SUNCOR ENERGY INC
Form 40-F
February 27, 2015

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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, 2014
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, 2014 there were 1,444,119,940 Common Shares issued and outstanding**
Preferred Shares	**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 preceding 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

INCORPORATION BY REFERENCE

The Registrant's Annual Information Form dated February 26, 2015, included in this annual report on Form 40-F, and Audited Consolidated Financial Statements and Management's Discussion and Analysis for the year ended December 31, 2014, included as Exhibit 99-1 and Exhibit 99-2, respectively, to this annual report on Form 40-F, are incorporated by reference into and as an exhibit to, as applicable, each of the Registrant's Registration Statements under the Securities Act of 1933: Form S-8 (File No. 333-87604), Form S-8 (File No. 333-112234), Form S-8 (File No. 333-118648), Form S-8 (File No. 333-124415), Form S-8 (File No. 333-149532), Form S-8 (File No. 333-161021), Form S-8 (File No. 333-161029) and Form F-10 (File No. 333-196501).

ANNUAL INFORMATION FORM

ANNUAL INFORMATION FORM DATED FEBRUARY 26, 2015

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ADVISORIES

In this Annual Information Form (AIF), references to "we", "our", "us", "Suncor" or "the company" mean Suncor Energy Inc., its subsidiaries, partnerships and joint arrangements, unless the context otherwise requires. References to the "Board of Directors" or the "Board" mean the Board of Directors of Suncor Energy Inc.

All financial information is reported in Canadian dollars, unless otherwise noted. Production volumes are presented on a working-interest basis, before royalties, unless otherwise noted.

References to our 2014 audited Consolidated Financial Statements mean Suncor's audited Consolidated Financial Statements prepared in accordance with Canadian generally accepted accounting principles (GAAP), which is within the framework of International Financial Reporting Standards (IFRS), the notes and the auditors' report, as at and for each year in the two-year period ended December 31, 2014. References to our MD&A mean Suncor's Management's Discussion and Analysis, dated February 26, 2015.

This AIF contains forward-looking statements based on Suncor's current plans, expectations, estimates, projections and assumptions. This information is subject to a number of risks and uncertainties, including those discussed in this document in the Risk Factors section, many of which are beyond the company's control. Users of this information are cautioned that actual results may differ materially. Refer to the Advisory Forward-Looking Information section of this AIF for information on other risk factors and material assumptions underlying our forward-looking statements.

Information contained in or otherwise accessible through Suncor's website www.suncor.com does not form a part of this AIF and is not incorporated into the AIF by reference.

GLOSSARY OF TERMS AND ABBREVIATIONS

Common Industry Terms

Products

Crude oil is a mixture consisting mainly of pentanes (lighter hydrocarbons) and heavier hydrocarbons that exists in the liquid phase in reservoirs and remains liquid at atmospheric pressure and temperature. Crude oil may contain small amounts of sulphur and other non-hydrocarbons, but does not include liquids obtained in the processing of natural gas.

> **Bitumen** is a naturally occurring solid or semi-solid hydrocarbon, consisting mainly of heavier hydrocarbons that are too heavy or thick to flow or be pumped without being diluted or heated and that is not primarily recoverable at economic rates through a well without the implementation of enhanced recovery methods. After it is extracted, bitumen may be upgraded into crude oil and other petroleum products.
>
> **Light and Medium Oil** is crude oil with a relative density greater than 22.3 degrees API gravity.
>
> **Oil sands** are naturally occurring stratified deposits of unconsolidated sand/sandstone and other sedimentary rocks saturated with varying amounts of water and bitumen.
>
> **Synthetic crude oil (SCO)** is a mixture of liquid hydrocarbons derived by upgrading bitumen, kerogen or other substances such as coal, or derived from gas to liquid conversion and may contain sulphur or other compounds. Yields of SCO from Suncor's upgrading processes are approximately 80% of bitumen feedstock input, and may vary depending on the source of bitumen. SCO 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 synthetic crude oil**, while SCO with higher sulphur content is referred to as **sour synthetic crude oil**.

Natural gas is naturally occurring mixtures of hydrocarbon gases and other gases.

Conventional natural gas is natural gas that has been generated elsewhere and has migrated as a result of hydrodynamic forces and is trapped in discrete accumulations by seals that may be formed by localized structural, depositional or erosional geological features.

Natural gas liquids (NGLs) are hydrocarbon components that can be recovered from natural gas as a liquid, including, but not limited to, ethane, propane, butanes, pentanes, and condensates. **Liquefied petroleum gas (LPG)** consists predominantly of propane and/or butane and, in Canada, frequently includes ethane.

Oil and gas exploration and development processes

Development costs are costs incurred to obtain access to reserves and to provide facilities for extracting, treating, gathering and storing the oil and gas from reserves.

Exploration costs are costs incurred in identifying areas that may warrant examination and in examining specific areas that are considered to have prospects that may contain oil and gas reserves, including costs of drilling exploratory wells and exploratory type stratigraphic test wells.

Field is a defined geographical area consisting of one or more pools containing hydrocarbons.

Reservoir is a subsurface rock unit that contains an accumulation of petroleum.

Wells:

> **Delineation wells** are drilled for the purpose of assessing the stratigraphy, structure and bitumen saturation of an oil sands lease. The wells are also used to define known accumulations for the assignment of reserves.
>
> **Development wells** are 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.
>
> **Disposal wells** are drilled in which waste fluids can be injected for safe disposal. These wells are subject to regulatory requirement to avoid the contamination of freshwater aquifers.

Dry holes are exploratory or development wells found to be incapable of producing either oil or gas in sufficient quantities to justify the completion as an oil or gas well.

Exploratory wells are drilled in a territory without existing proved reserves, with the intention of discovering commercial reservoirs or deposits of crude oil and/or natural gas.

Infill wells are drilled between existing development wells to target regions of the reservoir containing bypassed hydrocarbon or to accelerate production.

Observation wells are used to monitor changes in a producing field. Parameters being monitored include fluid saturations and reservoir pressure.

Service wells are development wells drilled or completed for the purpose of supporting production in an existing field, such as wells drilled for the injection of gas or water.

Sidetrack wells are secondary wellbores drilled away from an original wellbore. These enable the bypass of an unusable section of the original wellbore or allow for exploration of a nearby geological feature.

Stratigraphic wells are usually drilled without the intention of being completed for production and are geologically directed to obtain information pertaining to a specific geologic condition, such as **core hole drilling** or **delineation wells** on oil sands leases, or to measure the commercial potential (i.e. size and quality) of a discovery, such as **appraisal wells** for offshore discoveries.

Production processes

Downstream refers to the refining of crude oil and the selling and distribution of refined products in retail and wholesale channels.

Feedstock generally refers either to i) the bitumen required in the production of SCO for the company's oil sands operations, or ii) crude oil and/or other components required in the production of refined petroleum product for the company's downstream operations.

In situ refers to methods of extracting bitumen from deep deposits of oil sands by means other than surface mining.

Midstream refers to transportation, storage and wholesale marketing of crude or refined petroleum products.

Overburden is the material overlying oil sands that must be removed before mining. Overburden is removed on an ongoing basis to continually expose the ore.

Production sharing contracts (PSC) are a common type of contract, outside North America, signed between a government and a resource extraction company that states how much of the resource produced each party will receive and which parties are responsible for the development of the resource and operation of associated facilities. The resource extraction company does not obtain title to the product; however, the company is subject to the upstream risks and rewards. An **exploration and production sharing agreement (EPSA)** is a form of PSC, which also states which parties are responsible for exploration activities.

Steam-to-oil ratio (SOR) is a metric used to quantify the efficiency of an in situ oil recovery process, which measures the cubic metres of water (converted to steam) required to produce one cubic metre of oil. A lower ratio indicates more efficient use of steam.

Tailings Reduction Operations (TRO$_{TM}$) is a process involving rapidly converting fluid fine tailings into a solid landscape suitable for reclamation. In this process, mature fine tailings are mixed with a polymer flocculent and deposited in thin layers over sand beaches with shallow slopes. The resulting product is a dry material that is capable of being reclaimed in place or moved to another location for final reclamation.

Upgrading is the two-stage process by which bitumen is converted into SCO.

Primary upgrading, also referred to as coking or thermal cracking, heats the bitumen in coke drums to remove excess carbon. The superheated hydrocarbon vapours are sent to fractionators where they condense into naphtha, kerosene and gas oil. Carbon residue, or coke, is removed from the coke drums periodically and later sold as a byproduct.

Secondary upgrading, a purification process also referred to as hydrotreating, adds hydrogen to, and reduces the sulphur and nitrogen of, primary upgrading output to create sweet SCO and diesel.

Upstream refers to the exploration, development and production of conventional crude oil, bitumen or natural gas.

Reserves and resources

Please refer to the Definitions for Reserves Data Tables and Best Estimate Contingent Resources section of the Statement of Reserves Data and Other Oil and Gas Information in this AIF.

Common Abbreviations

The following is a list of abbreviations that may be used in this AIF:

Measurement

bbl(s)	barrel(s)
bbls/d	barrels per day
mbbls	thousands of barrels
mbbls/d	thousands of barrels per day
mmbbls	millions of barrels
mmbbls/d	millions of barrels per day
boe	barrels of oil equivalent
boe/d	barrels of oil equivalent per day
mboe	thousands of barrels of oil equivalent
mboe/d	thousands of barrels of oil equivalent per day
mmboe	millions of barrels of oil equivalent
mmboe/d	millions of barrels of oil equivalent per day
mcf	thousands of cubic feet of natural gas
mcf/d	thousands of cubic feet of natural gas per day
mcfe	thousands of cubic feet of natural gas equivalent
mmcf	millions of cubic feet of natural gas
mmcf/d	millions of cubic feet of natural gas per day
mmcfe	millions of cubic feet of natural gas equivalent
mmcfe/d	millions of cubic feet of natural gas equivalent per day
bcf	billions of cubic feet of natural gas
bcfe	billions of cubic feet off natural gas equivalent
GJ	gigajoules
mmbtu	millions of British thermal units
m^3	cubic metres
m^3/d	cubic metres per day
km	kilometres
MW	megawatts

Places and Currencies

U.S.	United States
U.K.	United Kingdom
B.C.	British Columbia
$ or Cdn$	Canadian dollars
US$	United States dollars
£	Pounds sterling
€	Euros

Products, Markets and Processes

WTI	West Texas Intermediate
WCS	Western Canadian Select
NGL(s)	natural gas liquid(s)
LPG	liquefied petroleum gas
SCO	synthetic crude oil
NYMEX	New York Mercantile Exchange
TSX	Toronto Stock Exchange
NYSE	New York Stock Exchange

SAGD	steam-assisted gravity drainage
PSC	production sharing contract
EPSA	exploration and production sharing agreement

Suncor converts certain natural gas volumes to boe, boe/d, mboe, mboe/d or mmboe on the basis of six mcf to one boe. Any figure presented in boe, boe/d, mboe, mboe/d, or mmboe may be misleading, particularly if used in isolation. A conversion ratio of six mcf of natural gas to one bbl of crude oil or NGLs is based on an energy equivalency conversion method primarily applicable at the burner tip and does not necessarily represent value equivalency at the wellhead. Given that the value ratio based on the current price of crude oil as compared to natural gas is significantly different from the energy equivalency of 6:1, utilizing a conversion on a 6:1 basis may be misleading as an indication of value.

Conversion Table[(1)(2)]

1 m^3 liquids = 6.29 barrels	1 tonne = 0.984 tons (long)
1 m^3 natural gas = 35.49 cubic feet	1 tonne = 1.102 tons (short)
1 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.

CORPORATE STRUCTURE

Name and Incorporation

Suncor Energy Inc. (formerly Suncor Inc.) was originally formed by the amalgamation under the *Canada Business Corporations Act* (the CBCA) 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, the company further amalgamated with a wholly owned subsidiary under the CBCA. We amended our articles in 1995 to move our registered office from Toronto, Ontario, to Calgary, Alberta, and again in April 1997 to adopt the name, "Suncor Energy Inc.". In April 1997, May 2000, May 2002, and May 2008, the company amended its articles to divide its issued and outstanding shares on a two-for-one basis.

Pursuant to an arrangement which was completed effective August 1, 2009, Suncor amalgamated with Petro-Canada to form a single corporation continuing under the name "Suncor Energy Inc.", referred to in this document as the "merger". The merger was effected pursuant to the CBCA.

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

Intercorporate Relationships

Material subsidiaries, each of which was owned 100%, directly or indirectly, by the company as at December 31, 2014, are as follows:

Name	Jurisdiction Where Organized	Description
Canadian operations		
Suncor Energy Oil Sands Limited Partnership	Canada	This partnership holds most of the company's oil sands assets.
Suncor Energy Products Inc.	Canada	A subsidiary that holds interests in the company's energy marketing and renewable energy businesses, and which is a partner of Suncor Energy Products Partnership.
Suncor Energy Products Partnership	Canada	This partnership holds substantially all of the company's Canadian refining and marketing assets.
Suncor Energy Marketing Inc.	Canada	A subsidiary of Suncor Energy Products Inc. through which production from our upstream North American businesses is marketed. Through this subsidiary, we also administer Suncor's energy trading and power activities, market certain third-party products, procure crude oil feedstock and natural gas for our downstream business, and procure and market NGLs and LPG for our downstream business.
U.S. operations		
Suncor Energy (U.S.A.) Marketing Inc.	U.S.	A subsidiary that procures and markets third-party crude oil, in addition to procuring crude oil feedstock for the company's refining operations.
Suncor Energy (U.S.A.) Inc.	U.S.	A subsidiary through which our U.S. refining and marketing operations are conducted.
International operations		
Suncor Energy UK Limited	U.K.	A subsidiary through which certain of our operations are conducted in the U.K.

Suncor Energy Oil (North Africa) GmbH	Germany	A subsidiary through which the majority of our Libya operations are conducted.

The company's remaining subsidiaries each accounted for (i) less than 10% of the company's consolidated assets as at December 31, 2014, and (ii) less than 10% of the company's consolidated operating revenues for the fiscal year ended December 31, 2014. 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 headquartered 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; we transport and refine crude oil, and we market petroleum and petrochemical products primarily in Canada. Periodically, we market third-party petroleum products. We also conduct energy trading activities focused principally on the marketing and trading of crude oil, natural gas and byproducts.

Suncor has classified its operations into the following segments:

OIL SANDS

Suncor's Oil Sands segment, with assets located in the Athabasca oil sands of northeast Alberta, recovers bitumen from mining and in situ operations and either upgrades this production into SCO for refinery feedstock and diesel fuel, or blends the bitumen with diluent for direct sale to market. The Oil Sands segment includes:

Oil Sands operations refer to Suncor's wholly owned and operated mining, extraction, upgrading, in situ and related logistics and storage assets in the Athabasca oil sands region. Oil Sands operations consist of:

Oil Sands Base operations include the Millennium and North Steepbank mining and extraction operations, integrated upgrading facilities known as Upgrader 1 and Upgrader 2, and the associated infrastructure for these assets including utilities, energy and reclamation facilities, such as Suncor's TRO$_{TM}$ assets.

In Situ operations include oil sands bitumen production from Firebag and MacKay River and supporting infrastructure, such as central processing facilities, cogeneration units and hot bitumen infrastructure, including insulated pipelines, diluent import capabilities and a cooling and blending facility, and related storage assets. In Situ production is either upgraded by Oil Sands Base, or blended with diluent and marketed directly to customers.

Oil Sands ventures operations include Suncor's 40.8% interest in the Fort Hills mining project, where Suncor is the operator, and its 36.75% interest in the Joslyn North mining project, where Total E&P Canada Ltd. (Total) is the operator. The company also holds a 12.0% interest in the Syncrude oil sands mining and upgrading operation.

EXPLORATION AND PRODUCTION

Suncor's Exploration and Production (E&P) segment consists of offshore operations off the east coast of Canada and in the North Sea, and onshore assets in North America, Libya and Syria.

E&P Canada operations include Suncor's 37.675% working interest in Terra Nova, which Suncor operates. Suncor also holds a 20.0% interest in the Hibernia base project and a 19.5% interest in the Hibernia Southern Extension Unit (HSEU), a 27.5% interest in the White Rose base project and a 26.125% interest in the White Rose Extensions, and a 22.729% interest in Hebron, all of which are operated by other companies. Suncor also holds interests in several exploration licences offshore Newfoundland and Labrador and Nova Scotia. E&P Canada also includes Suncor's working interests in unconventional natural gas properties in northeast B.C.

E&P International operations include Suncor's 29.89% working interest in Buzzard and its 26.69% interest in Golden Eagle. Both projects are located in the U.K. sector of the North Sea and are operated by another company. Suncor also holds interests in several exploration licences offshore the U.K. and Norway. Suncor owns, pursuant to EPSAs, working interests in the exploration and development of oilfields in the Sirte Basin in Libya. Suncor also owns, pursuant to a PSC, an interest in the Ebla gas development in the Ash Shaer and Cherrife areas in Syria. Suncor's operations in Syria were suspended indefinitely in 2011, due to political unrest in the country.

REFINING AND MARKETING

Suncor's Refining and Marketing segment consists of two primary operations:

Refining and Supply operations refine crude oil and intermediate feedstock into a broad range of petroleum and petrochemical products. Refining and Supply consists of:

Eastern North America operations which include a refinery located in Montreal, Quebec, a refinery located in Sarnia, Ontario, and a lubricants business located in Mississauga, Ontario that manufactures and blends products which are marketed worldwide.

Western North America operations which include refineries located in Edmonton, Alberta and Commerce City, Colorado.

Other Refining and Supply assets include interests in a petrochemical plant, pipelines and product terminals in Canada and the U.S.

Downstream Marketing operations sell refined petroleum products to retail, commercial and industrial customers through a combination of company-owned, Petro-Canada branded-dealer and other retail stations in Canada and Colorado, a nationwide commercial road transport network in Canada, and a bulk sales channel in Canada. Lubricant products are marketed worldwide through company-operated locations and distributor networks.

CORPORATE, ENERGY TRADING AND ELIMINATIONS

The grouping **Corporate, Energy Trading and Eliminations** includes the company's investments in renewable energy projects, results related to energy marketing, supply and trading activities, and other activities not directly attributable to any other operating segment.

Renewable Energy interests include seven wind facilities across Canada, including Adelaide which is the most recent addition to the portfolio, and the St. Clair ethanol plant in Ontario. An eighth wind farm, Cedar Point, is planned to commence commercial operations later in 2015.

Energy Trading activities primarily involve the marketing, supply and trading of crude oil, natural gas, power and byproducts, and the use of midstream infrastructure and financial derivatives to optimize related trading strategies.

Corporate activities include stewardship of Suncor's debt and borrowing costs, expenses not allocated to the company's businesses, and the company's captive insurance activities that self-insure a portion of the company's asset base.

Intersegment revenues and expenses are removed from consolidated results in **Group Eliminations**. Intersegment activity includes the sale of product between the company's segments and insurance for a portion of the company's operations by the **Corporate** captive insurance entity.

Three-Year History

Over the last three years, several events have influenced the general development of Suncor's business.

2012

Steve Williams appointed as Chief Executive Officer. In December 2011, Steve Williams, formerly Suncor's Chief Operating Officer (COO), was appointed president and a member of the company's Board of Directors, and assumed the role of Chief Executive Officer (CEO) in May 2012. Prior to becoming COO, Mr. Williams served as Executive Vice President, Oil Sands for four years where he was responsible for leading Suncor's Oil Sands operations through a significant period of growth.

TRO$_{TM}$ commissioned. Suncor completed installation of its tailings management assets. Infrastructure included pipes, pumphouses and fluid transfer barges that (a) pump tailings water from extraction plants to a sand placement area, (b) pump mature fine tailings from the sand placement area to a tailings pond for TRO$_{TM}$ treatment, and (c) pump treated water from tailings ponds back to extraction plants for use in production processes. Through the TRO$_{TM}$ process, mature fine tailings are converted more rapidly into a solid material suitable for reclamation.

Off-station maintenance at East Coast Canada assets. The Floating Production, Storage and Offloading (FPSO) vessels for both Terra Nova and White Rose were disconnected and transported to docking facilities for planned maintenance. The water injection swivel was replaced on the Terra Nova FPSO, while the propulsion system was repaired on the White Rose FPSO. The off-station maintenance program for Terra Nova also allowed the company to replace subsea infrastructure to help mitigate hydrogen sulphide (H_2S) issues.

Growth at Firebag. Production from Firebag increased to 104 mbbls/d, approximately 75% higher than the 2011 production level. Firebag Stage 3 central processing facilities reached design capacity in 2012 approximately one year after first oil was brought on-stream. Stage 4 central processing facilities were commissioned and first oil from Stage 4 wells was brought on-stream in December 2012.

MNU commences operations. The Millennium Naphtha Unit (MNU), which consists of a hydrogen plant and a naphtha hydrotreating unit, began operating at design rates. The MNU increased sweet SCO production capacity, primarily through a naphtha hydrotreating unit and stabilizing secondary upgrading processes by providing flexibility with respect to hydrogen production during planned or unplanned maintenance.

Oil Sands logistics infrastructure brought into service. The company brought into service the Wood Buffalo pipeline, which connects the company's Athabasca terminal at the base plant in Fort McMurray to other third-party pipeline infrastructure in Cheecham, Alberta, and four storage tanks in Hardisty, Alberta, which are connected to the Enbridge Inc. (Enbridge) mainline pipeline.

Hebron project receives sanction. In December, the co-owners of the Hebron project sanctioned a development plan that includes a concrete gravity-based structure (GBS) supporting an integrated topsides deck to be used for production, drilling and accommodations. The estimated gross oil production capacity for Hebron is 150 mbbls/d.

2013

Voyageur oil sands upgrader project deferred. In March, Suncor announced that it was not proceeding with the Voyageur upgrader project in response to changed market conditions that challenged the project economics. Suncor acquired Total's interest in Voyageur Upgrader Limited Partnership (VULP) for $515 million to gain full control of VULP's assets, including a hot bitumen blending facility and tankage used to support the company's growing Oil Sands operations.

Majority of natural gas business in Western Canada sold. Suncor sold its conventional natural gas business in Western Canada with an effective date of January 1, 2013. The transaction closed September 26, 2013 for gross proceeds of $1 billion, before closing adjustments and other closing costs. The sale included properties situated across multiple regions in Alberta, northeast British

Columbia and southern Saskatchewan but excluded the majority of Suncor's unconventional natural gas properties in the Kobes region (Montney formation) of northeast British Columbia and unconventional oil properties in the Wilson Creek area (Cardium formation) of central Alberta.

Suncor constructs wetland. The company reached a reclamation milestone with the planting of a fen wetland at Oil Sands Base. A fen is a specific type of peat-accumulating wetland. Suncor is one of the first companies in the world to attempt reconstruction of this type of wetland. Construction of the fen's underlying watershed was completed in January 2013, and vegetation was planted during the spring and summer.

Firebag ramp-up completed. Firebag production in 2013 increased by approximately 40% over 2012

production levels as the ramp-up of Stage 4 was completed. The complex ended 2013 achieving daily production rates of approximately 95% of nameplate capacity of 180 mbbls/d.

Hot bitumen infrastructure commissioned. Suncor initiated a number of debottlenecking projects across Oil Sands operations, including the completion of an insulated bitumen pipeline from Firebag to the Athabasca terminal. Combined with blending facilities at the Athabasca terminal and diluent import capabilities, Suncor increased the takeaway capacity of bitumen and unlocked production in mining.

Fort Hills project sanctioned. In October, Suncor and project co-owners unanimously agreed to proceed with the Fort Hills oil sands mining project. The project is scheduled to produce first oil by the fourth quarter of 2017 and is expected to achieve 90% of its planned production capacity of 180 mbbls/d (73 mbbls/d net to Suncor) within its first year.

Libya production shut in. Export terminal operations at Libyan seaports were closed during the latter half of 2013 due to political unrest in the country. Production was shut in during this period; however, Suncor was able to continue progress on its exploration program.

Rail offloading facility complete. Construction of a rail offloading facility to enable receipt of inland crudes at the Montreal refinery was completed in the fourth quarter of 2013. The Montreal refinery received its first shipment in early December.

Successful completion of Upgrader 1 turnaround. Suncor successfully executed planned maintenance across its operations, including a seven-week turnaround at Upgrader 1, which was the largest turnaround in the company's history. The next scheduled turnaround at Oil Sands operations is in 2016.

2014

Market access initiatives. Crude by rail shipments to the company's Montreal refinery averaged approximately 33 mbbls/d in 2014. In addition, the rail offloading facilities at Tracy, Quebec were used to move crude to new and existing markets. Suncor also started transporting heavy crude on TransCanada's Gulf Coast Pipeline which provided increased access to global-based pricing.

Exploration interests in E&P Canada. In May 2014, Suncor signed a farm-in agreement with Shell Canada to acquire a 20% interest in a deepwater exploration opportunity in the Shelburne Basin, offshore Nova Scotia. In December 2014, Suncor acquired a 30% interest in an exploration licence in the Flemish Pass off the coast of Newfoundland and Labrador and a 50% interest in another exploration licence in the Carson Basin near the Flemish Pass.

Joslyn North mining project scaled back. Although regulatory permits for the Joslyn North mining project have been obtained, in May 2014, Suncor decided, along with the other co-owners, to reduce spending on the Joslyn North mining project and continue engineering work and optimization studies to support the development plan for the project.

Investment in water management strategy. Suncor commissioned a waste water treatment plant, which is expected to increase the reuse and recycling of waste water from Suncor's upgrading operations and reduce freshwater withdrawal. In addition, Suncor, along with its project partners, approved the development of the Water Technology Development Centre (WTDC), which is expected to connect to Suncor's Firebag operations and provide an environment to test water treatment and recycling technologies. The WTDC is scheduled to become operational in early 2017.

Reinforced Suncor's focus on core assets. Consistent with our long-term corporate strategy to focus on core assets, Suncor sold its Wilson Creek assets in E&P Canada, announced the sale of its interest in Pioneer Energy's retail business, and acquired a sulphur recovery facility adjacent to the Montreal refinery.

MacKay River debottleneck and process optimization. Suncor achieved first oil from the MacKay River facility debottleneck project in the third quarter of 2014.

First oil from Golden Eagle Area Development (GEAD). During the fourth quarter, first oil was achieved at the Golden Eagle project, which is anticipated to ramp up to its peak production rate of approximately 18,000 boe/d (net) during 2015.

Libya operations shut in. Production in