SUNCOR ENERGY INC
Form 40-F
March 03, 2011

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SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 40-F

(Check One)

o Registration statement pursuant to Section 12 of the Securities Exchange Act of 1934
or
ý Annual report pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934

For fiscal year ended: December 31, 2010
Commission File Number: No. 1-12384

SUNCOR ENERGY INC.
(Exact name of registrant as specified in its charter)

Canada	**1311,1321,2911, 4613,5171,5172**	**98-0343201**
(Province or other jurisdiction of incorporation or organization)	(Primary standard industrial classification code number, if applicable)	(I.R.S. employer identification number, if applicable)

150 - 6th Avenue S.W.
Box 2844
Calgary, Alberta, Canada T2P 3E3
(403) 296-8000

(Address and telephone number of registrant's principal executive office)

CT Corporation System
111 Eighth Avenue
New York, New York, U.S.A. 10011
(212) 894-8940

(Name, address and telephone number of agent for service in the United States)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class:	Name of each exchange on which registered:
Common shares	**New York Stock Exchange**

Securities registered or to be registered pursuant to Section 12(g) of the Act:

None

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act:

None

For annual reports, indicate by check mark the information filed with this form:

ý Annual Information Form ý Annual Audited Financial Statements

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report:

Common Shares	**As of December 31, 2010 there were 1,565,489,162 Common Shares issued and outstanding**
Preferred Shares, Series A	**None**

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the proceeding 12 months (or for such shorter period that the registrant was required to file such reports); and (2) has been subject to such filing requirements in the past 90 days.

Yes ý No o

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes o No o

ANNUAL INFORMATION FORM

ANNUAL INFORMATION FORM DATED MARCH 3, 2011

ANNUAL INFORMATION FORM DATED MARCH 3, 2011

TABLE OF CONTENTS

GLOSSARY OF TERMS

In this Annual Information Form (AIF), references to "we", "our", "us", "Suncor" or "the company" mean Suncor Energy Inc., its subsidiaries, partnerships and joint venture investments unless the context otherwise requires. References to "legacy Suncor" and "legacy Petro-Canada" refer to the applicable entity prior to the August 1, 2009 effective date of the merger between legacy Suncor and legacy Petro-Canada.

Barrel of oil equivalent (boe)

Suncor converts certain natural gas volumes to barrels (bbls) of oil equivalent (boe), thousands of barrels of oil equivalent (mboe), mboe per day (mboe/d) or millions of barrels of oil equivalent (mmboe) on the basis of one barrel (bbl) to six thousand cubic feet and daily production is presented as barrels of oil equivalent per day (boe/d). Boe, mboe and mmboe may be misleading, particularly if used in isolation. A conversion ratio of one barrel of crude oil or natural gas liquids to six thousand cubic feet of natural gas is based on an energy equivalency conversion method primarily applicable at the burner tip and does not necessarily represent value equivalency at the wellhead.

Bcf

Billions of cubic feet.

Bitumen/heavy crude oil

A naturally occurring viscous mixture, consisting mainly of pentanes and heavier hydrocarbons, which is not recoverable at a commercial rate in its naturally occurring viscous state through a well without using enhanced recovery methods. When extracted, bitumen/heavy crude oil may be upgraded into crude oil and other petroleum products.

Bpd

Barrels per day.

Capacity

Maximum annual average output that may be achieved from a facility in ideal operating conditions in accordance with current design specifications.

Conventional crude oil

Crude oil produced through wells by standard industry recovery methods.

Conventional natural gas

Natural gas produced from all geological strata, including associated, non-associated and solution gas, but excluding coal bed methane and shale gas.

Crude oil

Unrefined liquid hydrocarbons, excluding natural gas liquids.

Development costs

Includes all costs associated with moving reserves from other classes such as "proved undeveloped" and "probable" to the "proved developed" class.

Exploration and Production Sharing Agreements (EPSAs)

See production sharing contracts.

Feedstock

In the oil sands business, feedstock generally refers to raw bitumen required in the production of synthetic crude oil. In the downstream business, feedstock refers to crude oil and/or other components required in the production of refined products.

Field

A defined geographical area consisting of one or more pools containing hydrocarbons.

Finding costs

Includes the cost of and investment in undeveloped land, geological and geophysical activities, exploratory drilling and direct administrative costs necessary to discover crude oil and natural gas reserves.

GBP

The pound sterling, commonly called the pound (£), is the official currency of the United Kingdom.

Heavy fuel oil

Residue from refining of conventional crude oil that remains after lighter products such as gasoline, petrochemicals and heating oils have been extracted. This product traditionally sells at less than the cost of crude oil.

In situ

In situ or "in place" refers to methods of extracting heavy crude oil from deep deposits of oil sands by drilling with minimal disturbance of the ground cover.

Mbbls/d

Thousands of barrels per day.

MMbbls

Millions of barrels.

MMbtu

Millions of british thermal units.

Mcf

Thousands of cubic feet.

MMcf/d

Millions of cubic feet per day.

Mcfe or MMcfe

Suncor converts certain crude oil and natural gas liquids volumes to thousands of cubic feet equivalent of natural gas (Mcfe) and millions of cubic feet equivalent of natural gas (MMcfe) on the basis of one barrel to six thousand cubic feet, and daily production is presented as millions of cubic feet equivalent per day (MMcfe/d). Mcfe and MMcfe may be misleading, particularly if used in isolation. A conversion ratio of one barrel of crude oil or natural gas liquids to six thousand cubic feet of natural gas is based on an energy equivalency conversion method primarily applicable at the burner tip and does not necessarily represent value equivalency at the wellhead.

Natural gas

Hydrocarbons that at atmospheric conditions of temperature and pressure are in a gaseous state.

Natural gas liquids (NGLs)

Those hydrocarbon components that can be recovered from natural gas as liquids, including, but not limited to, ethane, propane, butanes, pentanes, plus condensate and small quantities of non-hydrocarbons.

Overburden

Material overlying oil sands that must be removed before mining, and that consists of muskeg, glacial deposits and sand.

Oil sands

Oil sands are a naturally occurring mixture of water, sand, clay and bitumen a very heavy crude oil.

Production Sharing Contracts (PSCs)

A common type of contract signed between a government and a resource extraction company that states how much of the resource extracted from the country each party will receive and which parties are responsible for the development and operation of the resources. The company conducts its operations in Syria pursuant to PSCs.

An Exploration Production and Sharing Agreement (EPSA) is a form of PSC, which also states which parties are responsible for exploration activities. The company conducts its operations in Libya pursuant to EPSAs.

Reservoir

A porous and permeable subsurface rock formation that contains a separate accumulation of petroleum that is confined by impermeable rock or water barriers and is characterized by a single pressure system.

Steam Assisted Gravity Drainage (SAGD)

An enhanced oil recovery technology for producing heavy crude oil and bitumen. It is an advanced form of steam stimulation in which a pair of horizontal wells are drilled into the oil reservoir, one a few metres above the other. Low pressure steam is continuously injected into the upper wellbore to heat the oil and reduce its viscosity, causing the heated oil to drain into the lower wellbore, where it is pumped out.

Synthetic crude oil (SCO)

A mixture of hydrocarbons derived by upgrading (thermal cracking and purification) of crude bitumen from oil sands that may contain sulphur or other non-hydrocarbon compounds and has many similarities to crude oil. SCO with lower sulphur content is referred to as "sweet" while SCO with higher sulphur content is referred to as "sour".

Utilization

The average use of capacity, taking into consideration planned and unplanned facility outages and maintenance.

Wells

Appraisal well

A well drilled to measure the commercial potential (i.e. size and quality) of a hydrocarbon discovery. Before development, a discovery is likely to need several such wells.

Development or developmental well

A well drilled inside the established limits of an oil or gas reservoir, or in close proximity to the edge of the reservoir, to the depth of a stratigraphic horizon known to be productive.

Drilled well

A well that has been drilled and has a defined status (e.g. gas well, shut-in well, producing oil well, producing gas well, suspended well or dry and abandoned well).

Exploratory or exploration well

A well drilled in a territory without existing proved reserves, with the intention to discover commercial reservoirs or deposits of crude oil and/or natural gas.

West Texas Intermediate (WTI)

A type of crude oil used as a benchmark in oil pricing, WTI is the underlying commodity of futures contracts on the New York Mercantile Exchange (NYMEX).

CONVERSION TABLE [(1)(2)]

1 cubic metre m^3 = 6.29 barrels	1 tonne = 0.984 tons (long)
1 cubic metre m^3 (natural gas) = 35.49 cubic feet	1 tonne = 1.102 tons (short)
1 cubic metre m^3 (overburden) = 1.31 cubic yards	1 kilometre = 0.62 miles
	1 hectare = 2.5 acres

(1) Conversion using the above factors on rounded numbers appearing in this AIF may produce small differences from reported amounts.

(2) Some information in this AIF is set forth in metric units and some in imperial units.

PRESENTATION OF INFORMATION

All references in this AIF to dollar amounts are in Canadian (Cdn) dollars unless otherwise indicated.

FORWARD-LOOKING STATEMENTS

Certain statements contained in this AIF constitute "forward-looking statements" within the meaning of the *United States Private Securities Litigation Reform Act of 1995* and "forward-looking information" within the meaning of applicable Canadian securities legislation (collectively, "forward-looking statements"). All forward-looking statements are based on the company's current expectations, estimates, projections, beliefs and assumptions based on information available at the time the statement was made and in light of the company's experience and its perception of historical trends, including expectations and assumptions concerning the accuracy of reserve and resource estimates; commodity prices and interest and foreign exchange rates; capital efficiencies and cost-savings; applicable royalty rates and tax laws; future production rates; the sufficiency of budgeted capital expenditures in carrying out planned activities; the availability and cost of labour and services; and the receipt, in a timely manner, of regulatory and third-party approvals.

Some of the forward-looking statements may be identified by words like "expects", "anticipates", "estimates", "plans", "scheduled", "intends", "may", "believes", "projects", "indicates", "could", "focus", "vision", "goal", "proposed", "target", "objective", "continue" and similar expressions. Forward-looking statements in this AIF include references to:

- business strategies and goals;
- future investment decisions;
- future capital, exploration and other expenditures;
- future cash flows;
- future resource purchases and sales;
- anticipated construction and repair activities;

anticipated turnarounds at upgraders, refineries and other facilities;

anticipated refining margins;

future oil and natural gas production levels, including anticipated field lives, and the sources of their growth;

project development and expansion schedules and results;

future exploration activities and results, and dates by which certain areas may be developed or come on-stream;

anticipated retail throughputs;

anticipated pre-production and operating costs;

reserves and resources estimates;

future royalties and taxes payable;

anticipated cost savings, and other synergies, realized from the merger with Petro-Canada;

production life-of-field estimates;

natural gas export capacity;

future financing and capital activities;

contingent liabilities;

the impact and cost of compliance with existing and potential environmental regulations;

future regulatory approvals;

expected rates of return.

In addition, all other statements that address expectations or projections about the future, including statements about our strategy for growth, commodity prices, costs, schedules, production volumes, operating and financial results, and expected impact of future commitments, are forward-looking statements.

Forward-looking statements are not guarantees of future performance and involve a number of risks and uncertainties, some that are similar to other oil and gas companies and some that are unique to Suncor. Our actual results may differ materially from those expressed or implied by our forward-looking statements, and readers are cautioned not to place undue reliance on them.

The risks, uncertainties and other factors, many of which are beyond our control, that could influence actual results include, but are not limited to, market instability affecting Suncor's ability to borrow in the capital debt markets at acceptable rates; consistently and competitively finding and developing reserves that can be brought on-stream economically; success of hedging strategies; maintaining a desirable debt to cash flow ratio; changes in the general economic, market and business conditions; our ability to finance capital investment to replace reserves or increase processing capacity in a volatile commodity pricing and credit environment; fluctuations in supply and demand for Suncor's products; commodity prices, interest rates and currency exchange; volatility in natural gas and liquids prices; Suncor's ability to respond to changing markets and to receive timely regulatory approvals; the successful and timely implementation of capital projects including growth projects and regulatory projects; risks and uncertainties associated with consulting with stakeholders and obtaining regulatory approval for exploration and development activities in Suncor's operating areas (these risks could increase costs and/or cause delays to or cancellation of projects); effective execution of planned turnarounds; the accuracy of cost estimates, some of which are provided at the conceptual or other preliminary stage of projects and prior to commencement or conception of the detailed engineering needed to reduce the margin of error and increase the level of accuracy; the integrity and reliability of Suncor's capital assets; the cumulative impact of other resource development; the cost of compliance with current and future environmental laws; the accuracy of Suncor's reserve, resource and future production estimates and its success at exploration and development drilling and related activities; the maintenance of satisfactory relationships with unions, employee associations and joint venture partners; competitive actions of other companies, including increased competition from other oil and gas companies or from companies that provide alternative sources of energy; labour and material shortages; uncertainties resulting from potential delays or changes in plans with respect to projects or capital expenditures; actions by governmental authorities including the imposition of taxes or changes to fees and royalties, changes in environmental and other regulations (for example, our negotiations with the Alberta Department of Energy in respect of the Bitumen Valuation Methodology Regulation; the Government of Canada's current review of greenhouse gas emission regulations); the ability and willingness of parties with whom we have material relationships to perform their obligations to us (including in respect of any planned divestitures); risks and uncertainties associated with the ability to meet closing conditions with respect to the sale of any of Suncor's assets, the timing of closing and the consideration to be received with respect to the planned sale of any of Suncor's assets, including the ability of counterparties to comply with their obligations in a timely manner and the receipt of any required regulatory or other third party approvals outside of Suncor's control; the occurrence of unexpected events such as fires, blowouts, freeze-ups, equipment failures and other similar events affecting Suncor or other parties whose operations or assets directly or indirectly affect Suncor; failure to realize anticipated synergies or cost savings; risks regarding the integration of the Suncor and Petro-Canada after the merger; and incorrect assessments of the values of Petro-Canada. The foregoing important factors are not exhaustive.

Many of these risk factors and other specific risks and uncertainties are discussed in further detail in "Risk Factors", and throughout this AIF and in our MD&A. Readers are also referred to the risk factors described in other documents we file from time to time with securities regulatory authorities. Copies of these documents are available without charge from Suncor at 150-6th Avenue S.W., Calgary, Alberta, T2P 3E3, by calling 1-800-558-9071, or by email request to info@suncor.com or by referring to SEDAR at www.sedar.com or by referring to EDGAR at www.sec.gov. Information contained in or otherwise accessible through our website does not form a part of this AIF, and is not incorporated into this AIF by reference.

ACCOUNTING MATTERS

References to our "2010 Consolidated Financial Statements" mean Suncor's audited consolidated financial statements prepared in accordance with Generally Accepted Accounting Principles (GAAP), the notes and the auditors' report, as at and for the three-year period ended December 31, 2010. References to our MD&A mean Suncor's Management's Discussion and Analysis, dated February 24, 2011, accompanying

the 2010 Consolidated Financial Statements.

On August 1, 2009, Suncor completed its merger with Petro-Canada. As such, the 2009 results reflect those of the post-merger Suncor from August 1, 2009 together with results of legacy Suncor only from January 1, 2009 through July 31,

2009. The comparative figures from 2008 reflect solely the results of legacy Suncor. Additional information about Suncor and legacy Petro-Canada filed with Canadian securities commissions and the United States (U.S.) Securities and Exchange Commission (SEC), including periodic quarterly and annual reports, are available online at www.sedar.gov and our website www.suncor.com.

Certain amounts in prior years have been reclassified to conform to the current year's presentation.

The Canadian Institute of Chartered Accountants Accounting Standards Board confirmed in February 2008 that Canadian publicly accountable enterprises must adopt International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board, effective January 1, 2011. For more information with respect to the company's adoption of IFRS, see the "Changes in Accounting Policies" section of our MD&A.

CORPORATE STRUCTURE

Name and Incorporation

Suncor Energy Inc. (formerly Suncor Inc.) was originally formed by the amalgamation under the *Canada Business Corporations Act* on August 22, 1979, of Sun Oil Company Limited, incorporated in 1923, and Great Canadian Oil Sands Limited, incorporated in 1953. On January 1, 1989, we amalgamated with a wholly owned subsidiary under the *Canada Business Corporations Act*. We amended our articles in 1995 to move our registered office from Toronto, Ontario, to Calgary, Alberta, and again in April 1997 to adopt our current name, "Suncor Energy Inc.". In April 1997, May 2000, May 2002, and May 2008, we amended our articles to divide our issued and outstanding shares on a two-for-one basis.

Pursuant to an arrangement (the Arrangement), which was completed effective August 1, 2009, legacy Suncor and legacy Petro-Canada amalgamated to form a single corporation continuing under the name "Suncor Energy Inc.". The Arrangement was effected pursuant to section 192 of the *Canada Business Corporations Act* through an arrangement agreement dated March 22, 2009 and accompanying plan of arrangement, as amended. Under the terms of the Arrangement, Petro-Canada shareholders received 1.28 Suncor common shares for each Petro-Canada common share held.

Our registered and head office is located at 150-6 th Avenue, S.W., Calgary, Alberta, T2P 3E3.

Inter-Corporate Relationships

Material subsidiaries, each of which was owned 100%, directly or indirectly, by the company as at December 31, 2010 are as follows:

Name	Jurisdiction	Purpose
Suncor Energy Oil Sands Limited Partnership	Canada	A partnership in which Suncor Energy Inc. and certain of its wholly-owned subsidiares are partners. The partnership holds certain oil sands assets.
Suncor Energy Products Inc. (1)	Canada	An Ontario corporation that is wholly-owned by Suncor Energy Inc. through which some of Suncor's Canadian refining and marketing operations are conducted.
Suncor Energy Marketing Inc.	Canada	A subsidiary of Suncor Energy Products Inc. through which the products produced by our North American businesses are marketed. Through this subsidiary, we also administer Suncor's energy trading activities, market certain third-party products, and procure crude oil feedstocks and natural gas for our downstream business.
Suncor Energy (U.S.A.) Inc.	U.S.	A subsidiary of Suncor Energy Inc. through which our U.S. refining and marketing operations are conducted.
Suncor Energy Oil & Gas Partnership	Canada	A partnership in which Suncor Energy Inc. and one of its wholly-owned subsidiaries are partners. The partnership holds certain of our upstream Canadian oil and gas operations and our 12% interest in the Syncrude joint venture.
3908968 Canada Inc.	Canada	A subsidiary of Suncor Energy Inc. that holds certain of our international interests.
Petro-Canada Cooperative Holding UA	Netherlands	A subsidiary of 3908968 Canada Inc. that holds certain of our international interests.
Petro-Canada (International) Holdings BV	Netherlands	A subsidiary of Petro-Canada Cooperative Holding UA that holds certain of our international interests.
Petro-Canada Germany GmbH	Germany	A subsidiary of Petro-Canada (International) Holdings BV that holds the majority of our Libya interests.
Petro-Canada Oil (North Africa) GmbH	Germany	A subsidiary of Petro-Canada Germany GmbH through which the majority of our Libya operations are conducted.
Petro-Canada U.K. Holdings Ltd.	United Kingdom (U.K.)	A subsidiary of 3908968 Canada Inc. that holds certain of our U.K. interests.
Petro-Canada U.K. Ltd.	U.K.	A subsidiary of Petro-Canada U.K. Holdings Ltd. through which certain of our operations are conducted in the U.K.

(1) Effective January 1, 2011, Suncor Energy Products Inc. transferred substantially all of its assets and liabilities relating to Suncor's Canadian refining and marketing operations to Suncor Energy Products Partnership. Suncor Energy Products Inc. is a general partner of Suncor Energy Products Partnership.

Individually, the company's remaining subsidiaries accounted for (i) less than 10% of the company's consolidated assets as at December 31, 2010, and (ii) less than 10% of the company's consolidated sales and operating revenues for the fiscal year ended December 31, 2010. In aggregate, the remaining subsidiaries accounted for less than 20% of each of (i) and (ii) described above.

GENERAL DEVELOPMENT OF THE BUSINESS

Overview

Suncor is an integrated energy company, with corporate headquarters in Calgary, Alberta, Canada. We are strategically focused on developing one of the world's largest petroleum resource basins Canada's Athabasca oil sands. In addition, we explore for, acquire, develop, produce and market crude oil and natural gas in Canada and internationally, and we transport and refine crude oil, and market petroleum and petrochemical products primarily in Canada. Periodically, we also market third-party petroleum products. We also carry on energy trading activities focused principally on marketing and trading of crude oil, natural gas, refined products and byproducts, and the use of financial derivatives.

Our operating segments are composed of Oil Sands, Natural Gas, International and Offshore, and Refining and Marketing. For financial reporting purposes, we also report financial data for activities not directly attributable to an operating business under "Corporate, Energy Trading and Eliminations". This includes our energy trading activities and our investments in renewable energy opportunities.

The table below outlines various Suncor investments as at December 31, 2010:

Oil Sands
- Mining
  - *Millennium and Steepbank Mining Operations*
  - *Syncrude (12% Interest)*
  - *Fort Hills (60% Interest)*[1]
  - *Other Mining Developments*
- In Situ
  - *Firebag*
  - *MacKay River*
  - *Other In Situ Developments*
- Upgrading Facilities

Natural Gas
- Western Canada
  - *Shale (northeast British Columbia (B.C.))*
  - *Shallow (southeast Alberta)*
  - *Foothills (western Alberta, northeast B.C.)*
  - *Plains (western Alberta)*
- Northwest Territories (NWT)/Nunavut
- Alaska/Arctic Islands

Refining and Marketing
- Refineries
  - *Edmonton Refinery*
  - *Montreal Refinery*
  - *Sarnia Refinery*
  - *Commerce City (Colorado) Refinery*
  - *ParaChem Chemicals Joint Venture (51% Interest)*
- Sales and Marketing
  - *Retail Operations*
  - *Wholesale Operations*
- Mississauga Lubricants Plant

International and Offshore
- East Coast Canada
  - *Terra Nova*[2] *(37.675% Interest)*
  - *Hibernia (20% Interest)*
  - *Hibernia South Extension*[3] *(19.5% Interest)*
  - *White Rose (27.5% Interest)*
  - *White Rose Extensions*[4] *(26.125% Interest)*
  - *Hebron (22.7% Interest)*
- North Sea
  - *Buzzard (29.9% Interest)*
  - *Golden Eagle Area Development (26.7% Interest)*
  - *Other Exploration Acreage*
- Syria PSCs
- Libya EPSAs

Corporate, Energy Trading and Eliminations
- Energy Trading activities
- St. Clair Ethanol Plant
- Wind Farms
  - *Ripley (50% Interest)*
  - *Chin Chute (33.3% Interest)*
  - *Magrath (33.3% Interest)*
  - *SunBridge (50% Interest)*
  - *Wintering Hills (70% Interest)*
  - *Kent Breeze*

(1) On December 17, 2010, Suncor announced that it had entered into a strategic partnership with Total E&P Canada Ltd. (Total). Assuming the transaction closes, Total will acquire a portion of Suncor's interest in Fort Hills, resulting in Suncor holding a 40.8% interest. See the "Three-Year History by Segment" section for further details about this transaction.

(2) In the fourth quarter of 2010, the joint owners of the Terra Nova oilfield finalized the redetermination of working interests required under the Terra Nova Development and Operating Agreement following field payout on February 1, 2005. Suncor's working interest increased to 37.675% from 33.990%.

(3)

Suncor's working interest in the Hibernia South Extension agreement is 19.5% after Nalcor Energy Oil and Gas Inc. (NALCOR) acquired its 10% unit interest effective with the signing of the related agreement on February 16, 2010.

(4)

The White Rose Extensions are the White Rose North Amethyst, West White Rose and South White Rose Extensions. Suncor's working interest in the White Rose Extensions is 26.125% after NALCOR acquired its 5% working interest effective with the signing of the final project agreements in February 2009.

Three-Year History by Segment

Pursuant to a statutory plan of arrangement completed effective August 1, 2009, Suncor and Petro-Canada, and certain of their respective subsidiaries, amalgamated to form a single corporation continuing under the name "Suncor Energy Inc.". The Arrangement was effected pursuant to section 192 of the *Canada Business Corporations Act* through an arrangement agreement dated March 22, 2009 (Arrangement Agreement) and accompanying plan of arrangement, as amended (the Plan of Arrangement). Under the Arrangement Agreement and Plan of Arrangement, each holder of common shares of legacy Suncor received one common share of Suncor and each holder of common shares of legacy Petro-Canada received 1.28 common shares of Suncor for each share of Petro-Canada held. Upon completion of the Arrangement, approximately 60% of the outstanding common shares of Suncor were held by legacy Suncor shareholders and approximately 40% of the outstanding common shares of Suncor were held by legacy Petro-Canada shareholders.

Oil Sands

Our Oil Sands business, located near Fort McMurray, Alberta, produces bitumen recovered from oil sands through mining and in situ technology and upgrades it into refinery feedstock, diesel fuel and byproducts. Bitumen feedstock is also occasionally supplemented by third-party suppliers. The company also has a 12% ownership interest in the Syncrude oil sands mining and upgrading joint venture, also located near Fort McMurray, Alberta.

Key milestones and significant events that have affected our Oil Sands business during this time period include the following:

2010

Production Overview In the fourth quarter, our operations reached a record production of 325,900 bpd (excluding Syncrude) due to improved upgrader performance and strong bitumen supply from all of Suncor's oil sands assets. Earlier in the year, production was negatively impacted by two fires. In December 2009, there was a fire at our Upgrader 2 facility, which was repaired and returned to normal operations in February 2010. In February 2010, there was a fire at our Upgrader 1 facility, which was repaired and returned to full operations by April 2010.

Hydrotreater Outage Oil Sands experienced an unplanned outage at one of its hydrogen reformer units at the end of August 2010, which was repaired and returned to normal operations in October 2010. This outage impacted production mix, increasing the percentage of lower value sour crude produced, but did not impact overall production volumes.

Reclamation of Tailings Pond During the year, Suncor became the first oil sands company to complete surface reclamation of a tailings pond. The 220-hectare site was the company's first storage pond for oil sands tailings when commercial production began in 1967. Suncor has renamed the area Wapisiw Lookout.

Tailings Reduction Operations (TRO_{TM}) Suncor received regulatory approval from Alberta regulators to convert from its current Consolidated Tailings (CT) management process to TRO_{TM}, in which mature fine tails are dried, rather than mixed with sand and other materials to form CT. The processing rate for TRO_{TM} is expected to be more efficient and effective than CT. We believe that TRO_{TM} will allow Suncor to meet the requirements of the new Tailings Directive issued by Alberta's Energy Resources Conservation Board (ERCB) in 2008. Suncor plans to spend $670 million during 2011 to continue development of the TRO_{TM} initiative.

Royalties In the fourth quarter of 2010, Suncor received a notice from the Alberta government modifying the bitumen valuation methodology (BVM) calculation for the interim period from January 1, 2009 to December 31, 2010. As a result, Suncor recognized a pre-tax gain of $140 million for a reduction in its royalty provision. The company continues to negotiate final adjustments to the bitumen valuation calculation for the interim period and for the term of the Suncor Royalty Amending Agreement (the Suncor RAA), which expires December 31, 2015. Also, MacKay River moved to post-payout in November 2010, thereby increasing the percentage of royalties paid.

Turnaround and Maintenance Oil Sands completed planned turnarounds at Upgrader 1 and Upgrader 2 in 2010 and unplanned maintenance on the hydrogen reformer unit. We expect that the maintenance performed will allow for improved reliability at these plants.

Safe Mode In 2010, Firebag Stage 3, Firebag Stage 4 and the Millennium Naphtha Unit (MNU) projects were all taken out of safe mode. Safe mode is the deferral of projects and maintenance of equipment and facilities in a safe manner in order to expedite remobilization when appropriate.

Powerhouse Operations In December 2010, Suncor assumed operation of certain power and steam generation assets previously operated on our behalf by TransAlta Corporation (TransAlta). Approximately 200 employees from TransAlta joined Suncor as a result.

Slurry at Face Oil Sands discontinued use of certain assets involved in an alternative extraction process to crush and slurry oil sands at the mine face, resulting in a pre-tax write-off of $189 million.

2009

Merger On August 1, 2009, Suncor merged with Petro-Canada, resulting in the acquisition of a 12% ownership in the Syncrude joint venture (an oil sands mining operation and upgrading facility), 100% ownership of the MacKay River in situ bitumen project, a 60% ownership in, and operatorship of, the proposed Fort Hills oil sands mining project, and extensive oil sands acreage considered prospective for in situ development of bitumen resources. The merger did not result in increased Oil Sands production (excluding Syncrude) as production from MacKay River was already included in Suncor's reported production from January 1, 2009 to July 31, 2009 as volumes processed by Suncor under a processing fee arrangement.

Steepbank Extraction Plant This project was completed during the third quarter of 2009, resulting in improved reliability and bitumen recovery.

Firebag Sulphur Plant This project was also completed during the third quarter of 2009. The plant is currently operating to support sulphur emissions reductions for existing and planned in situ development at Firebag, including Stage 3.

Safe Mode In the first quarter of 2009, Suncor placed a number of Oil Sands projects into safe mode as a result of economic conditions at the time. As a result of placing Oil Sands projects into safe mode, Suncor incurred pre-tax costs of $380 million in 2009.

2008

Royalties In January 2008, we entered into the Suncor RAA with the Government of Alberta, which modified the rates under the Government of Alberta's New Royalty Framework (New Royalty Framework) that apply to our in situ operations and would otherwise apply to our base mining operations. For more information on Oil Sands royalties, please see "Industry Conditions Royalties and Incentives Alberta" in this AIF.

Coker Unit Suncor completed a $2.3 billion expansion to one of its two oil sands upgraders. This new set of cokers increased our design capacity by 90,000 bpd to a total design capacity of 350,000 bpd at our Oil Sands facilities.

The following changes to our Oil Sands business have occurred, or are expected to occur, in 2011:

Strategic partnership with Total In December 2010, Suncor announced that it had entered into a strategic partnership with Total E&P Canada Ltd. (previously defined as Total), setting forth the terms for the two companies to develop the Fort Hills and Joslyn oil sands mines projects jointly and restart the construction of the Voyageur Upgrader at Suncor's Oil Sands operations in Fort McMurray, Alberta. The transaction is subject to certain regulatory and other approvals, with closing targeted late in the first quarter of 2011. Key terms of the agreement between Suncor and Total include:

- Total will acquire a 49% interest in Suncor's planned third upgrader. Upon completion, the planned 200,000 barrel per day facility will be operated by Suncor;
- Total will also acquire a portion of Suncor's interest in the Fort Hills oil sands project, resulting in Suncor holding a 40.8% interest, Total holding 39.2%, and Teck Resources Limited (Teck) holding 20%. Currently, Suncor holds a 60% interest, with Total and Teck each holding 20%;
- Suncor will acquire a 36.75% working interest in the Total-operated Joslyn joint venture with Total holding a 38.25%, Occidental Petroleum holding 15% and Inpex Canada Ltd. holding 10%. Currently, Total holds a 75% interest, Occidental Petroleum a 15% interest and Inpex Canada Ltd. a 10% interest; and

Suncor will receive cash consideration totaling approximately $1.75 billion from the transaction.

Suncor and Total have agreed to develop the Fort Hills mine and Voyageur Upgrader in parallel, with a target of having both come on-stream in 2016. Execution of the Fort Hills and Joslyn projects, as well as the continued construction of the Voyageur Upgrader, is subject to approval by the partners in these ventures and by Suncor's Board of Directors.

Firebag Expansion Suncor plans to direct approximately $1.28 billion in growth spending in 2011 toward the Firebag Stages 3 and 4 in situ oil sands expansion. Suncor expects the Firebag Stage 3 project to begin production late in the second quarter of 2011, with volumes ramping up over an estimated 24-month period toward planned production capacity of approximately 62,500 bpd of bitumen.

North Steepbank Extension (NSE) We expect this extension will improve the productivity of mining equipment by opening up a new mine face. Suncor expects to develop the mine face in 2011 and commence mining ore from the NSE in 2012.

By the end of 2011, Suncor expects to complete the construction of the MNU to complement its upgrading assets. This new unit is expected to add 30,000 bpd of naphtha hydrotreating capacity to further upgrade sour SCO into sweet SCO.

Suncor expects to complete a six-week turnaround of one of its upgraders, resulting in a decrease in production of approximately 215,000 bpd during that period.

Natural Gas

Our Natural Gas business explores for, acquires, develops and produces natural gas, NGLs, oil and byproducts from reserves in Western Canada. This business also has assets in NWT, Alaska, and the Arctic Islands.

Key milestones and significant events that have affected our Natural Gas business during the past three years include the following:

2010

Canadian Dispositions Throughout the year, the company completed several sales of non-core natural gas properties in Canada, including:

On September 30, 2010, the company completed the sale of its properties located in southern Alberta, known as Wildcat Hills, for net proceeds of $351 million.

On August 31, 2010, the company completed the sale of its properties located in west central Alberta, known as Bearberry and Ricinius, for net proceeds of $275 million.

On May 31, 2010, the company completed the sale of properties located in central Alberta, known as Rosevear and Pine Creek, for net proceeds of $229 million.

On March 31, 2010, the company completed the sale of certain properties located in northeast B.C. known as Blueberry and Jedney, for net proceeds of $383 million.

U.S. Dispositions On March 1, 2010, the company completed the sale of substantially all of its U.S. Rockies upstream assets for net proceeds of US$481 million. Remaining U.S. Rockies upstream assets were sold shortly thereafter.

Shallow Gas Suncor's key shallow gas producing properties near Medicine Hat, in southeast Alberta, continued with drilling and tie-in activity. In total, 324 wells were drilled in 2010.

Other Drilling Programs In the fourth quarter of 2010, we began two new drilling programs: one in the Ferrier area located in central Alberta and another at Pouce Coupe in western Alberta. Both programs are expected to start being tied-in during the first quarter of 2011.

2009

Merger On August 1, 2009, Suncor merged with Petro-Canada, adding significant natural gas assets in Western Canada and the U.S. Rockies, as well as assets in Alaska, the NWT and the Arctic Islands.

The following changes to our Natural Gas business have occurred, or are expected to occur, in 2011:

Organizational Change In January 2011, Suncor announced organizational changes that included the International and Offshore and Natural Gas business divisions merging into a single conventional production-focused organization, including both onshore and offshore operations.

Additional Planned Divestitures As part of its strategic business alignment, Suncor is targeting further divestments of non-core natural gas assets of approximately 220 MMcfe/d.

International and Offshore

International and Offshore consists of conventional oil and gas exploration, development and production offshore Newfoundland and Labrador, in the North Sea, and in Libya and Syria. Suncor acquired the International and Offshore assets in the merger with Petro-Canada in 2009.

Our East Coast Canada business comprises production and exploration activity offshore Newfoundland and Labrador. The company has a position in every major producing oil development in the region and is the operator of the Terra Nova oilfield. The company also holds a number of exploration licences and significant discovery licences in the region.

Our International business focuses on countries and regions where material positions of long-life assets may be built. This includes the exploration for, and production of, crude oil and natural gas primarily in the North Sea (offshore U.K. and Norway), Libya and Syria.

Key milestones and significant events that have affected our International and Offshore business during the past three years include the following:

East Coast Canada

2010

Terra Nova Redetermination On December 1, 2010, the joint owners of the Terra Nova oilfield finalized the redetermination of working interests required under the Terra Nova Development and Operating Agreement following field payout on February 1, 2005. Suncor's working interest increased to 37.675% from 33.990%, and the other owners have agreed to reimburse the company for its increased working interest from February 1, 2005 to December 31, 2010. As a result, the company recognized a pre-tax gain of $295 million.

Terra Nova Production In the fourth quarter of 2010, during regular well testing, we encountered hydrogen sulphide (H_2S) in part of the Terra Nova oilfield. We have safely shut-in affected wells and facilities while we develop a mitigation plan.

Hibernia South Final fiscal agreements were made between co-venturers and the Government of Newfoundland and Labrador in February 2010 for the Hibernia South Extension. The development plan for the extension has been approved and sanction is expected in the first quarter of 2011. First oil from platform development wells is expected in the first half of 2011.

White Rose Extensions On May 31, 2010, first oil was achieved at the North Amethyst portion of the White Rose Extensions, and development drilling continues.

2009

Hibernia Production Production from the AA Block began in the fourth quarter of 2009.

North Sea

2010

U.K. Dispositions On September 8, 2010, the company reached agreements to sell non-core U.K. offshore assets (Scott/Telford and Triton) for gross proceeds of £240 million, effective July 1, 2010. Divestment of a portion of these assets was completed in 2010 for net proceeds of £55 million. The sales of the remaining assets are expected to close during the first half of 2011. The remaining divestments are subject to closing conditions, closing adjustments to the purchase price and regulatory and other approvals customary for transactions of this nature.

Netherlands Disposition On August 13, 2010, the company completed the sale of its shares in Petro-Canada Netherlands BV for net proceeds of €316 million, with an effective date of January 1, 2010.

Buzzard Production In October 2010, a shutdown and tie-in of the fourth platform at Buzzard was completed and staged commissioning began on the sulphur handling platform. Production disruptions during ramp-up have been minimal to date. Commissioning of the new platform will continue in the first quarter of 2011.

Norway Exploration The company completed its first operated exploration well in January 2010 and encountered hydrocarbons. An appraisal well was drilled and tested in the fourth quarter of 2010 with positive results. Further evaluation

is required to determine the potential size of this discovery. Suncor submitted bids for further acreage in Norway in the fourth quarter of 2010.

2009

Buzzard Production Production was shut-in for four weeks for the installation of the jacket for the fourth platform at Buzzard, which will handle sulphur.

U.K. Exploration There was a non-operated oil discovery called Hobby. This discovery will allow the Golden Eagle area to move forward to a pre-development stage.

2008

U.K. Exploration There was a non-operated oil discovery called Pink. The Pink Block is located in the Golden Eagle Area Development.

Libya

2010

Exploration Suncor progressed with its seismic acquisition program, with completion planned for March 2011. Starting in April, Suncor drilled two exploration wells and four appraisal wells.

Development Drilling Suncor completed 26 development wells in the producing fields in Libya, with an additional four development wells drilling at year end. Suncor completed eight development wells in 2009 and twelve development wells in 2008.

Signature Bonus Payments Suncor made a payment of US$200 million to the Libya National Oil Corporation (NOC) related to its EPSAs. Additionally, in return for the NOC providing consent in writing to the merger of Suncor and Petro-Canada, and to Suncor being accepted as the guarantor to the NOC of our legal entities in Libya as set out in the EPSAs, Suncor agreed to make a payment of US$94 million.

2008

Libya EPSAs In June 2008, six new EPSAs with the NOC were signed to replace existing concession agreements and one EPSA. The agreements will expire in 2033.

Syria

2010

Operations Suncor achieved commercial production from the Ebla natural gas project on April 19, 2010. First oil was achieved from Ebla on December 10, 2010. The company also submitted bids for additional acreage in Syria in December 2010.

Trinidad and Tobago

2010

Disposition On August 5, 2010, the company completed the sale of its Trinidad and Tobago assets for net proceeds of US$378 million with an effective date of January 1, 2010.

The following changes to our International and Offshore business have occurred, or are expected to occur, in 2011:

Libya In late February, civil unrest swept Libya, where Suncor has both oil production and exploration activities. At the time of filing this report, the degree and duration of impact on our business is not known. Suncor's immediate focus has been the safety of expatriate and Libyan national staff, and the contractors and service providers supporting Suncor's operations.

Organizational Change In January 2011, Suncor announced organizational changes that included the International and Offshore and Natural Gas business divisions merging into a single conventional production-focused organization, including

both onshore and offshore operations.

White Rose Extension First oil for the West White Rose Phase 1 extension is expected in the second quarter of 2011. Results of Stage 1, combined with ongoing evaluation, will help define the scope of Stage 2.

Hebron The development plan approval submission is expected to be made in the second quarter of 2011, with first oil expected in 2017.

In January 2011, Suncor was awarded two new production licences in Norway.

Refining and Marketing

Our Refining and Marketing business refines crude oil at Suncor's refineries in Edmonton, Alberta, Montreal, Quebec and Sarnia, Ontario in Canada, and in Commerce City, Colorado, U.S., into a broad range of petroleum and petrochemical products for sale to retail, commercial and industrial customers. In 2010, our Refining and Marketing business averaged sales of 87,800 cubic metres per day (m^3/d) of refined products nationwide in Canada and in Colorado, as well as into other parts of the

United States and Europe. Refining and Marketing transports crude oil through pipelines in Eastern and Western Canada, and through wholly-owned pipelines in Wyoming and Colorado.

Our Refining and Marketing business also includes a lubricants plant in Mississauga, Ontario that produces specialty lubricants and waxes.

In Canada, our retail business is managed primarily through Petro-Canada$_{TM}$-branded retail sites. In Colorado, our retail business is primarily managed through Phillips 66® and Shell®-branded sites.

Key milestones and significant events that have affected our Refining and Marketing business during the past three years include the following:

2010

Retail Site Rebranding Suncor rebranded 158 Sunoco$_{TM}$ retail sites to substantially complete the consolidation of our post-merger Canadian offering under the Petro-Canada$_{TM}$ brand.

Retail Site Disposition Suncor divested 104 retail sites in Ontario to comply with Canadian Competition Bureau requirements relating to the merger with Petro-Canada.

Edmonton Refining Capacity Following improvements completed in previous years, the observed performance of the Edmonton refinery enabled us to upwardly revise our crude oil capacity to 135,000 bpd from the previously disclosed 125,000 bpd, effective January 1, 2010.

Oil Sands Diesel Marketing Responsibility for marketing diesel production from Suncor's Oil Sands upgraders was transferred to Refining and Marketing from Suncor's Energy Trading division in mid-2010.

St. Clair Ethanol Plant Responsibility for operation and ownership of the St. Clair Ethanol Plant in Ontario was transferred from Refining and Marketing to Suncor's Renewable Energy division in early 2010.

2009

Merger On August 1, 2009, Suncor merged with Petro-Canada and acquired the Edmonton and Montreal refineries (with a total daily crude oil capacity of 255,000 bpd), a lubricants plant that is the largest producer of lubricant base stocks in Canada, a network of retail service stations, a national commercial road transport system and a bulk fuel sales channel.

Terminal Storage and Distribution Capacity In conjunction with Canadian Competition Bureau requirements relating to the merger, Suncor entered into terminalling agreements for 10 years with Ultramar Ltd. to provide 1.1 billion litres of terminal and distribution capacity in the Greater Toronto Area.

Commerce City Refinery Capacity The Commerce City refinery revised its crude oil capacity to 93,000 bpd from 90,000 bpd on January 1, 2009 to more accurately reflect the combined capability of its multiple crude processing trains.

2008

Edmonton Refinery Conversion The Edmonton refinery completed its refinery conversion project to process 100% oil sands-based feedstock.

Sarnia Refining Capacity The Sarnia refinery revised its crude oil capacity to 85,000 bpd from 70,000 bpd, based on observed performance after the completion of the diesel desulphurization and oil sands integration projects in 2007.

The following changes to our Refining and Marketing business have occurred, or are expected to occur, in 2011:

The Sun Petrochemicals Company joint venture partnership agreement between Suncor and a Toledo, Ohio-based refinery was terminated on December 31, 2010. Starting in 2011, petrochemical sales out of our Sarnia refinery will be marketed solely by Suncor's Refining and Marketing division.

Other Suncor Businesses

Renewable Energy

Key milestones and significant events that have affected our renewable energy interests during the past three years include the following:

2010

Wintering Hills After receiving approval from the Alberta Utilities Commission, the company began construction on an 88 megawatt (MW), 55 turbine wind power project, located in southern Alberta. The company has signed a joint venture agreement with Teck Resources Limited (Teck) to develop the project. Under the terms of the agreement, Suncor will own a 70% interest and operate the project and Teck will own the remaining 30%. The project is expected to be completed by the end of 2011.

Kent Breeze Suncor also received regulatory approval for and began construction on a 20 MW, eight turbine wind power project located in southwest Ontario. The project is expected to be completed by the second quarter of 2011.

The following changes to our Renewable Energy business have occurred, or are expected to occur, in 2011:

St. Clair Ethanol Expansion Project Suncor completed a $120 million expansion of its ethanol plant in Ontario on January 22, 2011. The project expanded existing plant capacity from 200 million litres per year to 400 million litres per year.

Forward-Looking Information

The preceding paragraphs describing the general development of our business contain forward-looking statements, including those related to: cost estimates; the Total transaction (and the anticipated terms of same); our TRO_{TM} process, and the expectation that we will spend $670 million during 2011 to continue development of the initiative; the planned expansion of Firebag Stages 3 and 4, NSE and MNU assets (and expected production and capacity relating to the foregoing assets); expected turnarounds; planned divestitures of our natural gas assets and U.K. assets; anticipated first oil from some of Suncor's International and Offshore assets; and project completion dates. The material factors and assumptions used to develop the foregoing forward-looking statements include those related to the following: current capital spending plans; the current status of procurement, design and engineering phases of projects; updates from third-parties on delivery of services and goods associated with the projects; and estimates from major project teams on completion of future phases of the project. We have assumed that commitments from third parties will be honoured and that material delays and increased costs related to projects will not be encountered. Assumptions for production outlook include implementing reliability and operational efficiency initiatives, which we expect to minimize further unplanned maintenance. We have also provided forward-looking statements concerning the timing of the proposed transaction with Total and the development of the Fort Hills mine and Voyageur upgrader. Suncor has provided these anticipated times in reliance on certain assumptions that Suncor believes are reasonable at this time, including assumptions as to the timing of receipt of the necessary regulatory, court and other third party approvals; and the time necessary to satisfy the conditions to the closing of the transaction. These dates may change for a number of reasons, including unforeseen delays in the inability to secure necessary regulatory or other third-party approvals in the time assumed or the need for additional time to satisfy the conditions to the completion of the transaction. There is no assurance that the transaction will close as scheduled or at all, or if it does close, that any of the key terms of the agreement will come to fruition. For additional information on risks, uncertainties and other factors that could cause actual results to differ, please see the "Forward-Looking Statements" section above and the our Risk Factors section of this AIF.

NARRATIVE DESCRIPTION OF SUNCOR'S BUSINESSES

Oil Sands

Operations

Our integrated Oil Sands business involves five operations located near Fort McMurray, Alberta:

Oil sands ore is supplied from open pit mining operations.

Open pit mining operations extract the overburden with trucks and shovels to provide access to the oil sands, which are excavated and delivered via hydrotransport pipeline to ore preparation plants, where crushers and sizers prepare the ore for primary extraction.

Primary extraction facilities recover the bitumen from the mined oil sands ore.

In the primary extraction process, raw bitumen is separated from sand using a hot water process in giant separation cells. After the final removal of impurities and minerals during secondary extraction, naphtha is added to dilute the bitumen to facilitate transportation to upgrading facilities.

In situ operations provide additional bitumen to upgrading facilities.

Our in situ operations, Firebag and MacKay River, use SAGD to separate bitumen from oil sands deposits that are too deep to be mined economically. The first step of the SAGD process is to drill a pair of horizontal wells with one located above the other. Steam produced by on-site steam generation facilities is injected through the top well into the oil sands. Heated bitumen and condensed steam drain into the bottom well and flow up the well to the surface. The bitumen and water mixture is pumped to our oil/water separation facilities where the water is removed from the bitumen, treated and recycled back to the steam generation facilities. At our Firebag operation, naphtha is added to dilute the bitumen to facilitate transportation to our upgraders. At our MacKay River operation, a heated pipeline is used instead of naphtha dilution for transport. The bitumen is transported to our upgrading facilities or sold directly to market.

Upgrading facilities convert bitumen into crude oil products.

After the diluted bitumen is transferred to the upgrading plant, the naphtha is removed and recycled to be used again as diluent. The bitumen recovered from both in situ and mining is upgraded through a coking and distillation process. The upgraded product, referred to as sour SCO, is either sold directly to customers or upgraded further into sweet SCO by removing the sulphur and nitrogen using a hydrogen treating process. In addition to sweet and sour SCO, our upgrading also produces diesel, naphtha, kerosene and gas oil.

Utilities water, steam and electricity are generated through facilities on site, some owned and operated by Suncor and others owned and operated by third parties. Process water is used in extraction processes. Steam generation is critical to SAGD processes and also assists in the production of energy in Suncor's plants. Excess energy produced is sold back to the power grid.

There are virtually no finding costs associated with oil sands resources; however, the delineation and development (mining and in situ drilling) of the resources, and the upgrading of bitumen into SCO involve significant capital outlays. As a result, our production costs are largely fixed in the short term such that operating costs per unit are largely dependent on levels of production. Natural gas is used in the production of SCO, particularly in our SAGD operations, and, accordingly, natural gas prices are a key variable component of SCO production costs.

We continue to explore and develop improved and alternative technologies to facilitate increased efficiency within our operations. In the normal course of our operations, we regularly conduct planned maintenance shutdowns of our facilities. These shutdowns provide opportunities for both preventive maintenance and capital replacement, which are expected to improve operational efficiency.

Suncor also holds a 12% interest in Syncrude, which operates the North and Aurora oil sands mines, a utilities plant, bitumen extraction plant and upgrading facility that processes bitumen and produces SCO. Mine operations use truck, shovel and hydrotransport systems. Suncor's share of SCO production is processed primarily at our refinery in Edmonton, Alberta, with the balance periodically processed in Eastern Canada and in the United States.

In 2010, production at Suncor's Oil Sands facilities averaged 283,000 bpd, and Suncor's share of production from Syncrude averaged 35,200 bpd.

Transportation

Suncor owns a pipeline that transports SCO from our facilities in Fort McMurray, Alberta to Edmonton, Alberta. The pipeline has a capacity of approximately 110,000 bpd and is operated by Suncor's Refining and Marketing business.

We have a transportation service agreement on the Enbridge Athabasca Pipeline for a term that commenced in 1999 and extends to 2028. Total line design capacity is 600,000 bpd, and the current configuration capacity is 350,000 bpd. Under this agreement, our current pipeline commitment is 182,000 bpd for the transportation of SCO and diluted bitumen from Fort McMurray, Alberta to Hardisty, Alberta.

We are a founding member of the Waupisoo Pipeline, owned and operated by Enbridge Inc. (Enbridge) that went into service on June 1, 2008. Under the agreement, our founding member status is for a minimum term of 25 years with options to extend. Total line capacity is 350,000 bpd with potential expansion to 535,000 bpd. Our pipeline commitment under this agreement is 75,000 bpd for the transportation of SCO and diluted bitumen from Cheecham, Alberta to Edmonton, Alberta.

Following the Petro-Canada merger, we additionally assumed i) a short-haul commitment from Fort McMurray to Cheecham for 58,000 bpd on the Enbridge Athabasca Pipeline; ii) a lateral transportation agreement for 40,000 bpd from MacKay River to the Athabasca Tank Terminal that also includes contracted storage facilities of 250,000 bbls, which expires June 30, 2017; and iii) contracted storage facilities at Edmonton for 500,000 bbls, which expires March 31, 2028.

In 2009, Suncor entered into long-term service agreements with affiliates of TransCanada Corporation to transport crude oil on the Keystone Pipeline. The agreements will provide for pipeline transportation of our crude oil from Hardisty, Alberta to both Patoka, Illinois and Cushing, Oklahoma. Our capacity from Hardisty, Alberta to Patoka, Illinois is 25,000 bpd. In 2011, our contracted capacity from Patoka, Illinois to Cushing, Oklahoma is 50,000 bpd. In 2008, Suncor contracted additional storage facilities at both Patoka and Cushing, in order to provide further flexibility for trading strategies. Both contracts are for 1.1 MMbbls of storage and for fixed five-year terms. On January 1, 2009, Suncor contracted storage facilities for an additional 1.2 MMbbls at Nederland, Texas for a fixed five-year term. Until the company completes its Oil Sands growth projects, Suncor's Energy Trading business expects to optimize the capacities associated with these arrangements.

In 2008, we entered into commitments for the transportation of crude oil on the Express New Pipeline (30,000 bpd starting in 2008) and the Wamsutter Pipeline (10,000 bpd starting in 2009). The Express New Pipeline runs from Hardisty, Alberta to Wood River, Illinois, and helps enable delivery of sour SCO production to our Commerce City refinery or to the Gulf Coast. The Wamsutter Pipeline in Wyoming runs from Wamsutter to Fort Laramie and also primarily helps deliver crude oil feedstock to the Commerce City refinery. We continue to evaluate additional pipeline agreements to support planned increases in production capacity.

Periodically, we also enter into strategic short-term cargo transportation agreements to ship SCO internationally. These agreements have a term of less than one year and are specific to individual shipments.

We have a 20-year agreement with TransCanada Pipeline Ventures Limited Partnership to provide us with firm capacity on a natural gas pipeline that came into service in 1999. The natural gas pipeline ships natural gas to our Oil Sands facility.

We also transport natural gas to our Oil Sands operations on the company-owned and operated Albersun Pipeline, constructed in 1968. This pipeline extends approximately 300 kilometres south of the Oil Sands plant and is connected to TransCanada PipeLine Limited's (TCPL) Alberta intra-provincial pipeline system. The Albersun Pipeline had the capacity to move in excess of 100 MMcf/d of natural gas in both north and south directions until we closed our Atmore receipt terminal in November 2009. Following this closure, our capacity became 46 MMcf/d in the north direction only. We arrange for natural gas supply and purchase most of the natural gas on the system under delivery-based contracts.

Our Oil Sands mining facilities are readily accessible by public road. Our Firebag in situ facilities are currently accessible by air and private road, while our MacKay River in situ facilities are accessible by a combination of public and private roads. We anticipate termination of the current road access to Firebag in 2011. The East Athabasca Highway was completed in the fourth quarter of 2010 to provide access to the Firebag site. This highway is owned by Suncor, Husky Energy Inc. and Imperial Oil Ltd. to provide each company with access to its oil sands operations in the area.

Principal Products

Sales of light sweet SCO and diesel represented 45% (2009 48%) and sales of light sour SCO and bitumen represented 49% (2009 49%) of Oil Sands consolidated operating revenues in 2010. Information on daily sales volumes and the corresponding percentage of Oil Sands operating revenues by product for each of the last two years are as follows:

Product:	2010		2009	
	Mbbls/d	% of operating revenues	Mbbls/d	% of operating revenues

Sweet synthetic crude oil [(1)] / diesel	137.9	45	144.9	48
Sour synthetic crude oil / bitumen	176.6	49	147.5	49
Total	314.5		292.4	

(1) Includes sales of Syncrude production, effective August 1, 2009.

Sales of Synthetic Crude Oil, Bitumen and Diesel

SCO and bitumen production from our Oil Sands operations is sold to and subsequently marketed by Suncor's Energy Trading business. Primary markets for our synthetic crude oil and bitumen products include refining operations in Alberta, Ontario, the U.S. Midwest and the U.S. Rocky Mountain regions. Diesel products are sold primarily in Western Canada, marketed by Suncor's Refining and Marketing business.

For production of bitumen from our in situ assets, Oil Sands operating strategy allows Suncor to take advantage of changes in market and operating conditions by either: a) upgrading the bitumen directly at our Oil Sands facilities; b) upgrading the bitumen at Suncor's refineries, by transporting diluted bitumen to those facilities; or c) selling diluted bitumen directly to third parties.

In 1997, we entered into a long-term agreement with Flint Hills Resources LLC (Flint Hills) to supply Flint Hills with up to 30,000 bpd of sour crude from our Oil Sands operations. We began shipping the crude to Flint Hills at Hardisty, Alberta on January 1, 1999. The term of the initial agreement expires on June 30, 2011. A new agreement was negotiated to supply Flint Hills with 20,000 bpd beginning July 1, 2011. The initial term of that agreement extends to June 30, 2014 and will continue thereafter until termination upon a minimum of 24 months notice by either party.

Under a long-term sales agreement from August 2001 with Consumers Co-operative Refineries Limited (CCRL), we supply CCRL with 20,000 bpd of sour crude oil production. In 2005, we signed another contract with CCRL for an additional 12,000 bpd of sour crude oil. The initial term of both CCRL agreements is 15 years with five-year evergreen terms thereafter subject to termination by either party on 24 months notice. Neither party has provided notice of termination at this time.

A portion of our Oil Sands production is used in our refining operations. Our refineries processed the following portion of our total Oil Sands crude sales in the past two years:

Refinery	Year Ended December 31, 2010		Year Ended December 31, 2009	
	Mbbls/d	% total Oil Sands sales [1]	Mbbls/d	% total Oil Sands sales [1]
Edmonton [2]	55	24	58	25
Sarnia	60	27	44	18
Commerce City	9	4	9	4
Total	124		111	

(1) Calculated based on Oil Sands sales, excluding diesel and bitumen sales.

(2) For 2009, reflects operations subsequent to the Petro-Canada merger on August 1, 2009.

There were no customers that represented 10% or more of our consolidated revenues in 2010 or 2009.

Competitive Conditions

For a discussion of the competitive conditions affecting our Oil Sands operations, refer to "Competition" in the Risk Factors section of this AIF.

Seasonal Impacts

Severe winter climatic conditions at our Oil Sands operations can cause reduced production and, in some situations, can result in higher costs.

Environmental Compliance

For a discussion of environmental risks at our Oil Sands operations, refer to "Government Regulation" in the Risk Factors section of this AIF.

As part of Suncor's strong focus on operational excellence, Suncor has set four key environmental performance goals it intends to reach by 2015 (the base year for planned improvements is 2007): reduce total water intake by 12%, increase land area reclaimed by 100%, improve energy efficiency by 10% and reduce air emissions by 10%. In addition, Suncor has advanced strategies focused on operational excellence aimed at further improving process safety and reliability, which in turn will impact our environmental impact. Suncor has adopted a clear set of process safety management standards and has implemented the same at all of our facilities.

In 2010, Suncor reclaimed the industry's first tailings pond to a trafficable surface. As well, Suncor received approval and started implementation of a new tailings technology, TRO_{TM}, which Suncor expects will significantly reduce tailings reclamation time. The technology has already enabled Suncor to cancel plans to build five additional tailings ponds at its existing operations. Suncor will continue to pursue the implementation of TRO_{TM} across its existing operations and continue to take a

leadership position in collaborative efforts with industry counterparts on the development of environmental technologies. Suncor expects to spend significant amounts of capital over 2010 and 2011 to implement TRO$_{TM}$. This represents a significant step forward in addressing one of the biggest environmental challenges facing the oil sands industry.

Suncor will also work closely with the Oil Sands Leadership Initiative (OSLI). Comprised of Suncor, Total and three other like-minded oil sands companies, this organization is squarely focused on innovations that lead to continuous improvement in environmental, social and economic performance.

Suncor has implemented a regulatory compliance assurance process applicable to its ongoing operations and proposed future projects. A major component of the regulatory assurance work is carried out through the implementation of a software system that sets out applicable legal requirements and generates tasks to meet these requirements. To date, the scope of the regulatory compliance assurance process has included environmental regulatory compliance, mainly associated with Suncor's Oil Sands and In Situ operations

Suncor has also implemented a comprehensive roles and responsibilities matrix as part of our greenhouse gas (GHG) management program. For details refer to "Suncor's Governance Process" in the Risk Factors section of this AIF.

Natural Gas

Our Natural Gas business explores for, develops and produces natural gas, NGLs, crude oil and byproducts in Western Canada, supplying markets throughout North America. After the merger with Petro-Canada, we implemented a new strategy with greater emphasis on unconventional gas. To focus on this goal, and to help reduce the company's debt, we decided to sell a number of non-core natural gas assets.

Our exploration program is primarily focused on multiple geological zones throughout Western Canada. The business is structured with the following core asset areas:

Shale (northeast B.C.);

Shallow (southeast Alberta);

Foothills (western Alberta and portions of northeast B.C.); and

Plains (western Alberta).

Marketing, Pipeline and Other Operations

In Western Canada, Suncor operates 10 natural gas processing plants, with total licensed capacity of 793 MMcf/d, of which the company's share is 481 MMcf/d. The following table shows Suncor's working interest ownership and the licensed capacity of operated processing plants as at December 31, 2010.

Suncor Operated Plants	Working Interest Ownership %	Gross Licensed Capacity MMcf/d	Net Licensed Capacity MMcf/d
Hanlan Sweet	40.73	44.2	18.0
Hanlan Sour	49.86	382.0	190.5
Wilson Creek	52.17	34.6	18.1
Boundary Lake Sweet	100.00	20.0	20.0
Boundary Lake Sour	50.00	66.0	33.0
Parkland 1	43.98	18.1	8.0
Parkland 2	34.75	11.7	4.1

Ferrier	99.99	120.0	120.0
Gilby East	100.00	52.4	52.4
Progress	38.46	44.0	16.9
Total		**793.0**	**481.0**

Suncor also has varying working interests in other natural gas processing plants and field gathering facilities operated by other oil and natural gas companies. The company's aggregate share from such interests is 91.5 MMcf/d of licensed capacity.

In 2010, Suncor's share of production from its Natural Gas properties was 575 MMcfe/d, with 432 MMcfe/d produced from continuing operations.

Substantially all of our natural gas production is sold to our Energy Trading business, which then markets the product to our customers under direct sales arrangements. Contracts for these direct sales arrangements are of varied terms, with a majority having terms of one year or less, and incorporate pricing that is either fixed over the term of the contract or determined on a monthly basis in relation to a specified market reference price. Under these contracts, we are responsible for transportation arrangements to the point of sale.

To provide price diversity for natural gas marketing Suncor holds 85,000 MMcf/d of firm capacity on the Alliance Pipeline system and 68,000 MMbtu per day on the TCPL Gas Transmission Northwest Pipeline (GTN). The Alliance pipeline capacity, which expires in December 2015, enables Suncor to transport high-energy, rich natural gas from northeast B.C. and northwest Alberta to the Alliance pipeline terminus in Illinois. The GTN capacity, which expires in 2023, enables Suncor to deliver natural gas to the Pacific Northwest and California markets.

Suncor does not typically enter into long-term supply arrangements to sell its conventional crude oil and NGL production. Instead, our conventional crude oil and NGL production is generally sold under spot contracts or under contracts that can be terminated on relatively short notice. Our conventional crude oil production is shipped on pipelines operated by independent pipeline companies. We currently have no pipeline commitments related to the shipment of conventional crude oil.

Principal Products

Sales of natural gas represented 77% of the Natural Gas business segment's consolidated operating revenues in 2010, with 22% comprised of sales of NGLs and crude oil. The remaining 1% is related mainly to sales of sulphur byproduct. Average daily sales volumes and the corresponding percentage of Natural Gas's operating revenues by product for the last two years are as follows:

Product:	2010		2009	
	MMcfe/d	% of operating revenues	MMcfe/d	% of operating revenues
Natural gas	522	77	397	76
Crude oil and NGLs	53	22	49	23
Total	575		446	

Competitive Conditions

For a discussion of the competitive conditions affecting the Natural Gas business, refer to "Competition" in the Risk Factors section of this AIF.

Seasonal Impacts

Risks and uncertainties associated with weather conditions and wildlife restrictions can shorten the winter drilling season and can impact the spring and summer drilling programs, potentially resulting in increased costs or reduced production.

Environmental Compliance

For a discussion of environmental risks at our Natural Gas operations, refer to "Government Regulation" in the Risk Factors section of this AIF.

International and Offshore

The International and Offshore business explores for, develops and produces crude oil and natural gas offshore Newfoundland and Labrador and in the North Sea, primarily in the U.K. and Norway, and conventionally in Libya and Syria. International and Offshore's business interests include:

East Coast Canada

Suncor is the operator of Terra Nova oilfield, holding a 37.675% interest.

A 20% interest in the Hibernia oilfield (including the AA Blocks) and a 19.5% interest in the Hibernia South Extension.

A 27.5% interest in the White Rose oilfield and a 26.125% interest in the North Amethyst, West White Rose and South White Rose Extensions (collectively the White Rose Extensions).

A 22.7% interest in the Hebron oilfield.

Interests in 47 significant other discovery licences and seven other exploration licences offshore Newfoundland and Labrador.

North Sea

A 29.9% interest in the Buzzard oilfield.

A 26.69% interest in the Golden Eagle Area Development.

Libya

Six EPSAs to extend development of energy resources in Libya's oil fields. The EPSAs provide exploration opportunities in the Sirte Basin.

Syria

Two PSCs in Syria to develop and produce natural gas and other hydrocarbons from Syrian fields. One PSC relates to the Ebla gas project and the other relates to another onshore exploration block.

As part of its strategic business alignment, during 2010, Suncor divested all of its Trinidad and Tobago assets and certain non-core North Sea assets, including all assets in The Netherlands.

Exploration and Production

East Coast Canada

Terra Nova

The Terra Nova oilfield, which is approximately 350 kilometres southeast of St. John's, Newfoundland, was discovered by Petro-Canada in 1984. Terra Nova is the second oilfield to be developed offshore Newfoundland and Labrador. This Suncor-operated production system uses a Floating Production, Storage and Offloading (FPSO) vessel that is moored on location, with a gross production capacity of 180,000 bpd and storage capacity of 960,000 bbls. Terra Nova was the first harsh environment development in North America to use a FPSO vessel. Actual production levels are lower than production capacity, reflecting current reservoir capability. Production from the Terra Nova oilfield began in January 2002. The field is estimated to have a remaining production life of approximately 13 to 20 years at current rates.

On December 1, 2010, the joint owners of the Terra Nova oilfield finalized the redetermination of working interests required under the Terra Nova Development and Operating Agreement following field payout on February 1, 2005. As a result, Suncor's working interest increased to 37.675% from 33.990% effective January 1, 2011.

At December 31, 2010, there were 15 producing oil wells, nine water injection wells and three gas injection wells in operation. Field production is transported by shuttle tanker from the FPSO to either a transshipment terminal on Placentia Bay or, if tanker schedules permit, directly to market. Crude oil delivered to the transshipment facility is transferred to storage tanks and loaded onto tankers for transport to markets in Eastern Canada and the U.S. Suncor has a 14% ownership interest in the transshipment facility.

In 2010, Suncor's share of Terra Nova production averaged 23,200 bpd. H_2S was detected in several production wells in the fourth quarter of 2010. The affected wells and facilities have been safely shut-in while the company develops a mitigation plan to safely address the situation.

Hibernia and Hibernia South

The Hibernia oilfield, encompassing the Hibernia and Ben Nevis Avalon reservoirs, is approximately 315 kilometres southeast of St. John's and was the first field to be developed in the Jeanne d'Arc Basin. Operated by Hibernia Management and Development Company Ltd., the production system is a fixed Gravity Base Structure (GBS), which sits on the ocean floor. The GBS has gross production capacity of 230,000 bpd and storage capacity of 1.3 MMbbls. Actual production levels are lower reflecting current reservoir capability and natural decline. Hibernia commenced production in November 1997. The Hibernia oilfield is estimated to have a remaining production life of 25 to 30 years at current rates.

Final fiscal agreements were signed between co-venturers and the Government of Newfoundland and Labrador in February 2010 that established the key fiscal, equity and operational principles for the development of the Hibernia South Extension. The Hibernia South Unit Development Plan Amendment (DPA) was approved by the Canada Newfoundland and Labrador Offshore Petroleum Board (CNLOPB) on September 3, 2010. The federal and provincial governments approved the CNLOPB decision on October 8, 2010. Subject to completion of certain agreements with the federal government, production from Hibernia South is expected in mid-2011, with the completion of the first oil producer/water injector well pair.

At December 31, 2010, there were 34 producing oil wells, 24 water injection wells and six gas injection wells in operation. Hibernia uses the same transshipment terminal and the same system of shuttle tankers that are used for Terra Nova, and also transports its crude oil to markets in Eastern Canada and the U.S.

In 2010, Suncor's share of Hibernia production averaged 30,900 bpd.

White Rose and the White Rose Extensions

White Rose, the third oilfield development offshore Newfoundland, is about 350 kilometres southeast of St. John's. Operated by Husky Oil Operations Limited, White Rose uses a FPSO vessel (similar to Terra Nova) that has a gross production capacity of

140,000 bpd and a storage capacity of 940,000 bbls. Production from the White Rose oilfield began in November 2005. The field is estimated to have a remaining production life of approximately 15 to 18 years at current rates.

In December 2007, the White Rose joint venture participants signed a formal agreement with the Province of Newfoundland and Labrador for the development of the White Rose Extensions, incorporating the South White Rose Extension, North Amethyst and West White Rose satellite fields. In May 2010, first oil was achieved in the North Amethyst portion of the White Rose Extensions and development drilling is ongoing. Development of the West White Rose Extension will be divided into two stages. Stage 1 was approved in the second quarter of 2009. First oil from the West White Rose Extension is expected by mid-2011 following completion of the first production well. Results of Stage 1, combined with other ongoing evaluation, will help define the scope of Stage 2.

At December 31, 2010, there were 10 producing oil wells and 12 water injection wells in operation. White Rose uses the same transshipment terminal and the same system of shuttle tankers that are used for Hibernia and Terra Nova, and also transports its crude oil directly to markets in Eastern Canada and the U.S.

In 2010, Suncor's share of White Rose production averaged 14,500 bpd.

Hebron

Hebron is an oilfield discovery located 340 kilometres southeast of St. John's. In August 2008, the Hebron joint venture participants reached an agreement with the Government of Newfoundland and Labrador on commercial terms that will allow development activities to proceed for Hebron. The project will be operated by ExxonMobil Canada Ltd. The contract for front end engineering and design for topsides, procurement and construction was awarded in September 2010. The development plan application is expected to be submitted for approval in the second quarter of 2011, with first oil expected in 2017.

Other Exploration Offshore Newfoundland

In addition to existing East Coast Canada developments, Suncor also holds interests in a number of other discoveries and continues to pursue opportunities offshore Newfoundland and Labrador.

North Sea

The Buzzard oilfield is located in the Outer Moray Firth, 95 kilometres northeast of Aberdeen, Scotland. Operated by Nexen Petroleum U.K. Limited, the Buzzard system has production capacity of 200,000 bpd of oil and 60 mmcf/d of natural gas. Buzzard achieved first oil in January 2007 and reached peak production in the middle of 2007. Buzzard is supported by four bridge-linked platforms supporting wellhead facilities, production facilities, sulphur handling, and living quarters and utilities. Crude oil is transported via the Forties pipeline system to the Kinneil terminal in Scotland, and natural gas is transported via the Frigg pipeline to the St. Fergus gas terminal in Scotland. Commissioning of the fourth platform, installed to remove H_2S in the oil production from some segments of the field, was initiated in 2010 and will continue into the first quarter of 2011. The field is expected to have a remaining production life of approximately 20 years at current rates.

An agreement has been reached to unitize the discoveries in Pink, Hobby and Golden Eagle into a pre-development project called the Golden Eagle Area Development. A development project is ongoing with first oil projected in 2014-2015.

In 2010, Suncor reached agreements to sell non-core offshore U.K. assets (Scott/Telford and Triton) and completed the sale of a portion of these assets. Suncor also sold its non-core offshore Netherlands assets.

In 2010, Suncor's share of North Sea production averaged 79,000 boe/d, including 55,500 boe/d from Buzzard.

In Norway, the company completed its first operated exploration well in January 2010 and encountered hydrocarbons. An appraisal well was drilled and tested in the fourth quarter of 2010 with positive results. Further evaluation is required to determine the potential size of this discovery.

Libya

Suncor conducts its Libya operations pursuant to EPSAs, under which the company pays 50% of the costs and recovers these costs from 12% of production. Excess production is then shared between Suncor and the Libyan government. The EPSAs, which expire in 2033, enable Suncor and the NOC to design and implement jointly the redevelopment of the existing fields in the Sirte Basin.

As a result of the merger, the company assumed the remaining US$500 million obligation for a signature bonus relating to Petro-Canada's ratification of the EPSAs in 2008. As at December 31, 2010, the undiscounted value of Suncor's remaining obligation is US$290 million, payable in several installments through 2013. Under the EPSAs, Suncor is the exploration operator and has committed to fully fund an exploration program, at an estimated remaining cost of US$335 million. Failure by Suncor to conduct its exploration commitment or make the signature bonus payments could result in the NOC terminating the EPSAs, which would result in Suncor losing all of its rights to production in Libya.

In 2010, Suncor's share of production in Libya averaged 35,200 boe/d.

Syria

The Ebla gas project is operated pursuant to a PSC, under which the company pays 100% of the costs and recovers these costs from a 40% share of production after deduction for royalties of 12.5%. The remaining profit is shared between Suncor and the Syria government. The Ebla PSC will expire in April 2035.

First commercial gas production from Ebla was achieved on April 10, 2010. First oil was achieved on December 10, 2010. The transfer of ownership of hydrocarbons to the Syria government is governed under the terms and conditions of the PSC and related sales agreements.

Located in the Central Syrian Gas Basin, Ebla includes the Ash Shaer and Cherrife development areas, which cover more than 300,000 acres (approximately 1,251 square kilometres) combined. The Ebla development comprises the gas producing wells, a gas gathering and compression station, approximately 80 kilometres of pipeline and a gas treatment plant. The facility is designed to produce 80 MMcf/d of natural gas, along with related liquefied petroleum gas (LPG) and condensate volumes. Natural gas is delivered into the Syrian national gas grid for domestic consumption. LPG volumes are delivered via truck to major Syrian cities. Condensate and oil are transported to the Banias refinery in Syria.

In 2010, Suncor's share of production in Syria averaged 11,600 boe/d.

Trinidad and Tobago

On August 5, 2010, the company completed the sale of its Trinidad and Tobago assets. Prior to the sale, Suncor's share of Trinidad and Tobago production averaged 11,300 boe/d.

Principal Products

Sales of crude oil and NGLs represented 92% and sales of natural gas represented 8% of International and Offshore's consolidated operating revenues. Information on daily sales volumes and the corresponding percentage of International and Offshore's operating revenues by product for 2010, 2009 and the final five months of 2009 are as follows:

Product:	Year ended December 31, 2010		Year ended December 31, 2009	
	Mboe/d	% of operating revenues	Mboe/d	% of operating revenues
Crude oil and NGLs	179.6	92	66.8	95
Natural gas	21.5	8	8.1	5
Total	201.1		74.9	

Product:	Five months ended December 31, 2009 (1)	
	Mboe/d	% of operating revenues
Crude oil and NGLs	159.5	95
Natural gas	19.3	5
Total	178.8	

(1) Reflects operations subsequent to the Petro-Canada merger on August 1, 2009.

Sales of Conventional Crude Oil and Natural Gas

We do not typically enter into long-term supply arrangements for our East Coast Canada or North Sea production. Instead, this production is generally sold under spot contracts or under contracts that can be terminated on relatively short notice.

Approximately 20,000 bpd of Suncor's share of Hibernia production was sold to our Montreal refinery.

Hydrocarbons produced in Libya are marketed by the Libya government on behalf of Suncor.

The transfer of ownership of hydrocarbons to the Syria government is governed under the terms and conditions of the PSC and related sales agreements.

Competitive Conditions

For a discussion of the competitive conditions affecting the International and Offshore business unit, refer to "Competition" in the Risk Factors section of this AIF.

Seasonal Impacts

The primary seasonal International and Offshore impacts are caused by winter storms, pack ice, icebergs and fog offshore Newfoundland and Labrador. During the winter storm season (October to March), we may have to reduce production rates at our offshore facilities as a result of limited storage capacity and the inability to offload to shuttle tankers due to wave height restrictions. We also experience seasonal impacts in the spring period, due to pack ice and icebergs drifting in the area of our offshore facilities. We have had precautionary shut-in of FPSO production and drilling delays due to pack ice and icebergs. In late spring and early summer, fog also impacts our ability to transfer personnel to the offshore facilities by helicopter.

Environmental Compliance

For a discussion of environmental risks for our International and Offshore operations, refer to "Government Regulation" in the Risk Factors section of this AIF.

Refining and Marketing

The Refining and Marketing business:

- Owns and operates refineries in Edmonton, Alberta, Montreal, Quebec, Sarnia, Ontario and Commerce City, Colorado, with a total crude oil capacity of 443,000 bpd.
- Owns and operates a lubricants plant in Mississauga, Ontario.
- Owns a joint venture interest in a petrochemical plant in Montreal, Quebec.
- Owns and operates and has equity interests in pipeline systems in Canada and the U.S.
- Owns and operates a network of distribution terminals across Canada and in Colorado.
- Markets refined products to retail, commercial and industrial customers, primarily in Canada and Colorado, through a combination of company-owned, branded-dealer and joint venture-operated retail stations, a large Canadian national commercial road transportation network and a bulk sales channel.

Refining and Product Supply Operations

Eastern North America

Our Montreal refinery has a current crude oil capacity of 130,000 bpd and produces gasoline, distillates, asphalts, heavy fuel oil, petrochemicals and solvents, which are distributed primarily across Quebec and Ontario. The Montreal refinery also produces feedstock for our lubricants plant.

The Montreal refinery processes primarily foreign conventional crude oil and has a flexible configuration that allows processing of a variety of crude oils, including heavy grades and intermediate feedstocks. Crude oil is procured from the market on a spot basis or under contracts that can be terminated on short notice.

Suncor holds a 51% interest in ParaChem Chemicals L.P. (ParaChem), which owns and operates a petrochemicals plant located adjacent to the Montreal refinery. The plant primarily produces up to 350,000 metric tons per year of paraxylene, which is used to manufacture polyester textiles and plastic bottles. ParaChem also produces benzene, hydrogen and heavy aromatics.

Our Sarnia refinery has a current crude oil capacity of 85,000 bpd and produces gasoline, distillates, and petrochemicals, which are primarily distributed in Ontario. On December 31, 2010, the company terminated its joint venture partnership with Sun Petrochemicals Company, a

Toledo, Ohio-based refinery, which managed the