

# SIGNIFICANT DISCOVERY LICENCE SDL-150

THIS LICENCE is effective as of August 6, 2016

ISSUED BY THE MINISTER OF INDUSTRY,  
TOURISM AND INVESTMENT (hereinafter  
called the "Minister"),

TO THE INTEREST OWNER Shell Canada Energy

WHEREAS the Minister is empowered pursuant to the Act to issue a Significant Discovery Licence (hereinafter called the "Licence") relating to the Lands;

AND WHEREAS a Declaration of Significant Discovery has been made on June 11, 2015 in respect of East Mackay I-78 well;

AND WHEREAS, the interest owner of Exploration Licence No.467 has made application on May 20, 2016 for a Significant Discovery Licence pursuant to the Act;

NOW THEREFORE this Licence is issued upon the following terms and conditions:

## 1. INTERPRETATION

- (1) In this Licence, including all Schedules annexed hereto, unless the context requires otherwise:
  - (i) "Act" means the Petroleum Resources Act;
  - (ii) "Operations Act" means the Oil and Gas Operations Act;
  - (iii) "Lands" means the frontier lands described in Schedule I 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, and any Acts passed in substitution therefor.
- (2) All words and phrases used in this Licence have the meaning given by the Act, the Operations Act, or the Regulations.
- (3) This Licence is issued under and subject to the Act, the Operations Act, and any Act passed in substitution therefor, the Regulations and the provisions of any other Act of the Northwest Territories and regulations made thereunder that relate to or affect this Licence and the Act. The Regulations and such other Act and other regulations shall be deemed to be incorporated into this Licence as though specifically enumerated herein.

INTEREST/TITRE  
REGISTRATION NO  
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DATE August 16, 2016  
HEURE 09:23  
REGISTRAR/DIRECTEUR



- (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 holders 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 effective date.

## 4. INDEMNITY

- (1) It is a condition of this Licence that the interest holders shall, at all times, jointly and severally, indemnify and save harmless the Northwest Territories 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, or an interest holder, notwithstanding any agreement or arrangement entered into by an interest owner or interest holder 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 the purposes of subparagraph (1), "Northwest Territories" shall not include a Territorial corporation.

## 5. LIABILITY

An interest holder shall be 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 holder. 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. 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.

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**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 and acceptance thereof by the interest owner constitutes agreement between the interest owner and the Minister as to the terms and conditions contained herein.

ISSUED at Yellowknife, this 06 day of August, 2016

  
WITNESS

  
Minister of Industry, Tourism and Investment

INTERESTATIVE  
REGISTRATION NO. 16007  
DATE August 16, 2016  
TIME 09:23  
REGISTRATION DIRECTOR



**SCHEDULE I  
LANDS**

<b>Latitude</b>	<b>Longitude</b>	<b>Portion</b>
64°50'N	125°30'W	53-55, 64, 65, 74, 75 All PNG surface to basement

**(1,936 hectares, more or less)**

**INTEREST/TITRE**

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## SCHEDULE II OWNERSHIP

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Declaration of significant discovery for  
East Mackay 1-78  
Office of the Regulator of Oil and Gas Operations file  
Dated June 11, 2015

Latitude/Longitude	Portion	Interest Holder(s)	Share %
64°50'N 125°30'W	53-55, 64, 65, 74, 75 All PNG surface to basement	Shell Canada Energy	100%

**INTERESTAIRE**

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N° D'ENREGISTREMENT 16007  
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REGISTRAR/DIRECTEUR



**SCHEDULE III  
REPRESENTATIVE(S) AND ADDRESSES FOR SERVICE**

**Shell Canada Energy  
P.O. Box 100, Station M  
400 – 4<sup>th</sup> Avenue S.W.  
Calgary, AB  
T2P 2H5**

**Telephone: (403) 691-3111**

**Facsimile: (403) 691-3551**

**Attention: Staff Land Representative**

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**Petroleum Resources Division  
Department of Industry, Tourism and Investment  
Government of the Northwest Territories**

**P.O. Box 3019  
INUVIK NT X0E 0T0  
Attention: Director  
Facsimile: (867) 777-5105  
Phone: (867) 777-7475**

**INTEREST/TITRE**  
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