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16 ENVIRONMENTAL MANAGEMENT

Environmental leadership and performance for the Hebron Project will be managed by taking a sound science, risk-based, life cycle approach. Environmental management is an evergreen process that is continuously monitored and enhanced throughout Project life.

ExxonMobil Canada Properties (EMCP) recognizes that important environmental-related decisions are often made during initial planning and concept selection. In many cases, these early decisions can effectively reduce environmental effects without measurably affecting a project's cost or schedule. Early identification of potential environmental effects can help narrow the scope of concept alternatives, develop appropriate environmental mitigation approaches and optimize a project's environmental footprint by addressing energy needs, water usage, land use, air emissions, effects on sensitive environments and effects on local communities.

For the Hebron Project, EMCP will use an established ExxonMobil Corporation (ExxonMobil) Environmental Management Process that covers the complete life cycle of a new development (facility design, construction, operation and decommissioning). A number of planning and decision-making tools and processes are used to address identified environmental challenges and to ensure that the desired level of environmental performance is achieved. Environmental risk assessments, alternatives analyses and adherence to internal environmental standards will guide the Project throughout this planning and construction process.

This Comprehensive Study Report (CSR), as well as the Socio-economic Impact Statement (SEIS), was prepared after the concept was selected and approved. An Environmental Management Plan (EMP) or Environmental Protection Plan (EPP) (as required by Canada-Newfoundland and Labrador Offshore Petroleum Board (C-NLOPB) for operations) will also be prepared to document environmental impact avoidance and/or mitigation measures. This EMP will include a description of the roles and responsibilities of Project-associated personnel, environmental-related regulatory requirements and environmental performance expectations.

During the operations stage, Project personnel will track environmental measurements to ensure that the required level of environmental performance is obtained. Facilities will be dismantled and reclaimed at the end of the Project's life per C-NLOPB requirements. A life cycle approach, from initial project concept to final decommissioning, will ensure the proper stewardship of the environmental aspects for the Hebron Project.

Environmental management for the Hebron Project will be guided by ExxonMobil's Environment Policy, expectations from the "Protect Tomorrow. Today." initiative and management systems. These systems provide a systematic, structured and disciplined approach to environmental management.

16.1 ExxonMobil Corporation Environment Policy

The Board of Directors of ExxonMobil have adopted and oversee the administration of ExxonMobil's Standards of Business Conduct, which include the foundation policies of ExxonMobil. ExxonMobil's approach to environmental protection is guided by the ExxonMobil's Environment Policy, as shown in Figure 16-1.

It is ExxonMobil Corporation's policy to conduct its business in a manner that is compatible with the balanced environmental and economic needs of the communities in which it operates. The Corporation is committed to continuous efforts to improve environmental performance throughout its operations.

Accordingly, the Corporation's policy is to:

- comply with all applicable environmental laws and regulations and apply responsible standards where laws and regulations do not exist;
- encourage concern and respect for the environment, emphasize every employee's responsibility in environmental performance, and foster appropriate operating practices and training;
- work with government and industry groups to foster timely development of effective environmental laws and regulations based on sound science and considering risks, costs, and benefits, including effects on energy and product supply;
- manage its business with the goal of preventing incidents and of controlling emissions and wastes to below harmful levels; design, operate, and maintain facilities to this end;
- respond quickly and effectively to incidents resulting from its operations, in cooperation with industry organizations and authorized government agencies;
- conduct and support research to improve understanding of the impact of its business on the environment, to improve methods of environmental protection and to enhance its capability to make operations and products compatible with the environment;
- communicate with the public on environmental matters and share its experience with others to facilitate improvements in industry performance;
- undertake appropriate reviews and evaluations of its operations to measure progress and to foster compliance with this policy.

Figure 16-1 ExxonMobil Corporation Environment Policy

16.2 Corporate Environmental Initiative

ExxonMobil senior management has reinforced environmental performance expectations to all ExxonMobil's business lines in order to achieve superior performance. This leadership-driven initiative is called "Protect Tomorrow. Today." (Figure 16-2).

ExxonMobil seeks to deliver superior environmental performance, and in this spirit, an Environmental Management Process has been developed, which is integrated with project design and operations processes and procedures and has been deployed consistently around the world. This process allows ExxonMobil to conduct its business in a manner that is compatible with the balanced environmental and economic needs of the communities in which it operates. ExxonMobil is committed to continuous efforts to improve environmental performance.

- "Protect Tomorrow. Today."***
- Deliver superior environmental performance, leading to competitive advantage.
 - Drive environmental incidents with real impact to zero, through a process of continuous improvement.
 - Achieve industry leadership in key environmental areas relevant to each business.

Figure 16-2 "Protect Tomorrow. Today." Principles

16.3 Management Systems

Long-term sustainable performance will be established through use of the ExxonMobil management systems, including operations integrity, controls integrity, reliability and capital projects management. The Environmental Management Process is integrated into two of these management systems: the Operations Integrity Management System (OIMS) and the ExxonMobil Capital Projects Management System (EMCAPS).

16.3.1 Operations Integrity Management System

ExxonMobil's OIMS Framework establishes common worldwide expectations for addressing risks inherent in its business. The term "operations integrity" is used by ExxonMobil to address all aspects of its business that can affect personnel and process safety, security, health and environmental performance at ExxonMobil facilities worldwide.

OIMS is a framework of management systems designed to identify hazards and manage the associated risks. It provides a systematic, structured and disciplined approach across businesses and facilities worldwide and enables ExxonMobil to measure progress and ensure management accountability in these areas. OIMS also ensures that ExxonMobil appropriately engages with the communities in which it operates. Business-line managers are expected to adhere to all OIMS requirements, from project inception to ongoing operations, and conduct OIMS assessments on a frequent basis.

OIMS is embedded into ExxonMobil's day-to-day work processes to establish common worldwide expectations that every operating unit must fulfill to proactively manage risk globally. Over time, it has become a part of ExxonMobil's culture and the way it does business, improving operations reliability, and reducing safety, security, health and environmental risks and effects.

The overall effectiveness of OIMS is reviewed every five years and the system is adjusted accordingly. As a result, OIMS has been continuously

improved to include behaviour-based safety, security, environmental matters and enhanced community involvement.

In 2007, Lloyd's Register Quality Assurance, Inc. (LRQA) attested that OIMS meets the requirements of the ISO 14001 standard for environmental management systems. Furthermore, LRQA recognized that OIMS also meets all the requirements of the Occupational Health and Safety Assessment Series for health and safety management systems (OHSAS 18001).

EMCP is establishing the management systems, including the Environmental Management System, to address the requirements and expectations of the OIMS framework. These systems incorporate five essential characteristics:

- ◆ **Scope and Objectives:** scope defines the system's boundaries and interfaces with other systems, organizations and facilities. Objectives clearly define the system's purpose and expected results
- ◆ **Processes and Procedures:** processes address the steps that describe what the system does and how it functions. Procedures address the key tasks within a process
- ◆ **Responsible and Accountable Resources:** the approval authority, experience and training necessary for specific roles and responsibilities in implementation and execution of the system are specified
- ◆ **Verification and Measurement:** a system must be checked to see whether it is functioning as designed and is achieving its stated purpose
- ◆ **Feedback and Improvement Mechanisms:** these mechanisms help ensure actions are taken to continuously improve a system's suitability, capability and effectiveness

The OIMS framework has 11 elements (Figure 16-3), each with clearly defined expectations that every operation must fulfill. Environmental aspects are integrated throughout OIMS. The specific basis for the Environmental Management System is within Element 6, Operations and Maintenance.

16.3.2 ExxonMobil Capital Projects Management System

The EMCAPS provides a framework for guiding project development and execution. This system requires several deliverables to be completed by specific decision points in the life of a project. Two key EMCAPS deliverables related to the Environmental Management Process are the EMP and the Regulatory Compliance Plan.

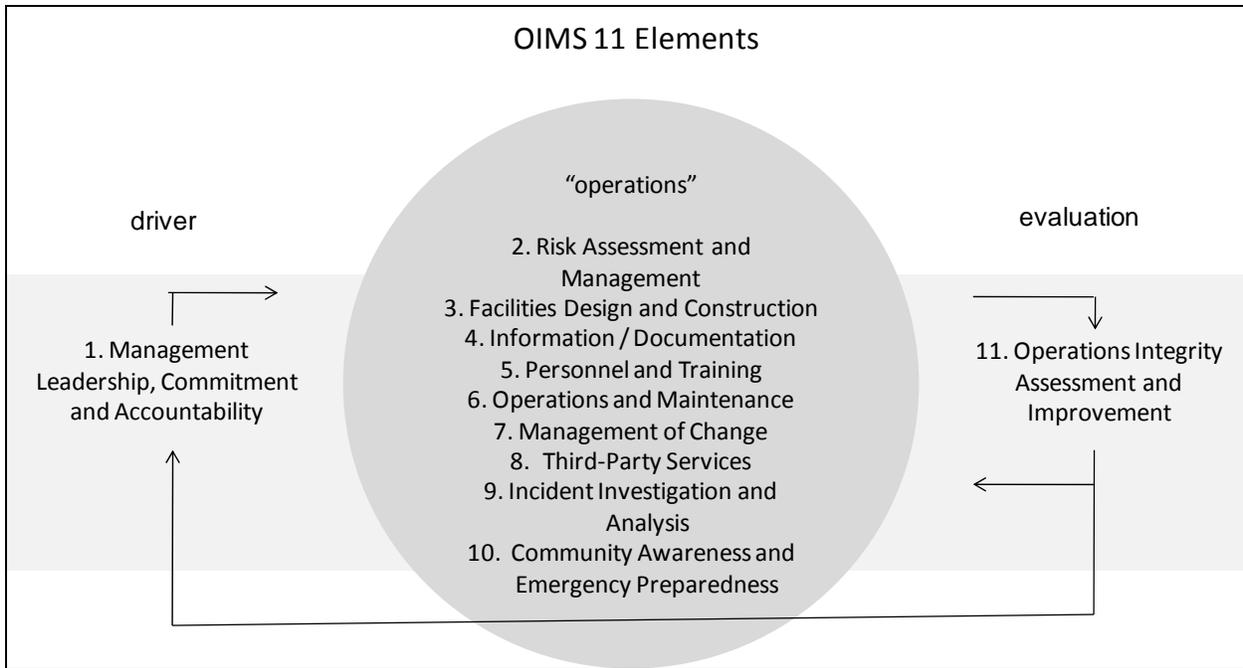


Figure 16-3 OIMS 11 Elements

16.4 Environmental Management Process

ExxonMobil’s structured Environmental Management Process ensures that a variety of tools, plans and processes are in place to safeguard the environment - its biodiversity, cultural heritage and value. These features are a priority in business planning throughout a project’s life cycle. The Environmental Management Process requires an early engagement approach to identifying environmental issues and alternatives, even before the project concept is determined. In the project’s early stages, alternatives analyses guide project concepts and decisions as more knowledge about site characteristics and facility designs become known. Decisions early in a Project’s life can lead to an overall reduced environmental footprint.

The Environmental Management Process for the Hebron Project has been broken down into five stages of activity that follow the timeline for developing and operating a project (Figure 16-4).

Implementation of a structured Environmental Management Process with organized and well-defined associated systems, tools and processes is the key to managing the environmental, socio-economic and health challenges of the Hebron Project.

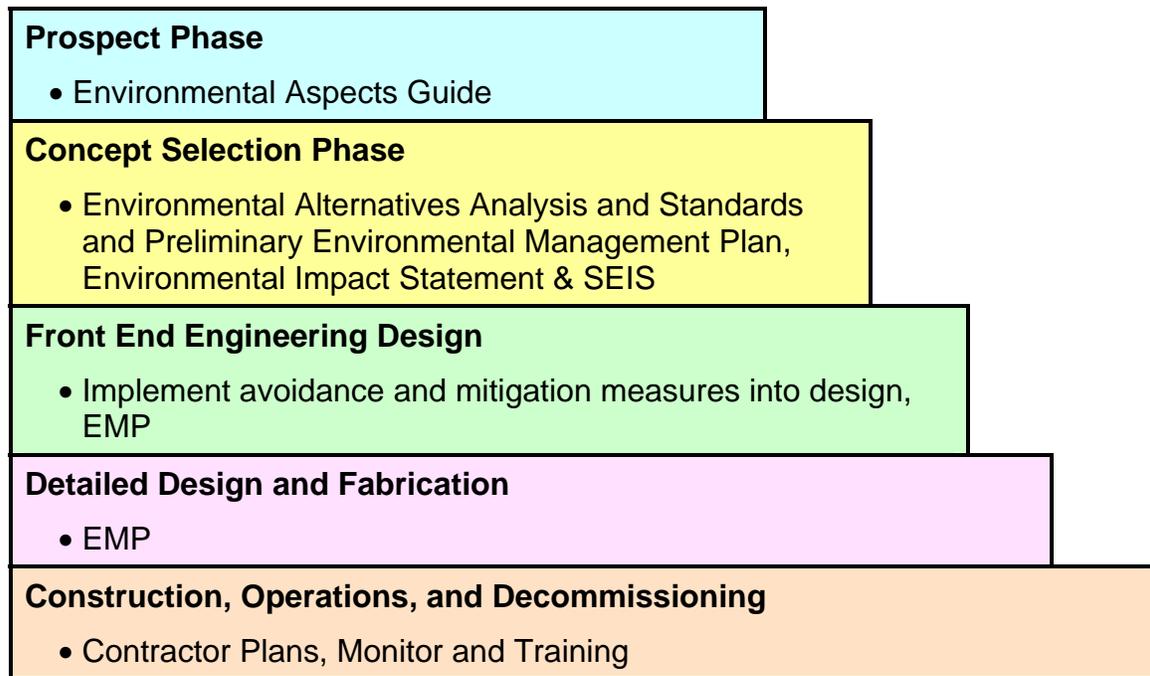


Figure 16-4 The Five Project Stages and Related Environmental Tools and Processes

16.4.1 Prospect Phase

The tool developed to guide this process and ensure that a wide range of potential environmental sensitivities are considered is the ExxonMobil Environmental Aspects Guide. This Guide provides a comprehensive list of environmental sensitivities for consideration and a systematic process for the initial assessment of activities, products and services that interact with the environment. The Guide promotes early engagement with the applicable engineering, geoscience and management teams and straightforward high-level mitigation approaches in order to reduce environmental effects. This Guide was used to steer Hebron Project environmental and regulatory planning, as well as development of the environmental assessment and Preliminary Environmental Management Plans (PEMP).

This phase of the Environmental Management Process usually involves the environmental and regulatory evaluation of various Project alternatives or concepts. The environmental risks associated with the alternative modes of development for the Hebron Project were evaluated and a preferred concept was selected prior to ExxonMobil becoming the operator (as described in Section 2.4).

From the earliest stages of the Project, the management team has actively promoted a safety, security, health and environment (SSH&E) culture, to both those working on the Project and to the public. EMCP is committed to working with the provincial government, the Workplace Health, Safety and Compensation Commission, the Building Trades Council and others toward improved safety in the province. EMCP hosted an initial contractor SSH&E Forum in June 2009 and has carried its message of safety ("Nobody Gets

Hurt."), security ("Security is everybody's business.") and environment ("Protect Tomorrow. Today.") to the public through presentations at Open Houses, in schools and at conferences. The Open Houses in the fall of 2009 were one means of bringing the information about the Project and the environmental assessment to the interested public.

16.4.2 Concept Selection Phase

In the normal process, once a new hydrocarbon resource has been determined to represent a viable development opportunity, several concepts for developing the resource are contemplated. For each of these concepts, a more detailed level of environmental alternative analysis is conducted. These analyses consider the various environmental impacts associated with each of the different design concepts and technologies being considered.

16.4.2.1 Alternatives Analyses

During the concept selection phase, the tool that is used to manage environmental reviews is the Early Project Environmental Alternatives Analysis. This tool focuses on select environmental aspects that can be reasonably evaluated at an early stage, allowing for practical decisions to be made. Another tool, developed to enhance early project decisions, is a series of ExxonMobil Environmental Standards that address aspects related to air, water, land and local communities.

16.4.2.2 Environmental Standards

EMCP is committed to meeting provincial and federal regulations for environmental performance and, where no local regulations exist, to operate to standards that are protective of the environment. These standards were developed by ExxonMobil and are based on sound science and comprehensive risk assessments. They provide an additional layer of environmental protection assurance, especially in regions where environmental requirements are not comprehensive. The existing environmental standards include nitrogen oxides emissions, offshore drill cutting discharges, flare and venting reduction, water management, waste management, land use, energy efficiency and greenhouse gases, socio-economic management, air emissions and marine geophysical operations. These standards assist in identifying environmental improvement opportunities early in project planning when they can be implemented most effectively.

16.4.2.3 Environmental and Socioeconomic Impact Statements

An Environmental Impact Statement (EIS) is required by Canadian and Newfoundland and Labrador legislation. Pursuant to the *Canadian Environmental Assessment Act*, the EIS is a CSR. Per these requirements, the scope and detail of the CSR and SEIS for the Hebron Project are based on the conceptual level of engineering design, the Project environment's sensitivity, existing socio-economic conditions, the scope of the Project and

the nature of anticipated environmental issues / effects. These tools are valuable to many Project team members, since decisions made by Project personnel will be influenced by its findings and recommendations.

The CSR and SEIS processes are detailed and rigorous, and ensure that a project is appropriately designed, constructed and operated in an environmentally responsible manner. The results of these assessments lead to the development of environmental effects avoidance and mitigation plans. These avoidance and mitigation measures, as well as specific monitoring and measuring procedures, are documented in subsequent project documents and plans, starting with the PEMP.

16.4.2.4 Preliminary Environmental Management Plan

During this phase, a PEMP was prepared to describe the process for managing its associated environmental-related issues in view of the Project schedule and other needs. This plan identified and organized the key issues and processes necessary for managing the Project's environmental aspects, including applicable environmental-related regulatory requirements, external financing-related environmental requirements (if applicable), roles and responsibilities of specific project personnel and environmental-related requirements for Project engineering and construction contracts and contractors. The PEMP provides a roadmap of environmental-related expectations as the details of the Project design and construction plans continue to be defined.

16.4.3 Front End Engineering Design

The results of the CSR, SEIS and PEMP prepared during the Concept Selection Stage, including recommended environmental issues / effects avoidance, mitigation and monitoring measures, will be integrated into the Project design during FEED. The appropriate environmental standards will be used to evaluate design changes as necessary. As design progresses during this stage, the PEMP will be updated and results documented as an EMP.

16.4.3.1 Environmental Management Plan

The EMP for the Hebron Project will integrate the environmental and socio-economic issues / effects avoidance, mitigation and monitoring measures, identified in the CSR and SEIS, into the Project's activities and operations. This includes integrating them into the overall Project schedule and in the supporting engineering and contractor plans and contracts. Deviations from agreed-upon strategies require a stringent, documented review and approval process. Any approved changes are incorporated into the Project schedule and documentation. The EMP includes plans for public consultation, environmental training of project personnel, waste management and other specific plans as appropriate. Depending on the environmental, socio-economic and health challenges associated with each Project phase, other specific plans may be needed to support the EMP.

The Hebron Project EMP will provide the basis for the EPP that will be submitted to the C-NLOPB for approval.

16.4.4 Detailed Design and Fabrication

When the Project's designs become finalized and fabrication begins, the EMP will help guide Project activities at various contractor sites. Prior to beginning significant onsite construction and installation activities, the environmental advisors will conduct a series of assessments with each major segment of the Project, such as the installation, logistics, procurement coordinators and production operations personnel to review the Project's environmental-related requirements and commitments. These assessments are documented and reviewed for endorsement by key Project managers. During this stage, the EMP will continue to be updated as the Project matures.

16.4.5 Construction, Operations and Decommissioning

The above-mentioned systems, tools and standards are primarily used for Project geophysical, planning, engineering, fabrication, construction and drilling activities. A plan will be developed to transition the EMP to the production operations group several months prior to anticipated "start-up". The plan includes the identification and documentation of key activities and responsibilities. During this commissioning process, it is optimal for construction and operations EMP implementation and compliance monitoring personnel to overlap in order to ensure a smooth transition. The development phase tools, plans and standards continue to be applicable during the production phase. At the end of Project life the Project facilities will be decommissioned.

16.4.5.1 Environmental Effects Monitoring

Throughout the construction and operations phases, the work is monitored in view of the applicable environmental and regulatory obligations and requirements. Tools such as a proprietary menu-driven database are used by ExxonMobil to track the completion of these obligations and requirements. This database is available continuously and globally so that all project team members have access to it when needed. Since it is a "live" database, updates and changes made are viewable at all times.

Regulatory Compliance Assessments are also conducted to review the various aspects of the project, including its environmental requirements, and highlights areas for improvement. Follow-up actions are monitored to ensure closure.

16.4.5.2 Contractor Requirements

Contractual requirements for each of the Project contractors will require them to develop their own EMP and Regulatory Compliance Plan specific to their scope of work. These plans are reviewed and endorsed by the Project team to ensure that the contractor will meet ExxonMobil's environmental and regulatory expectations and requirements. Project team members are

assigned to each contractor to monitor their work throughout the construction phase.

16.4.5.3 Management of Change Process

The systems and processes used to develop and construct a project include a Management of Change (MOC) Process. The MOC Process provides a means to ensure that changes are reviewed and endorsed regarding their health, safety, environmental, regulatory, security and operational implications, and any other requirements before they are endorsed.

16.5 Capacity Building

16.5.1 Training

In order to ensure that the Environmental Management Process is consistently implemented, ExxonMobil has developed a training curriculum for its environmental advisors (Figure 16-5). These sessions are taught by experts and are designed to build technical capacity and share information on ExxonMobil's environmental, socio-economic and health management philosophy and approach. Project studies are shared and problems are worked in groups to provide instruction regarding how to approach the types of decisions and issues related to environmental matters arise when undertaking major projects.

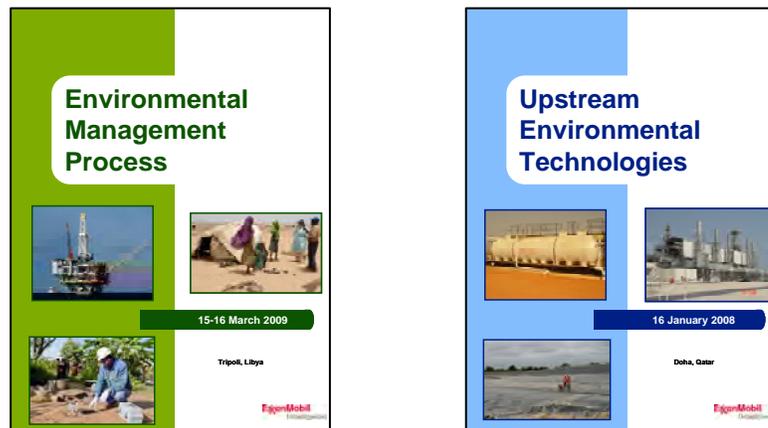


Figure 16-5 Example Training Sessions

16.5.2 Environmental Management Process Workshops

In addition to project host-country employment and business use opportunities, ExxonMobil provides workshops to explain its Environmental Management Process, how it works and ExxonMobil's overall environmental expectations and requirements. Recent workshops have included a wide range of audience, including Project teams, contractors and key government agency representatives.