

**MACKENZIE GAS PROJECT
SAFETY AND SECURITY
MEMORANDUM OF UNDERSTANDING**

PARTIES:

THE GOVERNMENT OF THE NORTHWEST TERRITORIES,
as represented by the Minister of Justice and by the Minister of Industry, Tourism and
Investment;
("GNWT")

- AND -

IMPERIAL OIL RESOURCES VENTURES LIMITED,
amalgamated under the laws of Canada and registered extra-territorially in the
Northwest Territories
("IORVL")

CONOCOPHILLIPS CANADA (NORTH) LIMITED,
incorporated under the laws of Canada and registered extra-territorially in the
Northwest Territories
("ConocoPhillips")

SHELL CANADA ENERGY,
a partnership formed under the laws of the Province of Alberta ("Shell"), by its
managing partner, Shell Canada Limited, incorporated under the laws of Canada
and registered extra-territorially in the Northwest Territories;

(each an "Operator" and collectively the "Operators")

BACKGROUND:

A. As of its date of execution of this Mackenzie Gas Project Safety and Security Memorandum of Understanding (the "MOU"):

1. IORVL is an Owner, along with ConocoPhillips Northern Partnership, Shell, ExxonMobil Canada Properties, and the Mackenzie Valley Aboriginal Pipeline Limited Partnership, participating in and the Operator of an unincorporated joint venture that proposes to develop and operate the Mackenzie Valley Pipeline;
2. IORVL is an Owner, along with ConocoPhillips, Shell and ExxonMobil Canada Properties, participating in and the Operator of an unincorporated

- joint venture that proposes to develop and operate the Gas Gathering System;
3. Shell is the Owner and Operator of, and proposes to develop and operate, the Niglintgak Anchor Field for the production of natural gas and natural gas liquids;
 4. ConocoPhillips is an Owner, along with ExxonMobil Canada Properties, participating in and the Operator of an unincorporated joint venture that proposes to develop and operate the Parsons Lake Anchor Field for the production of natural gas and natural gas liquids; and
 5. IORVL is the beneficial Owner and the Operator of, and proposes to develop and operate, the Taglu Anchor Field for the production of natural gas and natural gas liquids,
- B. As of its date of execution of this MOU, the GNWT contracts with the Government of Canada, pursuant to the *Royal Canadian Mounted Police Act* (Canada) and the *Royal Canadian Mounted Police Agreement Act* (Northwest Territories), for the Royal Canadian Mounted Police (RCMP) to aid in the administration of justice in the Northwest Territories and in carrying into effect the laws in force in the Northwest Territories in return for payment;
- C. In the agreement titled the Mackenzie Gas Project Socio-Economic Agreement (the "SEA"), the Operators and the GNWT as represented by the Minister of Industry, Tourism and Investment agreed in subsection 3.5.3 to negotiate a memorandum of understanding relating to the services of the RCMP with respect to the Project, setting out an administrative process for collaborating on and addressing public safety needs arising out of or related to the Project, which may include provisions for agreement on cost recovery or compensation measures for services determined to be outside the scope of the existing policing mandate.

UNDERSTANDING:

1. DEFINITIONS

1.1 In this MOU, including that part entitled Background, a reference to the RCMP means the Royal Canadian Mounted Police and any succeeding or additional police force for the time being aiding in the administration of justice in the Northwest Territories and in carrying into effect the laws in force in the Northwest Territories in return for payment pursuant to a contract with the GNWT and the Government of Canada, as described in paragraph B of that part hereof entitled Background.

1.2 Unless otherwise defined in this MOU, including that part hereof entitled Background, capitalized terms have the meaning ascribed to them in the SEA.

2. PURPOSE

- 2.1 The purpose of this MOU is to set out a non-binding administrative process for collaborating on and addressing public safety needs arising out of or related to the Project, subject to the provisions of the SEA and as specifically contemplated by subsection 3.5.3 thereof.

3. TERM AND TERMINATION

- 3.1 The provisions in paragraphs 4 and 5 hereof as they may affect each Operator independently are not intended to commence until the date a Decision to Construct is made with respect to that portion of the Facilities operated by that Operator. Unless otherwise agreed, this MOU will remain in effect as between the GNWT and the Operator of each portion of the Facilities with respect to which obligations have not ceased pursuant to Section 11.4 of the SEA until completion of Decommissioning of such Operator's portion of the Facilities.

4. OPERATORS' INTENTIONS

- 4.1 Further to the commitment in subsection 3.5.2 of the SEA with respect to police access to the Facilities, including without limitation Project worksites and camps, each Operator:
- a. will not impede the RCMP from lawfully accessing such portion of the Facilities operated by that Operator; and,
 - b. intends to provide assistance wherever reasonable and practical to the RCMP to facilitate access to their respective portion of the Facilities and to on-site Project Workers to enable effective and efficient delivery of police services. Any such assistance by an Operator will be purely on a gratuitous and voluntary basis. Such assistance provided by an Operator may include, for the sole purposes of official police business:
 - i. transportation to remote Facilities or other Project-related incident sites in respect of that Operator's operations where there is no access by public means;
 - ii. temporary provision of required Project site specific personal protective safety equipment;
 - iii. appropriate on-site safety orientation to that Operator's site standards; and
 - iv. temporary provision of facilities and support, such as on-site office or meeting space, and associated office equipment, accommodations and meals at that Operator's camps, worksites and Facilities.

5. SERVICES OUTSIDE SCOPE

5.1 The Operators understand that resources for the RCMP are limited and that policing services must be shared across the Northwest Territories. Each Operator does not intend to request any services or assistance from the RCMP that the Operators could or should privately contract for themselves and do not expect that RCMP services outside the scope of the then existing general policing mandate will be required for Project-related safety and security purposes. If, however, such services will be required and are agreed to be provided, an Operator and the GNWT will negotiate to agree on cost recovery or compensation measures for those services.

5.2 The GNWT does not intend to seek cost recovery or compensation measures from any Operator for any services that may be provided by the RCMP to the extent such assistance fits within the RCMP mandate at the relevant time, and on the understanding that the RCMP shall not be expected to make or have made any representations or warranties as to the adequacy or accuracy of any advice they may provide, with respect to the development of incident response, access and reporting procedures (which, for avoidance of any doubt, excludes dedicated communications support).

6. COLLABORATION

6.1 In accordance with subsection 3.5.3 of the SEA, each Operator will meet with the GNWT as needed, in person or by means of telecommunications or combination of both, to collaborate to:

- a) address public safety needs arising out of or related to that Operator's portion of the Facilities, which may include developing recommendations, responses or consultative mechanisms to mitigate emerging or potential impacts of all or parts of the Project on public safety and security, and include discussion of that Operator's plans or changes to plans that may impact the operations or deployment of resources by the GNWT or the RCMP;
- b) discuss any matters related to this MOU or related commitments under the SEA.

Such meetings or communications may include more than one Operator.

6.2 The parties expect to meet, in accordance with paragraph 6.1, at least once prior to a Decision to Construct and at least once every three months during Construction of any portion of the Facilities. The parties expect the need to meet will be infrequent after Operations have commenced.

6.3 The Operators understand that the GNWT does not speak for the RCMP. Accordingly, any party may invite the RCMP to participate in any of these meetings.

6.4 Recognizing that the Project has been subject to a full public environmental review, including with respect to matters related to public safety and security, the parties hereto may nevertheless jointly agree to invite any other persons, including Contractors and members of the public, to express their concerns or participate as the parties hereto jointly deem necessary.

6.5 Nothing in this MOU shall limit the obligations of the parties hereto under subsection 3.5.2 of the SEA to collaborate to develop incident response, access and reporting procedures to promote Project Worker and public safety and security relating to the Project.

7. NOTICES

7.1 Notices required to be in writing in this MOU shall be addressed to a party hereto at the address below or such other office and address as the party may specify to the other parties in writing from time to time.

If to the GNWT: Department of Justice
Government of the Northwest Territories
P.O. Box 1320
Yellowknife, NT X1A 2L9

Attention: Resource Development Impacts Advisor
Fax: (867) 873-0659
Telephone: (867) 873-7080

If to IORVL: Imperial Oil Resources Ventures Limited
P.O. Box 2480, Station "M"
Calgary, Alberta T2P 3M9

Attention: Development Executive
Benefits Agreements and Community Affairs
Mackenzie Gas Project
Fax: (403) 237-2103
Telephone: (403) 237-2488

If to ConocoPhillips: ConocoPhillips Canada (North) Limited:

PO Box 130, 401 – 9th Avenue SW
Calgary, Alberta T2P 2H7

Attention: Manager - Commercial and Regulatory Affairs
Canadian Arctic Business Unit
Fax: (403) 233-5330
Telephone: (403) 233-4000

If to Shell: Shell Canada Energy

400-4th Avenue S.W.
Calgary, Alberta T2P 2H5

Attention: Lorraine Mitchelmore
NA Onshore Development Manager
Fax: (403) 266-6248
Telephone: (403) 691-3989

7.2 Each party hereto will provide a contact name, office and address information for the purposes of setting up and attending meetings if such information is not the same as for notices provided herein.

7.3 A succeeding Operator as referred to in subsection 14.10.1 of the SEA to the obligations set out in section 3.5 of the SEA shall be given a copy of this MOU by the outgoing Operator. The outgoing Operator and succeeding Operator will give written notice to the GNWT, with a copy to the other Operators, of the change of party to this MOU and information for notices.

8. NON-BINDING, NON-LIMITING EFFECTS

8.1 Nothing in this MOU constitutes a legally binding commitment or obligation of any of the parties hereto or confers any right on the other parties. The parties hereto intend that this MOU be interpreted only as a non-binding expression of their intentions.

8.2 Nothing in this MOU shall limit or fetter the exercise of discretionary powers, duties or functions of any office or body of the GNWT, including any Cabinet Minister of the GNWT, whether existing before, on or after the date of this MOU.

8.3 Nothing in this MOU shall limit the agreement set out in subsection 3.5.1 of the SEA that MGP will be responsible for safety and security at Project camps and worksites. Accordingly, the GNWT makes no representations or warranties as to the adequacy of any safety and security measures on which it is consulted or as to the accuracy or adequacy of any information or recommendations it may

provide as contemplated by this MOU, and an Operator shall not be obliged to follow any recommendations of the GNWT made pursuant to this MOU.

8.4 Nothing in this MOU limits any Operator or the RCMP from directly consulting with or endeavouring to assist the other in whatever means they reasonably deem appropriate.

8.5 This MOU reflects the intent of those parties listed on page 1 hereof who execute a counterpart copy. As each Operator independently operates a different portion of the Facilities nothing in this MOU is to be interpreted as affecting any Operator's rights under any agreements among the Owners of that portion of the Facilities.

The foregoing reflects our understanding.

IMPERIAL OIL RESOURCES VENTURES LIMITED

Signature: [Signature]

Title: Development Exec - BAICA

Date: 2008 01 14

CONOCOPHILLIPS CANADA (NORTH) LIMITED

Signature: [Signature]

Title: Manager - Commercial & Financial Affairs

Date: Jan 17, 2008

SHELL CANADA ENERGY, by its managing partner, SHELL CANADA LIMITED

Signature: [Signature]

Title: Venture Manager Onshore NAGAS.

Date: Jan 22, 2008

GOVERNMENT OF THE NORTHWEST TERRITORIES,
as represented by the Minister of Justice

Signature: [Signature]

Title: Minister of Justice

Date: Feb. 13, 2008

GOVERNMENT OF THE NORTHWEST TERRITORIES,
as represented by the Minister of Industry, Tourism
and Investment

Signature: [Signature]

Title: Minister of Industry, Tourism & Investment

Date: 14/02/08

Mackenzie Gas Project Safety and Security Memorandum of Understanding

Execution Version

GNWT: SL

IORVL: SL