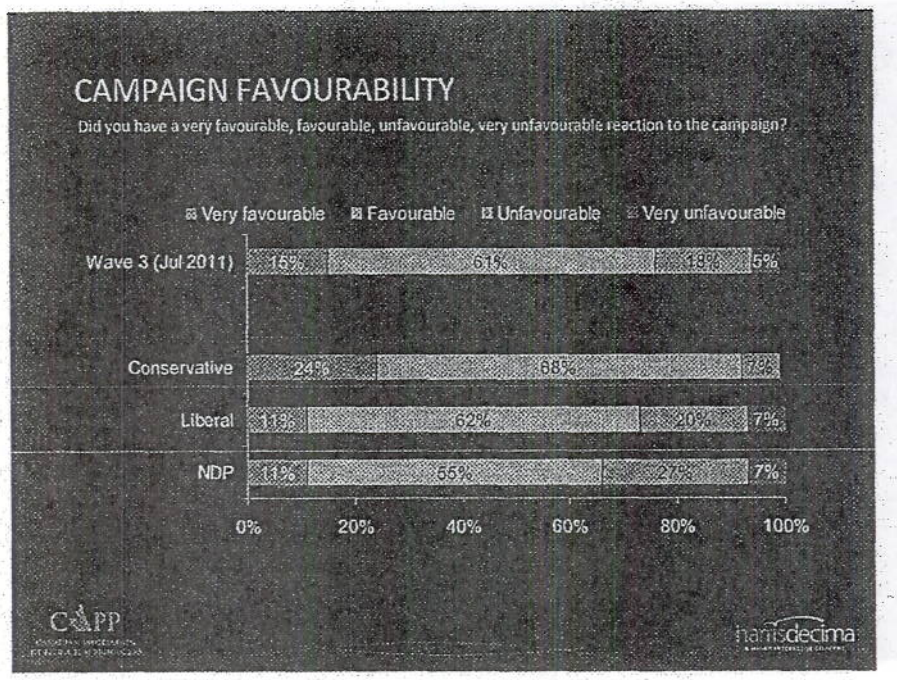
Most people who are exposed to this advertising campaign, regardless of their political leaning, have a favourable reaction to it, including 92% of Conservative

harrisdecima
A HARRIS INTERACTIVE COMPANY

supporters, 73% of Liberal supporters and 66% of NDP supporters.

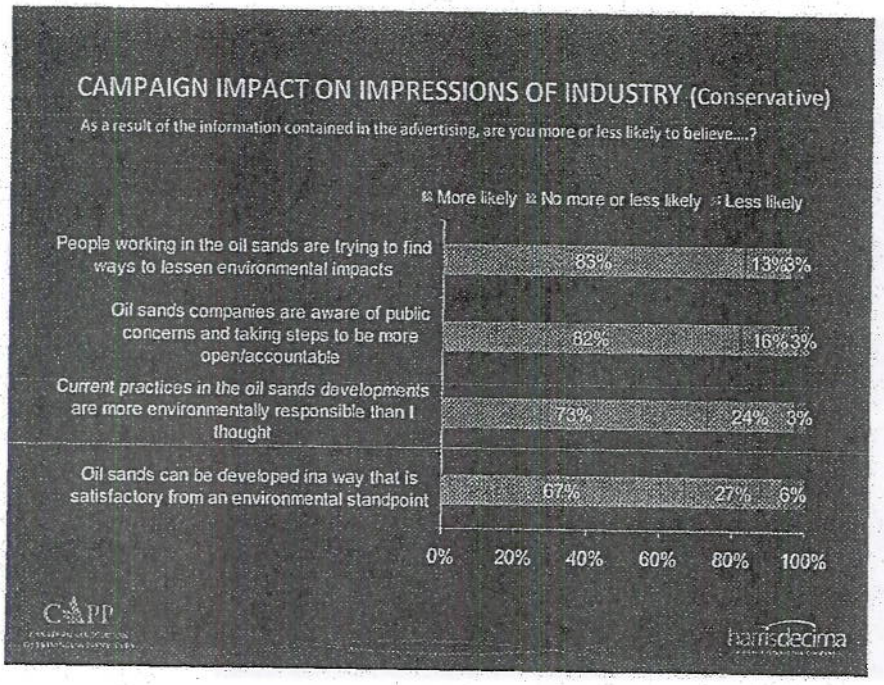


harrisdecima
A HARRIS INTERACTIVE COMPANY

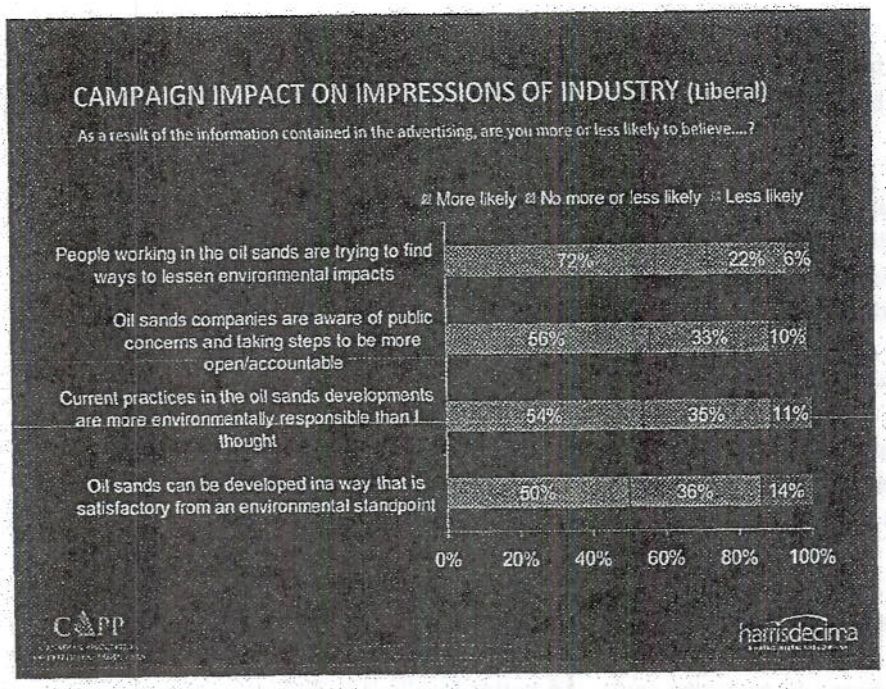


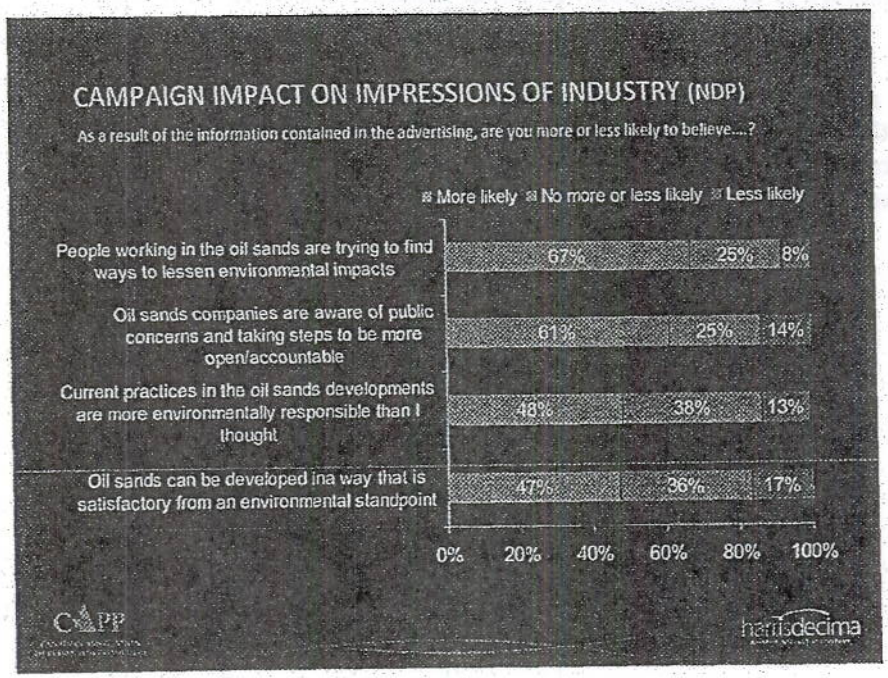
The campaign is having a positive impact on more detailed impressions, across party lines as well. The large majority of Conservative and the majority of Liberal supporters say the campaign makes them more inclined to believe that there is an effort to limit environmental impacts, a more responsive industry, and that oil sands can be developed in a responsible way. NDP supporters are also positively impacted by the campaign, but at a lower rate.

harrisdecima
A HARRIS INTERACTIVE COMPANY



harrisdecima
A HARRIS INTERACTIVE COMPANY





Conclusions

The results of this latest wave of research provide clear evidence that the campaign launched by CAPP is having an effect on the audience it is targeted at.

Impressions of oil sands development are improving, as are feelings about oil sands producers. Recall levels of the campaign are up over time, and substantial majorities of those exposed to the advertising say that it is having a positive impact on their feelings. *(This acknowledgement by people that the campaign improves their opinion is somewhat unusual: often people resist saying that advertising affects them.)*

Most people say that their takeaway from the campaign is what it was meant to do: show that more effort is going into limiting environmental impacts and make the case that development of the oil sands is more responsible than many have heard.

The evidence is clear that the amount of exposure people have to this campaign improves its impact. The longer the campaign runs, and the more times people are exposed to campaign spots, the better results it is likely to achieve.

Finally, while the political debate about oil sands development has been charged at times, this wave of results shows that the majority of Canadians, regardless of political stripe or leaning, think the oil sands should be developed, and say that this campaign helps convince them that responsible development is happening.