



**“CHOOSE YOUR NEIGHBOURS
BEFORE YOU CHOOSE YOUR HOME”**

NOTES FOR AN ADDRESS BY

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TO THE

“FOCUS ON SYRIA” CONFERENCE

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Thank you Brian (*Brian Constant is moderator, Treasurer of British Syrian Society*)

Your excellencies, ladies and gentlemen. I'm delighted to be here today to discuss Petro-Canada's experience in Syria and I want to thank the organisers for developing what I think is proving to be a very engaging programme.

This Session is entitled "Investor Success Stories." I think our story in Syria is exactly that – a success story. And we're not done yet. Petro-Canada and its predecessor companies have been active in Syria for more than 20 years. And we'd like to stay quite a bit longer. But before I delve into that, let me just quickly tell you about who we are.

Petro-Canada is one of the leading integrated oil companies in Canada – both in size and performance. We produce over 430,000 bpd, generate about \$20Bn in annual revenue and have a market capitalisation over \$25Bn.

And we're growing as a mid-sized independent internationally. We're the only Canadian integrated with an international business, and that makes us a bit unique. We've been focused on growing our presence in the North Sea, Syria, Libya and Trinidad & Tobago. Today, our portfolio outside North America delivers more than one third of the company's production and cash flow.

We have Upstream operations in every Canadian theatre, including Western Canada, oil sands, in the Arctic and off the East Coast of Canada. In the Downstream, we have a refining and marketing network with over 1,600 retail and wholesale outlets across Canada. And we have a leading-edge lubricants manufacturing business through which we market high-quality speciality lubricants around the world.

Petro-Canada began its corporate life over 30 years ago as a government-owned enterprise. Our mandate was to establish a strong Canadian presence in an oil industry that was dominated by foreign-owned companies. We were also to find and develop frontier Canadian energy resources to improve Canada's security of energy supply. We succeeded in both of those objectives. We became a major player in the Canadian industry, and helped to

develop new energy sources such as the Alberta oil sands and offshore oil. We were privatized in 1991 and are now fully privately owned with no public policy mandate.

In Canada however, we found we were limited in our opportunities, because we are already well represented in every Canadian growth area. So a few years ago we made the decision to develop a core international business and Syria has become a big part of that portfolio.

But, you may ask; “Why Syria?”. Well perhaps the answer is found in an old Arabic proverb one of my Syrian colleagues once told me: *Choose you neighbours before you choose your home*. In other words, Syria is a good place to do business because of the Syrians themselves.

In the early days, and most certainly even today, my experience has been that every time a Petro-Canada representative makes their first visit to Syria, they return full of enthusiasm and praise – for the hospitality of your people, the beauty of your country, the richness of your culture and the collaborative way you approach commerce.

Over the last couple of years, I've come to understand for myself why my colleagues have been so impressed.

For some time now we've believed that Petro-Canada has a key role to play in helping Syria develop its energy resources. And we have long believed that, for Petro-Canada, Syria is a good country in which to do business. It is safe. It is secure. In fact, we've found the business environment there to be as stable as anywhere else that we work. The Syrian government is to be commended for this. It is committed to its fundamental role as steward of the nation's natural resource wealth. But it has also provided a stable operating environment ~~and has been a~~ consistent, ~~fair and supportive partner~~. Most importantly, the Syrian government has always honoured its contractual and financial commitments.

The government has also been open to discussing difficulties that arise from time to time, such as contracting regulations or cost recovery processes. This collaborative, problem solving approach has allowed us to develop a strong relationship with the government, one that has helped us better understand the market and opportunities for our business in Syria.

So today, Syria is a significant and growing part of Petro-Canada's international portfolio. Our company's strategy is to pursue long term energy projects that contribute materially to the financial strength of our company. It's been clear to us for some time that Syria provides such opportunities. Our Ebla gas project is a good example.

The Ebla project will develop the Ash Shaer and Cherrife fields in Syria's gas heartland. This agreement allows Petro-Canada to appraise and develop existing gas resources in these fields for commercial production by 2010 at 80 mmcf/d. This production may then last for 25 years. We believe there is considerable upside potential, perhaps adding as much as 50% to production capacity over time.

The Ebla gas development will deliver oil and gas revenues to the Syrian state amounting to many millions of dollars per year. It will also contribute to the energy security of the nation by providing natural gas to Syrian consumers. As well, providing gas for domestic consumption frees up Syrian oil production for more lucrative export, which expands Syrian state revenues even more.

We also believe that our activities in Syria will benefit the people of the country even more directly. As I said earlier, the Ebla gas development project will span over 25 years and in that time we intend to employ a significant number of Syrian nationals. The capability and skills development programmes we are putting in place to train those employees will create bright prospects for many young Syrians.

In addition to the Ebla gas project, we are active explorers in Syria. Our exploration geologists continue to argue that Syria's oil and gas potential is over-looked and under-explored by the world's oil companies. We intend to help remedy that. We're currently drilling in Block II in the north of the country and we've also recently applied for the rights to explore on three additional exploration licenses.

You may be surprised to hear that Syrians were amongst the earliest Arab settlers in Canada, arriving only a few years after Canada was first established as a federated state. Those early Syrian immigrants (like so many others) helped to build Canada into what it is today. Petro-Canada hopes now to return the favour - in some modest measure - by contributing to the development of

Syria. We know of course that Syria was the centre of one of the most ancient civilisations on earth. But it seems somehow appropriate in the early part of the 21st century that Syria and Canada, two countries with such differing historical timelines, should now be working in partnership.

So, we have “chosen our neighbours” and we have begun “building our house” in Syria. I predict a prosperous future together.

Thank you