

**MACKENZIE GAS PROJECT
SOCIO-ECONOMIC AGREEMENT**

Parties:

THE GOVERNMENT OF THE NORTHWEST TERRITORIES

- and -

IMPERIAL OIL RESOURCES VENTURES LIMITED

CONOCOPHILLIPS CANADA (NORTH) LIMITED

SHELL CANADA ENERGY

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**SCHEDULE A - NWT OIL AND GAS SOCIO-ECONOMIC ADVISORY BOARD PARTICIPATION
AGREEMENT**

MACKENZIE GAS PROJECT SOCIO-ECONOMIC AGREEMENT

PARTIES:

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

(2) 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

RECITALS:

(A) As of the earliest date of execution indicated on the execution page of this Agreement:

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 the Project is expected to impact the well-being of residents and communities in the Northwest Territories, the Operators, each on behalf of the Owners of the portion of the Facilities that it operates, have proposed to develop and operate the Project in a manner that is expected to contribute to sustainable development in the Northwest Territories and the social, economic and cultural well-being of its residents and communities;

(C) GNWT has concerns that if inadequate mitigative measures are taken, public services throughout all of the Northwest Territories could be impacted as resources are diverted to address the impacts of the Project;

(D) The Operators and the Owners have made certain commitments in the EIS and in the proceedings before the Joint Review Panel. In addition, the Parties propose to include in this

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Agreement provisions to optimize beneficial opportunities and mitigate negative impacts for NWT Residents arising from the Project;

- (E) The Parties intend to establish under this Agreement a program or activity that has as its object the amelioration of conditions of certain disadvantaged individuals or groups, including those who are disadvantaged because of one or more characteristics referred to in s. 5(1) of the *Human Rights Act* (NWT); and
- (F) The Parties propose to set out a follow-up method by which the implementation of mitigative measures and commitments made in this Agreement will be monitored and reported.

IT IS AGREED:

1. INTERPRETATION

1.1 DEFINITIONS

In this Agreement, including the recitals, unless the context otherwise requires:

"Aboriginal Authority" means, as the context requires, (i) the Inuvialuit Regional Corporation, (ii) the Gwich'in Tribal Council, (iii) the Sahtu Dene Council and any one or more of the seven land corporations created pursuant to the Sahtu Land Claim Agreement, or (iv) the Dehcho First Nations and any one or more council of the band or association or person representing one or more bands, associations or persons set out in the definition of "Deh Cho First Nations" in the Dehcho Interim Measures Agreement.

"Aboriginal Futures " means the society incorporated under the *Societies Act* (NWT) as number SOC 1634.

"Aboriginal Person" means an individual of an aboriginal peoples of Canada that has aboriginal and treaty rights in the Northwest Territories recognized and affirmed under section 35 of the *Constitution Act, 1982*.

"Anchor Fields" means, collectively, the Niglintgak Anchor Field, the Parsons Lake Anchor Field and the Taglu Anchor Field.

"Benefits and Access Agreements" means, collectively, the benefits agreements, access agreements and other related agreements relating to the Project or a portion of it, entered into on, before or after the date of this Agreement between any of the Operators and one or more Aboriginal Authorities or affiliates thereof, which agreements provide for the granting of access rights, the conferring of benefits commitments or the granting of other rights to, or the undertaking of other commitments by, such parties, as may be in effect and as may be amended from time to time.

"Construction" means, with respect to each portion of the Facilities, those pre-construction and construction-related activities (including Construction Activities) related to that portion that occur during the period of time beginning on the later of (i) the date of execution of this Agreement by all Parties, and (ii) the date of the Decision to Construct for such portion of the Facilities, and ending on the date on which Operations commence for such portion of the Facilities.

"Construction Activities" means, with respect to each portion of the Facilities, those physical construction activities occurring in the Northwest Territories related to such portion of the Facilities which occur after the date of the Decision to Construct for such portion of the Facilities.

"Content Plan" means a written plan submitted by prospective Contractors as part of the procurement process in respect of Project Work which sets out the proposed involvement of Aboriginal Persons, NWT Residents and NWT Businesses in the performance of a contract in respect of Project Work.

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"Contractor" means a business that has contracted with an Operator or another Contractor to provide Project Work.

"Decision to Construct" means, with respect to each portion of the Facilities, the earliest of the date on which (i) the Owners make an unconditional decision to proceed with construction of such portion; or (ii) all conditions of a decision by the Owners to proceed with construction have been satisfied or waived for such portion; or (iii) all necessary Regulatory Authorizations for the commencement of construction of such portion have been received and physical construction activities thereon have actually commenced. For purposes of this definition, physical construction activities do not include surveying activities, environmental, archaeological and geotechnical investigations, data gathering and other activities of a similar investigative nature, and preparation of staging areas.

"Decommissioning" means, with respect to each portion of the Facilities, the surrender and abandonment of that portion in accordance with applicable Regulations.

"Dehcho Interim Measures Agreement" means the Deh Cho First Nations Interim Measures Agreement entered into on May 23, 2001 among the Deh Cho First Nations, as represented by the Deh Cho First Nations Grand Chief, and the Governments of Canada and the Northwest Territories, in force at the relevant time, taking into account any amendment, extension, replacement or application thereof.

"EIS" means the Environmental Impact Statement for the Project submitted to the Joint Review Panel and includes all information, amendments, updates and responses to requests for information supplied by or on behalf of the Project proponents.

"Facilities" means, collectively, the Anchor Fields, the Gas Gathering System and the Mackenzie Valley Pipeline, and **"portion of the Facilities"** means any one or more of them, as the context requires.

"Gas Gathering System" means that portion of the Facilities comprised of the proposed natural gas gathering system consisting of gathering lines from the outlet of the gas conditioning facilities at each of the Anchor Fields to and including a gas processing facility in the vicinity of the Town of Inuvik and including the Natural Gas Liquids Pipeline, together with all related temporary and permanent infrastructure located in the Northwest Territories, as any of them may be modified (including through the addition of compression), replaced, repaired, expanded or improved from time to time.

"Government" means:

- a. the Government of Canada;
- b. GNWT; or
- c. any local government established under the laws of the Northwest Territories;

depending upon which government has responsibility, from time to time, for the matter in question, including any replacement or successor government, and any government, department, agency or official duly authorized to act on behalf of any government described above.

"Joint Review Panel" means the panel established pursuant to the "Agreement for an Environmental Impact Review of the Mackenzie Gas Project" between the Mackenzie Valley Environmental Impact Review Board, the Inuvialuit as represented by the Inuvialuit Game Council and the federal Minister of the Environment.

"Listed Business" means, at any given time, a business that is included on a list provided or otherwise made available to any Operator by an Aboriginal Authority in accordance with the terms of any applicable Benefits and Access Agreements.

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"Mackenzie Valley Pipeline" means that portion of the Facilities comprised of the proposed natural gas transmission pipeline or pipelines from the outlet of the gas processing facility in the vicinity of the Town of Inuvik to north-western Alberta, together with all related temporary and permanent infrastructure located in the Northwest Territories, as they may be constructed, modified (including through the addition of compression), replaced, repaired, expanded or improved from time to time.

"MGP" has the meaning ascribed thereto in Section 7.1.1a.

"MGP Parties" has the meaning ascribed thereto in Section 7.1.1b.

"Natural Gas Liquids Pipeline" means that portion of the Gas Gathering System comprised of the proposed liquids line from the outlet of the gas processing facility in the vicinity of the Town of Inuvik to an interconnection with an existing pipeline at Norman Wells, together with all related temporary and permanent infrastructure located in the Northwest Territories, as they may be constructed, modified, replaced, repaired, expanded or improved from time to time.

"Niglintgak Anchor Field" means that portion of the Facilities comprised of all wells, surface and subsurface equipment and flowlines proposed to produce the natural gas from Significant Discovery Licence 19 to the Gas Gathering System, together with all related temporary and permanent infrastructure located in the Northwest Territories, as they may be constructed, modified, replaced, repaired, expanded or improved from time to time.

"Northwest Territories" means the "Territories", as such word is defined in the *Northwest Territories Act* (Canada).

"NWT Business" means a business that makes a representation or provides evidence that is, in either case, reasonably relied on by an Operator or Contractor that such business complies with the legal requirements to carry on business in the Northwest Territories and complies with all of the following criteria:

- a. it maintains a permanent establishment of business in the Northwest Territories;
- b. it maintains a general manager of the permanent establishment in the Northwest Territories who is an NWT Resident;
- c. it undertakes the majority of its management and administrative functions (related to its operations in the Northwest Territories) in the Northwest Territories; and
- d. it meets one of the following criteria, where for this purpose "NWT Resident" includes another NWT Business:
 - i. it is a limited liability company with at least 51 percent of the company's voting shares beneficially owned by one or more NWT Residents;
 - ii. it is a co-operative with at least 51 percent of its voting shares beneficially owned by NWT Residents;
 - iii. it is a sole proprietorship, the proprietor of which is an NWT Resident;
 - iv. it is a partnership or joint venture, the majority interest in which is owned by NWT Residents and in which the majority of benefits, under the partnership or joint venture agreement, accrue to NWT Residents; or
 - v. is a Listed Business.

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"NWT Resident" means any individual who makes a representation or provides evidence that is, in either case, reasonably relied upon by an Operator or Contractor that he or she primarily resides in a self-contained domestic establishment (other than a residence at a remote work site) in the Northwest Territories, when not in full time attendance at an educational institution inside or outside the Northwest Territories.

"Operations" means, with respect to each portion of the Facilities, those activities relating to the operation, maintenance, improvement, modification (including the addition of compression), replacement or expansion, where applicable, of that portion of the Facilities that take place during the period of time from the first day of commercial operations of those Facilities until the date on which Decommissioning commences. For avoidance of doubt, the commencement of Operations in the case of the Mackenzie Valley Pipeline shall follow the granting of leave to open it by the National Energy Board of Canada.

"Operators" means:

- a. IORVL for the Mackenzie Valley Pipeline, the Gas Gathering System and the Taglu Anchor Field;
- b. ConocoPhillips for the Parsons Lake Anchor Field; and
- c. Shell for the Niglintgak Anchor Field;

or their respective lawful successors (including a sole operating Owner) or permitted assigns authorized to operate a portion of the Facilities for and on behalf of its Owners, and **"Operator"** means any one of the Operators, as the context requires.

"Owner" means a person who is a beneficial owner, in whole or in part, of a portion of the Facilities or of the Project from time to time.

"Parsons Lake Anchor Field" means that portion of the Facilities comprised of all wells, surface and subsurface equipment and flowlines proposed to produce the natural gas from Significant Discovery Licences 30 and 32 to the Gas Gathering System, together with all related temporary and permanent infrastructure located in the Northwest Territories, as they may be constructed, modified, replaced, repaired, expanded or improved from time to time.

"Party" means GNWT or any Operator, and **"Parties"** means GNWT and any one or more of the Operators.

"POTC" means Pipeline Operations Training Committee.

"Primary Communities" means the communities of Aklavik, Colville Lake, Déline, Enterprise, Fort Good Hope, Fort Liard, Fort McPherson, Fort Providence, Fort Simpson, Hay River, Hay River Reserve, Inuvik, Jean Marie River, Kakisa, Nahanni Butte, Norman Wells, Paulatuk, Sachs Harbour, Trout Lake, Tsiigehtchic, Tuktoyaktuk, Tulita, Ulukhaktok and Wrigley, as any of them may be renamed from time to time.

"Project" means, collectively, the proposed and actual Construction, Operation and Decommissioning of each of the Facilities.

"Project Work" means the provision, undertaken primarily within the Northwest Territories, of any work, services, management, supervision, personnel, labour, materials, supplies or equipment related to the Project.

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"Project Worker" means an individual who provides, primarily within the Northwest Territories, any work, services, management, supervision or labour related to the Project as an employee or Contractor of any Operator or Contractor.

"Public Transportation System" means the system comprised of all:

- a. highways (as the singular form of such term is defined in section 1 of the *Public Highways Act* (NWT)) that are publicly owned;
- b. ferries and any works necessary for the operation of ferries established and operated under section 27 of the *Public Highways Act* (NWT); and
- c. public airports (as the singular form of such term is defined in section 1 of the *Public Airports Act* (NWT)).

"Region" means any of:

- a. the Inuvialuit Settlement Region, as such term is defined in the Inuvialuit Final Agreement entered into on June 5, 1984 between the Committee for Original People's Entitlement, representing the Inuvialuit of the Inuvialuit Settlement Region, and the Government of Canada;
- b. the Gwich'in Settlement Area, as such term is defined in the Gwich'in Comprehensive Land Claim Agreement entered into on April 22, 1992 between the Gwich'in Tribal Council and Her Majesty the Queen in Right of Canada;
- c. the K'ahsho Got'ine District, being the geographic area set out in pages 2 and 3 of Schedule "B" to the Sahtu Master Land Agreement;
- d. the Tulita/Déline District, being, collectively, the geographic area set out on pages, 2, 3 and 4 of Schedule "A" to the Sahtu Master Land Agreement and Parcels 174, 175, 176 and 177, as set out in Schedule II of Appendix E to the Sahtu Land Claim Agreement; or
- e. the Deh Cho territory, as such term is defined in the Dehcho Interim Measures Agreement, excluding lands that fall within any of Parcels 174, 175, 176 and 177, each as described in Schedule II of Appendix E to the Sahtu Land Claim Agreement.

"Regulations" means all statutes, laws, regulations, orders and instruments (including any land claims agreements, self-government agreements or comprehensive land claim and self-government agreements implemented by federal enactment or both federal and territorial enactment, as required) made within the authority of a Government, and includes any other "regulations" as such term is defined in the *Interpretation Act* (Canada) or the *Interpretation Act* (NWT).

"Regulatory Authorization" means any authorization, approval, permit, certificate, licence or lease from a Government required under any applicable Regulations to carry out the Project or any part of it, including any document evidencing any interest in the lands on which any Facilities are expected to be or are situate.

"Sahtu Land Claim Agreement" means the Sahtu Dene and Metis Comprehensive Land Claim Agreement entered into on September 6, 1993 among the Dene of Colville Lake, Déline, Fort Good Hope and Tulita (formerly known as Fort Norman) and the Metis of Fort Good Hope, Tulita (formerly known as Fort Norman) and Norman Wells in the Sahtu Region of the Mackenzie Valley, as represented by the Sahtu Tribal Council, and Her Majesty the Queen in Right of Canada.

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"Sahtu Master Land Agreement" means the Sahtu Master Land Agreement made as of the 6th day of May, 1994 among Tulita District Land Corporation Ltd., K'ahsho Got'ine District Corporation Ltd. and Déline Land Corporation.

"Taglu Anchor Field" means that portion of the Facilities comprised of all wells, surface and subsurface equipment and flowlines proposed to produce the natural gas from Significant Discovery Licence 63 to the Gas Gathering System, together with all related temporary and permanent infrastructure located in the Northwest Territories, as they may be constructed, modified, replaced, repaired, expanded or improved from time to time.

1.2 INTERPRETATION

- 1.2.1 Headings do not affect the interpretation of this Agreement.
- 1.2.2 Use of the singular includes the plural and vice versa.
- 1.2.3 Use of any gender includes the masculine, feminine and neuter genders, with the exception of provisions referring to women or females in Sections 2.4.9 and 2.6.2.
- 1.2.4 Other capitalized grammatical forms of a term defined in this Agreement have a corresponding meaning.
- 1.2.5 A reference to Regulations or a specific Regulation includes any subordinate legislation made under it and refers to such Regulation or Regulations and any subordinate legislation as in force at the relevant time taking into account any amendment, re-enactment, replacement, re-issuance, extension or application thereof.
- 1.2.6 A reference to Regulatory Authorizations or a specific Regulatory Authorization refers to them or it as in force at the relevant time, taking into account any amendment, replacement, re-issuance, extension or application thereof.
- 1.2.7 A reference to a person or association comprising Government or an Aboriginal Authority refers to it as it may be re-named, continued, reorganized, replaced or succeeded by or merged into one or more persons or associations from time to time.
- 1.2.8 The word **"including"** and derivatives thereof shall mean **"including, without limitation"**.
- 1.2.9 The phrase **"reasonable commercial efforts"** means, with respect to the efforts to be expended by any Party with respect to any objective, reasonable, diligent, good faith efforts to accomplish such objective as would normally be devoted to the applicable task by a prudent commercial enterprise with similar resources to those of the applicable Party, where such Parties are motivated to accomplish such task to the extent practicable, taking into account, without limitation, consideration of profitability and other relevant commercial factors and the mitigative purpose sought to be attained by this Agreement. The phrase does not mean or imply that a Party commits that it will actually accomplish the applicable objective, or that it will devote thereto efforts or resources beyond those that a prudent commercial enterprise would devote, acting reasonably in the circumstances, even though remaining motivated to do so as described above.
- 1.2.10 Where a Party seeks to **"optimize"** an effect, such Party shall use reasonable commercial efforts to maximize such effect.
- 1.2.11 In the context of a contemplated agreement or arrangement, a reference to GNWT includes a reference to the Commissioner of the Northwest Territories or a public agency of GNWT where party to such agreement or arrangement.

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1.2.12 The following schedule is attached to and forms part of this Agreement:

Schedule A - NWT Oil and Gas Socio-Economic Advisory Board Participation Agreement

1.3 NO DEROGATION

- 1.3.1 Nothing in this Agreement shall be construed so as to abrogate or derogate from the protection provided for existing aboriginal or treaty rights of the aboriginal peoples of Canada by the recognition and affirmation of those rights in section 35 of the *Constitution Act, 1982*.
- 1.3.2 Nothing in this Agreement shall be construed so as to lessen or waive any obligation or other commitment made by any Owner or Operator in any Benefits and Access Agreements or in any benefits plan required under the *Canada Oil and Gas Operations Act* (Canada).
- 1.3.3 This Agreement is made without prejudice to any position taken by GNWT in any on-going or future land claims or self-government negotiations affecting aboriginal peoples or related legal proceedings.
- 1.3.4 Without limiting Section 1.3.3, nothing in this Agreement shall be construed as guaranteeing any Operator or Owner any Regulatory Authorization or as limiting the scope of participation of GNWT in any regulatory process of any Government respecting any part of the Project, whether or not commenced or contemplated before the date of this Agreement.
- 1.3.5 The Operators may act either independently or collectively when fulfilling their respective obligations under this Agreement in order to comply with applicable Regulations.

1.4 PRIORITY OF DOCUMENTS

- 1.4.1 In case of any inconsistency or conflict between the following, the following prevails to the extent of the inconsistency or conflict in the following order:
- a. applicable Regulations (including the *National Energy Board Act* (Canada) and the *Canada Oil and Gas Operations Act*) and Regulatory Authorizations, subject to conflicts of laws principles;
 - b. any Benefits and Access Agreement, as this Agreement applies to an Aboriginal Authority that is party thereto and its beneficiaries, participants or members;
 - c. this Agreement, excluding the schedules; and
 - d. schedules forming part of this Agreement.

2. EMPLOYMENT

2.1 OBJECTIVE

- 2.1.1 The Project represents a major development with the potential to provide significant direct employment benefits to Aboriginal Persons and NWT Residents. In the EIS and the proceedings before the Joint Review Panel, based upon the factors and assumptions set out therein, it was estimated that up to 16% of direct employment opportunities during Construction and up to 72% of direct employment opportunities during Operations could be filled by Aboriginal Persons and NWT Residents. The Parties acknowledge that developing qualified workers for the Project is a shared responsibility of the MGP Parties, GNWT, Aboriginal Authorities, Contractors, labour organizations, individuals, communities, educational institutions, government agencies and industry.

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2.1.2 In order to optimize employment opportunities for Aboriginal Persons and NWT Residents while providing a workplace and undertaking operations that are safe during all Project phases, MGP will:

- a. not discriminate against Aboriginal Persons or NWT Residents;
- b. promote the involvement of Aboriginal Persons and NWT Residents across the spectrum of skilled, unskilled, technical and professional job classifications in the Project;
- c. provide opportunities for advancement and succession on the basis of qualification and performance; and
- d. provide a workplace where all individuals are treated in a fair, equitable and respectful manner while working on the Project;

as more particularly described in this Article 2.

2.2 HIRING PRIORITIES

2.2.1 MGP will give priority, to the extent not prohibited by applicable Regulations, to providing offers of employment in the Project to members of the following groups in the following order:

- a. beneficiaries, participants or members, as the case may be, of the Aboriginal Authority of the Region in which such employment opportunity will be located;
- b. beneficiaries, participants and members of the other Aboriginal Authorities;
- c. other Aboriginal Persons and other NWT Residents who reside in any of the Regions;
- d. other Aboriginal Persons who reside outside the Regions; and
- e. other individuals.

2.2.2 During all Project phases, MGP will make offers of employment for available Project Worker positions, as determined by MGP, to applicants according to the hiring priorities set out in Section 2.2.1 across the spectrum of skilled, unskilled, technical and professional job classifications.

2.3 POINTS OF HIRE AND TRANSPORTATION

2.3.1 MGP will provide return transportation, at its cost, to Project Workers between their designated points of hire and Project Work locations.

2.3.2 Throughout Construction, MGP will:

- a. pay for the cost of transportation for all NWT Resident Project Workers to travel to and from their respective home communities to a designated point of hire for each work rotation;
- b. implement appropriate policies and procedures to discourage Project Workers in transit between camps and their home communities, whether in the Northwest Territories or elsewhere, from entering other Northwest Territories communities; and
- c. implement appropriate policies and procedures to discourage non-NWT Residents from migrating to the Northwest Territories to seek Project employment.

- 2.3.3 It is the long-term goal of each Operator to locate in the Northwest Territories during Operations its permanent, full time employees who are directly involved in the operation of the Facilities. Each Operator, in its sole discretion, will determine which Operations positions are best suited to be located in the Northwest Territories.
- 2.3.4 Throughout Operations, MGP will pay for the cost of transportation for all NWT Resident Project Workers who are employed in rotational Project Work positions to travel to and from their respective home communities to the applicable Project Work location for each work rotation.
- 2.3.5 The Operators will offer incentives to their Project employees for Operations who, at the request of their employer, agree to relocate to or within the Northwest Territories and to their Project employees for Operations who live in the Northwest Territories, including relocation packages and northern benefits packages, as applicable. Such benefits will be established, managed and administered by each employer for its own employees.

2.4 EMPLOYMENT REQUIREMENTS AND POLICIES

- 2.4.1 MGP will require prospective Project Workers to obtain appropriate education, training, skills and experience to fulfil the services, duties and obligations of a particular employment position as a pre-condition of employment or promotion. Whether or not prospective Project Workers have the requisite education, training, skills and experience for a particular position will be determined by their prospective employers.
- 2.4.2 MGP may, where it deems appropriate, consider equivalency to education or training requirements for Project employment in order to encourage recruitment and employment of Aboriginal Persons and NWT Residents.
- 2.4.3 MGP will implement reasonable standards, policies and procedures for the Project that are generally consistent with the standards, policies and procedures implemented in its other Canadian operations to determine the qualification of prospective Project Workers, including, where appropriate, criminal record checks, the agreement of prospective Project Workers to comply with safety and security provisions, and reasonable and lawful alcohol and drug testing. MGP shall ensure that applicable standards, policies and procedures are communicated to prospective Project Workers. In addition, prospective Project Workers will be required to accept the terms and conditions of employment and the codes of conduct that are substantially similar to those applicable to employees of their respective employers in similar circumstances.
- 2.4.4 Project Workers who are Aboriginal Persons or NWT Residents or both will be provided with benefits packages that are generally consistent with the benefits packages ordinarily provided by their respective employers to their other employees employed in comparable positions, including, in the case of employees of the Operators, employee assistance programs.
- 2.4.5 MGP will, to the extent commercially reasonable, provide flexible work schedules to accommodate traditional harvesting, cultural, family and community needs in balance with the requirements of the Project, recognizing that flexibility will be limited during winter construction seasons.
- 2.4.6 MGP will provide employment opportunities in Project Work for disadvantaged individuals, including individuals with disabilities, by:
 - a. providing equal employment opportunity to individuals who are qualified to perform job requirements;
 - b. supporting educational programs and using recruiting practices that facilitate employment and career development of all Project Workers, including disadvantaged individuals; and

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- c. making reasonable accommodations to enable qualified individuals with disabilities to perform the essential functions of a job.
- 2.4.7 MGP will administer personnel policies, programs and practices, and its commitments under this Agreement, in accordance with all applicable Regulations in all aspects of human resources development, including recruitment, hiring, work assignment, promotion, transfer, wage and salary administration, selection for training, and termination.
- 2.4.8 MGP will provide Project worksites where all individuals are treated in a fair, equitable and respectful manner, free from sexual, racial or other harassment.
- 2.4.9 The MGP Parties will support and encourage the participation of women on an equal basis with men in all aspects of training and employment related to the Project, and will promote diversity in Project employment, by:
 - a. providing gender training to all Project Workers;
 - b. ensuring that all supervisors at Project worksites and all those responsible for hiring Project Workers actively manage gender and diversity matters;
 - c. implementing security and policies at all Project worksites which will include particular attention to the safety and protection of women;
 - d. promoting women's job market understanding, including by communicating employment opportunities with messages that target women while undertaking the activities set out in Section 2.5; and
 - e. seeking skilled female role models for Project staffing.

2.5 HUMAN RESOURCES DEVELOPMENT

- 2.5.1 MGP will recruit for and offer training and employment opportunities, including opportunities that may provide sustainable employment or skills that may be transferable into other industrial sectors, using the strategies outlined in this Section 2.5 and in accordance with the provisions of this Agreement.
- 2.5.2 For Construction-related opportunities for Project Workers, the MGP Parties will:
 - a. visit every Primary Community, on more than one occasion, to describe opportunities available for Project Workers, and the terms and conditions of employment;
 - b. recruit in each of the Primary Communities and, as they deem appropriate, at Aurora College campuses;
 - c. maintain Northwest Territories-based offices for activities related to the Project at which NWT Residents will be able to obtain information on, and assistance in responding to, Project Worker opportunities; and
 - d. select designated points of hire in consultation with Contractors, with the intent that only NWT Residents will be recruited at points of hire in the Northwest Territories in order to reduce Project-related migration into the Northwest Territories.

2.5.3 Throughout Construction and Operations, MGP will:

- a. communicate available Project Worker opportunities and skill requirements, as determined by MGP, to interested organizations, Government agencies and all Northwest Territories communities in an open, transparent and timely fashion, using a variety of methods, such as local and regional print, radio and television media, and internet-based electronic tools (such as the "Jobs North" website), in cooperation with Aboriginal and other community organizations and institutions; and
- b. ensure that details of employment opportunities in Project Work, such as work hours, schedules, transportation and workplace policies and rules, are articulated in a timely manner as the Project scope is refined and execution plans are developed.

2.5.4 The MGP Parties have developed and implemented, and will maintain and operate during Construction, a Northwest Territories community focussed human resources employment and training database to identify training priorities, based on Project requirements and registrants' personal interests, for potential Project Workers to facilitate plans for training and employment of qualified Project Workers for Construction-related opportunities. The database records personal information volunteered by NWT Residents seeking employment in the Project, including their contact information, qualifications, work experience and job preferences and will be used by MGP. Information from the database will be shared with regional training agents, training providers and Aboriginal Futures to identify registrants' skill and training requirements, and with Contractors to identify registrants who are qualified or could become qualified for employment positions in connection with the Project. In addition, consolidated information from the database may be provided to Governmental entities (including Education, Culture and Employment) for the purposes of training and recruitment in connection with the Project. Notwithstanding anything to the contrary contained herein, the establishment and administration of the database and the collection and distribution of information therefrom will in all respects be subject to applicable Regulations, including the *Personal Information Protection and Electronic Documents Act* (Canada).

2.5.5 The MGP Parties have taken a lead role, and intend to continue to participate, in POTC for the education and training of Aboriginal Persons and NWT Residents for trades and technical positions that may become available during Operations. The MGP Parties will assist in providing mentoring and student liaison when POTC program training is away from the home community to offer support with personal issues, chaperoning and removing barriers to attendance and completion of training. In addition, the MGP Parties will make employment opportunities available to graduates of the POTC technical program.

2.5.6 Subject to the availability of qualified individuals who meet the requirements of the *Apprenticeship, Trade and Occupations Certification Act* (NWT), the MGP Parties will, for the Project:

- a. participate as appropriate in the provision by the POTC members of a combined minimum of thirteen (13) apprentice positions in advance of Operations;
- b. organize and implement their training and apprenticeship programs so that employees completing the training will be able to use the skills acquired and time spent as credit towards certification or status recognized in the Northwest Territories under the *Apprenticeship, Trade and Occupations Certification Act* (NWT); and
- c. record the details of employment and training in accord with the requirements of the *Apprenticeship, Trade and Occupations Certification Act* (NWT).

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- 2.5.7 The Operators will participate in and provide financial support to Aboriginal Futures, as set out in the Contribution Agreement made the 30th day of November, 2004 between IORVL, ConocoPhillips, Shell Canada Limited and Aboriginal Futures.
- 2.5.8 The Parties recognize the importance of training NWT Residents for oil and gas industry employment, in particular with regard to the long-term sustainability of the industry in the Northwest Territories and of the Mackenzie Gas Project. The Parties commit to this objective with the creation of a training fund, as follows:
- a. The training fund will be targeted toward oil and gas training programs.
 - b. The training fund will be jointly funded by the Operators and GNWT as follows:
 - i. the Operators will contribute an aggregate of \$500,000 per year for ten (10) years and GNWT will contribute \$500,000 per year for ten (10) years, such contributions commencing within 90 days following a Decision to Construct the Mackenzie Valley Pipeline; and
 - ii. after such ten (10) years, the Operators shall contribute an aggregate of \$250,000 per year and GNWT shall contribute \$250,000 per year until the commencement of Decommissioning of the last Anchor Field to be Decommissioned.
 - c. The training fund will be jointly administered by the Operators and GNWT.
 - d. The Parties will establish specific ongoing arrangements for the administration of the training fund on a timely basis.
- 2.5.9 The MGP Parties will use reasonable commercial efforts, through completion of Construction, to involve unions and non-union labour providers, Contractors and industry associations that may participate in the Project in the provision of early apprenticeship or pre-apprenticeship training opportunities, and collaborate to ensure systems are developed to record and provide credit for Northwest Territories qualifying work hours for apprentices.
- 2.5.10 Project Workers who are Aboriginal Persons or NWT Residents will be provided such opportunities for training and advancement based on qualifications and performance as are ordinarily provided by their respective employers in similar circumstances.
- 2.5.11 MGP will provide on-the-job supports to Project Workers, which may include measures such as:
- a. access to workplace essential skills upgrading;
 - b. a workplace mentor program;
 - c. an Aboriginal Project Worker liaison program;
 - d. cultural awareness and gender awareness training;
 - e. pre-assignment safety training; and
 - f. access to life skills guidance, such as money management and alcohol and substance abuse prevention.

2.6 PLANNING AND COLLABORATION

2.6.1 The MGP Parties will collaborate with GNWT, Aboriginal Authorities, the Primary Communities, Contractors, unions and other labour organizations, educational institutions (including Aurora College), stakeholders and other relevant organizations:

- a. in the development of pre-employment preparation, skill development training, on-the-job training, and re-training programs to better enable NWT Residents to take advantage of employment opportunities arising from the Project;
- b. to clarify industry-specific education needs and, if required, to assist in development of appropriate curricula;
- c. to encourage and promote completion by students of secondary and post-secondary education through "stay in school" messages delivered at career fairs, community meetings and while undertaking the activities set out in Section 2.5; and
- d. to encourage and promote programs with Aurora College to establish work experience and job placement programs, including summer employment and co-op programs, that enable Northwest Territories students to gain experience during Construction and Operations while continuing their post-secondary education.

2.6.2 The Operators will, through their participation in POTC, Aboriginal Futures and other similar committees, support and collaborate with education institutions and training providers to:

- a. develop, implement and maintain training programs specifically geared toward the long-term employment of women in non-traditional occupations;
- b. develop, implement and maintain programs aimed at upgrading literacy and math skills and basic trades preparation;
- c. develop, implement and maintain training and work experience programs in basic labourer skills, construction trades, heavy equipment operation and truck driving, using local capital projects as training venues wherever possible; and
- d. conduct training programs in the summer season.

2.7 GNWT SUPPORT

2.7.1 To assist in building the capacity of the Northwest Territories workforce in relation to the Project, GNWT will, subject to and in accordance with GNWT policy and programming in effect from time to time:

- a. consult with the Operators when designing relevant literacy and training programs;
- b. consult with the Operators with regard to the planning and delivery of community-based literacy and training programs;
- c. consult with the Operators when planning and designing employment support programs;
- d. provide support for literacy, pre-employment training and trades related training for GNWT approved activities;

- e. encourage and promote completion by students of secondary and post-secondary education through "stay in school" messages delivered at career fairs, community meetings and other appropriate venues;
- f. develop and distribute information on careers in the oil and gas industry to GNWT careers centres, Aurora College and high school counsellors;
- g. promote and facilitate the organization of career fairs for high school students and adults;
- h. offer, through its school system, opportunities for students to take courses and participate in work experiences that prepare them for potential future employment in the oil and gas industry;
- i. offer to MGP opportunities for their employees to participate, at the employer's expense, in professional development programs organized for Aurora College and GNWT literacy and pre-employment training instructors;
- j. offer career planning and career counselling services to the public through Northwest Territories regional career centres;
- k. promote Project Worker opportunities through career centres, websites, newsletters or conferences;
- l. produce, in partnership with industry, accurate and relevant labour market information;
- m. post available Project Worker job opportunities on a web site such as "jobsnorth.ca";
- n. provide hands-on experience in GNWT-supported activities for the training of Aboriginal Persons and NWT Residents;
- o. consider providing education and training in the summer season to avoid conflict with employment opportunities during Project construction months; and
- p. organize and implement the certification requirements under the *Apprenticeship, Trade and Occupations Certification Act* (NWT) to enable NWT Residents completing training and apprenticeship programs outside of the Northwest Territories to use the skills acquired and time spent as credit towards certification under such legislation.

3. SOCIAL AND CULTURAL WELLBEING

3.1 OBJECTIVE

- 3.1.1 The Parties recognize that the health and wellness of individuals and families is fundamental to the social and economic sustainability of the Northwest Territories. Each Operator has an overarching regard for safety, and for respect of individuals and communities. The Parties acknowledge that mitigation measures that address potential Project-induced, adverse effects on individuals, families, and communities and cultural wellbeing are a shared responsibility. The Parties will work to promote individual, family and community wellbeing and cultural preservation and sustainability, collaborating with third parties where appropriate.

3.2 WELLNESS COMMITMENTS

- 3.2.1 MGP will implement and enforce policies and practices directed to ensuring that all Project worksites, including campsites, will be alcohol and drug free. Such policies and practices will

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include reasonable enforcement mechanisms, which may include lawful inspections, searches and testing for alcohol and drugs.

- 3.2.2 MGP will establish on-the-job resources, support and guidance, as more particularly set out in Section 2.5.11.
- 3.2.3 Each Operator will, and will use reasonable commercial efforts to encourage its Contractors to, provide resources, support and guidance to encourage money management, including initiating a program permitting Project Workers to designate a portion of their wages for deposit to a savings account.
- 3.2.4 The MGP Parties will establish separate or joint camp health and safety committees to which Project Workers will be invited to bring issues and concerns.
- 3.2.5 MGP will structure Project worksites to meet the needs of fairness, equity, and respect for all Project Workers, as more particularly set out in Sections 2.4 and 2.5.
- 3.2.6 MGP will designate a recreation area in each camp, which will include recreation facilities and equipment that are suitable in the context of the size and nature of such camp.
- 3.2.7 MGP will provide Aboriginal Persons and NWT Residents who are Project Workers with employee assistance programs that are generally consistent with the employee assistance programs ordinarily provided by their respective employers to their other employees employed in comparable positions. These programs may include mental health services, substance abuse programs, money management, gambling and family counselling. The Operators will encourage Contractors to develop their own or participate in an employee assistance program.
- 3.2.8 The Operators will, from time to time and in a manner that is consistent with their respective principles and practices for community involvement, provide funding for GNWT and community programs:
 - a. promoting, for example, healthy lifestyles, alcohol and drug awareness, active living, fitness and participation in sport and recreation activities, family violence prevention, and parenting and family support programs; and
 - b. designed, for example, to support youth in making healthy and productive choices, building self-confidence, and developing life skills which will enable them to become productive workers.
- 3.2.9 MGP will be responsible for the cost of health care coverage for Project Workers who are not eligible for provincial or territorial health care coverage.
- 3.2.10 The MGP Parties, in consultation with GNWT and communities, as applicable, will develop, on a timely basis prior to the commencement of Construction Activities, plans for Project-related mass casualty evacuations and for quarantine/isolation of Project Workers in the event of an outbreak of infectious disease for the Construction phase and will develop such plans on a timely basis for the other Project phases as appropriate.
- 3.2.11 Consistent with Sections 2.4.3 and 3.6.3, MGP will, at their own cost, require a fitness to work assessment for every newly hired Project Worker prior to arriving at the Project worksite. Fitness to work assessments will help identify medical conditions which may prevent the performance of essential job tasks or may preclude assignment to a remote northern work environment.
- 3.2.12 MGP will take reasonable measures to protect Project Workers from the spread of infectious disease in camps. Such measures may include appropriate immunization programs as

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recommended by Health Canada's Canadian Immunization Guide and development of health promotion and illness prevention programs. MGP will provide access to the details of such measures and programs to the Chief Medical Health Officer appointed under the *Public Health Act* (NWT).

- 3.2.13 None of the Operators will make, and each Operator will make reasonable commercial efforts to discourage its Contractors from making, unsolicited job offers to employees of GNWT or of a "health facility" or a "social services facility" as defined in the *Hospital Insurance and Health and Social Services Administration Act* (NWT) for Project Work in the areas of health care or social services.
- 3.2.14 The MGP Parties will provide transportation from the nearest location accessible by public means for GNWT health officers who may be required by Regulation to attend a camp that is not reasonably accessible by public means.
- 3.2.15 The MGP Parties will make telephone and internet facilities available to Project Workers at camp sites that will enable them to communicate at their own expense with their home communities.

3.3 PROMOTING CULTURAL PRESERVATION AND UNDERSTANDING

- 3.3.1 The MGP Parties will support and encourage the promotion of cultural preservation, sustainability and understanding by:
 - a. providing and funding cultural sensitivity and cross cultural awareness training to all Project Workers;
 - b. providing interpreters at community meetings, where required;
 - c. encouraging Aboriginal language use by providing access to Aboriginal language reading material and Aboriginal language radio and television broadcasts, tapes, CDs and/or other media at camp sites, where commercially available; and
 - d. using appropriate communication, including interpreters and translators, where required in the human resources processes for all Project Workers, such as interviewing and hiring.
- 3.3.2 Each Operator will support and encourage the promotion of cultural preservation, sustainability and understanding by:
 - a. supporting cultural activities and events, including community-based traditional lifestyle initiatives promoting traditional culture and positive relationships with communities (such as Aboriginal language proficiency demonstrations and competitions), in a manner that is consistent with its principles and practices for community involvement; and
 - b. assisting with financial support for community-based culture or language programs or agencies in the Northwest Territories from time to time and in a manner that is consistent with its principles and practices for community involvement.

- 3.3.3 MGP will house Construction Project Workers in self-contained camps.

3.4 TRADITIONAL ECONOMY COMMITMENTS

- 3.4.1 In addition to the scheduling commitments set out in Section 2.4.5, the MGP Parties will:

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- a. in accordance with applicable Regulations, periodically make country foods available in Construction camps, where commercially available;
 - b. provide, if requested by Aboriginal artisans, a reasonable opportunity for them to display and sell their handcrafts in Construction camps; and
 - c. support community based traditional lifestyle initiatives that promote traditional harvesting (such as traditional harvesting camps for young people and traditional skill proficiency demonstrations and competitions) from time to time and in a manner that is consistent with their respective principles and practices for community involvement.
- 3.4.2 The MGP Parties will use reasonable commercial efforts to provide advance notification of Project activities, locations and schedule to traditional land users who are either recognized as such pursuant to applicable Regulations or who have identified themselves as such in the community consultation process.

3.5 SAFETY AND SECURITY

- 3.5.1 MGP will be responsible for safety and security at Project camps and worksites.
- 3.5.2 The Parties will collaborate to develop incident response, access and reporting procedures to promote Project Worker and public safety and security relating to the Project.
- 3.5.3 Prior to the commencement of Construction Activities, the Parties will negotiate a memorandum of understanding relating to the services of the Royal Canadian Mounted Police to set out an administrative process for collaborating 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 of the scope of the existing policing mandate.

3.6 COLLABORATION

- 3.6.1 The MGP Parties will make available in Project camps information on existing Government assistance programs. Participation by Project Workers in these programs will be voluntary.
- 3.6.2 The MGP Parties may collaborate with or otherwise support, by various means and from time to time, GNWT and the Primary Communities to set up community-based programs for:
- a. personal finance and money management training, focusing on informed consumption, savings and investment choices for increased incomes;
 - b. controlling alcohol and drug abuse; and
 - c. consistent with Sections 3.3.1 and 3.3.2, promoting cultural preservation and sustainability.
- 3.6.3 The Parties will negotiate arrangements for access to GNWT health and social services for Construction, including procedures to access the following in the Northwest Territories:
- a. medical travel system; and
 - b. hospitals and health centres.

The Parties will use reasonable efforts to conclude such arrangements on a timely basis prior to Construction.

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3.7 GNWT SUPPORT

- 3.7.1 GNWT will, subject to and in accordance with GNWT policy and programming in effect from time to time:
- a. provide the Operators with information on social and cultural programs and health services delivered by GNWT;
 - b. provide the Operators with information on social and cultural programs delivered by GNWT for sharing with Project Workers; and
 - c. meet the Operators, on reasonable request by the Operators, to review program and service delivery plans to identify areas related to this Article 3 for collaboration.
- 3.7.2 GNWT will consider, subject to and in accordance with GNWT policy and programming in effect from time to time:
- a. reinforcing existing public programs and initiating new or revised programming;
 - b. initiating community-based training programs in personal finance and money management, focusing on informed consumption, savings and investment choices for increased incomes;
 - c. provision of community wellness and health programs and services;
 - d. funding of policing services; and
 - e. strategies to deal with the possible increase in stress and family conflict in NWT communities.

4. BUSINESS

4.1 OBJECTIVE

- 4.1.1 The Operators are committed to the fundamentals of a competitive market which will contribute to optimizing the allocation of resources within the Northwest Territories economy. The Parties recognize that part of creating an optimal allocation of resources within the Northwest Territories requires a commitment to develop local businesses.
- 4.1.2 MGP shall, without compromising its ability to carry out a safe, efficient and cost-effective operation, provide NWT Businesses and Listed Businesses with the opportunity to participate in the direct economic opportunities provided by Project Work in the form of business opportunities as more specifically set out in this Article 4.

4.2 PURCHASING COMMITMENTS

- 4.2.1 MGP will award Project Work on a Best Total Value basis, and will use the following criteria to assess whether a proposal provides the "Best Total Value":
- a. safety and environmental management systems and performance;
 - b. quality, including technical and operational capabilities;
 - c. cost competitiveness, based upon the Region or Regions in which such Project Work will occur;

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- d. ability to supply and deliver Project Work to be provided within MGP's scheduling requirements;
 - e. the Content Plan for the Region or Regions in which such Project Work will occur; and
 - f. other northern and Canadian content.
- 4.2.2 MGP will give preference to qualified NWT Businesses and Listed Businesses in contracting for Project Work, and will foster the development of NWT Businesses in ways that provide long term benefits to the Project and NWT Businesses, as more specifically set out in this Article 4.
- 4.2.3 Whether or not a particular proposal provides the Best Total Value based upon the above criteria will be determined by MGP, acting reasonably, in accordance with the terms of this Agreement.
- 4.2.4 The Operators shall use reasonable commercial efforts to:
- a. procure at least 15% of their materials, supplies, equipment and services from NWT Businesses during Construction; and
 - b. maximize procurement from NWT Businesses during Operations and Decommissioning.

4.3 PURCHASING PRIORITIES

- 4.3.1 MGP will provide the first opportunity to submit proposals on certain types of Project Work to Listed Businesses within the Region in which the Project Work is required, and will award the work to such qualified Listed Businesses, complying with applicable Regulations, where Best Total Value is achieved.
- 4.3.2 Except as otherwise provided in Sections 4.3.1 and 4.3.4, MGP will procure Project Work through an open procurement process, either through a bid and/or negotiated process as determined by MGP. Proposals to provide Project Work will be evaluated as described in Section 4.2.1; provided that if any two (2) or more proposals are determined by MGP to be otherwise equivalent on a Best Total Value basis, such Project Work shall be awarded based upon the following priority:
- a. Listed Businesses of the Region or, in the case of work that is trans-Regional, of the Regions, in which the Project Work is required;
 - b. other Listed Businesses of the Regions;
 - c. NWT Businesses of the Regions other than those referred to above;
 - d. except as prohibited by applicable Regulations, NWT Businesses other than those referred to above; and
 - e. all other businesses.
- 4.3.3 MGP will require that a Content Plan be included in each proposal to provide Project Work. The successful business' Content Plan will be incorporated into the contract for such Project Work and monitored and enforced by MGP during the performance of such Project Work.
- 4.3.4 Corporate agreements are generally established by MGP for the supply of certain goods and services on a company wide, long term basis. MGP may opt to or may be contractually required to obtain Project Work through these corporate agreements without restriction.

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4.4 BUSINESS OPPORTUNITIES SUPPORT

4.4.1 In managing the procurement process and in making decisions as part of such process, MGP will:

- a. provide NWT Businesses with reasonable notice of Project Work, as provided in Section 4.4.4; and
- b. use reasonable commercial efforts to structure Project Work packages, where appropriate, to align with the capacities of NWT Businesses;

provided that MGP reserves the right to approve or disapprove contracting with any business subject to the Operators' obligations under this Agreement.

4.4.2 The Operators are committed to assisting NWT Businesses that are interested in building capacity and making proposals to perform Project Work. The MGP Parties will assist such NWT Businesses in understanding business opportunities associated with Project Work by providing detailed information relating to Project requirements, pre-qualification and bidding processes, training opportunities, required management systems (including those related to safety) and policies (including drug and alcohol policies), and Content Plan requirements. Assistance provided by the MGP Parties will include workshops in the Northwest Territories, distribution of printed material, resource contacts, websites and personnel to liaise with NWT Businesses.

4.4.3 The Operators commit to supporting the development of Northwest Territories manufacturing through the purchase by MGP of products manufactured in the Northwest Territories for the Project, in accordance with the provisions of this Article 4.

4.4.4 MGP will utilize an electronic bulletin board to ensure that opportunities for Project Work are clearly and consistently communicated to NWT Businesses. This process will facilitate:

- a. registration of interested businesses,
- b. communication of descriptions of opportunities relating to the Project Work, and
- c. relaying expressions of interest from businesses to MGP which relate to Project Work.

In order for an NWT Business to be considered for an opportunity, it will be required to make its interest in such opportunity known through an expression of interest. All such responding NWT Businesses will be considered for inclusion in the list of businesses to whom requests for bids or proposals will be addressed, subject to the provisions of Sections 4.3.1, 4.3.2 and 4.3.4. Prior to the electronic bulletin board being established, bidding opportunities will be communicated by other means.

4.4.5 MGP will provide such advance notice as is practicable so that interested NWT Businesses can take the steps necessary, if required, to become qualified to compete for Project Work. If an NWT Business fails to qualify to compete for Project Work, MGP shall provide feedback to such business to allow it to take such actions as may be necessary for it to become qualified for future opportunities.

4.4.6 MGP reserves the right to employ simplified procurement procedures where there is a minimal estimated contract value.

4.5 COLLABORATIVE EFFORTS

4.5.1 MGP may, by various means and from time to time, support efforts by GNWT and the Primary Communities to foster the development of NWT Businesses and their access to Project Work by;

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- a. holding workshops to assist NWT Businesses understand Project procurement processes and safety management, Project policies (including alcohol and drug policies) and other Project requirements;
- b. supporting the transfer of business knowledge; and
- c. assessing northern market supply capacities, including the potential to grow to meet specific needs.

4.6 GNWT SUPPORT

4.6.1 GNWT will, from time to time, consistent with policies and existing programs and services, support economic development by providing NWT Businesses access to:

- a. Economic Development Officer (EDO) services in communities;
- b. business information through the Canada Business Service Centre;
- c. financing through the Business Development and Investment Corporation (BDIC); and
- d. contributions and grants available through the Department of Industry, Tourism and Investment (ITI) for:
 - i. Aboriginal capacity building;
 - ii. business development projects;
 - iii. business creation or expansion;
 - iv. business skills;
 - v. market development and product promotion;
 - vi. planning and other developmental costs;
 - vii. pilot or demonstration projects; and
 - viii. small business.

5. NET EFFECTS ON GOVERNMENT

5.1 OBJECTIVE

5.1.1 The Parties recognize that the Project will have long-term benefits for and contribute to sustainable development in the Northwest Territories. The Parties also recognize that the ability of Government to maintain appropriate levels of public services is fundamental to the social and economic sustainability of the Northwest Territories. The Operators intend to meet Project-related needs and reduce potential effects of the Project on GNWT and community services by mitigating such potential effects as reflected throughout this Agreement.

5.2 FUEL SUPPLY

5.2.1 The Operators intend to provide an independent source of fuel supply for Project-related purposes during Construction. Throughout Construction, the Operators will not, and will make reasonable efforts to cause their Contractors to not, purchase any diesel fuel or gasoline from GNWT or its agents in Fort Good Hope, Tulita, Trout Lake or Tsiigehtchic for Project-related purposes without first obtaining consent from GNWT.

5.2.2 GNWT will not, and will make reasonable efforts to cause its agents to not, sell any diesel fuel or gasoline in Fort Good Hope, Tulita, Trout Lake or Tsiigehtchic to Contractors for Project-related purposes during Construction unless GNWT has consented to such sale pursuant to Section 5.2.1.

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5.3 TRANSPORTATION SYSTEM AND MUNICIPAL INFRASTRUCTURE

- 5.3.1 MGP will transport personnel, material, goods and equipment by rail, road, barge and air, and will select the appropriate mode of transportation based upon the mode which most efficiently meets Project needs, taking into account impacts on existing levels of transportation services to Northwest Territories communities, safety, volume of shipment, schedule, community re-supply and cost.
- 5.3.2 The Operators acknowledge that the existing Public Transportation System may not be able to accommodate all Project-related needs at current levels of GNWT expenditures, operations and maintenance. Nothing in this Section 5.3 prevents GNWT from taking appropriate measures to ensure the safety, reliability and long-term viability of the Public Transportation System.
- 5.3.3 On a timely basis prior to Construction, the MGP Parties will provide to GNWT an updated Project transportation and logistics plan, including contingency options.
- 5.3.4 During Construction, MGP will seek not to disrupt the existing level of public access to the various modes or sites of transportation, including using reasonable commercial efforts to:
 - a. provide lead time to air, barge and rail service providers to allow them to meet both community requirements and Project demands; and
 - b. work with barge and rail system providers so that necessary capacity improvements to barge and rail infrastructure can be completed prior to the commencement of Construction Activities.
- 5.3.5 MGP will implement appropriate measures intended to mitigate safety risks caused by interactions between Project-related traffic and traffic at adjacent community docks, aquatic recreational facilities and public boating facilities.
- 5.3.6 Prior to or during Construction, the Operators will negotiate arrangements, including reasonable cost sharing agreements, with GNWT and the municipalities of Inuvik, Norman Wells, Fort Simpson and Hay River, as appropriate, with respect to:
 - a. capital upgrades to the Public Transportation System required by the Project, recognizing that such capital upgrades may also provide long term benefits for GNWT and Northwest Territories communities;
 - b. costs of additional maintenance required for roads and highways, such as dust suppression, directly attributable to Project activities; and
 - c. operational considerations.
- 5.3.7 The MGP Parties will consult with affected communities and GNWT to develop measures to address public safety due to Project-related increased traffic volumes on highways and community roads. Such consultation might include consideration of:
 - a. proposed routes and alternatives;
 - b. on site evaluations of road conditions;
 - c. adjacent utilities and crossing locations;
 - d. sensitive community infrastructure, such as schools and hospitals; and

- e. potential mitigation measures, including dust control, routes, speed, weight and time restrictions.
- 5.3.8 On a timely basis prior to Construction, the Operators will negotiate arrangements, including fee-for-service agreements if appropriate, with the municipalities of Inuvik, Norman Wells, Fort Simpson and Hay River, as appropriate, with respect to Project-related use of the municipal services provided by such communities.
- 5.3.9 The Operators do not expect that municipal-type services of communities other than those set out in Section 5.3.8 above will be used for Project-related purposes. If a mutually beneficial opportunity for Project-related use of municipal-type services of another community arises, the Operators will negotiate arrangements, including fee-for-service agreements if appropriate, with such community or GNWT, as appropriate, prior to the use of such services.
- 5.3.10 None of the Operators will make, and each Operator will make reasonable commercial efforts to discourage its Contractors from making, unsolicited job offers to employees of local governments who provide key municipal services.

5.4 HOUSING

- 5.4.1 MGP will mitigate Project effects on housing in the Northwest Territories during Construction by implementing appropriate policies and procedures to house Project Workers in self-contained camps, discourage Project Workers in transit between camps and their home communities from entering other Northwest Territories communities, recruit in each of the Primary Communities and discourage non-NWT Residents from migrating to the Northwest Territories to seek Project employment, as more particularly outlined in Sections 2.3.2b, 2.3.2c, 2.5.2b, 2.5.2d and 3.3.2.

5.5 EMERGENCY MEASURES

- 5.5.1 In a timely manner prior to the commencement of Construction Activities, MGP will develop, in accordance with applicable Regulations, a detailed set of emergency response plans and emergency procedures dealing with emergencies, malfunctions and incidents that may occur during Construction. MGP will also develop appropriate plans and procedures on a timely basis for the other Project phases.
- 5.5.2 MGP will collaborate, where appropriate, with GNWT and local governments to develop and maintain emergency planning and response arrangements, including for mutual aid. This collaboration may include participation by the Operators on the Territorial Emergency Response Committee, as it may be renamed, continued, replaced or succeeded from time to time.
- 5.5.3 During Construction, after consultation with GNWT, the MGP Parties will locate emergency response units along road and highway systems in the Northwest Territories where the Operators deem appropriate. Such emergency response units would have the capacity to supplement GNWT and community emergency response capabilities.
- 5.5.4 The arrangements made pursuant to this Section will be consistent with arrangements made pursuant to Section 3.6.3.

5.6 COLLABORATION

- 5.6.1 The Parties will collaborate where mutually beneficial to develop mechanisms to facilitate and streamline regulatory and administrative processes applicable to the Project.

5.7 GNWT SUPPORT

5.7.1 GNWT will, subject to and in accordance with GNWT policy and programming in effect from time to time:

- a. provide the Operators with information on relevant programs, services and infrastructure funded by GNWT; and
- b. meet the Operators, on reasonable request by the Operators, to review infrastructure, program and service delivery plans to identify areas related to this Article 5 for collaboration.

6. SUSTAINABLE DEVELOPMENT

6.1 OBJECTIVE

6.1.1 The Parties recognize that the Project is an important opportunity for the sustainable development of the Northwest Territories through the provision of economic opportunities and support for human and business capacity development. To enhance these positive economic effects, the Operators are prepared to make the commitments set out in this Article 6.

6.2 CAMP-TO-HOUSING CONVERTIBLE ASSETS

6.2.1 In procuring camp accommodation units for Project Workers in Construction camps, the Operator of the Mackenzie Valley Pipeline will make reasonable commercial efforts to afford GNWT an opportunity to acquire some of the surplus units at the end of Construction for conversion by GNWT to permanent housing. The Operator of the Mackenzie Valley Pipeline will negotiate an arrangement with the Northwest Territories Housing Corporation to document the mutual commitments of the parties and cost reimbursement mechanisms related thereto.

6.3 RESIDENTIAL AND INDUSTRIAL ACCESS TO GAS

6.3.1 The Operator of the Mackenzie Valley Pipeline will assist in providing access to gas to "NWT Small Market Consumers", as defined in the revised Toll Principles attached as Schedule B to the Amending Agreement to a Precedent Agreement for Firm Transportation filed by the Operator of the Mackenzie Valley Pipeline with the National Energy Board on June 30, 2006 (the "Revised Toll Principles"), and who generally consist of:

- a. residential, commercial and institutional consumers in the Northwest Territories;
- b. industrial and manufacturing consumers, where the total gas consumption by any such consumer at any particular location in the Northwest Territories is less than 100,000 GJ in any calendar year; and
- c. a person who uses or consumes gas in the Northwest Territories as fuel in order to generate electricity that is supplied to:
 - i. residential, commercial and institutional users in the Northwest Territories; and
 - ii. industrial and manufacturing users which are located in the Northwest Territories and which use, at any particular location, in any calendar year, an amount of electricity that is less than the amount of electricity that could be generated for such location from 100,000 GJ of gas.

- 6.3.2 The Operator of the Mackenzie Valley Pipeline will design the tolls for the Mackenzie Valley Pipeline so as to provide a credit to each firm shipper on the Mackenzie Valley Pipeline that makes deliveries of gas to any delivery point located in the Northwest Territories for use by a NWT Small Market Consumer. Such credit will be effectively equal to 50% of the demand charge (expressed on a dollars per gigajoule basis) that would be paid by such firm shipper under a 20 year firm service transportation contract for the Mackenzie Valley Pipeline and will be determined as more particularly described in the Revised Toll Principles.
- 6.3.3 Access to gas from the Mackenzie Valley Pipeline to consumers in the Northwest Territories will be provided through the installation of access point valves on the Mackenzie Valley Pipeline in a manner that is consistent with the Mackenzie Valley Pipeline Operator's submissions to the National Energy Board and the Joint Review Panel. The cost of installing access point valves will be included in the rate base for the Mackenzie Valley Pipeline. The cost of all metering and other interconnection facilities downstream of the access point valves that are required to provide delivery of gas from the Mackenzie Valley Pipeline will be the responsibility of the third party seeking access to gas and will be subject to an interconnection agreement between such third party and the Operator of the Mackenzie Valley Pipeline. The Owners of the Mackenzie Valley Pipeline will own, and the Operator of the Mackenzie Valley Pipeline will construct and operate, such metering and other interconnection facilities.
- 6.3.4 Notwithstanding the foregoing provisions of this Section 6.3, the Parties recognize however that the commitments of the Operator set out in this Section 6.3 are subject to the tariffs, tolls, terms and conditions of service approved by the National Energy Board from time to time, any applicable orders of the National Energy Board and any applicable Regulations.
- 6.3.5 The Operator of the Mackenzie Valley Pipeline shall notify GNWT in a timely manner if it files with the National Energy Board any proposed change in the Revised Toll Principles relating to matters in this Section 6.3 by providing GNWT with a copy of the proposed revisions.

6.4 TECHNOLOGY, KNOWLEDGE AND SKILLS TRANSFER

- 6.4.1 The Parties acknowledge that:
- a. through the ownership by the Mackenzie Valley Aboriginal Pipeline Limited Partnership of an interest in the Mackenzie Valley Pipeline, NWT Residents will have both the opportunity for long term participation in and benefit from the Project, as well as access to knowledge and skills related to the Mackenzie Valley Pipeline and the oil and gas industry in general; and
 - b. completion of the Mackenzie Valley Pipeline may enhance the development opportunities for privately owned oil and gas resources in the Northwest Territories, in which NWT Residents may participate and from which they may benefit.
- 6.4.2 In addition to the measures and benefits set out in Section 6.4.1, the effects of the Project will be to contribute to, support and enhance the continued growth and transfer of Project-related technology, knowledge and skills to NWT Residents and NWT Businesses through:
- a. fostering employment and business opportunities for NWT Residents and NWT Businesses in the oil and gas industry by providing exposure to and the opportunity to work with knowledge and skills relevant to the industry and the Project prior to and during Construction;
 - b. providing opportunities to acquire skills and knowledge through education and training programs, such as those provided through POTC and Aboriginal Futures, that can be applied to other Northwest Territories industries and public services; and

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- c. creating long-term opportunities for employment and business in gas field and pipeline operations and maintenance beyond Construction;

as more particularly outlined in Articles 2 and 4.

- 6.4.3 If an Operator identifies opportunities to develop Project-related technology in the Northwest Territories, it may, but is not obligated to, collaborate with GNWT to progress these opportunities in a manner that both:

- a. is beneficial to such Operator, and
- b. contributes to economic diversification and sustainability of the oil and gas industry in the Northwest Territories.

6.5 DISPOSITION OF CAMP ASSETS

- 6.5.1 MGP will discuss opportunities to transfer to GNWT or Aboriginal Authorities, or their designees, surplus camp assets identified by MGP. Any such transfer will be subject to receipt of any approvals required pursuant to applicable Regulations and to the execution of an agreement on reasonable commercial asset sale terms, which may include terms addressing consideration and appropriate releases and indemnities.

6.6 GRANULAR RESOURCES

- 6.6.1 Prior to and during Construction and from time to time upon request, the MGP Parties will make available to GNWT and Aboriginal Authorities information that the MGP Parties acquire with respect to the locations, extent and quality of any granular resources within Project borrow sites in the Northwest Territories, subject to receipt of any necessary approvals from the owners of such resources and information.
- 6.6.2 The Operators will discuss with GNWT and Aboriginal Authorities opportunities to transfer the Operators' respective interests with respect to borrow sites as identified by the Operators. Any such transfer will be subject to receipt of any approvals required pursuant to applicable Regulations and to the execution of an agreement on reasonable commercial assignment terms, which may include terms addressing consideration and appropriate releases and indemnities.

6.7 GNWT SUPPORT

- 6.7.1 GNWT will, subject to and in accordance with GNWT policy and programming in effect from time to time:
 - a. provide the Operators with information on technology transfer and innovation initiatives and strategies;
 - b. provide the Operators with information on business entrepreneurship programs delivered by GNWT; and
 - c. meet the Operators, on reasonable request by the Operators, to identify areas related to this Article 6 for collaboration.

7. OBLIGATIONS OF OPERATORS AND CONTRACTORS

7.1 CONTRACTORS

7.1.1 The Operators will conduct activities related to the Project and the performance of their obligations under this Agreement both directly and through the use of Contractors. Where obligations in this Agreement are set out as obligations of:

- a. "MGP", each of the Operators will comply with, and will ensure that each of their Contractors that undertakes the subject activities complies with, such obligations; and
- b. the "MGP Parties", such obligations will be performed by one or more of the Operators, either directly or through one or more Contractors, on behalf of the Operators in compliance with the applicable provisions of this Agreement.

7.1.2 The Operators shall ensure that their respective Contractors comply with the obligations under this Agreement that are applicable to such Contractor's respective activities, including through the inclusion of such obligations in contracts with Contractors, as applicable and appropriate. If an Operator determines that a Contractor is not in compliance with applicable obligations under this Agreement, such Contractor may be subject to sanctions, applied in the discretion of the respective Operator, up to and including termination of contract.

7.1.3 Without limiting the generality of the foregoing, the Operators will:

- a. require all Contractors to provide all relevant information to the Operators to enable the Operators to fulfill the reporting commitments under this Agreement; and
- b. use reasonable commercial efforts to ensure that any employment agreements (written or unwritten), including project labour agreements or subcontracts to which Contractors are party contain such provisions as are necessary to ensure that the Operators' obligations with respect to training and employment as set out in this Agreement are implemented.

8. MONITORING, REPORTING AND ADAPTIVE MANAGEMENT

8.1 OBJECTIVES

8.1.1 The Parties recognize the varying nature, scope and magnitude of expected Project-related effects and the shared responsibility for effects management. The Parties further recognize that mitigation measures will need to be monitored to:

- a. determine their effectiveness in reducing or eliminating potential adverse effects and enhancing positive effects; and
- b. enable adjustments to be made where necessary.

8.1.2 The Parties expect that, during Operations, Project-related employment and procurement levels, and associated effects, will be significantly reduced from those experienced during Construction and intend that the Operators' obligations under this Article 8 will be reduced proportionately to the reductions in Project-related effects.

8.2 MONITORING

8.2.1 Project-related effects will be monitored, as described in this Article 8, in a manner that will include:

- a. the verification of the accuracy and completeness of the predicted socio-economic effects described in the EIS and the identification of any additional material effects;
- b. the determination of the effectiveness of the mitigation measures in reducing or eliminating potential adverse effects and in enhancing socio-economic benefits associated with the Project;
- c. the adjustment of existing, or the development of new, mitigation measures, as required; and
- d. direct and timely response of the Parties to recommendations.

8.3 IMPLEMENTATION

8.3.1 The Parties acknowledge that:

- a. MGP is best able to provide information pertaining to Project-related employment, training, and procurement;
- b. GNWT is best able to report public statistics collected at the national, territorial, regional and community level; and
- c. input from community stakeholders is essential to assessing and interpreting Project-related experiences at the community level, particularly during Construction.

8.3.2 The Parties will work together to address any deficiencies in implementing any of their respective commitments set out in this Agreement.

8.3.3 The Parties recognize that management of many socio-economic issues can only be effective if done with the full cooperation of the Operators, GNWT and other stakeholders. To this end:

- a. the Parties agree to establish an oil and gas socio-economic advisory board (the "**Advisory Board**") prior to commencement of Construction Activities; and
- b. the Operators intend to create three (3) regional working groups to assist the Operators in managing Project-related effects during Construction. GNWT will participate in the regional working groups as appropriate.

8.4 NWT OIL AND GAS SOCIO-ECONOMIC ADVISORY BOARD

8.4.1 The role of the Advisory Board will be to consider information received from the Operators, GNWT, and other sources, and to provide advice to the Parties regarding:

- a. the accuracy and completeness of the predicted socio-economic effects described in the EIS and the identification of any additional material effects;
- b. the effectiveness of the mitigation measures in reducing or eliminating potential adverse effects and in enhancing socio-economic benefits associated with the Project; and
- c. the adjustment of existing, and the development of new, mitigation measures, as required.

The Advisory Board may also, subject to unanimous approval of the Parties, undertake other work or studies directly related to the subject matter of this Agreement.

- 8.4.2 The Advisory Board will consist of members comprising each of the Operators and GNWT, along with Aboriginal Authorities that accept the invitation of the Parties to participate by executing an agreement substantially in the form of the agreement attached hereto as Schedule "A". Members of the Advisory Board will select directors as set out in Schedule "A".
- 8.4.3 The terms of reference for participation on the Advisory Board will be set out in an agreement substantially in the form of Schedule "A".
- 8.4.4 The Advisory Board will operate in an advisory capacity. Each Advisory Board director will be accountable to the member he or she represents and the Advisory Board as a whole will be responsible for ensuring that the Advisory Board is accountable to its purpose as set out in Section 8.4.1.
- 8.4.5 It is the intent of the Parties that the Advisory Board will hold an initial meeting within the eighteen months prior to the commencement of Construction Activities to implement its terms of reference, procedures and scopes of work, as set out in this Article 8, and processes for evaluating and analyzing indicator data and developing recommendations for adjustments thereto.
- 8.4.6 During Construction, the Advisory Board will meet three times annually. It is intended that these meetings will occur in or about February, May and October of each year. Subject to Section 8.4.7, the Advisory Board will meet once annually during Operations.
- 8.4.7 Within one (1) year following the commencement of Operations of the Mackenzie Valley Pipeline and from time to time thereafter upon request by one (1) or more of the Parties, the Parties will meet to consider whether the operation, effectiveness, membership, structure, funding and role of the Advisory Board continue to be appropriate, having due regard to the nature and scale of existing impacts and expected impact of the Project during Operations and the participation of third parties, if any, in the Advisory Board.
- 8.4.8 If, during Operations, GNWT enters into agreements with third party oil and gas industry participants with operations in the Northwest Territories requiring the reporting and monitoring of information that is substantively similar to the information required for reporting by MGP under this Agreement, then:
- a. the Parties may offer such third parties the opportunity to participate on the Advisory Board, as more expressly contemplated in Schedule "A", and to report and monitor their required information in a manner consistent with the procedures and requirements of this Agreement;
 - b. participating third parties will contribute to the Advisory Board as more expressly contemplated in Schedule "A"; and
 - c. the Operators may consider the use of reporting and monitoring systems created under agreements between GNWT and third parties; provided that such reporting and monitoring systems do not create additional obligations on the Operators.

8.5 INDICATORS AND REPORTING BY THE PARTIES

- 8.5.1 MGP and GNWT will obtain data that measures the effects of the Project as outlined in this Agreement. The Parties believe that the indicators set out in Section 8.5.2 are appropriate methods by which to measure such effects, but intend that such indicators will, by consensus of the Parties, be adapted from time to time if more appropriate methods to measure such effects are established.

8.5.2 Subject to Section 8.5.1, the Operators will report the following Project-related data, along with its analysis and interpretation of such data, to GNWT and the Advisory Board annually, by July 1:

- a. Project-related employment by MGP, by community of residence, hiring priority criteria, gender and disability (all as reported by the employee) and job category, to be reported in person-hours and number of employees;
- b. during Construction, Project-related training initiatives by type, participation and completion rates;
- c. during Construction, the number of NWT Residents listed in the database referred to in Section 2.5.4, by community of residence and hiring priority criteria (all as disclosed by the registrant);
- d. during Construction, POTC enrolment, intakes and graduates;
- e. gross value of all goods and services purchased for the Project by category of purchase in relation to each phase of the Project and by the purchase priorities criteria outlined in Section 4.3.2, including the aggregate of goods and services produced in the Northwest Territories and goods and services produced outside the Northwest Territories that are purchased through NWT Businesses;
- f. the number and percentage of Project Workers who receive gender awareness and cross cultural training;
- g. the number of cultural events and activities that are financially supported by the Operators;
- h. the number of community based cultural or language programs or agencies in the NWT supported by the Operators; and
- i. during Construction, lists of Aboriginal language material available to Project Workers at camp sites.

8.5.3 GNWT shall produce an annual report by July 1, which it will submit to the Operators and the Advisory Board. The report by GNWT will include data collection, along with its analysis and interpretation of such data, on areas such as:

- a. employment:
 - i. employment/unemployment rates; and
 - ii. annual work patterns;
- b. educational attainment:
 - i. current education attainment;
 - ii. school enrolments; and
 - iii. graduation rates;
- c. economic effects:
 - i. Northwest Territories economic accounts (e.g., gross domestic product, etc.);
 - ii. labour income;
 - iii. investment;
 - iv. economic activity by sector (e.g., retail, wholesale, etc.);
 - v. inflationary impacts; and
 - vi. business activity;

- d. health and social well-being:
 - i. family and community stress;
 - ii. family structure;
 - iii. children receiving services;
 - iv. substance use, addictions and impacts;
 - v. spending patterns;
 - vi. crime and justice;
 - vii. communicable diseases;
 - viii. non-communicable diseases;
 - ix. premature deaths (e.g., accidents, homicides, suicides);
 - x. injuries; and
 - xi. housing;
- e. income:
 - i. employment and total income;
 - ii. family and household income; and
 - iii. income security;
- f. population:
 - i. population;
 - ii. births; and
 - iii. migration;
- g. traditional practices:
 - i. hunting and fishing;
 - ii. trapping;
 - iii. consumption of country foods; and
 - iv. cultural knowledge (aboriginal language use);
- h. net effects on government:
 - i. use of government systems, including the public safety, transportation, health care and social services, and municipal infrastructure systems; and
 - ii. system costs; and
- i. sustainable development.

Nothing in this Agreement will affect GNWT's ability to collect and report data in the public interest or in fulfilling its role of good public government.

8.5.4 The Operators and GNWT shall include, in their respective reports required pursuant to Sections 8.5.2 and 8.5.3, information describing actions taken to optimize beneficial opportunities and mitigate negative impacts arising from the Project.

8.5.5 The Operators and GNWT shall make their respective reports described in Sections 8.5.2 and 8.5.3 public within thirty (30) days of issuing them to the Advisory Board and to each other.

8.5.6 The Operators and GNWT may report additional available data relating to impacts and mitigation to the Advisory Board at its meetings.

8.6 REPORTING BY THE ADVISORY BOARD

8.6.1 The Advisory Board will prepare an annual report following its meeting held in or about October of each calendar year during Construction or following its annual meeting during Operations, as the case may be, that sets out:

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- a. recommended changes to indicators;
- b. actual versus predicted effects;
- c. effectiveness of mitigation measures; and
- d. recommendations for adjustments to or development of new mitigation measures, if warranted.

Copies of each of such reports will be delivered to the Operators, GNWT and the members of the Advisory Board within 45 days after such meeting of the Advisory Board.

8.6.2 In addition to the annual report referred to in Section 8.6.1, the Advisory Board may make recommendations in writing to the Parties from time to time at its other meetings held during the Construction phase.

8.6.3 The Parties will review reports and recommendations provided to them by the Advisory Board and assess the recommendations made by the Advisory Board. At the next meeting of the Advisory Board, each of the Parties will respond to the recommendations made to it, including reporting on any changes made to its activities as a result of such recommendations. Notwithstanding the foregoing, no amendments will be made to the Parties' respective commitments under this Agreement unless the Parties agree in writing to such amendments.

9. REPRESENTATION AND WARRANTIES

9.1.1 Each Operator represents and warrants to GNWT that, as of the date it executes this Agreement:

- a. it is duly formed and validly existing under the laws of its jurisdiction of formation and is duly authorized to carry on business in the Northwest Territories and has all requisite power and capacity to enter into and perform its obligations under this Agreement;
- b. it is duly authorized to act for and on behalf of Owners of the relevant portion of Facilities, pursuant to the joint venture or similar agreement between or amongst the Owners applicable to such portion if more than one Owner, and, as such, has full capacity to bind and does bind such Owners and each of them to the obligations undertaken by Operator pursuant to this Agreement,
- c. the execution and delivery by it of this Agreement and the performance by it of its obligations hereunder shall not violate, nor be in conflict with, its constituting documents, by-laws or governing documents; and
- d. the execution and delivery by it of this Agreement has been duly authorized by all requisite actions of Operator and Owners.

9.1.2 GNWT represents and warrants to Operators that, as of the date it enters this Agreement:

- a. it has all requisite power and capacity to enter into and perform its obligations under this Agreement; and
- b. all necessary authority has been conferred on the Minister of Industry, Tourism and Investment to execute and deliver this Agreement on behalf of GNWT.

10. GNWT OBLIGATIONS SUBJECT TO ACT

10.1 GNWT EXPENDITURES SUBJECT TO FINANCIAL ADMINISTRATION ACT

- 10.1.1 Expenditures by GNWT contemplated under this Agreement are subject to section 46 of the *Financial Administration Act* (NWT), which provides, "It is a condition of every contract made by or on behalf of the Government requiring an expenditure that an expenditure pursuant to the contract will be incurred only if there is a sufficient uncommitted balance in the appropriated item for the fiscal year in which the expenditure is required under the contract."

11. COMMENCEMENT, SUSPENSION AND TERMINATION

11.1 COMMENCEMENT OF AGREEMENT

- 11.1.1 This Agreement comes into force and effect immediately upon execution by all of the Parties. For avoidance of doubt, the initialling of any pages of this Agreement by representatives of GNWT and IORVL shall not suffice to signify execution by the duly authorized representatives of those Parties.

- 11.1.2 Nothing in this Agreement, whether express or implied, shall be construed as creating or recognizing any obligation on the part of the Operators arising prior to execution of this Agreement by all of the Parties or any obligation on the part of the Owners of any portion of the Facilities to make a Decision to Construct.

11.2 NOTICE OF DECISION TO CONSTRUCT

- 11.2.1 Each Operator shall notify GNWT when the Owners of a portion of the Facilities that it operates have made the Decision to Construct or a final decision not to proceed with the construction of such portion of the Facilities.

11.3 ADVANCE NOTICE OF DECOMMISSIONING

- 11.3.1 Each Operator shall give reasonable advance notice to GNWT of the expected start date of Decommissioning of the portion of the Facilities that it operates.

11.4 CESSATION OF OBLIGATIONS WITH RESPECT TO A PORTION OF THE FACILITIES

- 11.4.1 If the Owners of a portion of the Facilities make a final decision not to proceed with the construction of such portion of the Facilities, the rights and obligations of the Parties shall cease with respect to that portion.

- 11.4.2 Upon completion of Decommissioning of a portion of the Facilities, the rights and obligations of the Parties shall cease with respect to that portion.

11.5 TERMINATION OF AGREEMENT

- 11.5.1 This Agreement will remain in force and effect as between GNWT and the Operator of each portion of the Facilities with respect to which obligations have not ceased pursuant to Section 11.4 until completion of Decommissioning of the last portion of the Facilities or as otherwise agreed in writing by the Parties.

11.6 SURVIVAL OF CLAUSES

- 11.6.1 The terms of this Agreement that by their nature extend beyond the withdrawal of a Party of this Agreement or the term of this Agreement shall survive any termination or expiration of this Agreement.

11.7 MATTERS BEYOND REASONABLE CONTROL

- 11.7.1 No Party will be liable for failure or delay in performing its obligations under this Agreement to the extent caused by an event beyond its reasonable control. Such events include the following: act of God; outbreak of hostilities; act of terrorism or civil commotion; unlawful act against public order or authority; national, territorial or regional emergency; epidemic or quarantine; fire, explosion or other accidental damage; flood, lightening or exceptionally severe weather conditions; earthquake; change in law or interpretation of the law; labour dispute (whether or not involving that Party's employees); failure of power or telecommunication lines; and any delay caused by an act or omission of another Party.
- 11.7.2 Notwithstanding Section 11.7.1, the terms of settlement of any labour dispute will be wholly in the discretion of such Party, and that Party will not be required to accede to the demands of its opponents in any labour dispute solely to prevent and minimize its impact.

12. NOTICES

- 12.1.1 Unless the context otherwise requires, a notice given under this Agreement must be in writing in English and signed by or on behalf of the Party giving it and may be:

- a. delivered personally;
- b. sent by pre-paid, recorded overnight delivery or receipt confirmed post and left with a receptionist or responsible employee of the party;
- c. mailed first class; or
- d. sent by fax with written confirmation at the originating Party's end of a complete transmission;

to the address or fax number and for the attention of the relevant person given in Section 12.1.3.

- 12.1.2 A notice is deemed to have been received:

- a. if delivered personally, at the time of delivery;
- b. if sent by pre-paid, recorded overnight delivery, on the next day, or by receipt confirmed post, the date of delivery;
- c. if mailed first class, on the fifth day from the date of posting unless mailed from a remote location, in which case, the fourteenth day from the date of posting or during an interruption in postal service, in which case, the fifth day from the date postal service resumes; or
- d. if faxed, at the time transmission is completed and a written confirmation is received;

provided that if deemed receipt is not within business hours (meaning 8:30 am to 5:00 pm Monday to Friday on a day that is not a public holiday at the place of receipt), when business next starts in the place of receipt.

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12.1.3 The addresses for written notice are, unless notified otherwise by the relevant party:

GNWT:	Government of the Northwest Territories Department of Industry, Tourism and Investment P.O. Box 1320 Yellowknife, NT X1A 2L9 Attention: Deputy Minister, Industry, Tourism and Investment Telephone: 867-920-8048 Fax number: 867-873-0563
IORVL	Imperial Oil Resources Ventures Limited 237 - 4th Avenue SW Calgary, Alberta T2P 0H6 Attention: Development Executive, Benefits Agreements and Community Affairs Telephone: 403-237-2488 Fax number: 403-237-2103
ConocoPhillips	ConocoPhillips Canada (North) Limited 401 - 9th Avenue SW P.O. Box 130 Calgary, Alberta T2P 2H7 Attention: Manager, Commercial and Regulatory Affairs, Canadian Arctic Business Unit Telephone: (403) 233-4000 Fax number: (403) 233-5143
Shell	Shell Canada Energy c/o Shell Canada Limited 400 - 4th Avenue SW Box 100, Station M Calgary, Alberta T2P 2H5 Attention: Vice President - Frontier Telephone: 403-691-4790 Fax number: 403-691-4850

Each Party shall have the right to change its address at any time by giving written notice thereof to all other Parties. Any such change of address shall become effective ten (10) days after such notice is deemed received by the Party so notified.

13. GOVERNING LAW AND DISPUTE RESOLUTION

13.1 APPLICABLE LAW

13.1.1 This Agreement, and all further documents executed under it, shall be governed by, interpreted and construed in accord with, and any arbitration or court proceedings shall apply, the laws of the Northwest Territories and the federal laws of Canada applicable therein without giving effect to the conflict of laws rules thereof.

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13.2 APPLICATION OF ALTERNATIVE DISPUTE RESOLUTION PROCESS

- 13.2.1 If a dispute arises out of or in connection with this Agreement (including any question regarding its existence, validity or termination) or the legal relationships established by it, the Parties agree to use the dispute resolution process in this Article 13. For avoidance of doubt, the alternative dispute resolution procedures set out in this Article 13 shall not apply to any agreement between GNWT and any of the Operators that is entered into contemporaneously or referred to or contemplated in this Agreement.
- 13.2.2 Notwithstanding Section 13.2.1, disputes relating to the following may be submitted at any time to the jurisdiction of the courts:
- a. questions of law; and
 - b. protection of confidential information or proprietary rights on an interim basis.
- 13.2.3 Notwithstanding Section 13.2.1, this Section 13.2 does not prevent or excuse the disputing Parties from participating in any regulatory process concerning any part of the Project.

13.3 EFFICIENCY, COSTS, DISCLOSURE AND CONFIDENTIALITY

- 13.3.1 The Parties agree to use reasonable commercial efforts to:
- a. conduct any dispute resolution procedures relating to this Agreement as efficiently and cost effectively as possible;
 - b. provide timely disclosure of all relevant facts, information and documents to facilitate negotiations and mediation under this Article 13.
- 13.3.2 During negotiation, whether or not mediated, under this Article 13, all discussions and documents prepared or disclosed for the purpose of facilitating negotiations shall be "without prejudice" and shall be treated by each Party as confidential unless required to be disclosed by law or they otherwise agree.
- 13.3.3 The disputing Parties may resolve a dispute by mutual agreement at any time. Disputes resolved by negotiation or mediation pursuant to this Article 13 shall be recorded in writing and signed by the authorized representatives of the Parties involved.
- 13.3.4 Subject to the discretion of an arbitrator or judge to award costs under the Arbitration Act, each disputing Party shall share equally with the other disputing Parties the costs of mediation and arbitration, but shall pay its own costs for representation and attendance.
- 13.3.5 If there are one or more related disputes ongoing involving at least one of the same Parties, the disputes may be combined during the mediation or arbitration process, as the case may be.

13.4 NEGOTIATION

- 13.4.1 In the event of a dispute relating to this Agreement, a Party involved in such dispute may serve the other disputing Parties with notice under this Section and request that a conference (which may be held in person or by phone or other electronic means) be held promptly between senior representatives of each Party to attempt to negotiate a resolution. Failing negotiated resolution, the Parties may refer the dispute to dispute resolution pursuant to Section 13.5 or Section 13.6.

13.5 MEDIATION

- 13.5.1 If within 21 days of the conference referred to in Section 13.4.1, or such further period agreed in writing by the disputing Parties, the Parties have not resolved their dispute, they may jointly agree to submit the dispute to mediated negotiation with the assistance of a trained, experienced and neutral mediator appointed by the disputing Parties, or failing agreement, by the ADR Institute of Canada, Inc. or its successor (or another like organization as agreed by the disputing Parties) and administered under its Rules of Procedure for Commercial Mediation or successor rules.

13.6 ARBITRATION

- 13.6.1 If the disputing Parties have not settled the dispute by mediation within 60 days after the parties have agreed to submit the dispute to mediated negotiation or such further period agreed by the disputing Parties in writing, or one of the disputing Parties is unwilling to schedule a conference or fails to attend to a conference scheduled under 13.4.1 without reasonable excuse, or is unwilling to submit the dispute to mediated negotiation or to continue with mediation, any disputing Party may refer the dispute to arbitration under the Arbitration Act. The Parties agree:

- a. the tribunal will consist of a single arbitrator, who is to be a practising barrister and solicitor or a retired judge;
- b. the place of arbitration will be Yellowknife, Northwest Territories, unless the Parties agree to another location or to use any alternate means of communication as may be permitted under the Arbitration Act;
- c. the arbitrator may adopt the ADR Institute of Canada, Inc. National Arbitration Rules to the extent allowed under the Arbitration Act.

- 13.6.2 Each Party consents to any documents in any arbitration proceedings being served on it in accordance with Article 12. Nothing in this Agreement affects the right to serve documents in any other manner permitted by law.

- 13.6.3 No arbitrator appointed hereunder shall have the authority to award special, exemplary or punitive damages of any kind.

- 13.6.4 A decision of an arbitrator may be appealed only if special, exemplary or punitive damages of any kind are awarded or for a reason set out in the *Arbitration Act* (NWT). Appeals are subject to the provisions of the *Arbitration Act* (NWT).

14. GENERAL PROVISIONS

14.1 OBLIGATIONS SEVERAL, NOT JOINT

- 14.1.1 An obligation assumed by more than one Party under this Agreement is several and each Party is liable only for its own performance or for the loss or damage arising from its own breach of the obligation.

14.2 SEVERABILITY OF PROVISIONS

- 14.2.1 If a court of competent jurisdiction or an arbitrator finds any provision of this Agreement invalid or in conflict with any Regulation, or if any provision hereof is otherwise determined to be unenforceable or illegal, the other provisions will remain in force and this Agreement as modified will remain operable. In such case, the Parties will expeditiously negotiate in good faith to amend this Agreement to substitute for any invalid, unenforceable or illegal provision a valid, enforceable

and legal provision that achieves to the greatest extent possible the same effect as would have been achieved by the invalid, unenforceable or illegal provision.

- 14.2.2 If a Regulatory Authorization is issued that is in conflict with any provision of this Agreement, such provision will be deemed inoperable and the other provisions of this Agreement will remain in force and the Agreement as modified will remain operable. The Parties will expeditiously negotiate in good faith to amend this Agreement to substitute for any inoperable provision a valid, enforceable and legal provision that achieves to the greatest extent possible the same effect as would have been achieved by the inoperable provision.

14.3 WAIVER

- 14.3.1 A waiver of any right under this Agreement is only effective if it is in writing and with respect only to the specific circumstance for which it is given. The waiver applies only between the Party that gave it (or in the case of Operators on behalf of Owners of such respective portions of the Facilities) and the Party to which it was addressed. Waiver by any Party of a breach or violation of any provision of this Agreement will not operate as or be construed as a waiver of any subsequent breach or violation hereof.

14.4 AMENDMENT

- 14.4.1 This Agreement may be amended from time to time by agreement in writing among all of the Parties.

14.5 FURTHER ASSURANCES

- 14.5.1 Each Party will promptly execute and deliver all such documents, and do all such things, as from time to time may be reasonably required to perform this Agreement.

14.6 ENUREMENT

- 14.6.1 This Agreement shall enure to the benefit of and be binding upon the Parties and their respective lawful successors and permitted assigns.

14.7 CO-OBLIGORS' OBLIGATIONS

- 14.7.1 Each Operator is responsible only for its own obligations as an Operator with respect to the portion of the Facilities for which it has been designated as the Operator unless the Operator operates such portion of the Facilities jointly with another Operator, in which case the obligations of such Operators with respect to such portion are joint and several.

14.8 NO PARTNERSHIP

- 14.8.1 Nothing in this Agreement creates a relationship of partnership, fiduciary, joint venture or similar relationship among or between any of the Parties or authorizes a Party to act as an agent of any other Party for any purpose except as expressly provided in this Agreement.

14.9 NO THIRD PARTY BENEFICIARIES

- 14.9.1 No provision of this Agreement is intended, nor will any provisions be interpreted or deemed, to provide or create any third party beneficiary rights or other rights of any kind in any person other than the Parties to this agreement unless specifically provided herein. No person other than the Parties and their lawful successors and permitted assigns will be entitled to enforce any obligation created hereunder.

14.10 ASSIGNMENT

- 14.10.1 If an Operator is replaced as the operator of a portion of the Facilities, it may assign all of its rights and transfer all of its obligations under this Agreement as related to such portion of the Facilities to the succeeding Operator of such portion of the Facilities. Such assignment shall be effective from the date the replacement is effective, without consent; provided that the outgoing Operator shall remain jointly and severally liable with the succeeding Operator until the outgoing Operator has provided GNWT with notice of the assignment and transfer and the succeeding Operator executes and delivers a counterpart of this Agreement to GNWT and provided further that, if the Advisory Board has been incorporated and has not been dissolved, the succeeding Operator assumes the funding obligations of the outgoing Operator to the Advisory Board. Upon receipt by GNWT of the notice of the assignment and transfer and the executed counterpart, the outgoing Operator shall be released from all those obligations under this Agreement that are assumed by the succeeding Operator.

14.11 RELIANCE ON INFORMATION

- 14.11.1 Without limiting a Party's rights hereunder, each Party must rely on the other Parties' systems of internal controls, and on the adequacy of full disclosure of the facts, and of financial and other data regarding the activity undertaken under this Agreement. No Party is in any way authorized to take any action on behalf of another Party that would result in an inadequate or inaccurate recording and reporting of assets, liabilities or any other transaction, or which would violate applicable Regulations.

14.12 SIGNING IN COUNTERPART

14.12.1 This Agreement may be signed in counterparts, which may be exchanged by fax. Each signed counterpart will be deemed an original and all of them together shall constitute one and the same agreement.

IN WITNESS WHEREOF, the Parties have executed this Agreement by their duly authorized representatives on the respective dates indicated below.

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

IMPERIAL OIL RESOURCES VENTURES LIMITED

CONOCOPHILLIPS CANADA (NORTH) LIMITED

**SHELL CANADA ENERGY, by its managing
partner, Shell Canada Limited**

/s

Mackenzie Gas Project Socio-Economic Agreement

Execution Version

SCHEDULE "A"

attached to and forming part of Mackenzie Gas Project Socio-Economic Agreement

NWT OIL AND GAS SOCIO-ECONOMIC ADVISORY BOARD PARTICIPATION AGREEMENT

[See attached.]

Mackenzie Gas Project Socio-Economic Agreement

Execution Version

This NWT OIL AND GAS SOCIO-ECONOMIC ADVISORY BOARD PARTICIPATION AGREEMENT is dated for reference _____, _____

AMONG:

1. **The Government of the Northwest Territories**, as represented by the Minister of Industry, Tourism and Investment ("GNWT")
2. **Imperial Oil Resources Ventures Limited**
3. **ConocoPhillips Canada (North) Limited**
4. **Shell Canada Energy**, by its managing partner, Shell Canada Limited

(such foregoing four parties being individually an "Original Participant", and collectively the "Original Participants");

5. •

(each an "Original Aboriginal Authority Member" and collectively "the Original Aboriginal Authority Members")

(the Original Participants and the Original Aboriginal Authority Members being collectively the "Original Members");

6. Those parties that have executed a certificate of accession to this Agreement and have received written confirmation from the Secretary, all as contemplated in clause 6 of this Agreement

(each an "Acceding Participant", and collectively the "Acceding Participants")

(the Original Members and the Acceding Participants, all of which are members of the NWT Oil and Gas Socio-Economic Advisory Board from time to time, being collectively the "Members");

7. The society incorporated pursuant to clause 2(b) of this Agreement (the "Advisory Board")

SCHEDULE "A" attached to and forming part of Mackenzie Gas Project Socio-Economic Agreement

Execution Version

Recitals:

- A. The Original Participants are parties to the Mackenzie Gas Project Socio-Economic Agreement (the "Socio-Economic Agreement") under which they agreed to the creation of an oil and gas socio-economic advisory board (the "Advisory Board") for providing advice to the parties of the Socio-Economic Agreement regarding:
- (a) the accuracy and completeness of the predicted socio-economic effects described in the Environmental Impact Statement for the Mackenzie Gas Project and the identification of any additional material effects;
 - (b) the effectiveness of the mitigation measures in reducing or eliminating potential adverse effects and in enhancing socio-economic benefits associated with the Mackenzie Gas Project; and
 - (c) the adjustment of existing, and the development of new, mitigation measures, as required for the Mackenzie Gas Project.
- B. The Original Members wish to provide for the establishment, ongoing operation and funding of the Advisory Board and terms for inviting additional members to participate in the Advisory Board.
- C. The Original Members also wish to contemplate future adaptations of the organizational structure of the Advisory Board to permit its use in an appropriate manner and degree in monitoring socio-economic effects of upstream oil and gas operations in the Northwest Territories.
- D. The Original Members wish to become the first subscribers to the application to incorporate the Advisory Board.

IN CONSIDERATION OF the foregoing statements and the rights and responsibilities of membership in the Advisory Board and the mutual promises set out below and other good and valuable consideration, the parties hereto agree as follows:

SCHEDULE "A" attached to and forming part of Mackenzie Gas Project Socio-Economic Agreement

Execution Version

1. **Definitions**

In this Agreement, the following terms shall have the following meanings:

- (a) "Aboriginal Authority Members" shall have the meaning given to it in the By-Laws.
- (b) "By-Laws" means the Advisory Board's by-laws, as in effect from time to time.
- (c) "Effective Date" means the _____, 200____.

2. **Advisory Board Application**

- (a) Within sixty (60) days following the Effective Date, the Original Members shall subscribe to an application to incorporate the Advisory Board under the *Societies Act* (Northwest Territories), such application to be substantially in the form attached as Schedule 1 hereto.
- (b) Following incorporation as a society, the Original Members shall cause the Advisory Board to become a party to this Agreement for purposes of acknowledging and agreeing to provisions of this Agreement, but without any rights of membership.

3. **Financial**

- (a) **Operations** – The Members agree to exercise their rights to cause the Advisory Board to manage and conduct its affairs in a fiscally prudent, reasonable and cost-effective manner and not to spend in excess of the budget approved. The Members shall try wherever possible to minimize or reduce the cost of the Advisory Board fulfilling its responsibilities. The Members do not intend for the Advisory Board to maintain permanent staff or premises (other than a registered office). The Advisory Board shall make every effort to use any administrative support, data and other resources available from Members in preference to incurring expenses. No Member shall be obliged to accept any obligations in excess of its respective share of an approved budget.
- (b) **Funding** – All Original Participants, other than the GNWT, collectively as to a 50% share, and the GNWT as to a 50% share (the "Original Funders"), will fund the Advisory Board. Unless otherwise agreed by the Original Funders, the aggregate funded amount for each budget year up to and including the end of the first year after the National Energy Board

SCHEDULE "A" attached to and forming part of Mackenzie Gas Project Socio-Economic Agreement

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granted leave to open to the Mackenzie Valley Pipeline shall be \$200,000.00. For each budget year thereafter, subject to provisions to change the scope or terminate this Agreement, the Original Funders shall fund, in aggregate, an amount of \$75,000.00 or such other amount as the Original Funders may agree. Each Acceding Participant that is not an Aboriginal Authority Member will fund the Advisory Board as required under clause 6(c), unless an Acceding Participant is a successor or assignee to an Original Participant, in which case such Acceding Participant shall assume the funding obligations of such Original Participant. The Original Participants and Acceding Participants who are not Aboriginal Authority Members shall separately bear the costs of participation on the Advisory Board of each of their respective nominated directors. . GNWT will pay the application fee for incorporating the Advisory Board. Costs associated with participation on the Advisory Board by directors nominated by an Aboriginal Authority Member shall be set out in the annual budgets.

- (c) Annual Work Planning –The Original Members shall work together to prepare, review and approve an initial annual work plan and details of proposed budget expenditure. Subsequently and for every fiscal year thereafter, the board of directors shall submit a work plan and detail of proposed budget expenditure and proposed source of funding for review and approval of the Members in accordance with the By-Laws. The cost of the proposed work plan for any fiscal year shall not exceed the available funding for that year.
- (d) Accounting – The Advisory Board and the funders of the Advisory Board may from time to time establish, in accordance with the By-Laws, measures and procedures for appropriate financial controls and accountability of the Advisory Board.
- (e) GNWT Funding Subject To *Financial Administration Act* - Expenditures by the GNWT contemplated under this Agreement are subject to (1) the execution by the Advisory Board of an agreement with the GNWT in accordance with directives issued from time to time under the *Financial Administration Act* (NWT) and (2) section 46 of the *Financial Administration Act* (NWT), which provides, "It is a condition of every contract made by or on behalf of the Government requiring an expenditure that an expenditure pursuant to the contract will be incurred only if there is a sufficient uncommitted balance in the

appropriated item for the fiscal year in which the expenditure is required under the contract."

- (f) Lack of Funding from GNWT - If for any reason GNWT does not fund the Advisory Board in accordance with commitments under clause 3(b), all Members shall cause the Advisory Board to be dissolved.

4. Transition

- (a) Ongoing review – The Members will from time to time meet to review the effectiveness of the Advisory Board in meeting its mandate.
- (b) Fundamental changes to Advisory Board – The Members intend that there will be no rescission, alteration or revision of the By-Laws or change to the objects of the Advisory Board unless there is unanimous agreement among the Members. The Members agree to reach unanimous consent before voting on any resolutions to rescind, alter or add to the By-Laws or to change the objects of the Advisory Board.
- (c) Change of scope – At any time after the end of the first year after the NEB has granted leave to open to the Mackenzie Valley Pipeline, the Advisory Board may be expanded to act as a socio-economic agency monitoring for upstream projects in addition to the Mackenzie Gas Project. If the Members agree that the Advisory Board will monitor additional projects, then the Members will amend this Agreement and the By-Laws accordingly.
- (d) Withdrawal – Any Member may withdraw from the Advisory Board by providing advance notice of intention to withdraw; provided that an Original Participant (other than GNWT) and an Acceding Participant that is defined as an "Industry Member" in the By-Laws may not withdraw unless:
 - i. it has been replaced by another operator that becomes an Acceding Member of the Advisory Board;
 - ii. its rights and obligations pursuant to the Mackenzie Gas Project Socio-economic Agreement have ceased;

SCHEDULE "A" attached to and forming part of Mackenzie Gas Project Socio-Economic Agreement

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- iii. two years have passed following the commencement of decommissioning of the portions of the Mackenzie Gas Project operated by it;
- iv. it is a party to the Mackenzie Gas Project Socio-economic Agreement and that agreement expires or terminates;
- v. it is an Acceding Participant that is party to a reporting and monitoring agreement with the GNWT other than the Mackenzie Gas Project Socio-economic Agreement and that other agreement expires or terminates; or
- vi. this Agreement otherwise provides.

Withdrawal of a Member shall not terminate or otherwise affect the existing rights, obligations or liabilities under this Agreement of any other Member, nor shall it affect any rights, obligations or liabilities of the withdrawing Member that accrued prior to withdrawal, including without limitation funding commitments under section 3(b). The Member shall automatically cease to be a party to this Agreement on the effective date of its withdrawal from the Advisory Board.

5. Voting by Members

Each Member shall act and shall cause its nominee directors to act in a manner consistent with this Agreement. Each Member shall also cause its nominee directors to:

- (a) be familiar with this Agreement and, in the case of the Original Participants, the Socio-Economic Agreement, and the issues affecting the Member nominating him or her; and
- (b) maintain in strict confidence all data, in any form, that could identify or reasonably be expected to identify an individual to whom it relates except as permitted by law, and not use such data except for the purposes permitted by law.

6. Members

- (a) Original Members – The Original Members shall become the initial Members of the Advisory Board.
- (b) Acceding Participants – The Members contemplate that from time to time after the National Energy Board grants leave to open the Mackenzie Valley Pipeline, third parties

SCHEDULE "A" attached to and forming part of Mackenzie Gas Project Socio-Economic Agreement

eligible to become Members in accordance with the By-Laws may become Members as Acceding Participants by executing and delivering to the Secretary of the Advisory Board a certificate of accession evidencing the undertaking of such third party to be bound by the provisions of this Agreement and any additional conditions imposed by the Board of Directors as contemplated under clause 6(c). Without limiting the generality of the foregoing, any third party that is assigned an interest in and becomes bound by the Mackenzie Gas Project Socio-economic Agreement shall be required as a condition of such assignment to become, and shall be accepted by the Members as, an Acceding Participant and shall have all of the rights and obligations of the party whose interest in the Mackenzie Gas Project Socio-economic Agreement was assigned to it, including that assignor's obligation to fund under this Agreement.

- (c) Third Parties - Except as provided in clause 6(b), no third parties other than those eligible to become Aboriginal Authority Members are permitted to become Members until after the end of the first year after the National Energy Board granting leave to open the Mackenzie Valley Pipeline. No third party shall become a Member unless it has received written confirmation from the Secretary that such third party has satisfied in full all of the conditions set forth by the board of directors. As a condition to membership, the board of directors may determine:
- i. the amendments that may be required to the By-Laws and to this Agreement; and
 - ii. the funding that is required of any Acceding Participant that is not an Aboriginal Authority Member, unless satisfied that the Acceding Participant is assuming the funding obligations of an Original Funder.
- (d) Notification - Upon a third party becoming a Member, the Secretary of the Advisory Board shall notify all other Members and the directors.

7. Reporting by Advisory Board

- (a) Reporting - The Advisory Board will prepare an annual report following its meeting held in or about October of each calendar year during the construction of the Mackenzie

Valley Pipeline or following its annual meeting thereafter, as the case may be, that sets out:

- i. recommended changes to indicators;
- ii. actual versus predicted effects;
- iii. effectiveness of mitigation measures; and
- iv. recommendations for adjustments to or development of new mitigation measures, if warranted.

Copies of each of such reports will be delivered to the Members within 45 days after such meeting of the Advisory Board.

8. Miscellaneous

- (a) Counterparts - This Agreement may be executed by signing a counterpart hereof or a certificate of accession and delivering such counterpart or certificate of accession to the Secretary of the Advisory Board. Each such counterpart and certificate of accession shall constitute an original and all of the counterparts and certificates of accession shall together constitute one and the same agreement. Each Original Member shall deliver a photocopy of its counterpart signature to each other Original Member.
- (b) Conflict - If any provision of this Agreement is in conflict with or inconsistent with the By-Laws, the provisions of this Agreement shall, to the extent permitted by law, govern and the parties shall whenever necessary exercise their respective voting rights as Members to procure changes to the By-Laws to the extent necessary to achieve the intent provided for in this Agreement. To the extent any provision in this Agreement is prohibited by law or found by a court of competent authority to be invalid, illegal or otherwise unenforceable as being contrary to law, the parties to this Agreement shall nonetheless exercise their respective rights as Members to achieve lawfully the intent provided for in this Agreement and the By-Laws.

- (c) Amendment - This Agreement may only be amended by unanimous agreement of the Members.

IN WITNESS WHEREOF, the Parties have executed this Agreement by their duly authorized representatives on the respective dates indicated below.

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

Per: _____

Date: _____

**CONOCOPHILLIPS CANADA (NORTH)
LIMITED**

Per: _____

Title: _____

Date: _____

•

Per: _____

Title: _____

Date: _____

**IMPERIAL OIL RESOURCES VENTURES
LIMITED**

Per: _____

Title: _____

Date: _____

**SHELL CANADA ENERGY, by its managing
partner, Shell Canada Limited**

Per: _____

Title: _____

Date: _____

•

Per: _____

Title: _____

Date: _____

SCHEDULE "A" attached to and forming part of Mackenzie Gas Project Socio-Economic Agreement

Execution Version

SCHEDULE "1"

attached to the NWT Oil and Gas Socio-Economic Advisory Board Participation Agreement

APPLICATION TO INCORPORATE

THE NWT OIL AND GAS SOCIO-ECONOMIC ADVISORY BOARD PARTICIPATION AGREEMENT

[See attached.]

**Societies Act
Northwest Territories**

APPLICATION

We hereby declare that we desire to have a society incorporated under the *Societies Act* and that:

1. The name of the society is "NWT Oil and Gas Socio-Economic Advisory Board".
2. The objects of the society are:
 - (a) initially to:
 - i. provide advice to operators of the Mackenzie Gas Project and the Government of the Northwest Territories regarding the accuracy and completeness of the predicted socio-economic effects described in the Environmental Impact Statement for the Mackenzie Gas Project submitted to a Joint Review Panel established pursuant to the "Agreement for an Environmental Impact Review of the Mackenzie Gas Project" and the identification of any additional material effects;
 - ii. provide advice to operators of the Mackenzie Gas Project and the Government of the Northwest Territories regarding the effectiveness of the mitigation measures in reducing or eliminating potential adverse effects and in enhancing socio-economic benefits associated with the Mackenzie Gas Project;
 - iii. provide advice to operators of the Mackenzie Gas Project and the Government of the Northwest Territories on the adjustment of existing, and the development of new, mitigation measures, described in under the "Mackenzie Gas Project Socio-Economic Agreement";
 - iv. receive and analyze the reports, information and responses to advice supplied to the society by the operators of the Mackenzie Gas Project or the Government of the Northwest Territories and other sources, as appropriate; and
 - v. undertake other work or studies directly related to the subject matter of the Mackenzie Gas Project Socio-economic Agreement between the Government of the Northwest Territories and the operators of the Mackenzie Gas Project, subject to the unanimous approval of the parties to that agreement; and
 - (b) to expand its activities set out in (a) above to include advice to other operators of upstream oil and gas operations in the Northwest Territories.
3. The operations of the society are to be chiefly carried on throughout the Northwest Territories with an office in the City of Yellowknife in the Northwest Territories.

Dated at _____ on _____

Signed in the presence of:

(signature and full name,
address and occupation of
each witness)

(signature and full name,
address and occupation of
each applicant)

SCHEDULE "1" attached to the NWT Oil and Gas Socio-Economic Advisory Board Participation Agreement

Execution Version

BY-LAW No. 1

1. Interpretation

1.1 Definitions. In this and every other by-law, unless the context otherwise requires:

- (a) "Aboriginal Authority Members" refers to those described in paragraph 2.1c) who are Members pursuant to paragraph 2.1;
- (b) "By-laws" means this by-law and all other by-laws of the Society from time to time and at any time;
- (c) "Industry Members" refers to those described in paragraph 2.1b) and d) who are Members pursuant to paragraph 2.1;
- (d) "Participation Agreement" means the NWT Oil and Gas Socio-economic Advisory Board Participation Agreement dated for reference _____, as amended or replaced and in effect from time to time;
- (e) "Registrar of Societies" has the meaning given to "Registrar" under s. 1 of the *Societies Act*; and
- (f) "*Societies Act*" means the *Societies Act*, R.S.N.W.T. 1988, c. S-11, as amended and in force from time to time and every Act substituted for it.

1.2 Interpretation. In the By-laws, unless the context otherwise requires:

- (a) a term used that is defined in the *Societies Act* has the meaning given to it in that Act;
- (b) use of the singular includes the plural and vice versa;
- (c) headings used do not affect the interpretation of the By-laws; and
- (d) any reference to the name of a person refers to that person as it may be renamed from time to time.

2. Membership

2.1 Membership and Terms of Admission. The members ("Members") shall initially consist solely of the subscribers to the application for incorporation of this society (the "Society") and, thereafter includes those persons who subsequently become Members, in accordance with this paragraph and, in either case, have not ceased to be Members. Membership in the Society shall be open to any of the following persons, who are interested in furthering the objects of the Society or who contribute funding to the Society in accordance with the Participation Agreement, who apply for membership in the Society and who are not already Members:

- (a) the Government of the Northwest Territories;

- (b) Imperial Oil Resources Ventures Limited, ConocoPhillips Canada (North) Limited, Shell Canada Energy;
- (c) Gwich'in Tribal Council, Sahtu Dene Council, Inuvialuit Regional Corporation and the Dehcho First Nations, as may be replaced in their entirety from time to time;
- (d) any other operators of upstream oil and gas operations in the Northwest Territories; and
- (e) any other council of the band or person representing one or more bands or other associations of aboriginal peoples of Canada materially affected by the operations in the Northwest Territories of an upstream operator referred to in paragraphs 2(b) or 2(d) above and which is not a Member and is not represented by a Member described in paragraph 2(c) above;

who are accepted as Members by more than 75% of all Directors in accordance with the Participation Agreement. Membership at all times is conditional on the Member being a party to the Participation Agreement.

2.2 Membership Dues. The Society shall set no application or membership fees or dues.

2.3 Withdrawal and Expulsion of Members.

- (a) Any Member may cease to be a Member, subject to the Participation Agreement, by delivering a notice in writing to the Secretary.
- (b) A Member may not otherwise cease to be a Member of the Society unless it is (a) expelled, after being given an opportunity to be heard, by extraordinary resolution; or (b) dissolves or otherwise ceases to exist.

2.4 Rights of Members. All Members shall have the right to attend all meetings of members of the Society and, subject to law and the By-laws, to take part in all activities established by the Society for the promotion of its objects.

2.5 Obligations of Members.

- (a) Every Member shall, subject to the *Societies Act*, conduct itself in accordance with the Participation Agreement, the objects and the By-laws.
- (b) Each Member shall exercise its rights and take part in any meetings of the Members through one individual representative or an alternate in that representative's place by giving notice in writing of the names of such individuals to the Secretary.
- (c) If, after giving the representative of a Member the opportunity to be heard, a majority of the Members decide that the conduct or repeated lack of attendance at meetings of the Members by the representative is detrimental to the Society or falls short of meeting the expectations of the Society in fulfilling its objects, the Members may request the Member to change its representative. On

receiving such a request, the Member shall take all necessary steps to replace its representative.

3. Meetings of Members

3.1 Time, Place and Purpose of Annual General Meeting. The annual general meeting of the Society shall be held in or about May of each calendar year at the time and place in the Northwest Territories as the Board of Directors may determine in compliance with the *Societies Act* (provided such time is more than thirty days after the fiscal year end of the Society). The following business shall be conducted at the annual general meeting:

- (a) consideration of the annual financial statement for the most recent completed fiscal year containing:
 - (i) the assets and liabilities of the Society in the form of a balance sheet; and
 - (ii) the receipts and disbursements of the Society since the date of incorporation or the date of the previous financial statement,signed by the auditor of the Society (or by two Directors if there is no auditor)
- (b) appointment of Directors in accordance with the By-laws;
- (c) appointment of an auditor in accordance with the By-laws and fixing or authorizing the Board of Directors to fix the remuneration of the auditor;
- (d) any other business required by the *Societies Act* to be placed before the annual general meeting; and
- (e) such other business as may be properly brought before the meeting.

3.2 Petition for Special Meeting. Twenty five percent (25%) of the Members may present a signed request for a special meeting to the Chair, who shall call a meeting within twenty (20) days after the receipt of the request.

3.3 Notice of Meetings.

- (a) Notice of every general or special meeting shall be given no less than fifteen (15) days prior to the date set for the meeting to each Member and to those entitled to attend the meeting.
- (b) Each Director and the auditor of the Society shall be entitled to attend general and special meetings.
- (c) Every notice of meeting shall state the time and place of the meeting in the Northwest Territories, the nature of the business to be considered in reasonable detail so as to permit Members to form a reasoned judgment on the decision to be taken and the text of any extraordinary resolution expected to be voted on at the meeting.

3.4 Meeting by Telephone. A Member or any other person entitled to attend a meeting of Members may participate in a meeting of Members by means of telephone or other communication facilities that permit all persons participating in the meeting to hear each other, and a person participating in such a meeting by those means is deemed to be present in person at the meeting.

3.5 Quorum.

- (a) A majority in number of all Members, which majority shall include the Government of the Northwest Territories Member and the lesser of three (3) or all Industry Members, shall constitute a quorum at all general and special meetings of the Society.
- (b) If within thirty (30) minutes from when a meeting of the Society was set to begin or within such longer time as the Members present may all agree, a quorum is not present, the meeting must be terminated if convened as a special meeting on the request of Members and adjourned in any other case for at least fifteen (15) days, but no other business than the selection of a chair for that meeting shall be conducted. The Members present may determine the time and place in the Northwest Territories of the adjourned meeting.
- (c) If at any time during a meeting there ceases to be a quorum present, business then in progress shall be suspended until there is a quorum present or until the meeting is adjourned or terminated.

3.6 Voting.

- (a) Each Member shall have one (1) vote on any motion or resolution for which they have authority to vote.
- (b) Every Member may participate at any meeting of the Members through its representative or alternate authorized under paragraph 2.5(b) or by proxy. A proxy must be in writing, executed by the Member and delivered to the Secretary prior to or at such meeting.
- (c) At any meeting of Members every question shall, unless otherwise required by the *Societies Act* or this By-law, be determined by the majority of the votes cast on the question at that time.
- (d) In the case of a tie vote, no-one (not even the chair) may have a second or casting vote in addition to the vote to which the Member is entitled, and the motion shall be deemed defeated.

3.7 Unanimous Resolution in Writing. A resolution in writing signed by all of the Members entitled to vote thereon shall be as valid and effectual as if it had been passed at a meeting duly called and constituted.

3.8 Adjournment and Notice.

- (a) A meeting may be adjourned from time to time and from place to place, but no business shall be transacted at an adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.
- (b) Where a quorum was present at the original meeting, notice of an adjourned meeting is not required if the time and place of the adjourned meeting is announced at the original meeting.
- (c) Where a quorum was not present at the original meeting, notice of an adjourned meeting is not required for Members or those entitled to notice of a general or special meeting who were present at the meeting if the time and place of the adjourned meeting is announced at the original meeting. Notice of an adjourned meeting shall be given to all Members and others entitled to notice of a general or special meeting who were not present at the original meeting that was adjourned because a quorum was not present.

4. **Board of Directors**

4.1 Duties: The Board of Directors shall oversee and manage the day to day operations of the Society. The Directors shall conduct the affairs of the Society in accordance with the *Societies Act*, the objects of the Society, the By-laws and the Participation Agreement, which include:

- (a) preparing an annual report following its meeting held in or about October of each calendar year during the construction of the Mackenzie Valley Pipeline or following its annual meeting thereafter, as the case may be, that sets out:
 - (i) recommended changes to indicators;
 - (ii) actual versus predicted effects;
 - (iii) effectiveness of mitigation measures; and
 - (iv) recommendations for adjustments to or development of new mitigation measures, if warranted;and delivering copies of each of such reports to the Members within 45 days after such meeting of the Board of Directors;
- (b) preparing annually a work plan and budget for consideration and approval by the Members;
- (c) confirming any conditions to be imposed upon a new Member as a condition of membership;
- (d) to approve expansion of the activities set out in the objects of the Society to include advice to other upstream oil and gas industry operators in the Northwest Territories; and

- (e) formulating formal recommendations to any industry members.
- 4.2 First Chair. The subscriber on behalf of the Government of the Northwest Territories, or such other representative as the Government of the Northwest Territories may designate, shall propose an agenda and set the date and place and act as chair of the first meeting of the Society to appoint Directors and of the Board of Directors.
- 4.3 Number. The precise number shall be determined by the Members appointing Directors according to the entitlements outlined in paragraphs 4.4, 4.5 and 4.6 below.
- 4.4 Appointment by Aboriginal Authority Members. Each Aboriginal Authority Member shall be entitled to appoint one (1) Director who shall hold office at the pleasure of the Member appointing him or her; provided that if there are, at any time, more than five (5) Aboriginal Authority Members, the Aboriginal Authority Members shall collectively be entitled to appoint up to five (5) Directors.
- 4.5 Appointment by the Government. The Government of the Northwest Territories shall be entitled to appoint up to three (3) Directors who shall hold office at the pleasure of the Government of the Northwest Territories.
- 4.6 Appointment by Industry Members. The Industry Members shall collectively be entitled to appoint up to three (3) Directors, who shall hold office until the next annual general meeting or until his or her successor shall have been appointed.
- 4.7 Effect of Appointment or Removal. Removal or appointment of a Director by a Member or group of Members shall not be effective until written notice of such removal or appointment signed on behalf of the Member or each Member of that group of Members is given to the Secretary.
- 4.8 Resignation or Vacation of Office of Director. The office of a Director shall be automatically vacated if the Member or all Members in the class of Members appointing him or her cease to be Members.
- 4.9 Appointment of Replacement Directors. Upon resignation or vacation of the office of a Director, the member or group of members that appointed that Director shall take all necessary steps to promptly appoint a new Director to complete the term of office of the Director being removed.
- 4.10 Meetings. The Board of Directors may hold its meetings at the time and place within the Northwest Territories as it may from time to time determine, provided that meetings shall be held at the call of the Chair in or about February and May of each year until one year after Leave to Open the Mackenzie Valley Pipeline is granted by the National Energy Board. No formal notice of any such meeting shall be necessary if all the Directors are present or if those absent have signified their consent to the meeting being held. Additional meetings of the Board of Directors may be called by the Secretary or the Chair on the direction of at least one Officer and any three Directors. Notice of such meeting shall be delivered to each Director not less than fifteen (15) business days before the meeting is to take place. A meeting of the Board of Directors shall also be held, without notice, immediately following the annual general meeting of the Society.

- 4.11 Quorum. A majority of the Directors shall form a quorum for the transaction of business, which majority shall include a majority of all Directors appointed by the Government of the Northwest Territories and a majority of all Directors appointed by Industry Members.
- 4.12 Notice of Adjourned Meeting. Notice of an adjourned meeting is not required for Directors present at the meeting if the time and place of the adjourned meeting is announced at the original meeting. Notice of an adjourned meeting shall be given to any Director not present at the original meeting.
- 4.13 Voting.
- (a) Each Director (including the chair) shall be entitled to one vote.
 - (b) Wherever possible, decisions of the Board of Directors shall be made by consensus. Except as otherwise provided in this By-law, where consensus cannot be reached, questions arising at any meetings of the Board of Directors shall be decided by simple majority vote, provided however that a formal recommendation to a party to the "Mackenzie Gas Project Socio-Economic Agreement" must be passed by not less than seventy-five percent (75%) of all Directors.
 - (c) In case of a tie vote, no-one (not even the chair) may have a second or casting vote in addition to the vote to which the Director is entitled, and the motion shall be deemed defeated.
- 4.14 Unanimous Resolution in Writing. A resolution in writing signed by all of the Directors shall be as valid and effectual as if it had been passed at a meeting of the Board of Directors duly called and constituted.
- 4.15 Meeting by Telephone. A Director may participate in a meeting of Board of Directors by means of telephone or other communications facilities that permit all persons participating in the meeting to hear each other, and a Director participating in such a meeting by those means is deemed to be present in person at the meeting.
- 4.16 Acts of Directors on Behalf of Society. All reports submitted, recommendations made, advice given or actions taken by the Board of Directors are submitted, made, given and taken on behalf of the Society.
- 4.17 Request for Removal. The Board of Directors may request any Member or group of Members to change a Director if a majority of the Directors consider that his or her conduct or lack of attendance is detrimental to the Society or to fall short of meeting the expectations of the Society in fulfilling its objects. On receiving such a request, the Member or group of Members that appointed that Director shall take all necessary steps to appoint a new Director to complete the term of office of the Director being removed.

5. Officers

- 5.1 Appointment of Officers. The Board of Directors shall nominate and elect from among themselves the Officers of the Society, namely, a Chair, Vice Chair and Secretary and

SCHEDULE "1" attached to the NWT Oil and Gas Socio-Economic Advisory Board Participation Agreement

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Treasurer, and the offices of the Secretary and the Treasurer may be held by the same person.

- 5.2 Term of Office. The Officers of the Society shall hold office until the dissolution of the meeting of the Board of Directors at which new Officers are elected, which shall be held at the conclusion of each annual general meeting. Retiring Officers are eligible for re-election.
- 5.3 Resignation or Vacation of Office of Director. The office of an Officer shall be automatically vacated if he or she resigns or ceases to be a Director. A meeting of the Board of Directors may be convened to fill the vacancy for the unexpired portion of the term as contemplated for that office under paragraph 5.2.
- 5.4 Chair and Vice Chair. The Chair is the chief executive officer of the society and is responsible for the general management and supervision of the affairs and operations of the Society. The Chair shall, when present, act as chairperson and preside at all meetings of the Members and of the Board of Directors. During the absence or incapacity of the Chair, or if the Chair is unable or unwilling to act, his or her duties and powers shall be exercised by the Vice Chair.
- 5.5 Absence of Chair and Vice Chair. In the absence, incapacity, inability or unwillingness to preside at a meeting, of both the Chair and Vice Chair, the Members or Directors present as the case may be may elect a person to chair that meeting only.
- 5.6 Secretary. The Secretary shall communicate or cause to be communicated notices for all meetings of the Members or Board of Directors where directed to do so; have charge of the records of the Society, except those required to be kept by the Treasurer; and shall perform such other duties the Board of Directors may from time to time require of him or her.
- 5.7 Absence of Secretary. In the absence of the Secretary from a meeting, the Members or Directors present at that meeting shall appoint another person to act as secretary of that meeting.
- 5.8 Treasurer. The Treasurer shall keep full and accurate accounts of all receipts and disbursements of the Society in proper books of account and shall deposit all monies in the name and to the credit of the Society in such bank or banks as from time to time may be designated by the Board of Directors.

6. Spending Limits and Borrowing

- 6.1 Spending Limits. The Society shall maintain spending within its annual budget as approved and funded by the Members.
- 6.2 No Borrowing. The Society shall not exercise any borrowing powers.

7. Accounts and Funds

- 7.1 Deposit of Funds. All monies received by or on behalf of the Society shall be deposited in the Society's bank account in trust for the Society, which accounts shall

be with one of the chartered banks of Canada at a branch located in the Northwest Territories.

- 7.2 Signing Authority. All disbursements from the bank account of the Society shall be made by cheque signed by both the Chair and the Treasurer or by such other two Directors authorized to do so from time to time by resolution of the Board of Directors.
- 7.3 Disposal of Funds. The disposal of funds and all other measures and procedures for financial accountability shall be established and followed by the Board of Directors, subject to any terms and conditions, including procedures for requiring and keeping proper information and accounts that the funders of the Society may agree to impose on the use of the funds and any terms and conditions imposed contractually on the Society in consideration of receipt of public funding.

8. **Audit of Accounts**

- 8.1 Appointment of Auditor. The Members shall at each annual general meeting appoint an auditor to hold office until the close of the next annual general meeting and if an appointment is not so made, the auditor in office shall continue in office until a successor is appointed.
- 8.2 Removal of Auditor. The Members may, by ordinary resolution at a general or special meeting of which notice specifying the intention to pass such resolution has been given, remove any auditor before the expiration of his or her term of office, and shall, at that meeting, appoint another auditor in his or her stead for the remainder of the term.
- 8.3 Duties of Auditor. The Auditor shall audit the books and accounts of the Society and shall prepare and sign an annual financial statement for the most recent completed fiscal year for presentation at the annual general meeting containing:
- (a) the assets and liabilities of the Society in the form of a balance sheet; and
 - (b) receipts and disbursements of the Society since the date of incorporation or the date of the previous financial statement; and
 - (c) any further information that the By-laws may require.

9. **Seal and Signing Authority**

- 9.1 Seal. The Directors may provide a corporate seal for the Society and may destroy a seal and substitute a new seal in its place. The seal of the Society shall consist of the word "Seal" in a circle formed by the full name of the Society.
- 9.2 Custody and Use of Seal. The seal must be kept in the custody of the Secretary and may not be affixed to any instrument or document except by authority of a resolution of the Directors and in the presence of the persons specified in the resolution, or if no persons are specified, in the presence of the Secretary and at least one other Director.
- 9.3 Signing Authority. Unless otherwise provided in the By-laws or in a resolution, at least one Director together with the Chair or the Secretary may sign documents on behalf of the Society.

10. Making, Altering and Rescinding By-laws or Objects

- 10.1 By-laws. The By-laws of the Society shall not be rescinded, altered or added to, or take effect, except in accordance with the *Societies Act*.
- 10.2 Constitution. Neither the name of the Society, the objects of the Society, nor the locality in which the operations of the Society are chiefly carried on shall be changed or take effect, except in accordance with the *Societies Act*.

11. Minutes, Books and Records

- 11.1 Preparation of Minutes. The Secretary shall be responsible for preparing minutes of proceedings of all meetings of the Society and of the Board of Directors.
- 11.2 Custody of Books and Records. The Secretary shall be the custodian of all books and records (including minutes of proceedings) belonging to the Society, except for those required to be kept by the Treasurer or other Officer or agent.
- 11.3 Inspection of Books and Records.
- (a) All books and records of the Society shall be open to inspection by Members at its registered office upon reasonable notice to the Secretary.
 - (b) The public shall have reasonable access to the reports prepared by the Society for, or received by the Society from, the operators of the Mackenzie Gas Project or the Government of the Northwest Territories.
- 11.4 Duty of Secretary to File. The Secretary (or other Officer or Director authorized by the By-laws or resolution) shall authenticate and cause to be filed with the Registrar of Societies all notices, returns, resolutions and information required under the *Societies Act* to be filed with the Registrar of Societies. Without limiting the generality of the foregoing, the Secretary (or other Officer or Director authorized by the By-laws or resolution) shall cause to be filed with the Registrar of Societies:
- (a) Within fourteen (14) days of each annual general meeting,
 - (i) the signed annual financial statements of the Society described in paragraph 8.3; and
 - (ii) a list of the Directors with their addresses and occupations;
 - (b) every extraordinary resolution passed for any purpose mentioned in the *Societies Act*; and
 - (c) every change of address of the Society to which all communications and notices may be sent and processes may be served;
- in form acceptable to the Registrar of Societies to meet requirements of the *Societies Act*.

12. Notice

12.1 Deemed Receipt. Any communication (which term includes any notice or document) to be given to a Director, Member or Auditor shall be sufficiently given and shall be deemed to have been received:

- (a) when delivered personally to the person to whom it is to be given, or
- (b) the next business day when delivered to his or her recorded address, or
- (c) seven (7) business days after mailing when mailed to his or her recorded address by prepaid mail, or
- (d) the next business day following apparently successful transmission when sent to his or her recorded facsimile number by means of facsimile transmission.

12.2 List of Addresses. The Secretary shall maintain the list of recorded addresses and facsimile numbers for each Member, Director and Auditor.

12.3 Waiver of Notice. Any person entitled to attend a meeting may waive notice of a meeting. His or her attendance shall constitute a waiver of notice unless he or she objects at that meeting to the transaction of any business on the grounds that the meeting was not lawfully called.

13. Fiscal Year

13.1 Fiscal Year. The fiscal year of the Society shall end on March 31 of each year.

IN WITNESS WHEREOF we have subscribed our names to this By-law this _____ day of _____, 200__.

