

# SIGNIFICANT DISCOVERY LICENCE SDL-157

THIS LICENCE is effective as of November 22, 2016

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

TO THE INTEREST OWNER Shell Canada Limited

**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 **September 7, 2016** in respect of **Dodo Canyon E-76 and Mirror Lake P-20** wells;

**AND WHEREAS**, the interest owner of Exploration Licence No. **487** has made application on **November 22, 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.

INSTRUMENT/ACTE  
REGISTRATION NO /  
NUMÉRO D'ENREGISTREMENT 17010  
DATE 05 DECEMBER 2017  
HEURE 9:00 am  
Jan Butters  
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. PLANNING REPORT**

The interest holder shall provide to the Minister in writing annual reports describing activities planned to be undertaken to advance work on the Licence for the upcoming year as well as details of any activities undertaken in the preceding year. The annual planning report shall be filed at the end of each calendar year for which the Licence remains in effect.

**5. NON COMPLIANCE**

Failure to file annual planning reports or otherwise fail to comply with any terms and conditions of this Licence may result in the termination of the Licence.

**6. 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.

**7. 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.

8. **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.

9. **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.

10. **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.

11. **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 18 day of October 2017

  
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SHELL CANADA LIMITED  
RYAN KONOTOPSKY  
Assistant Secretary

  
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Minister of Industry, Tourism and Investment

**SCHEDULE I  
LANDS**

<b>Latitude</b>	<b>Longitude</b>	<b>Portion</b>	
65.30°N	128.00°W	6-7	(538 hectares, more or less)

**SCHEDULE II  
OWNERSHIP**

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**Declaration of significant discovery for  
Dodo Canyon E-78 and Mirror Lake P-20  
Office of the Regulator of Oil and Gas Operations file NWT-SDD-2015-001  
Dated September 7, 2016**

<b>Latitude/Longitude</b>	<b>Portion</b>	<b>Interest Holder</b>	<b>Share %</b>
65.30°N 128.00°W	6-7	Shell Canada Limited MGM Energy	75.00 25.00

All PNG Surface to Basement

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

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

**Attention: Staff Land Representative**

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

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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**