

SIGNIFICANT DISCOVERY LICENCE SDL026-NWT

DIAND/MAINC
INTEREST/TITRE

REGISTRATION NO./
No. D'ENREGISTREMENT: 140016
DATE: March 24, 2014
TIME/HEURE: 10h 40 a.m.

REGISTRAR/DIRECTEUR

ISSUED BY THE MINISTER OF INDIAN
AFFAIRS AND NORTHERN DEVELOPMENT
(hereinafter called the "Minister")

TO THE INTEREST OWNER

Arctic Coast Petroleum Ltd.
ConocoPhillips Canada Resources Corp.
Nytis Exploration Company Canada Ltd.

WHEREAS the Minister is empowered pursuant to the Act to issue a Significant Discovery Licence relating to the Lands;

AND WHEREAS a Declaration of Significant Discovery has been made in respect of the lands;

AND WHEREAS, the interest owner of Exploration Licence EL211 made an application on February 9, 1988 for a Significant Discovery Licence pursuant to the Act;

AND WHEREAS on July 15, 1988 the Minister issued Significant Discovery Licence SDL026 in the name of **Suncor Inc.; Arctic Coast Petroleum Ltd.; Gulf Canada Resources Limited**;

AND WHEREAS as of the date of issuance of this replacement Licence (hereinafter called the "Licence"), beneficial ownership of the Licence is registered, pursuant to section 92 of the Act, in the name of **Arctic Coast Petroleum Ltd.; ConocoPhillips Canada Resources Corp.; Nytis Exploration Company Canada Ltd.** as interest owner;

AND WHEREAS, in accordance with the *Northwest Territories Lands and Resources Devolution Agreement* and the *Northwest Territories Devolution Act* (as amended), the Government of Canada, as represented by the Minister, shall, as of the Transfer Date set out in the Agreement, transfer the administration and control of public lands, resources, and rights in respect of waters in the Northwest Territories to the Commissioner of the Northwest Territories;

AND WHEREAS, in accordance with the said Agreement and the *Northwest Territories Devolution Act* (as amended) all existing interests that straddle the Onshore and the Offshore are divided into two interests whereby the Minister shall transfer all existing interests or portions thereof that are located in the Onshore as defined in the *Northwest Territories Devolution Act* (as amended) to the territorial Minister which will thereafter be administered under territorial legislation;

NOW THEREFORE this Licence issued upon the following terms and conditions and together with Significant Discovery Licence SDL026-CAN issued on March 21, 2014 replaces and supersedes SDL026 which is hereby rescinded.

1. INTERPRETATION

- (1) In this Licence, including all Schedules annexed hereto, unless the context requires otherwise:

- (i) "Act" means the *Canada Petroleum Resources Act* until the Transfer Date and thereafter, the territorial legislation that substantially mirrors the *Canada Petroleum Resources Act*;
 - (ii) "Operations Act" means the *Canada Oil and Gas Operations Act* until the Transfer Date and thereafter, the territorial legislation that substantially mirrors the *Canada Oil and Gas Operations Act*;
 - (iii) "Lands" means the frontier lands described in Schedule I until the Transfer Date which thereafter shall become "Territorial reserve lands" as defined in territorial legislation that substantially mirrors the *Canada Petroleum Resources Act* or such portion thereof that remains subject to this Licence from time to time;
 - (iv) "Regulations" means any and all regulations now made or that may be made at any time under the authority of the Act or the Operations Act, until the Transfer Date and thereafter means any and all regulations made or that may be made at any time under the authority of the territorial legislation that substantially mirrors the Act or the Operations Act.
- (2) All words and phrases used in this Licence have the meaning given by the Act, the Operations Act, or the Regulations until the Transfer Date and thereafter all words and phrases used in this Licence have the meaning given by territorial legislation of the Northwest Territories that substantially mirrors the Act, and the Operations Act, and the Regulations made thereunder as the case may be.
- (3) This Licence is issued under and is subject to the Act, the Operations Act, the Regulations, and the provisions of any other Act of Canada that relate to or affect this Licence, until the Transfer Date and thereafter this Licence is subject to the territorial legislation of the Northwest Territories that substantially mirrors the Act, and the Operations Act, and the Regulations made thereunder as the case may be, and any other Act and regulations of the Northwest Territories that relate to or affect this Licence. The Regulations and such other Acts and other regulations shall be deemed to be incorporated into this Licence as though specifically enumerated herein.
- (4) The following Schedules are attached and made part of this Licence:
Schedule I - Lands
Schedule II - Ownership
Schedule III - Representative(s) and Addresses for Service

2. **RIGHTS**

- (1) Subject to the Act and the Operations Act, this Licence confers, with respect to the frontier lands to which this Licence applies,
- (i) the right to explore for, and the exclusive right to drill and test for, petroleum;
 - (ii) the exclusive right to develop those frontier lands in order to produce petroleum; and
 - (iii) the exclusive right, subject to compliance with the other provisions of the Act, to obtain a production licence.

- (2) This Licence shall be held by the interest owner as to the Lands, in the shares as set forth and described in Schedule II, or as amended from time to time.

3. EFFECTIVE DATE

The term of this licence commences as of the original effective date namely, February 9, 1988.

4. INDEMNITY

- (1) It is a condition of this Licence that the interest owner shall, at all times, jointly and severally, indemnify and save harmless Canada or the Northwest Territories, as the case may be, from and against all claims, demands, loss, costs, damages, actions, suits or other proceedings by whomsoever made, sustained, brought or prosecuted, in any manner based upon, occasioned by, or attributable to, anything done or omitted to be done by, through, or under, or with the consent of the interest owner, notwithstanding any agreement or arrangement entered into by an interest owner which does or may result in the transfer, assignment or other disposition of the interest or share therein, in the fulfillment of the terms and conditions made herein or in the exercise of the rights or obligations contained herein.
- (2) For greater certainty, interest holders in this Licence who do not hold shares with respect to that portion of the Lands in relation to which a claim, demand, loss, cost, damage, action, suit or other proceeding arises are not liable to indemnify Canada under subparagraph (1).
- (3) For the purposes of subparagraphs (1) and (2), "Canada" shall not include a Crown corporation.
- (4) Indemnification by the interest owner as set out in this paragraph shall survive the expiration of this Licence and will be incorporated into any production licence that arises therefrom.

5. LIABILITY

An interest owner shall be jointly and severally liable under the provisions of this Licence, the Act, the Operations Act and the Regulations for all claims, demands, loss, costs, damages, actions, suits or other proceedings in respect of any work or activity conducted, or caused to be conducted, by, through, or under, or with the consent of such interest owner that may arise at any time prior to the Transfer Date. Thereafter the interest owner shall be jointly and severally liable under the provisions of this Licence, and territorial legislation of the Northwest Territories that substantially mirrors the Act, the Operations Act, and the Regulations made thereunder for all claims, demands, loss, costs, damages, actions, suits or other proceedings in respect of any work or activity conducted, or caused to be conducted, by, through, or under, or with the consent of such interest owner. Any transfer, assignment, or other disposition of the interest, or of a share therein, shall not have the effect of discontinuing such liability in respect of such work or activity, related to the interest, or share therein, so disposed, that was conducted before that transfer, assignment, or other disposition was registered pursuant to the Act and Regulations or the territorial legislation that substantially mirrors the Act and Regulations, as the case may be. For greater certainty, liability, as aforesaid, does not relate to any work or activity conducted after such party ceases to be an interest holder in this Licence.

6. SUCCESSORS AND ASSIGNS

Subject to paragraph 5, this Licence enures to the benefit of and is binding on the Minister and the interest owner and their respective heirs, administrators, successors and assigns.

7. NOTICE

Any notice, communication or statement required under the Act or the Operations Act shall be served on the designated person, on behalf of the Minister or on the interest owner, as the case may be, by personal delivery or by fax at that address specified in Schedule III hereof, or such other addresses as may be designated from time to time by the Minister or the interest owner, as the case may be.

8. REPRESENTATIVE

Unless otherwise designated in the prescribed manner, for the purpose of this Licence the representative or representatives, as the case may be, of the interest owner shall be as specified in Schedule III.

9. AGREEMENT

The issuance of this Licence by the Minister together with the issuance of Significant Discovery Licence SDL026-CAN affirms the acceptance thereof by the interest owner and comprises the original agreement between the interest owner and the Minister as to the terms and conditions contained herein.

ISSUED at Gatineau, this 21th day of March 2014



Minister of Indian Affairs and Northern Development

SCHEDULE I

LANDS

SDL026-NWT – GARRY P-04/SUNCOR

Latitude	Longitude	Sections
69° 30' N	135° 30' W	003-004

(608 hectares, more or less)

SCHEDULE II
OWNERSHIP

SDL026-NWT – GARRY P-04/SUNCOR

Latitude	Longitude	Sections	Interest Holder(s)	Share %
69° 30' N	135° 30' W	003-004	Arctic Coast Petroleum Ltd.	27.5000000
			ConocoPhillips Canada Resources Corp.	27.5000000
			Nytis Exploration Company Canada Ltd.	45.0000000

SCHEDULE III
REPRESENTATIVE(S) AND ADDRESSES FOR SERVICE

Nytis Exploration Company Canada Ltd.

P.O. Box 68

PICTOU NS B0K 1H0

Up to and including March 31, 2014

Northern Petroleum Resources Directorate

Northern Petroleum and Mineral Resources Branch

Department of Indian Affairs and Northern Development

OTTAWA ON K1A 0H4

Attention: Director

Facsimile: (819) 953-5828

As of April 1, 2014 and thereafter

The Government of the Northwest Territories

c/o Director, Petroleum Resources

Petroleum Resources Division

Department of Industry, Tourism and Investment

P.O. Box 3019

1st Floor - Semmler Building

#64 MacKenzie Road

Inuvik, NT X0E 0T0