# Table of Contents

List of Tables ................................................................................................................................. v  
List of Figures ..................................................................................................................................... viii  
Executive Summary ............................................................................................................................ xi  
I.  Global Summary: Impact on Liquid Supplies, Disposition and Exports ................................................. 1  
    III.  North America .................................................................................................................................. 32  
        III.1  Canada ................................................................................................................................. 32  
        III.2  Mexico .................................................................................................................................... 65  
            III.2.1  Companies and Projects ............................................................................................... 66  
            III.2.2  Outlook .......................................................................................................................... 67  
            III.2.3  Refineries ....................................................................................................................... 69  
        III.3  United States .......................................................................................................................... 70  
            III.3.1  Companies, Projects and Costs ....................................................................................... 71  
            III.3.2  U.S. Bitumen Potential .................................................................................................... 77  
            III.3.3  Outlook .......................................................................................................................... 79  
        III.4  North American Heavy Crude and Bitumen Infrastructure ......................................................... 81  
            III.4.1  Wide Differentials, Despite Pipeline Infrastructure ............................................................ 82  
            III.4.2  The Push to Reach Tidewater in Existing and Planned Pipeline Infrastructure ......................... 82  
            III.4.2.A  The Push to Reach Tidewater – East .............................................................................. 84  
            III.4.2.B  The Push to Reach Tidewater – West .............................................................................. 87  
            III.4.2.C  The Push to Reach the Southern U.S. Market .................................................................. 87  
            III.4.4  Rail Logistics for Crude and Bitumen ............................................................................... 92  
            III.4.5  Hebron Offshore Heavy Oil Infrastructure Needs ............................................................... 98  
            III.4.6  Future Expectations .......................................................................................................... 99  
            III.4.7  Infrastructure Summary and Outlook ................................................................................... 100  
        III.5  North America Heavy Oil Disposition ......................................................................................... 101  
    IV.  South and Central America .............................................................................................................. 105  
        IV.1  Brazil ......................................................................................................................................... 108  
            IV.1.1  The Regulatory Framework ............................................................................................... 108  
            IV.1.3  Outlook ............................................................................................................................ 113  
            IV.1.4  Infrastructure and Exports .............................................................................................. 115  

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>IV.2 Venezuela</td>
<td>115</td>
</tr>
<tr>
<td>IV.2.1 Projects and Companies</td>
<td>118</td>
</tr>
<tr>
<td>IV.2.1.1 Joint Venture Projects in Mature Basins</td>
<td>118</td>
</tr>
<tr>
<td>IV.2.1.2 Joint Venture Projects in the FPO</td>
<td>119</td>
</tr>
<tr>
<td>IV.2.2 Outlook</td>
<td>122</td>
</tr>
<tr>
<td>IV.2.3 Infrastructure, Exports and Consumption</td>
<td>125</td>
</tr>
<tr>
<td>IV.3 Colombia, Ecuador and Peru</td>
<td>126</td>
</tr>
<tr>
<td>IV.3.1 Colombia</td>
<td>128</td>
</tr>
<tr>
<td>IV.3.1.1 The Regulatory Framework</td>
<td>128</td>
</tr>
<tr>
<td>IV.3.1.2 Projects, Companies and Costs</td>
<td>128</td>
</tr>
<tr>
<td>IV.3.1.2.1 Llanos Basin</td>
<td>129</td>
</tr>
<tr>
<td>Projects, Companies and Costs</td>
<td>129</td>
</tr>
<tr>
<td>IV.3.1.2.2 Middle Magdalena and Caguán-Putumayo Basin</td>
<td>129</td>
</tr>
<tr>
<td>IV.3.1.3 Outlook</td>
<td>129</td>
</tr>
<tr>
<td>IV.3.1.4 Infrastructure</td>
<td>130</td>
</tr>
<tr>
<td>IV.3.2 Ecuador</td>
<td>131</td>
</tr>
<tr>
<td>IV.3.2.1 The Regulatory Framework</td>
<td>132</td>
</tr>
<tr>
<td>IV.3.2.2 Companies and Projects</td>
<td>133</td>
</tr>
<tr>
<td>IV.3.2.3: Outlook</td>
<td>135</td>
</tr>
<tr>
<td>IV.3.2.4 Infrastructure, Consumption and Exports</td>
<td>136</td>
</tr>
<tr>
<td>IV.3.3 Peru</td>
<td>137</td>
</tr>
<tr>
<td>IV.3.3.1 The Regulatory Framework</td>
<td>137</td>
</tr>
<tr>
<td>IV.3.3.2 Companies and Projects</td>
<td>138</td>
</tr>
<tr>
<td>IV.3.3.3 Outlook</td>
<td>140</td>
</tr>
<tr>
<td>IV.3.3.4 Infrastructure</td>
<td>140</td>
</tr>
<tr>
<td>V. Middle East</td>
<td>143</td>
</tr>
<tr>
<td>V.1 Oman</td>
<td>144</td>
</tr>
<tr>
<td>V.1.1 Companies, Projects and Costs</td>
<td>144</td>
</tr>
<tr>
<td>V.1.2 Outlook</td>
<td>146</td>
</tr>
<tr>
<td>V.1.3 Exports and Consumption</td>
<td>147</td>
</tr>
<tr>
<td>V.2 Iran</td>
<td>147</td>
</tr>
<tr>
<td>V.2.1 Companies, Projects and Costs</td>
<td>148</td>
</tr>
<tr>
<td>V.2.2 Outlook</td>
<td>149</td>
</tr>
<tr>
<td>V.2.3 Exports and Consumption</td>
<td>150</td>
</tr>
<tr>
<td>V.3 Iraq</td>
<td>150</td>
</tr>
<tr>
<td>V.3.1 Companies, Projects and Costs</td>
<td>151</td>
</tr>
<tr>
<td>Iraq Ministry of Oil</td>
<td>151</td>
</tr>
<tr>
<td>V.3.2 Outlook</td>
<td>153</td>
</tr>
<tr>
<td>V.3.3 Exports and Consumption</td>
<td>154</td>
</tr>
<tr>
<td>V.4 Kuwait</td>
<td>155</td>
</tr>
<tr>
<td>V.4.1 Companies, Projects and Costs</td>
<td>155</td>
</tr>
<tr>
<td>Section</td>
<td>Page</td>
</tr>
<tr>
<td>---------</td>
<td>------</td>
</tr>
<tr>
<td>VIII.3 Russia</td>
<td>217</td>
</tr>
<tr>
<td>VIII.3.1 Companies and Projects</td>
<td>218</td>
</tr>
<tr>
<td>VIII.3.2 Outlook</td>
<td>220</td>
</tr>
<tr>
<td>VIII.4 Kazakhstan</td>
<td>222</td>
</tr>
<tr>
<td>VIII.4.1 Companies and Projects</td>
<td>222</td>
</tr>
<tr>
<td>VIII.4.2 Outlook</td>
<td>223</td>
</tr>
<tr>
<td>VIII.5 Europe, Russia and Central Asia Infrastructure and Disposition</td>
<td>224</td>
</tr>
<tr>
<td>Sources</td>
<td>226</td>
</tr>
</tbody>
</table>
List of Tables

Table I.1: Initial capital intensity in US$ per b/d and investment costs in US$ per bbl of initial reserves developed for Venezuelan Orinoco Belt and Canadian Oil Sands Projects ................................................................. 4
Table I.2: Initial capital$/bbl of reserves for heavy oil projects outside of Canada and Venezuela (nominal $) ....... 5
Table I.3: Investment costs per barrel of reserves for light/medium oil developments ........................................ 5
Table I.4: Global liquid supply outlook by type (million barrels per day) ............................................................. 7
Table I.5: Global and regional heavy crude oil disposition (thousand b/d) ............................................................ 10
Table I.6: Global heavy crude export balance (thousand b/d) ............................................................................... 12
Table I.7: Global GDP growth by region ............................................................................................................... 18
Table II.1: Vehicle fleet estimates for selected countries and world ........................................................................ 20

Table II.2: Production of heavy crude oils < 23 °API gravity (thousand b/d) .......................................................... 24
Table II.3: Heavy oil reserves and OOIP by region (billion barrels) ....................................................................... 27
Table II.4: Bitumen OOIP by Region (billion barrels) .............................................................................................. 27
Table II.5: Average properties of crude oils and natural bitumen ............................................................................ 28

Table III.1: Reserves and cumulative production from the oil sands in Alberta, 2010 ........................................... 33
Table III.2: Producing in-situ projects in the Athabasca Region of Alberta (b/d) ....................................................... 38
Table III.3: Future in-situ projects in the Athabasca region (under construction) .................................................... 39
Table III.4: Current and planned pilot projects in the Alberta oil sands ................................................................. 41
Table III.5: Future in-situ projects in the Athabasca region (regulatory approval or application filed) ...................... 42
Table III.6: Announced Athabasca oil sands in-situ projects .................................................................................. 43
Table III.7: Cold Lake and Peace River region oil sands projects ........................................................................... 43
Table III.8: Current and planned heavy oil and oil sands upgraders ........................................................................ 45
Table III.9: Upgrader synthetic crude properties (five-year average to May 2013) .................................................. 46
Table III.10: Oil sands field operating costs in Cdn$/barrel ** excluding energy costs ............................................. 50
Table III.11: Properties of Canadian oil sands blends (one-year average as of August 2013) .................................. 52
Table III.12: Properties of Canadian oil sands blends (five-year average to May 2013) ......................................... 52
Table III.13: Sustaining capital costs in Cdn$ per barrel for various oil sands projects ........................................... 55
Table III.14: Royalties paid in Cdn$ per barrel for various oil sands projects ....................................................... 55
Table III.15: Outlook for heavy crude oil and light SCO production from Western Canada Approved and Regulatory applicationFiled Projects (thousand b/d) .......................................................... 57
Table III.16: Diluent requirements and sources in thousand b/d ............................................................................ 58
Table III.17: Outlook for heavy crude oil and light SCO production from Western Canada with announced projects (thousand b/d) .................................................................................. 60
Table III.18: Mexico heavy oil production forecast ............................................................................................... 68
Table III.19: Top heavy oil operating companies in California ............................................................................... 72
Table III.20: Heavy oil fields and operators in Alaska ............................................................................................ 75
Table VI.2: Duri field production forecast (thousand b/d) ................................................................. 177
Table VI.3: Asia Pacific heavy oil disposition (Thousand barrels per day) ........................................... 181
Table VII.1: Angola heavy oil fields and operators ................................................................................. 184
Table VII.2: Africa heavy oil production and forecast (thousand b/d) ..................................................... 196
Table VII.3: Long-term potential heavy and bitumen outlook (thousand b/d) ........................................ 197
Table VII.4: Africa heavy oil production summary (thousand b/d) .......................................................... 199
Table VII.5: Africa heavy oil disposition (thousand b/d) ....................................................................... 200
Table VIII.1: Heavy oil fields in the North Sea ....................................................................................... 205
Table VIII.2: North Sea heavy oil production and forecast ................................................................. 212
Table VIII.3: U.K. oil refineries and respective updated capacities ....................................................... 214
Table VIII.4: Heavy oil and bitumen outlook for Russia (thousand b/d) ................................................ 222
Table VIII.5: Heavy oil outlook for Kazakhstan .................................................................................... 223
Table VIII.6: Europe, Russia and Central Asia heavy oil outlook (thousand b/d) ................................. 225
Table VIII.7: Europe, Russia and Central Asia heavy oil disposition (thousand b/d) ............................ 225
List of Figures

Figure I.1: Global liquid production outlook by type (million barrels per day) ................................................................. 8
Figure I.2 Regional heavy oil production trend (million barrels per day) ............................................................................. 9
Figure II.1 Contribution to global GDP growth (left) and global market share by region (right) ........................................ 19
Figure II.2 Crude oil benchmark prices (US$/bbl) ............................................................................................................... 21
Figure II.3: Price differentials between benchmark crudes ................................................................................................. 22
Figure II.4: Classification of heavy oils .............................................................................................................................. 24
Figure III.1 Location of Western Canadian heavy oil fields ................................................................................................. 32
Figure III.2: Location of oil sands in Alberta and Saskatchewan ........................................................................................... 33
Figure III.3: Alberta oil sands raw bitumen production history .......................................................................................... 34
Figure III.4: Top 10 leaseholders in the Canadian oil sands ................................................................................................ 36
Figure III.5: Current and planned heavy oil and oil sands upgraders ................................................................................ 44
Figure III.6 Crude price differential WTI minus WCS........................................................................................................... 47
Figure III.7: Capital cost intensity range in barrels per day of capacity for 21 in-situ oil sands projects .......................... 49
Figure III.8: Capital intensity in Canadian dollars per barrel per day capacity for recent oil sands mine projects ....... 49
Figure III.9: Seasonal variation in WCS crude blend API gravity ...................................................................................... 51
Figure III.10: Recent price history of Edmonton light crude and condensate at Edmonton ........................................ 52
Figure III.11: Condensate requirement for Dilbit vs Marketed heavy oil production (mb/d) ............................................. 53
Figure III.12: Production costs for SAGD projects of varying maturity/scope ................................................................. 54
Figure III.13: Raw bitumen outlook (thousand b/d) .................................................................................................................. 56
Figure III.14: Canadian oil sands and heavy crude oil yearly outlook to 2035 (thousand b/d) ..................................... 58
Figure III.15: Dilbit and condensate in diluent outlook ......................................................................................................... 59
Figure III.16: Raw bitumen outlook (thousand b/d) .................................................................................................................. 60
Figure III.17: Dilbit outlook and condensate requirement with announced projects ..................................................... 61
Figure III.18: Pemex investments since 2008 in Mexican pesos (billions) ................................................................. 66
Figure III.19: Mexico heavy oil production forecast ........................................................................................................... 69
Figure III.20: U.S. heavy oil resources (>10 °API and <20 °API) in billion barrels ........................................................... 70
Figure III.21: Heavy crude oil fields in California .................................................................................................................. 72
Figure III.22: Major oil and gas fields in Alaska .................................................................................................................... 75
Figure III.23: Illustrative cross section of producing reservoirs in the Alaska North Slope ........................................... 76
Figure III.24: Bitumen resources by state in the U.S. (billion barrels of OOIP) ................................................................. 78
Figure III.25: United States production forecast for developed heavy oil fields ............................................................... 80
Figure III.26: Canadian crude sells at a sizable discount to both U.S. WTI and Brent ....................................................... 82
Figure III.27: Significant growth in pipeline capacity out of Alberta .................................................................................. 84
Figure III.28: Primary crude oil pipelines in North America ............................................................................................... 85
Figure III.29: U.S. 2012 heavy crude imports (3.761 million b/d total) ................................................................. 89
Figure III.30: U.S. 2012 intermediate crude imports (3.212 million b/d total) ................................................................. 89
Figure III.31: 2012 PADD 3 heavy crude imports (2.146 million b/d total) ................................................................. 90
Figure III.32: Estimated CP / CN crude-by-rail carload off-take capacities ............................................................... 97
Figure IV.1: Heavy Oil, extra-heavy oil and bitumen basins in South America (billion bbl of OOIP) ...................... 105
Figure IV.2: Dated Brent vs. selected heavy crude benchmarks in the Americas (US$/bbl, Mthly. Avgs.) .......... 106
Figure IV.3: Imports of Latin American heavy crude into Gulf Coast (PADD 3)(million b/d, %) ....................... 107
Figure IV.4: Evolution of investment targets in Petrobras’ business plans (US$ billion) ................................. 111
Figure IV.5: Brazil heavy oil production forecast (thousand b/d) .......................................................... 114
Figure IV.6: Venezuela proved heavy oil and extra-heavy oil reserves (billion boe) ..................................... 116
Figure IV.7: Venezuela gross debt and PDVSA liabilities, 2001-2012 ................................................................. 116
Figure IV.8: Lake Maracaibo blocks and projects ......................................................................................... 118
Figure IV.9: Orinoco Belt blocks and projects ........................................................................................... 120
Figure IV.10: Venezuela heavy crude oil outlook, 2012-2035 (MMb/d) ......................................................... 125
Figure IV.11: Crude oil pipelines Colombia and Venezuela .............................................................. 126
Figure IV.12: Distribution of oil fields by API Gravity in the Putumayo, Oriente and Marañon basins (Colombia, Ecuador and Peru) ................................................................................................................. 127
Figure IV.13: Colombia heavy oil outlook (thousand b/d) ........................................................................ 130
Figure IV.14: Blocks on offer in the 11th bid round (in orange) ..................................................................... 133
Figure IV.15: Ecuador heavy oil production (thousand b/d) .......................................................................... 136
Figure IV.16: Crude oil pipelines in Ecuador and Peru .................................................................................. 137
Figure IV.17: Peru heavy oil outlook (thousand b/d) .................................................................................... 140
Figure V.1: Middle East heavy oil basins ...................................................................................................... 143
Figure V.2: Oman heavy oil production forecast .......................................................................................... 147
Figure V.3: Heavy oil outlook for Iran ........................................................................................................... 150
Figure V.4: Heavy oil production forecast for Iraq ...................................................................................... 154
Figure V.5: Heavy crude oil outlook for Kuwait .......................................................................................... 157
Figure V.6: Heavy oil production forecast for Saudi Arabia ....................................................................... 159
Figure V.7: Middle East crude oil pipelines .................................................................................................. 161
Figure VI.1: Asia Pacific heavy oil and bitumen deposits (billions of barrels heavy oil in place) ................. 164
Figure VI.2: CNOOC offshore branch assets ......................................................................................... 168
Figure VI.3: CNOOC’s key heavy oil blocks in Bohai Bay ......................................................................... 169
Figure VI.4: 2011 first batch of open blocks in offshore China ........................................................................ 171
Figure VI.5: Weizhou 6-12 oil field in offshore China .................................................................................. 171
Figure VI.6: Husky interests of Liwan 3-1 in offshore China ........................................................................... 172
Figure VI.7: Yearly heavy oil outlook in China ............................................................................................ 173
Figure VI.8: China’s refining, infrastructure and storage ........................................................................... 175
Figure VI.9: Indonesian production by company.................................................................177
Figure VII.1: Africa heavy oil and bitumen deposits ........................................................182
Figure VII.2: Africa Angola - Kwanza Basin map..............................................................183
Figure VII.3: Angola – Block 17 map..................................................................................185
Figure VII.4: Angola – Chevron activity map.................................................................186
Figure VII.5: Angola – Block 15/06 map...........................................................................187
Figure VII.6: Angola – ExxonMobil activity map............................................................188
Figure VII.7: Chad map....................................................................................................190
Figure VII.8: Cameroon fields..........................................................................................191
Figure VII.9: Cameroon blocks.......................................................................................191
Figure VII.10: Congo fields..............................................................................................192
Figure VII.11: Issaran Field..............................................................................................193
Figure VII.12: Madagascar oil field map ........................................................................194
Figure VII.13: Production forecast for African heavy oil producing countries through 2035..............................................................197
Figure VII.14: Chad-Cameroon Pipeline........................................................................198
Figure VIII.1 Heavy oil basins in Europe........................................................................201
Figure VIII.2: Location of oil, gas and condensate fields in U.K. North Sea................203
Figure VIII.3: TAQA-owned Harding, Maclure, Devenick, Miller and Brae oil fields....206
Figure VIII.4: Mariner and Bressay heavy oil field location and equity, Statoil..............207
Figure VIII.5: Location of Svalin, Grane and Grane-F fields........................................208
Figure VIII.6: Bentley, Bressay and Kraken heavy oil fields in the U.K. North Sea........210
Figure VIII.7: Bentley, Bressay and Kraken heavy oil fields........................................211
Figure VIII.8: North Sea production by country................................................................213
Figure VIII.9: North Sea company production forecast................................................213
Figure VIII.10: U.K. refining and product terminals.......................................................214
Figure VIII.11: Schoonebeek heavy oil field located on the border of Germany and the Netherlands ......................................................215
Figure VIII.12: Map of heavy crude oil depositions in France........................................216
Figure VIII.13: Map of heavy crude oil depositions in France........................................216
Figure VIII.14: Geologic basins in Russia containing heavy oil and/or bitumen..............217
Figure VIII.15: LUKOIL’s largest fields in Timan-Pechora..............................................218
Figure VIII.16: LUKOIL’s Yarega field in the Timan-Pechora Basin...............................219
Figure VIII.17: Lukoil’s Yarega field located in the Timan-Pechora Basin......................221
Figure VIII.18: Russia company production forecast......................................................221
Figure VIII.19: Kazakhstan company production forecast............................................224