

SUBJECT: LETTER OF REFERENCE - ALLAN M.R. MacRAE, P. Eng.

Allan MacRae worked in the Alternate Fuels Division of Canadian Occidental Petroleum Ltd. from 1984 to 1991, and was Manager, Oilsands at the time of his transfer into CanadianOxy's Canadian Oil and Gas Division in 1991. During this period Allan worked on the Syncrude, OSLO and PCEJ joint ventures during a very active period in the Alberta oilsands industry. A one billion dollar construction program to increase Syncrude capacity was completed, engineering was completed on the \$5 billion Syncrude Expansion Project and the \$5 billion OSLO Project, and extensive in-situ research was performed on the PCEJ Project.

As Vice President, Oilsands, Coal and Minerals for Esso Resources Canada Limited and Chairman of the Syncrude and OSLO Management Committees, I worked closely with Allan, who served as Chairman of the Syncrude Technical Committee, the Syncrude Participants Mining Group and the Syncrude Synthetic Crude Oil Quality Task Force and also served on the Syncrude, OSLO and PCEJ Management Committees and other owners' and operators' working groups.

During this period, Allan led teams and developed personal initiatives that made major contributions in engineering, geology, financial and strategic planning, and tax. These achievements have contributed significantly to Syncrude's strategic direction and profits and will continue to do so into the future.

Allan led a three-man owners team that initiated a successful low-cost production increase from 50 million barrels per year to the current 73 million barrels per year. He demonstrated the need to move off-lease to access higher quality oilsands deposits and initiated owners' discussions to link the OSLO Lease 31 orebody and the Syncrude upgrader. He created and successfully developed, with Dave Devenny and others, special tax treatment for a \$1 billion investment, resulting in a \$100 million tax saving for the Syncrude owners. He also initiated a Fiscal Terms Task Force to address critical financial issues facing Syncrude in the next decade.

In the Syncrude mine, he developed a new approach for disposal of some of the tailings sand, resulting in greater stability of the tailings dike, a saving of \$50 million and a deferral of \$150 million in spending. Working with Bob Wigelsworth, he recommended a method to defer the Syncrude Auxiliary Pit by increasing ore tonnages from the West Base Mine, resulting in a 4 year deferral of \$40 million of pit development costs.

I can recommend Allan MacRae as a highly capable and diligent individual of the highest integrity, who has added outstanding value to Syncrude and its shareholders.

Yours truly,



Gordon J. Willmon, P. Eng.

Director and Vice-President, Esso Resources Canada Limited (retired), 403-271-1215

June 3, 1996