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News Release

Mackenzie Gas Project proponents submit regulatory applications

Calgary, October 7, 2004 -- Imperial Oil Resources, on behalf of the Mackenzie Gas Project co-venturers, announced today that applications for the main regulatory approvals required for the Mackenzie Gas Project are being submitted to the boards, panels and agencies responsible for assessing and regulating energy developments in the Northwest Territories.

The Mackenzie Gas Project is being proposed by Imperial, ConocoPhillips Canada, Shell Canada, ExxonMobil Canada and the Aboriginal Pipeline Group (APG). The APG was formed in 2000 to represent the ownership interest of the Aboriginal peoples of the Northwest Territories in the proposed Mackenzie Valley natural-gas pipeline.

A decision to construct the project has not been made. A final decision to proceed with construction can only be made after obtaining the necessary regulatory approvals -- and assessing any conditions attached to those approvals -- and will be dependent on a number of other matters, such as finalization of benefits and access agreements, assessment of natural-gas markets, updated project costs and firm fiscal terms. The resolution of these matters is essential to development of a firm project schedule and will be critical to a final construction decision.

The world-scale project would include the development of an estimated six trillion cubic feet of natural-gas resource in the three largest onshore fields discovered in the Mackenzie Delta and construction of associated pipelines and facilities. The project co-venturers estimate the initial cost of the three anchor field developments, gas and natural-gas liquids gathering system pipelines and related facilities, and the Mackenzie Valley natural-gas pipeline would be approximately \$7 billion (Cdn.) for a system with initial design capacity of 1.2 billion cubic feet per day, and expandable to accommodate gas from other fields in the future.

The project co-venturers are submitting: development plan applications for the Taglu, Parsons Lake and Niglintgak gas fields; an application for construction of the gas and natural-gas liquids gathering system pipelines and related facilities; and an application for a Certificate of Public Convenience and Necessity for a Mackenzie Valley natural-gas pipeline. These applications are supported by an Environmental Impact Statement (EIS), which assesses the potential socio-economic and environmental impacts of all components of the proposed development.

"Although a number of critical activities are in progress, the filing this week of the main regulatory applications demonstrates our commitment to the project and our desire to initiate the regulatory review process," said J. Michael Yeager, president and chief executive officer, Imperial Oil Resources.

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"The Mackenzie Gas Project represents a significant opportunity for Canada -- employment and business opportunities to Aboriginal and non-Aboriginal people of the North and other Canadians, revenues to governments, and new supplies of natural gas for North American markets," said Imperial's Yeager. "It is also important to recognize this is a capital intensive project with a broad spectrum of interested parties and a variety of construction challenges, all of which influence whether the project can ultimately proceed. Of near term importance is the successful completion of benefits and access agreements. These are essential to ensuring a viable project."

Chair of the APG, Fred Carmichael said, "The filing of our regulatory applications is a positive step forward for both the APG and the project. The regulatory review process will allow active and meaningful participation by the communities in the Mackenzie Valley. Aboriginal ownership in the project provides an opportunity to make a significant difference in the North. We are a step closer to delivering long-term benefits to our Aboriginal stakeholders."

"The filing of the regulatory applications is the result of the cooperation of multiple stakeholders for a development as complex as the Mackenzie Gas Project," said Henry Sykes, president of ConocoPhillips Canada; adding, "This cooperation needs to be maintained and broadened to overcome the many challenges that remain before the proponents can make a decision to construct and all parties can declare this project a success."

"Today's announcement brings us closer to opening up a new natural gas-producing basin in Canada," said Ian Kilgour, Shell Canada's senior vice-president of Exploration and Production. "Considerable challenges still remain to progress this complex project in a timely and economic manner while ensuring the Northern environment and cultures are respected."

"After a public consultation process that is unprecedented in Canada -- literally hundreds of meetings with a variety of parties throughout the North -- the filing of regulatory applications for the project sets in motion a process for regulatory approvals," added Tim Cutt, production manager, ExxonMobil Canada West. "Gas production could begin before the end of the decade."

During the coordinated environmental and regulatory review process, which is expected to include a series of public hearings, interested parties can participate directly in the regulatory assessment of the proposed project.

The applications filed this week will be followed in early 2005 by applications for permits to develop the project's infrastructure, such as construction camps, access roads, pipeline rights-of-way, storage areas and granular quarries. These applications will be filed with the relevant federal and territorial regulatory boards and will also be available for public review.

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Note to Editors: This material also available at www.mackenziegasproject.com