



Parsons Lake Gas Field Development

Discovered by Gulf Canada Ltd., a predecessor to ConocoPhillips, in 1972, Parsons Lake is estimated to contain 2.1 trillion cubic feet of natural gas, or enough to heat all the gas heated homes in Canada for almost two years.

The Parsons Lake natural gas field is located in the Mackenzie Delta about 45 kilometres northeast of Inuvik and 35 kilometres southwest of Tuktoyaktuk. The gas reservoir is located three kilometers under the surface. The Parsons Lake gas field is owned 75% by ConocoPhillips and 25% by ExxonMobil.

HOW WILL THE PARSONS LAKE NATURAL GAS FIELD BE DEVELOPED?

The Parsons Lake field has two main development areas. The largest area is located to the north of and under the lake, and a smaller area is located to the south of the lake. An initial processing "pad" facility (the North Pad) is expected to be located near the north end of the lake. A second, simpler satellite pad (the South Pad) is expected to be built later at the south end of the field.

It is expected that 10 to 15 new wells will be drilled to produce the natural gas from the Parsons Lake field. The wells will be drilled directionally from two surface locations to lessen the amount of land disturbed. In the future, it may be necessary to construct single well pads to reach natural gas not accessible from either of the two initial pads.

WHAT PRODUCTION FACILITIES WILL BE BUILT AT THE PARSONS LAKE NATURAL GAS FIELD?

- Inlet separation equipment to remove the liquids from the natural gas
- Equipment to remove water from the natural gas before it enters the gathering system
- A well to dispose of the water
- A well to dispose of the drill cuttings
- Equipment to cool the gas before it enters the gathering system pipeline to protect the permafrost
- Equipment to compress the gas so it will flow through the gathering system pipeline

- Services buildings for accommodation, office space, maintenance
- Equipment to generate electricity
- An on-site emergency flare system required for safety reasons
- Access to the field will be by winter access road and air in winter and by air in the summer

WHEN WILL DRILLING AND CONSTRUCTION BEGIN AT THE PARSONS LAKE NATURAL GAS FIELD?

Subject to regulatory approval, construction of well pad sites is expected to start in 2008/2009. Drilling is expected to start in 2010 and continue into early 2012. Installation of the facility modules and on-site facility construction is expected to start in 2010 and be completed in 2011.

HOW WILL THE PARSONS LAKE NATURAL GAS FIELD BE OPERATED?

The operation and monitoring of the Parsons Lake gas field will be in two stages. Initially, the facility will be manned 24 hours per day. Eventually, operations and maintenance staff will work during the day and sleep onsite at night and be available on a call-out basis if needed.

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HOW WILL CONOCOPHILLIPS CONTINUE TO KEEP THE COMMUNITY INVOLVED?

Since coming to the North in the early 1960s, ConocoPhillips (and Gulf Canada) has learned to respect the unique character of the North.

During the Company's recent exploration activities, ConocoPhillips has benefited from advice and direction from Delta communities and local people. That dialogue will continue during the design, construction and operation of the proposed development. ConocoPhillips is eager to listen to and to communicate with Northerners.

ConocoPhillips Canada is committed to the principle of sharing benefits with Northerners through employment, education, training, and the local purchase of goods and services.

WHAT EMPLOYMENT, EDUCATION AND TRAINING OPPORTUNITIES WILL BE AVAILABLE?

Work during the four year construction and drilling period will be both seasonal and year-round.

Jobs will range from unskilled and semi-skilled to highly technical positions and those requiring many years of oil and gas industry experience. Preliminary estimates of job opportunities for the Parsons Lake Phase I development include:

- 150 – 200 short-term construction jobs per winter work season (mostly seasonal)
- 120 – 140 jobs for drilling and completions per year (year-round)

Most jobs will require workers to live in a camp at or near the Parsons Lake site. The number of individual jobs available may be higher than estimated above depending on the rotation schedules used by contractors and subcontractors.

Direct employment during long-term operations at Parsons Lake is expected to be between 15 to 20 full-time jobs including three trainees.

ConocoPhillips Canada works with northern businesses and organizations to communicate opportunities and requirements and to identify and assist in building business capability.

The greatest number of business opportunities relating to Parsons Lake development will be available during the initial four year construction and drilling period.

Other opportunities will continue to flow throughout the estimated 25-year operating life of the Project.

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Mackenzie Gas Project

Parsons Lake Development

- 1. Drill Pad
- 2. Gas Conditioning Facilities
- 3. Tank Farm
- 4. Flare Stacks
- 5. Camp
- 6. Compression (Future)
- 7. Relief Pad

ARTIST'S INTERPRETATION
Parsons Lake North Pad
 February, 2005

