HIBERNIA DEVELOPMENT PROJECT

ROYALTY AGREEMENT AMENDING AGREEMENT

THIS AGREEMENT MADE the 16th day of February, 2010

AMONG:

HER MAJESTY IN RIGHT OF NEWFOUNDLAND AND LABRADOR

OF THE FIRST PART

- and -

EXXONMOBIL CANADA LTD.
(formerly MOBIL OIL CANADA, LTD.)

OF THE SECOND PART

- and -

EXXONMOBIL CANADA PROPERTIES
(formerly MOBIL OIL CANADA PROPERTIES)

OF THE THIRD PART

- and -

CHEVRON CANADA RESOURCES

OF THE FOURTH PART

- and -

SUNCOR ENERGY INC.

OF THE FIFTH PART

- and -

PETRO-CANADA HIBERNIA PARTNERSHIP

OF THE SIXTH PART

- and -

EXXONMOBIL CANADA HIBERNIA COMPANY LTD.
(formerly MOBIL CANADA HIBERNIA COMPANY LTD.)

OF THE SEVENTH PART

- and -

MURPHY ATLANTIC OFFSHORE OIL COMPANY LTD.

OF THE EIGHTH PART

- and -

CANADA HIBERNIA HOLDING CORPORATION

OF THE NINTH PART

- and -

STATOIL CANADA LTD.
(formerly NORSK HYDRO CANADA OIL & GAS INC.)

OF THE TENTH PART

- and -

CHEVRON CANADA LIMITED

OF THE ELEVENTH PART

- and -

NALCOR ENERGY – OIL AND GAS INC.

OF THE TWELFTH PART

(collectively, the "**Parties**")

WHEREAS the Parties were signatories to, or are successors in interest to signatories to, an agreement dated September 1, 1990 and entitled the "Hibernia Development Project Royalty Agreement" which sets forth the rights and obligations agreed to for the calculation and payment of royalties, interest and penalties with respect to Hibernia Crude, which agreement, as amended from time to time prior to the date hereof is referred to herein as the "Hibernia Royalty Agreement" or the "Agreement";

AND WHEREAS to the date of this amending agreement the Hibernia Royalty Agreement has been amended by the following agreements:

(i) Hibernia Development Project Royalty Agreement Amending Agreement, dated December 1, 1990;

(ii) Hibernia Development Project Royalty Agreement Amending Agreement, dated January 16, 1995;

(iii) Hibernia Development Project Royalty Agreement Amending Agreement, dated April 30, 1997;

(iv) Hibernia Development Project Royalty Agreement Letter Agreement, dated April 16, 1998;

(v) Hibernia Development Project Agreement Respecting Royalty Agreement Amendments, dated September 1, 1999;

(vi) Settlement of Redetermination Letter Agreement, dated July 17, 2007 and Settlement Agreement Transitional Provisions Letter Agreement, dated July 17, 2007; and

(vii) Hibernia Development Project Royalty Agreement Amending Agreement, dated June 12, 2009.

AND WHEREAS the Parties have agreed to further amend the provisions of the Hibernia Royalty Agreement in the manner provided herein.

NOW THEREFORE in consideration of the premises hereto and the agreements herein each of the Parties agrees as follows:

1. Each of the Parties to this amending agreement (other than the Province) represents and warrants to the Province that, as at the date of this Agreement:

   (a) that Party is a party to the Hibernia Royalty Agreement; and

   (b) to the knowledge of that Party, other than the Parties there are no other parties to the Hibernia Royalty Agreement.

2. Capitalized words and terms not defined herein but which are defined in the Hibernia Royalty Agreement, shall each have the meaning set out in the Hibernia Royalty Agreement. This amending agreement shall be supplementary to the Hibernia Royalty Agreement and shall be read and construed as if this amending agreement and the Hibernia Royalty Agreement constitute one agreement. Except as amended by this amending agreement, the provisions of the Hibernia Royalty Agreement are hereby confirmed.

3. The following definitions shall be read as having been included in Schedule "A" to the Agreement and inserted in appropriate alphabetical order:

   (a) **"Access to Information and Protection of Privacy Act"** means the *Access to Information and Protection of Privacy Act*, S.N.L. 2002, c. A-1.1, and includes the regulations made and, from time to time, in force under that Act.

   (b) **"Acquisition Agreement"** means the agreement entitled "Hibernia Southern Extension Acquisition Agreement" made among the Project Owners and Licensees dated February 16, 2010.

   (c) **"Allocation Agreement"** means the agreement entitled the Hibernia Development Project Allocation Agreement made among the Project Owners, the Licensees and the Province dated February 16, 2010.

(d) **"Document Escrow and Closing Agreement 2010"** means the agreement entitled Hibernia Southern Extension Document Escrow and Closing Agreement, made amongst the parties hereto, Hibernia Management and Development Company Ltd., Osler, Hoskin & Harcourt LLP and Stewart McKelvey and dated February 16, 2010.

(e) **"EL 1093"** means the Exploration Licence 1093 issued by the Board dated January 15, 2005, provided that upon the issuance of the first significant discovery licence or the first production licence or other similar right that is issued and that supersedes such exploration licence in relation to the geographic area that is currently the subject of EL1093, all references to EL1093 shall instead be read as referring to that successor significant discovery licence, production licence or other similar right.

(f) "**EL1093/PL1005 Royalty Agreement**" means the Agreement entitled "Hibernia Development Project EL1093/PL1005 Royalty Agreement" dated February 16, 2010.

(g) **"Eligible Tanker Costs"** shall have the meaning set out in the Allocation Agreement and an **"Eligible Tanker Cost"** shall mean any such cost.

(h) **"Eligible Transportation Costs"** shall have the meaning set out in the Allocation Agreement and an **"Eligible Transportation Cost"** shall mean any such cost.

(i) **"Eligible Transportation Costs Deduction-PL1001"** shall have the meaning provided for in clause 33A.2 of the Agreement.

(j) **"Energy Plan"** means the document entitled "Focusing Our Energy" released by the Province on September 11, 2007.

(k) **"FOSA"** means the agreement made amongst Hibernia Management and Development Company Ltd. and the Project Owners entitled the "Facilities and Operating Services Agreement", effective July 15, 2009.

(l) **"GBS"** means the Hibernia gravity base structure located on PL1001 and commissioned in 1997.

(m) **"GBS Operator"** shall have the meaning set out in the Allocation Agreement.

(n) "**Hibernia Blend**" means Crude Oil processed through the GBS which is produced pursuant to PL1001, PL1005 or EL1093 and includes any blend of such Crude Oil processed through the GBS and produced from two or more of PL1001, PL1005 and EL1093.

(o) **"Hibernia Blend Gross Sales Revenue"** shall have the meaning set out in the Allocation Agreement.

(p) **"Hibernia Crude EL1093/PL1005"** means Crude Oil which is allocated to EL1093 or PL1005 in accordance with the Allocation Agreement.

(q) "**Nalcor Energy – Oil and Gas Inc.**" means the Newfoundland and Labrador corporation named Nalcor Energy – Oil and Gas Inc. incorporated under the laws of the Province of Newfoundland and Labrador.

(r) "**Nalcor Oil**" means Nalcor Energy – Oil and Gas Inc.

(s) "**PL1001**" and "**Production Licence**" means that production licence dated March 21, 1990, numbered 1001 and issued by the Board to the Licensees, and includes all replacements thereof, substitutions therefor and amendments and sucessors thereto.

(t) "**PL1001 AA Blocks Royalty Area**" means the geographic area within PL1001 bounded by

(i) the vertical plane from seafloor to the top of the Hibernia-Sand Reservoir as depicted in Schedule "H";

(ii) the fault plane from the top to the base of the Hibernia-Sand Reservoir as depicted in Schedule "H"; and

(iii) the vertical plane from the base of the Hibernia-Sand Reservoir to the basement as depicted in Schedule "H".

(u) "**PL1001 Area**" means the "Lands" described in PL1001, being 46°50′N 48°30′W: Sections 76, 77, 78, 85, 86, 87, 88, 94, 95, 96, 97, 98, 99 and 46°50′N 48°45′W: Sections 3, 4, 5, 6, 7, 8, 9, 13, 14, 15, 16, 17, 18, 19, 20, 23, 24, 25, 26, 27, 28, 29, 30, 32, 33, 34, 35, 36, 37, 38, 39, 40, 42, 43, 44, 45, 46, 47, 48, 49, 51, 52, 53, 54, 55, 56, 57, 61, 62, 63.

(v) "**PL1001 Balance Royalty Area**" means PL1001 Area excluding the PL1001 AA Blocks Royalty Area and excluding the PL1001 Southern Royalty Area.

(w) "**PL1001 Non-Unit Southern Non-Equity BNA Area**" shall have the meaning set out in the Allocation Agreement.

(x) "**PL1001 Southern Ownership Area**" means the PL1001 Southern Royalty Area excluding the PL1001 Non-Unit Southern Non-Equity BNA Area.

(y) "**PL1001 Southern Royalty Area**" means the geographic area within PL1001 bounded by

(i) the vertical plane from the seafloor to the top of the Hibernia-Sand Reservoir as depicted in Schedule "I";

(ii) the fault plane from the top to the base of the Hibernia-Sand Reservoir as depicted in Schedule "I"; and

(iii) the vertical plane from the base of the Hibernia-Sand Reservoir to the basement as depicted in Schedule "I".

(z) "**PL1005**" means that production licence dated January 14, 2003, numbered 1005 and issued by the Board.

(aa) "**Post-Transition Period**" means any time after, but not before, 12:01 AM on July 1, 2009.

(ab) "**Pre-Transition Period**" means any time before, but not after, 11:59 PM on June 30, 2009.

(ac) "**Pre-Transition Transportation Costs Deduction**" has the meaning set out in Article XXXIA.

(ad) "**Project Owners-Base**" means the owners of PL1001 Balance Royalty Area, PL1001 AA Blocks Royalty Area and PL1001 Non-Unit Southern Non-Equity BNA Area, which are collectively, ExxonMobil Canada Properties, Chevron Partnership, Petro-Canada Partnership, Murphy Atlantic Offshore Oil Company Ltd., Canada Hibernia Holding Corporation, ExxonMobil Canada Hibernia Company Ltd. and Statoil Canada Ltd., and any Successors who have become bound by this Agreement, which ownership as of the 16th day of February 2010 is as set forth in clause 16.1(A), and "**Project Owner-Base**" means any one of the Project Owners-Base.

(ae) "**Resource Project-EL1093**" means that portion of the development project described in a development plan approved by the Board in connection with the development and production of Hibernia Crude EL1093/PL1005 and produced or deemed to be produced pursuant to EL1093, to the point, but not beyond, where such Hibernia Crude EL1093/PL1005 is first loaded into tankers and shall, in any event, include:

(i) any activities which result in Resource Project Incidental Revenues; and

(ii) any other activities permitted by the Agreement.

(af) "**Resource Project-PL1005**" means that portion of the development project described in a development plan approved by the Board in connection with the development and production of Hibernia Crude EL1093/PL1005 and produced or deemed to be produced pursuant to PL1005, to the point, but not beyond, where such Hibernia Crude EL1093/PL1005 is first loaded into tankers and shall, in any event, include:

(iii) any activities which result in Resource Project Incidental Revenues; and

(iv) any other activities permitted by the Agreement.

(ag) "**Royalty Areas**" means collectively PL1001 AA Blocks Royalty Area, PL1001 Southern Royalty Area and PL1001 Balance Royalty Area.

(ah) "**Royalty Lifting Agreement**" means an agreement pursuant to clause 22.5 of the Agreement.

(ai) "**Service Provider**" means the Service Provider under the FOSA.

(aj) "**Shuttle Tanker**" shall have the meaning set out in the Allocation Agreement.

(ak) "**Southern Additional Royalty**" means the royalty described in Article XXI(B) of this Agreement.

(al) "**Southern Net Transfer Revenue**" means for each Project Owner during any Month, the product obtained by multiplying the Net Transfer Revenue (excluding Tariffs as determined pursuant to Article 22 of the Allocation Agreement) for that Project Owner during that Month by the percentage obtained by dividing (A) the volume of Hibernia Crude which is allocated pursuant to the Allocation Agreement as being sold from the PL1001 Southern Royalty Area for such Month by (B) the total volume of Hibernia Crude which it sold in such Month.

(am) "**Tanker Administrator**" shall have the meaning set out in the Allocation Agreement.

(an) "**Tanker Cost Aggregator**" shall have the meaning set out in the Allocation Agreement.

(ao) "**Tariff Administrator**" shall have the meaning set out in the Allocation Agreement.

(ap) "**Tariff Agreement**" means the agreement made amongst HMDC and the Project Owners entitled the "Tariff Agreement," effective July 15, 2009.

(aq) "**Tariffs**" means any tariff, fee or other charge paid under the Tariff Agreement.

(ar) "**Temporary Replacement Tanker**" shall have the meaning set out in the Allocation Agreement.

(as) "**Transshipment Operator**" shall have the meaning set out in the Allocation Agreement.

(at) "**Unit**" shall have the meaning set out in the Allocation Agreement.

(au) "**Unit Account**" means the account maintained by the Unit Operator in accordance with the provisions of the Allocation Agreement to record charges, expenditures, receipts and credits.

(av) "**Unit Incidental Revenue**" shall have the meaning set out in the Allocation Agreement.

(aw) "**Unit Operating Agreement**" means the agreement made amongst the Project Owners entitled the "Unit Operating Agreement" effective July 15, 2009.

(ax) "**Unit Operator**" shall have the meaning set out in the Allocation Agreement.

(ay) "**Unit Production**" shall have the meaning set out in the Allocation Agreement.

(az) "**Unit Production Areas**" shall have the meaning set out in the Allocation Agreement.

(aaa) "**Unit Project**" means the development of the Unit as described in a development plan approved pursuant to the Accord Act.

(ba) "**WTI Price**" means for any particular day, the average of the specified range of prices per barrel of West Texas Intermediate light sweet crude oil for the Prompt

Delivery Month on that day, stated in United States Dollars, published under the heading "Key Benchmarks" in the issue of Platt's Crude Oil Marketwire that reports prices effective on that day for the Prompt Delivery Month. Prompt Delivery Month is defined as the first month in which the delivery of the contracted WTI or equivalent crude volumes is required. If Platt's Marketwire is no longer available, WTI Price shall mean the specified price per barrel of West Texas Intermediate light sweet crude oil as set forth in any successor or replacement publication that is widely used and generally accepted by the international petroleum industry. If there is no price for West Texas Intermediate light sweet crude oil available or there is no such publication, WTI Price shall mean the comparable quality light sweet crude oil selected as a reasonable replacement in terms of quality and market for WTI as selected by the Province, and upon notice to the Project Owners that replacement shall apply as if it was WTI under this provision.

(bb) "Whiffen Head Transshipment Terminal" shall have the meaning set out in the Allocation Agreement."

4. The Agreement is hereby amended by deleting the following definitions from Schedule "A" to the Agreement:

(a) "AA Blocks Area"

(b) "AA Blocks Sales Volume Allocation"

(c) "Arbitration Code"

(d) "Flow System and Allocation Procedure"

(e) "Inter-Owner Transfer"

(f) "Non-Hibernia Tanker Days"

(g) "Production Licence"

(h) "Provincial Lifting Agreement"

(i) "Provincial Transportation Agreement"

(j) "Tanker Project"

(k) "Tanker Project Allowed Depreciation"

(l) "Tanker Project Asset"

(m) "Tanker Project Capital Activities"

(n) "Tanker Project Cost of Service"

(o) "Tanker Project Depreciation"

(p) "Tanker Project Depreciation Base"

(q) "Tanker Project Disposal Revenue"

(r) "Tanker Project Eligible Capital Cost"

(s) "Tanker Project Eligible Cost"

(t) "Tanker Project Eligible Operating Costs"

(u) "Tanker Project Incidental Revenue"

(v) "Tanker Project Operator"

(w) "Transportation Revenue"

5. The Agreement is hereby amended by deleting the definition of AA Blocks Net Transfer Revenue in Schedule "A" to the Agreement and replacing said definition with the following:

""AA Blocks Net Transfer Revenue" means for each Project Owner during any Month, the product obtained by multiplying the Net Transfer Revenue (excluding Tariffs as determined pursuant to Article 22 of the Allocation Agreement) for that Project Owner during that Month by the percentage obtained by dividing (A) the volume of Hibernia Crude which is allocated pursuant to the Allocation Agreement as being sold from the PL1001 AA Blocks Royalty Area for such Month by (B) the total volume of Hibernia Crude which it sold in such Month."

6. The Agreement is hereby amended by deleting the definition of Affiliate in Schedule "A" to the Agreement and replacing said definition with the following:

""Affiliate" means, with respect to a Person, any Person that controls it, that is controlled by it or that is under common control with it and:

(a) if two Persons are Affiliates of a Person at the same time, they are Affiliates of each other;

(b) for the purposes of this definition, "control" means control in fact, including the ability, directly or indirectly and whether or not exercised, to direct the management or policies of a Person, whether through the ownership of securities, by contract, trust or otherwise howsoever;

(c) in relation to a corporation, includes all Subsidiaries of that corporation, each corporation of which it is a Subsidiary and all Subsidiaries of each corporation of which it is a Subsidiary;

(d) each Person which is an Affiliate of that first Person by virtue of items (a), (b) or (c) of this definition is an Affiliate of each limited partnership of which the first Person or any Affiliate of the first Person is a general partner and of each partnership other than a limited partnership which the first Person and/or any Affiliate of the first Person controls by virtue of item (b) of this definition; and

(e) a Person controlled by virtue of item (b) of this definition by two or more Project Owners is an Affiliate of each of those Project Owners.

For the purposes of this item, "Project Owner" includes each Person which is an Affiliate of the Project Owner.

Notwithstanding the other provisions of this definition, a Project Owner or Licensee shall not be an Affiliate of any other Project Owner or Licensee only by virtue of that Project Owner or Licensee being an Affiliate of the Resource Project Operator, a Tanker Administrator, the Tanker Cost Aggregator, or a Transshipment Operator."

7. The Agreement is hereby amended by deleting the definition of Audit Period in Schedule "A" to the Agreement and replacing said definition with the following:

""**Audit Period**" means the six (6) calendar years following the calendar year in which royalties were payable pursuant to the Agreement or in which a Resource Project Eligible Cost, Resource Project Eligible Marketing Cost or an Eligible Transportation Cost was paid."

8. The Agreement is hereby amended by deleting the definition of Crude Oil in Schedule "A" to the Agreement and replacing said definition with the following:

""**Crude Oil**" means hydrocarbons which at atmospheric pressure are in liquid form when loaded into marine tankers and include non-hydrocarbon contaminants."

9. The Agreement is hereby amended by deleting item (iv) of the definition of Force Majeure in Schedule "A" to the Agreement and replacing said item with the following:

"(iv) directions, orders, injunctions, legislation or regulations by governments, governmental authorities having or purporting to have jurisdiction and courts excepting directions, orders or injunctions of courts or governmental authorities as a result of the unlawful acts of a Project Owner, the Resource Project Operator, the Unit Operator, the GBS Operator, the Tariff Administrator, a Tanker Administrator, the Tanker Cost Aggregator, or a Transshipment Operator;"

10. The Agreement is hereby amended by deleting the definition of Gross Sales Revenue in Schedule "A" to the Agreement and replacing said definition with the following:

""**Gross Sales Revenue**" means for a Project Owner, for any Month or Period, the portion of its Hibernia Blend Gross Sales Revenue allocated to PL1001 pursuant to clause 21.3 of the Allocation Agreement."

11. The Agreement is hereby amended by deleting the definition of Gross Transfer Revenue in Schedule "A" to the Agreement and replacing said definition with the following:

""**Gross Transfer Revenue**" means

(a) for a Project Owner in respect of any Month or Period in the Pre-Transition Period, the Gross Sales Revenue of the Project Owner during such Month or Period, as the case may be, reduced by the Pre-Transition Transportation Costs Deduction for the Project Owner during such Month or Period, and

(b) for a Project Owner in respect of any Month or Period in the Post-Transition Period, the Gross Sales Revenue of the Project Owner during such Month or Period, as the case may be, reduced by the

Eligible Transportation Costs Deduction-PL1001 for the Project Owner during such Month or Period."

12. The Agreement is hereby amended by deleting the definition of Hibernia Crude in Schedule "A" to the Agreement and replacing said definition with the following:

""**Hibernia Crude**" means, prior to February 16, 2010, Crude Oil which is or may be produced pursuant to the Production Licence and, following February 16, 2010, Crude Oil which is allocated to the Production Licence in accordance with the Allocation Agreement."

13. The Agreement is hereby amended by deleting the definition of Joint Account in Schedule "A" to the Agreement and replacing said definition with the following:

""**Joint Account**" means the provisions of the Ownership Agreement and of the Operating Agreement which provide for, and the accounts which show, the charges paid and credits received as a result of operations conducted for the Project and which are shared by the Project Owners-Base in accordance with their Working Interests in the Project and the standards, procedures, rules and review provided for with respect thereto including, without restricting the generality of the foregoing, the provisions of the Ownership Agreement and of the Operating Agreement identified in clause 15.1 of the Agreement."

14. The Agreement is hereby amended by deleting the definition of Net Royalty Payout in Schedule "A" to the Agreement and replacing said definition with the following:

""**Net Royalty Payout**" means, for a Project Owner, the first point in time when the sum of:

(i) cumulative Gross Transfer Revenue of the Project Owner; plus

(ii) subject to item (iii), the Project Owner's Working Interest share of cumulative Resource Project Incidental Revenue, other than Tariffs; plus

(iii) with respect to Resource Project Incidental Revenue that relates to that portion of the Resource Project related to the PL1001 Southern Ownership Area, the Project Owner's Working Interest share of such cumulative Resource Project Incidental Revenue, other than Tariffs; plus

(iv) the Project Owner's share of cumulative Resource Project Incidental Revenue for Tariffs as determined pursuant to Article 22 of the Allocation Agreement;

equals the sum of:

(v) the share of the Project Owner provided for in clause 28.2 of the Agreement of the Project Eligible Pre-Development Costs Amount;

(vi) subject to item (vii), the Project Owner's Working Interest share of cumulative Resource Project Eligible Costs, other than Tariffs;

(vii) with respect to Resource Project Eligible Costs that relate to that portion of the Resource Project related to the PL1001 Southern Ownership Area, the Project Owner's Working Interest share of such cumulative Resource Project Eligible Costs, other than Tariffs;

(viii) the Project Owner's share of cumulative Resource Project Eligible Costs for Tariffs as determined pursuant to Article 22 of the Allocation Agreement;

(ix) cumulative Gross Royalty paid by the Project Owner excepting thereout any amount on account of Gross Royalty paid in kind;

(x) cumulative Net Royalty Return Allowance to which the Project Owner is entitled; plus

(xi) cumulative Resource Project Eligible Marketing Costs paid by the Project Owner."

15. The Agreement is hereby amended by deleting the definition of Net Royalty Return Allowance in Schedule "A" to the Agreement and replacing said definition with the following:

""**Net Royalty Return Allowance**" means, for a Project Owner, for any Month, the product of the Net Royalty Return Allowance Factor and the amount, if any, by which the sum of:

(i) the share of the Project Owner provided for in clause 28.2 of the Agreement of the Project Eligible Pre-Development Costs Amount;

(ii) subject to item (iii), the Project Owner's Working Interest share of cumulative Resource Project Eligible Costs, other than Tariffs;

(iii) with respect to Resource Project Eligible Costs that relate to that portion of the Resource Project related to the PL1001 Southern Ownership Area, the Project Owner's Working Interest share of such cumulative Resource Project Eligible Costs, other than Tariffs;

(iv) the Project Owner's share of cumulative Resource Project Eligible Costs for Tariffs as determined pursuant to Article 22 of the Allocation Agreement;

(v) cumulative Gross Royalty paid by the Project Owner excepting thereout any amount on account of Gross Royalty paid in kind;

(vi) cumulative Net Royalty Return Allowance of the Project Owner to the end of the previous Month; plus

(vii) cumulative Resource Project Eligible Marketing Costs paid by the Project Owner

exceeds the sum of:

(viii) cumulative Gross Transfer Revenue of the Project Owner;

(ix) subject to item (x), the Project Owner's Working Interest share of cumulative Resource Project Incidental Revenue, other than Tariffs;

(x) with respect to Resource Project Incidental Revenue that relates to that portion of the Resource Project related to the PL1001 Southern Ownership Area, the Project Owner's Working Interest share of such cumulative Resource Project Incidental Revenue, other than Tariffs; plus

(xi) the Project Owner's share of cumulative Resource Project Incidental Revenue for Tariffs as determined pursuant to Article 22 of the Allocation Agreement."

16. The Agreement is hereby amended by deleting the definition of Net Transfer Revenue in Schedule "A" to the Agreement and replacing said definition with the following:

""**Net Transfer Revenue**" means for a Project Owner during any Month or Period the amount, if any, by which the sum of:

(i) the Gross Transfer Revenue of the Project Owner during the Month or Period; plus

(ii) subject to item (iii), the Project Owner's Working Interest share of Resource Project Incidental Revenue during the Month or Period, other than Tariffs; plus

(iii) with respect to Resource Project Incidental Revenue that relates to that portion of the Resource Project related to the PL1001 Southern Ownership Area, the Project Owner's Working Interest share of such cumulative Resource Project Incidental Revenue, other than Tariffs; plus

(iv) the Project Owner's share of Resource Project Incidental Revenue during the Month or Period for Tariffs as determined pursuant to Article 22 of the Allocation Agreement; plus

(v) the In-Kind Value for the Project Owner for the Month or Period;

exceeds the sum of:

(vi) subject to item (vii), the Project Owner's Working Interest share of Resource Project Eligible Costs during the Month or Period, other than Tariffs;

(vii) with respect to Resource Project Eligible Costs that relate to that portion of the Resource Project related to the PL1001 Southern Ownership Area, the Project Owner's Working Interest share of such cumulative Resource Project Eligible Costs, other than Tariffs;

(viii) the Project Owner's share of Resource Project Eligible Costs during the Month or Period for Tariffs as determined pursuant to Article 22 of the Allocation Agreement; plus

(ix) the Resource Project Eligible Marketing Costs paid by the Project Owner during the Month or Period."

17. The Agreement is hereby amended by deleting the definition of Operating Agreement in Schedule "A" to the Agreement and replacing said definition with the following:

""**Operating Agreement**" means the agreement made among the Licensees, the Project Owners-Base and the Hibernia Management and Development Company Ltd. entitled "Hibernia Field Operating Agreement", effective July 1, 1988."

18. The Agreement is hereby amended by deleting the definition of Period in Schedule "A" to the Agreement and replacing said definition with the following:

""**Period**" means a calendar year except:

(i) for the purposes of calculating Net Royalty, AA Blocks Additional Royalty or Southern Additional Royalty, with respect to the calendar

year in which Net Royalty Payout occurs, the time from the beginning of the calendar year to and including the last day of the Month preceding the Month in which Net Royalty Payout occurs, and the time from and including the first day of the Month in which Net Royalty Payout occurs to the end of that calendar year, shall each be considered a separate Period; and

(ii) for the purposes of calculating Supplementary Royalty, AA Blocks Additional Royalty or Southern Additional Royalty, with respect to the calendar year in which Supplementary Royalty Payout occurs, the time from the beginning of the calendar year to and including the last day of the Month preceding the Month in which Supplementary Royalty Payout occurs, and the time from and including the first day of the Month in which Supplementary Royalty Payout occurs to the end of that calendar year, shall each be considered a separate Period."

19. The Agreement is hereby amended by deleting the definition of Project in Schedule "A" to the Agreement and replacing said definition with the following:

""**Project**" means the Resource Project."

20. The Agreement is hereby amended by deleting the definition of Project Eligible Pre-Development Costs Amount in Schedule "A" to the Agreement and replacing said definition with the following:

""**Project Eligible Pre-Development Costs Amount**" means the amount agreed in clause 28.1 of the Agreement to be the total of all costs incurred by the Project Owners-Base with respect to the Project prior to July 1, 1988."

21. The Agreement is hereby amended by deleting the definitions of Project Owners and Project Owner in Schedule "A" to the Agreement and replacing said definitions with the following:

""**Project Owners**" means, collectively, ExxonMobil Canada Properties, Chevron Partnership, Petro-Canada Partnership, Murphy Atlantic Offshore Oil Company Ltd., Canada Hibernia Holding Corporation, ExxonMobil Canada Hibernia Company Ltd., Statoil Canada Ltd., and Nalcor Oil, and any Successors who have become bound by this Agreement and "**Project Owner**" means any one of the Project Owners."

22. The Agreement is hereby amended by deleting the definition of Resource Project in Schedule "A" to the Agreement and replacing said definition with the following:

"**Resource Project**" means that portion of the development project described in the Development Plan involved in the development and production of Hibernia Crude to the point, but not beyond, where Hibernia Crude is first loaded into marine tankers and shall, in any event, include:

(i) any activities which result in Resource Project Incidental Revenues; and

(ii) any other activities permitted by the Agreement."

23. The Agreement is hereby amended by deleting the definition of Resource Project Incidental Revenue in Schedule "A" to the Agreement and replacing said definition with the following:

""**Resource Project Incidental Revenue**" means revenue received or deemed or declared, pursuant to the Agreement or the Allocation Agreement, received by the Project Owners or the Resource Project Operator on behalf of the Project Owners from the following:

(a) sale or other disposal of Resource Project Assets;

(b) rental or lease or other use of Resource Project Assets, except as may be otherwise agreed pursuant to clause 17.4 of the Agreement;

(b.1) tariffs, fees or other charges paid to Project Owners-Base for use of the Resource Project Assets, including Tariffs collected and allocated among the Project Owners pursuant to the Allocation Agreement;

(c) proceeds received pursuant to insurance policies whose premiums were included as a Resource Project Eligible Cost or a Resource Project Eligible Marketing Cost and the proceeds were not used to pay for costs which are:

(i) except for the operation of item (q) of clause 29.3 of the Agreement, Resource Project Eligible Costs or Resource Project Eligible Marketing Costs; or

(ii) relate to the risks for which such insurance policies provide coverage;

(d) salvage and similar proceeds relative to the Resource Project Assets or assets of Persons other than the Project Owners;

(e) any amounts required to be included as Resource Project Incidental Revenue pursuant to clause 36.2 of the Agreement;

(e.1) any allocation of Unit Incidental Revenue to PL1001 pursuant to Article 19 of the Allocation Agreement; and

(f) such other revenue received on account of the Resource Project as the Province may reasonably declare, after discussion with the Project Owners, to be Resource Project Incidental Revenue."

24. The Agreement is hereby amended by deleting the definition of Return Allowance Suspension in Schedule "A" to the Agreement and replacing said definition with the following:

""**Return Allowance Suspension**" means:

(a) at the end of the six months immediately following the execution of the Framework Agreement:

(i) where the Project Owners have not executed the contracts for the topside engineering and procurement and the gravity base structure design and construction; and

(ii) Resource Project Eligible Costs are less than thirty million Dollars ($30,000,000.00);

(b) during the time prior to Production Start-up:

(i) when the Project Owners advise the Province that they have instructed the Resource Project Operator:

(A) not to undertake any incremental commitments; or

(B) to stop all design, construction or drilling work to the extent practical; or

(ii) the first day of the first Month of any Quarter after the second Quarter following the signing of the Framework Agreement in which Resource Project Eligible Costs for that Quarter have averaged less than $10 million per Month; and

(c) during the time after Production Start-up:

(i) the Project Owners advise the Province that they have instructed the Resource Project Operator to cease production; or

(ii) there has been no significant activity on the Project or no production from the Project for a period of 60 consecutive days.

A decrease or cessation of activity during the time available for the exercise of any of the Event Rights will not, under any circumstances, constitute Return Allowance Suspension."

25. The Agreement is hereby amended by deleting the definition of Royalty Share in Schedule "A" to the Agreement and replacing said definition with the following:

""**Royalty Share**" means Gross Royalty, Net Royalty, Supplementary Royalty, AA Blocks Additional Royalty, Southern Additional Royalty, interest, Penalties and other amounts payable to the Province pursuant to the Agreement."

26. The Agreement is hereby amended by deleting the definition of Security in Schedule "A" to the Agreement and replacing said definition with the following:

""**Security**" shall have the meaning provided for in clause 13.1 of this Agreement."

27. The Agreement is hereby amended by deleting the definition of Supplementary Royalty in Schedule "A" to the Agreement and replacing said definition with the following:

""**Supplementary Royalty**" means the royalty described in Article XXI of this Agreement."

28. The Agreement is hereby amended by deleting the definition of Supplementary Royalty Index in Schedule "A" to the Agreement and replacing said definition with the following:

""**Supplementary Royalty Index**" means the Consumer Price Index for Canada (All Items) published by Statistics Canada, which on the date of this Agreement is publication number 62-001X."

29. The Agreement is hereby amended by deleting the definition of Supplementary Royalty Payout in Schedule "A" to the Agreement and replacing said definition with the following:

""**Supplementary Royalty Payout**" means, for a Project Owner, the first point in time when the sum of:

(i) cumulative Gross Transfer Revenue of the Project Owner; plus

(ii) subject to item (iii), the Project Owner's Working Interest share of cumulative Resource Project Incidental Revenue, other than Tariffs; plus

(iii) with respect to Resource Project Incidental Revenue that relates to that portion of the Resource Project related to the PL1001 Southern Ownership Area, the Project Owner's Working Interest share of such cumulative Resource Project Incidental Revenue, other than Tariffs; plus

(iv) the Project Owner's share of cumulative Resource Project Incidental Revenue for Tariffs as determined pursuant to Article 22 of the Allocation Agreement,

equals the sum of:

(v) the share of the Project Owner provided for in clause 28.2 of the Agreement of the Project Eligible Pre-Development Costs Amount;

(vi) subject to item (vii), the Project Owner's Working Interest share of cumulative Resource Project Eligible Costs, other than Tariffs;

(vii) with respect to Resource Project Eligible Costs that relate to that portion of the Resource Project related to the PL1001 Southern Ownership Area, the Project Owner's Working Interest share of such cumulative Resource Project Eligible Costs, other than Tariffs;

(viii) the Project Owner's share of cumulative Resource Project Eligible Costs for Tariffs as determined pursuant to Article 22 of the Allocation Agreement;

(ix) solely with respect to Nalcor Oil, the amount allocated to Nalcor Oil pursuant to Section 2.5(A) of the Acquisition Agreement;

(x) cumulative Gross Royalty paid by the Project Owner excepting thereout any amount on account of Gross Royalty paid in kind;

(xi) cumulative Net Royalty paid by the Project Owner excepting thereout any amount on account of Net Royalty paid in kind;

(xii) cumulative Supplementary Royalty Return Allowance to which the Project Owner is entitled;

(xiii) cumulative Resource Project Eligible Marketing Costs paid by the Project Owner;

(xiv) cumulative AA Blocks Additional Royalty paid by the Project Owner, excepting thereout any amount on account of AA Blocks Additional Royalty paid in kind; plus

(xv) cumulative Southern Additional Royalty paid by the Project Owner, excepting thereout any amount on account of Southern Additional Royalty paid in kind; less

(xvi) with respect to each Project Owner-Base, the amount allocated by such Project Owner-Base to Nalcor Oil pursuant to Section 2.5(A) of the Acquisition Agreement."

30. The Agreement is hereby amended by deleting the definition of Supplementary Royalty Return Allowance in Schedule "A" to the Agreement and replacing said definition with the following:

""**Supplementary Royalty Return Allowance**" means, for a Project Owner, for any Month, the product of the Supplementary Royalty Return Allowance Factor and the amount, if any, by which the sum of:

(i) the share of the Project Owner provided for in clause 28.2 of the Agreement of the Project Eligible Pre-Development Costs Amount;

(ii) subject to item (iii), the Project Owner's Working Interest share of cumulative Resource Project Eligible Costs, other than Tariffs;

(iii) with respect to Resource Project Eligible Costs that relate to that portion of the Resource Project related to the PL1001 Southern Ownership Area, the Project Owner's Working Interest share of such cumulative Resource Project Eligible Costs, other than Tariffs;

(iv) the Project Owner's share of cumulative Resource Project Eligible Costs for Tariffs as determined pursuant to Article 22 of the Allocation Agreement;

(v) cumulative Gross Royalty paid by the Project Owner excepting thereout any amount on account of Gross Royalty paid in kind;

(vi) cumulative Net Royalty paid by the Project Owner excepting thereout any amount on account of Net Royalty paid in kind;

(vii) cumulative Supplementary Royalty Return Allowance of the Project Owner to the end of the previous Month;

(viii) cumulative Resource Project Eligible Marketing Costs paid by the Project Owner;

(ix) cumulative AA Blocks Additional Royalty paid by the Project Owner, excepting thereout any amount on account of AA Blocks Additional Royalty paid in kind; plus

(x) cumulative Southern Additional Royalty paid by the Project Owner, excepting thereout any amount on account of Southern Additional Royalty paid in kind

exceeds the sum of:

(xi) cumulative Gross Transfer Revenue of the Project Owner;

(xii) subject to item (xiii), the Project Owner's Working Interest share of cumulative Resource Project Incidental Revenue, other than Tariffs;

(xiii) with respect to Resource Project Incidental Revenue that relates to that portion of the Resource Project related to the PL1001 Southern Ownership Area, the Project Owner's Working Interest share of such cumulative Resource Project Incidental Revenue, other than Tariffs; plus

(xiv) the Project Owner's share of cumulative Resource Project Incidental Revenue for Tariffs as determined pursuant to Article 22 of the Allocation Agreement."

31. The Agreement is hereby amended by deleting the definition of Transfer Price in Schedule "A" to the Agreement and replacing said definition with the following:

""**Transfer Price**" means, in any Month, for a Project Owner, the quotient obtained by dividing the Project Owner's Gross Transfer Revenue for the Month (notwithstanding the provisions of clause 30.17 of the Agreement, excluding any payments

received by the Project Owner during the Month relative to the sale of Hibernia Blend which was not delivered during the Month or a previous Month and, further, excluding any refunds of any such payments) by the volume of Hibernia Blend transferred by or to the account of the Project Owner into marine tankers at the Loading Point (not including any volume of Hibernia Blend taken in kind by the Province in respect of that Project Owner and, further, not including any volume of Hibernia Blend for which the Project Owner received payment in a previous Month and which payment was taken into account for calculation of the Royalty Share of the Project Owner for a previous Month) and the revenue from which has been included in the calculation of Gross Transfer Revenue. In the event that there is no Transfer Price for a Project Owner for any Month then, for the purposes of the Agreement, the Transfer Price for the Project Owner for that Month shall be the Transfer Price for the most recent Month for which a Transfer Price for the Project Owner was established as a result of the sale of Hibernia Blend by the Project Owner."

32. The Agreement is hereby amended by deleting the definition of Wilful and Deliberate Misconduct in Schedule "A" to the Agreement and replacing said definition with the following:

""**Wilful and Deliberate Misconduct**" means deliberate acts or deliberate omissions taken or not taken, as the case may be, by the personnel referred to in item (i) of clause 29.3, knowing and appreciating that such acts or omissions were not in accordance with good oilfield practice but were nevertheless deliberately engaged in or deliberately omitted, with disregard to the consequences of same. For greater certainty, if such personnel fail to obey or comply with any order, directive or other notification which:

(i) is given by a government, government department or agency, the Board or any court, provided in all cases that it is authorized by law to make such order, directive or notification; and

(ii) has been delivered in writing by a person legally empowered and authorized to do so,

then the failure to so obey or comply within a reasonable time thereafter shall constitute Wilful and Deliberate Misconduct; provided, however, that if any such order, direction or notification is made the subject of an appeal, stay or dispute in accordance with applicable law or an injunction, then the reasonable time allowed for compliance shall commence:

(iii) in the case of an order, direction or notification confirmed in full upon conclusion of such appeal, stay, dispute or injunction, then to the extent confirmed, from the time of the original order, direction or notification; or

(iv) in the case of an order, direction or notification varied upon such appeal, stay, dispute or injunction, then to the extent varied, from the time of the decision rendered upon conclusion thereof."

33. The Agreement is hereby amended by deleting the definition of Working Interest in Schedule "A" to the Agreement and replacing said definition with the following:

""**Working Interest**" when used in relation to the Production Licence, the Project, the Resource Project, or the Resource Project Assets, or a portion thereof as provided in this Agreement, means an undivided interest therein which entitles the Person beneficially entitled thereto to a share in the revenues howsoever derived therefrom and is chargeable with and that Person is obligated to pay or bear a corresponding portion of the costs of acquisition, operation and disposition thereof."

34. The Agreement is hereby amended by deleting clause 2.1 in its entirety, and replacing said clause with the following:

"2.1 Definitions

Subject to clause 2.2, the words and phrases used in this Agreement for which definitions are given in Schedule "A" shall have the meanings given thereto in Schedule "A"."

35. The Agreement is hereby amended by deleting clause 2.3 in its entirety.

36. The Agreement is hereby amended by deleting clause 3.2 in its entirety, and replacing said clause with the following:

"3.2 Interpretation of Agreement and Schedules

This Agreement and all of the Schedules to this Agreement constitute one and the entire agreement among the parties hereto and, accordingly, this Agreement and all of the Schedules to this Agreement shall be interpreted and enforced as though the provisions of all of the Schedules to this Agreement were set forth in this Agreement prior to the execution page hereof and without giving paramountcy to the provisions of this Agreement or any of the Schedules to this Agreement over the provisions of the other."

37. The following clause shall be read as having been inserted in the Agreement as clause 4.4:

"4.4 Reference to Project Owners

Any covenant, agreement or definition herein purported to be applicable to the Project Owners which by its terms relates to agreements to which solely the Project Owners-Base are parties or are currently bound, including the Operating Agreement and the Ownership Agreement, or that requires the Project Owners to cause the Resource Project Operator to act, shall be interpreted so as to apply only to the Project Owners-Base and shall not bind Nalcor Oil.

Prior to June 12, 2009, references to the Project Owners shall exclude Nalcor Oil, and after June 12, 2009, references to Project Owners shall only include Nalcor Oil insofar as they relate to the PL1001 Southern Ownership Area."

38. The Agreement is hereby amended by deleting clause 5.2 in its entirety, and replacing said clause with the following:

"5.2 Accounts

All accounts maintained for the purposes of this Agreement by each of a Project Owner, the Resource Project Operator and the Unit Operator shall be maintained in accordance with the provisions of this Agreement and to the extent not inconsistent therewith, with Canadian generally accepted accounting principles and guidelines and with good petroleum industry practices. The Joint Account shall be maintained by the Project Owners-Base in accordance with the provisions of the Ownership Agreement and the Operating Agreement and, to the extent not inconsistent therewith, with Canadian generally accepted accounting principles and good petroleum industry practices. The provisions of this Agreement, the provisions of the Joint Account, Canadian generally accepted accounting principles and guidelines and good petroleum industry practices, to the extent that each is not inconsistent with the preceding, shall be adhered to in the determination and treatment of

costs for the purposes of calculating Gross Transfer Revenue, Net Transfer Revenue, AA Blocks Net Transfer Revenue, and Southern Net Transfer Revenue.

The Resource Project Operator shall implement accounting processes and procedures to ensure segregation of accounts used within the Joint Account for transactions relating to: (i) the exclusive benefit of the PL1001 Non-Unit Area; (ii) shared costs between the PL1001 Non-Unit Area and the Unit Production Areas; and (iii) any other transactions permitted to be charged to the Joint Account pursuant to this Agreement. All area descriptions in this paragraph have the meaning given to them in the Allocation Agreement."

39. The Agreement is hereby amended by deleting clause 5.4 in its entirety, and replacing said clause with the following:

"**5.4 Consistent Application**

The accounting terms, principles, guidelines and practises initially adopted by each of a Project Owner, the Resource Project Operator and the Unit Operator for the purposes of this Agreement shall, subject to the foregoing provisions of this Article, be applied by it on a consistent basis from Period to Period and shall not be changed for the purposes of this Agreement unless agreed to by the Province, such agreement not to be unreasonably withheld."

40. The Agreement is hereby amended by deleting clause 5.5 in its entirety, and replacing said clause with the following:

"**5.5 No Double Counting**

(a) A cost or revenue or part of a cost or revenue that has been claimed, deducted or included by a Project Owner in the calculation of Royalty Share cannot be claimed, deducted or included by another Project Owner in its calculation of Royalty Share under PL1001.

(b) A cost or revenue or part of a cost or revenue that has been claimed, deducted or included by a Project Owner under this Agreement in the calculation of Royalty Share cannot be claimed, deducted or included by that Project Owner or an owner in another production licence(s) issued by the Board in the Offshore Area in the calculation of royalty share under such licence(s).

(c) A cost or revenue or part of a cost or revenue that has been claimed, deducted or included by an interest holder in the calculation of its royalty share in a production licence issued by the Board in the Offshore Area other than PL1001 shall not be claimed, deducted or included by any Project Owner in a calculation of Royalty Share under PL1001.

(d) An Actual Cash Payment may constitute one, but not more than one, of (i) a Resource Project Eligible Cost, (ii) a Resource Project Eligible Marketing Cost, (iii) an Eligible Transportation Cost or (iv) a deduction in calculating Gross Transfer Revenue. A revenue item may constitute one, but not more than one, of: (i) a Resource Project Incidental Revenue or (ii) a Gross Sales Revenue."

41. The Agreement is hereby amended by deleting clause 6.2 in its entirety, and replacing said clause with the following:

"6.2 Consistent Treatment

Notwithstanding the provisions of clause 6.1, the Province shall, in similar circumstances, afford similar treatment to each Project Owner and Licensee to that afforded another Project Owner or Licensee, as the case may be. In the event that a Project Owner or Licensee disagrees with the Province's determination of similar circumstances or similar treatment, the Project Owner or Licensee, as the case may be, may submit the disagreement to arbitration by notice to the Province. Each of the Project Owners and Licensees agrees that, for the purposes of any such arbitration and notwithstanding clause 26.14, the Province may disclose to the arbitrators and to each Project Owner and Licensee who is a party to the arbitration any information received from any Project Owner or Licensee that is relevant to the Province's position with respect to the determination of similar circumstances or similar treatment pursuant to the arbitration.

Notwithstanding the foregoing or any other provision of this Agreement, the Province and Nalcor Oil may enter into an agreement in relation to Nalcor Oil's liability to make payments to the Province under this Agreement. If such an agreement is entered into, no other Project Owner or Licensee shall be liable to the Province for any portion of the Royalty Share which, absent such agreement, would have been payable by Nalcor Oil under this Agreement."

42. The Agreement is hereby amended by deleting clause 6.3 in its entirety, and replacing said clause with the following:

"6.3 Independent Interpretation

It is the intention and agreement of all parties hereto that, with the exception of references to the Allocation Agreement, this Agreement is to be interpreted and enforced without reference to the provisions of any other agreement or document with respect to the Project made by, between or among any one or more of the parties hereto, Canada and others, including the Framework Agreement, the other Project Agreements and any other agreements contemplated by the Framework Agreement, except as otherwise expressly provided for or otherwise referenced herein. None of the provisions stated in the Framework Agreement to apply to this Agreement as one of the Project Agreements shall apply to or be considered as part of this Agreement or shall affect or be considered in the construction or interpretation of this Agreement except, and only to the extent, expressly set forth in this Agreement. None of the provisions of the Framework Agreement which would limit the recourse of the Province against any of the parties hereto and any of the partners of the parties hereto shall apply to the relationship amongst the parties hereto or form part of this Agreement. None of the provisions of the Framework Agreement which would if consideration was given thereto affect, alter or change the construction or interpretation which would otherwise be given to the provisions of this Agreement shall affect or be considered in the construction or interpretation of this Agreement except, and only to the extent, expressly set forth in this Agreement."

43. The Agreement is hereby amended by deleting clause 10.1 in its entirety, and replacing said clause with the following:

"10.1 Activities of Operators

With the exception of infrequent or non-routine activities, the Project Owners-Base shall cause the Resource Project Operator not to have any business or activities which do not relate to the Resource Project.

Notwithstanding the foregoing, the Project Owners-Base may cause the Resource Project Operator to perform the activities necessary to explore, develop, process and produce Hibernia Blend from PL1001, PL1005 and EL1093."

44. The Agreement is hereby amended by deleting clause 10.2 in its entirety, and replacing said clause with the following:

"10.2 [THIS CLAUSE INTENTIONALLY DELETED.]"

45. The Agreement is hereby amended by deleting clause 10.3 in its entirety, and replacing said clause with the following:

"10.3 Change of Operators

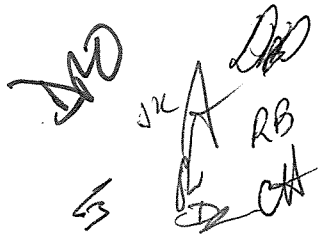
The Project Owners-Base shall give the Province thirty (30) days advance notice of the effective date of the resignation or replacement of the Resource Project Operator and such information relative to the new Resource Project Operator as the Project Owners-Base consider the Province should require and such other information with respect to the resignation or replacement as the Province may reasonably request."

46. The Agreement is hereby amended by deleting clause 10.4 in its entirety, and replacing said clause with the following:

"10.4 Compliance with Agreement by Resource Project Operator

Contemporaneously with the execution of this Agreement, the Province and the Resource Project Operator have entered into an Operator's Acknowledgement Agreement. In the event that, and forthwith upon, a Person other than Hibernia Management and Development Company Ltd. being appointed Resource Project Operator, the Project Owners shall, if they are parties, and, in any event, shall cause such Person to, execute and deliver to the Province an Operator's Agreement, in the event that such Person has been granted a Security Interest in the Production Licence or the Charged Premises of a Project Owner-Base, or an Operator's Acknowledgement Agreement, in the event such Person has not been granted such a Security Interest, and the Province shall execute and deliver to the other parties thereto such agreement. The Project Owners-Base shall cause each Person being a Resource Project Operator to comply with the provisions of the Operator's Agreement or Operator's Acknowledgement Agreement to which it is a party."

47. The Agreement is hereby amended by deleting clause 10.5 in its entirety.



48. The Agreement is hereby amended by deleting clause 13.1 in its entirety, and replacing said clause with the following:

"13.1 Security

As security for the due payment of the Royalty Share payable by a Project Owner to the Province at the times and in the manner specified in this Agreement, such Project Owner does hereby grant, convey, assign, mortgage, charge, pledge and hypothecate to and in favour of the Province, as and by way of a first, fixed and specific mortgage, charge, pledge, hypothec and security interest, such Project Owner's entire right, title, estate and interest, whether now owned or hereafter acquired by it in any manner, in, to, under, or in respect of, and all benefit and advantage accruing to such Project Owner from:

(i) such Project Owner's share (undivided and divided) of all Hibernia Crude; and

(ii) all monies and proceeds which may at any time and from time to time be due, owing or payable to such Project Owner after the date of this Agreement from or in respect of (a) such Project Owner's share (undivided and divided) of all Hibernia Crude and of any agreements now in effect or hereafter entered into by such Project Owner relating to the sale, use or other disposition of such Project Owner's share (undivided and divided) of all Hibernia Crude, and (b) the sale, assignment (other than by way of security only), transfer or other disposition, in whole or in part, of the Working Interest of such Project Owner in the Production Licence.

The first, fixed and specific mortgage, charge, pledge, hypothec and security interest created or intended to be created herein by the Grantors (as defined in clause 13.4) to and in favour of the Province is herein referred to as the "Security". The property, assets, rights and things which are or are intended to be subject to the Security are herein referred to as the "Charged Premises".

In connection with the Security created by each Project Owner, the Licensee, which is a partner of each such Project Owner, hereby represents and warrants to the Province that:

(a) it is a general partner of such Project Owner;

(b) it has no beneficial interest in any of the Charged Premises, except to the extent that it may have such a beneficial interest in its capacity as a general partner of such Project Owner; and

(c) all interest of the Licensee in the Production Licence which is held by it in its capacity as a holder of the Production Licence is held for and on behalf of such Project Owner.

The Licensee hereby acknowledges that the Province is relying on the foregoing representation and warranty. The Licensee hereby further acknowledges the Security created by the Project Owner and agrees to execute, on behalf of the Project Owner such instruments in registrable form as may be necessary to assure to the Province a valid first and specific charge on the Charged Premises.

Notwithstanding anything contained in this Article, the Province acknowledges and agrees that the Security shall include, in respect of the Production Licence, only the proceeds of disposition of all or a part of the Working Interest therein but shall not include any charge upon or interest in the Production Licence itself nor any of the rights created therein. In addition the Security shall not include any interest in any proceeds resulting from

a grant of a Security Interest for the purpose of securing any indebtedness or liability of a Project Owner or Licensee."

49. The Agreement is hereby amended by deleting clause 13.14 in its entirety, and replacing said clause with the following:

"13.14 Use by Province of Shuttle Tankers and Temporary Replacement Tankers to Effect Security

In the event that the Province is enforcing its Security as provided for in this Article 13 with respect to a Project Owner in default in payment of its Royalty Share, the Province may give notice in writing to the Project Owners that it wishes to be advised as to the next lifting scheduled for that defaulting Project Owner pursuant to the Project Owners' Lifting Agreement. The Project Owners will advise the Province of the date the next lifting is scheduled in respect of that Project Owner and shall make available to the Province as soon as is reasonably possible the use of a Shuttle Tanker or a Temporary Replacement Tanker provided such defaulting Project Owner had arranged the use of such tanker for such lifting. If there is not then available, and the defaulting Project Owner had not arranged or was not entitled to, the use of such tanker then the Province shall arrange its own transportation or, if the Province so requests, the remaining Project Owners will cooperate and coordinate with the Province the use of such tanker for the subsequently scheduled lifting of the defaulting Project Owner. In the event that the Project Owners are required to provide the use of a Shuttle Tanker or a Temporary Replacement Tanker, they shall utilize their capacity to tranship such Crude Oil through the Whiffen Head Transshipment Terminal. The use of such tanker and the Whiffen Head Transshipment Terminal by the Province in these circumstances will be in accordance with the terms of Article XXII of this Agreement. In addition, the Province acknowledges and agrees that in the event the other Project Owners assist and cooperate with the Province in the use of such tanker and the Whiffen Head Transshipment Terminal as a result of any such request by the Province, the Province will indemnify and save such Project Owners harmless of and from any reasonable liabilities, costs or expenses resulting from the use by the Province of such tanker and the Whiffen Head Transshipment Terminal incurred by them in doing so, provided, however, the costs for use of such tanker and the Whiffen Head Transshipment Terminal shall be in accordance with Article XXII."

50. The Agreement is hereby amended by deleting clause 14.1 in its entirety, and replacing said clause with the following:

"14.1 Ownership and Operating Agreements

Contemporaneously with the execution of this Agreement by the Province, the Project Owners have delivered to the Province originally executed copies or notarially certified copies of the entire Operating Agreement and the entire Ownership Agreement on the date hereof. The Project Owners-Base shall deliver to the Province originally executed copies or notarially certified copies of all agreements and other documents which amend, replace or alter howsoever the provisions of the Operating Agreement or the Ownership Agreement or the rights or obligations under such agreements of the Persons bound or affected thereby. This clause shall not require the Project Owners-Base to deliver to the Province any agreements or documents which are contemplated by, which implement, which give effect to or which allow for or reflect the occurrence or performance of matters provided for in the Operating Agreement or the Ownership Agreement and which do not amend, replace or alter the provisions of the Operating Agreement or the Ownership Agreement."

51. The Agreement is hereby amended by deleting clause 15.2 in its entirety, and replacing said clause with the following:

"15.2 Replacement of Joint Account

The Project Owners-Base acknowledge that the existence of the Joint Account and the standards, procedures, rules and review provided for with respect thereto provide safeguards essential to the Province for administration of the royalties to be paid to the Province pursuant to this Agreement. Further, the Project Owners-Base acknowledge that were all of the Working Interests in the Production Licence to be held by one Project Owner or one other Person only, that the safeguards provided to the Province by the Joint Account would be eliminated. In the event that all Working Interests in the Production Licence are transferred or otherwise conveyed howsoever to one Project Owner or one Person, then, until the Province and the Project Owner or Person who owns all of the Working Interests in the Production Licence have agreed, either by discussion or by arbitration, to provisions to replace the Joint Account, this Agreement shall be amended by substituting for the words contained in item (c) of clause 29.1 the words: "it is the lesser of the actual cost or fair market value; and". Either the Province or the Project Owner or Person who owns all of the Working Interests in the Production Licence may by notice to the other initiate discussions relative to provisions to replace the Joint Account and, in the event that such discussions are unsuccessful, either the Province or such Project Owner or Person may submit to arbitration the determination of the provisions which will replace item (c) of clause 29.1 and the definition of Joint Account and other provisions of this Agreement affected thereby and this Agreement shall be amended as decided by such arbitration or as otherwise agreed by the Province and such Project Owner or Person. For the purposes of this clause a Project Owner and all Affiliates of the Project Owner shall be regarded as one Project Owner and a Person and all Affiliates of that Person shall be regarded as one Person."

52. The Agreement is hereby amended by deleting clause 15.3 in its entirety, and replacing said clause with the following:

"15.3 Compliance by Operators

The Project Owners-Base shall, and shall cause the Resource Project Operator to, abide by and fully perform the provisions of the Ownership Agreement and of the Operating Agreement relative to the Joint Account that are set forth in clause 15.1."

53. The Agreement is hereby amended by deleting clause 16.1 in its entirety, and replacing said clause with the following:

"16.1 Working Interests in the Resource Project

(A) The Working Interests in the Production Licence, Resource Project, and Resource Project Assets, excluding that part of the Production Licence, Resource Project, and Resource Project Assets referred to in subclause 16.1(B), are:

ExxonMobil Canada Properties	28.125%
Chevron Partnership	26.875%
Petro-Canada Partnership	20.000%

Canada Hibernia Holding Corporation	8.5%
Murphy Atlantic Offshore Oil Company Ltd.	6.5%
ExxonMobil Canada Hibernia Company Ltd.	5%
Statoil Canada Ltd.	5%

(B) The Working Interests in that part of the Production Licence, Resource Project, and Resource Project Assets related to the PL1001 Southern Ownership Area are:

ExxonMobil Canada Properties	25.3125%
Chevron Partnership	24.1875%
Petro-Canada Partnership	18%
Nalcor Oil	10%
Canada Hibernia Holding Corporation	7.65%
Murphy Atlantic Offshore Oil Company Ltd.	5.85%
ExxonMobil Canada Hibernia Company Ltd.	4.5%
Statoil Canada Ltd.	4.5%"

54. The Agreement is hereby amended by deleting clause 16.2 in its entirety, and replacing said clause with the following:

"**16.2 Consistent Working Interest**

A Project Owner shall not have a Working Interest in a portion of the Production Licence which is different from the Working Interest of that Project Owner in the corresponding portion of the Resource Project without the prior written consent of the Province."

55. The Agreement is hereby amended by deleting clause 16.3(c) in its entirety, and replacing said clause with the following:

"(c) Each Project Owner-Base, as to itself only, severally covenants with the Province that if and for so long as any portion of the Royalty Share then due and payable by any Project Owner-Base to the Province pursuant to this Agreement remains unpaid, it shall not permit any Person to become a party to the Operating Agreement or the Ownership Agreement as a Successor to all or any part of the Working Interest of such Project Owner-Base."

56. The Agreement is hereby amended by deleting clause 16.8(a) in its entirety, and replacing said clause with the following:

"(a) Each: (i) Project Owner and each Licensee, as to itself only, severally covenants and agrees with the Province that it shall not, by agreement with any Person, create any Security Interest constituting a fixed charge, a specific assignment or a floating charge in, upon or with respect to any portion of its Working Interest in the Production Licence or with respect to any portion of its interest in the Charged Premises or any other Security Interest whatsoever which pursuant to the powers

contained within the terms of such other Security Interest permits the holder of such Security Interest to take possession of or acquire title to, seize or sell, any of such Working Interest or interests unless the Project Owner or Licensee granting such Security Interest and the Person to whom such Security Interest has been granted shall, prior thereto, have executed a Security Holder Agreement; and (ii) Project Owner-Base and each Licensee, as to itself only, severally covenants and agrees with the Province that it shall not permit the holder of such Security Interest or any third party acquiring at the direction of such holder to become a party to the Operating Agreement or the Ownership Agreement unless a Novation Agreement shall have been executed, in respect of the Working Interest acquired by such Person, by such Person and the other Persons then party to this Agreement (except the Grantor of such Security Interest) contemporaneously with execution of any agreement by which any such Person becomes a party to the Operating Agreement or the Ownership Agreement."

57. The Agreement is hereby amended by deleting clause 16.8(b) in its entirety, and replacing said clause with the following:

"(b) The restrictions contained in clause 16.8(a) above shall not apply with respect to a floating charge created by a Project Owner or Licensee which applies to the assets, properties and undertaking of such Project Owner or Licensee generally or is not restricted in its application, or which does not only have application to the Project, or any Resource Project Assets included therein provided the Project Owner and Licensee shall not restructure or rearrange their affairs for the purpose of falling within the exception herein. The restriction contained in clause 16.8(a) above shall also not apply with respect to any Security Interest granted by any Project Owner or Licensee (i) to Canada, or (ii) to, provided such Security Interest has been subordinated to any Security Interest granted herein to the Province, any other Project Owner or Licensee or Person holding such Security Interest for the benefit of such other Project Owner or Licensee or any of such other Project Owners or Licensees."

58. The Agreement is hereby amended by deleting clause 16.9(b) in its entirety, and replacing said clause with the following:

"(b) Each Project Owner and each Licensee covenants and agrees with the Province that:

(i) it shall not create or suffer to exist any lien, charge or any other Security Interest (in this clause a "**Lien**") in favour of a Tariff Administrator, Unit Operator, Service Provider, or any Person acting in a similar capacity under the Tariff Agreement, the Unit Operating Agreement or the FOSA on or with respect to its Working Interest in the Production Licence, whichever shall apply, or its interest, if any, on any of the Charged Premises unless it, together with the Person to whom such Lien has been granted or in whose favour such Lien exists, as the case may be, shall, prior thereto, have executed a Security Holder Agreement;

(ii) Each Project Owner and each Licensee, as to itself only, severally covenants and agrees with the Province that upon:

(A) realization on any Lien which results in an assignment or transfer of, or vesting of title to, all or any part of a Working Interest in the

Resource Project or the Licences to which a Project Owner or Licensee was entitled;

(B) payment of the Royalty Share then due and payable as required by this Agreement; and

(C) such holder of the Lien, or a third party acquiring at the direction of such holder (and which has been approved by the Project Owners as required by the Ownership Agreement), becoming a party to the Ownership Agreement, as the assignee with respect to such Working Interest in the Resource Project or interest in the Licences transferred, contemporaneously with execution of a Novation Agreement,

it shall execute such Novation Agreement."

59. The Agreement is hereby amended by deleting clause 16.9(c) in its entirety, and replacing said clause with the following:

"(c) Each Project Owner and each Licensee covenants and agrees with the Province that:

(i) (A) its claim for payment by any other Project Owner or any other Licensee out of any of the Charged Premises or proceeds therefrom or thereof; and

(B) any Security Interest granted to it by any other Project Owner or other Licensee on any of the Charged Premises and its rights thereunder;

are hereby expressly subordinated and postponed to the Security Interest granted to the Province hereunder, the Province's entitlement to payment by such other Project Owner or Licensee of the Royalty Share out of any of the Charged Premises or any proceeds thereof or therefrom and the Province's rights under Articles XIII and XXII;

(ii) if it shall receive any payment in respect of such Security Interest before the Province receives payment of the Royalty Share as aforesaid, such payment shall be received and held in trust by such Project Owner or Licensee, as the case may be, and shall be forthwith paid over to the Province to the extent necessary to pay such Royalty Share; and

(iii) it hereby postpones all rights of subrogation which it may acquire in respect of any Security Interest granted to the Province herein or the provisions of Article XIII or Article XXII as a result of payments received by the Province from or instead of the security holder on account of the provisions herein, to payment of such Royalty Share."

60. The following clause shall be read as having been inserted in the Agreement as clause 16.9(d):

"(d) The Province acknowledges that to the extent a Project Owner or Licensee makes any payment to the Province of any Royalty Share payable by any other Project Owner or Licensee, such Project Owner or Licensee making the payment shall be subrogated to the Security Interest granted to the Province by such other Project Owner or Licensee; provided

however, such subrogated rights shall at all times be postponed as provided in clause 16.9(c)(iii)."

61. The following clause shall be read as having been inserted in the Agreement as clause 16.9A:

"16.9A Novation of Allocation Agreement

Any Novation Agreement pursuant to this Article 16 shall not be of any force or effect unless and until such Novation Agreement includes an assignment and novation of that Project Owner's or Licensee's obligations pursuant to the Allocation Agreement in respect of the interest conveyed pursuant to such Novation Agreement."

62. The Agreement is hereby amended by deleting clause 16.10 in its entirety, and replacing said clause with the following:

"16.10 Successors

Upon a Successor becoming bound by this Agreement and the Allocation Agreement with respect to a Sold Interest, the Successor shall be entitled to all of the benefits and be subject to all of the burdens of this Agreement and the Allocation Agreement and shall be deemed for all purposes of this Agreement to have incurred a portion of:

(i) Project Eligible Pre-Development Costs Amount; and

(ii) Resource Project Eligible Costs;

and to have received a portion of:

(iii) cumulative Gross Transfer Revenue;

(iv) cumulative Resource Project Incidental Revenue;

and to have paid a portion of:

(v) cumulative Gross Royalty paid by the Project Owner excepting thereout any amount on account of Gross Royalty paid in kind;

(vi) cumulative Net Royalty paid by the Project Owner excepting thereout any amount on account of Net Royalty paid in kind;

(vii) cumulative AA Blocks Additional Royalty paid by the Project Owner excepting thereout any amount on account of AA Blocks Additional Royalty paid in kind; and

(viii) cumulative Southern Additional Royalty paid by the Project Owner excepting thereout any amount on account of Southern Additional Royalty paid in kind

incurred, received or paid, as the case may be, by the Predecessor prior to the effective time of the transfer of the Sold Interest by the Predecessor to the Successor equivalent to the portion of the Working Interest in the Project and the Production Licence of the Predecessor that the Successor acquired from the Predecessor. The Successor's position with respect to Net Royalty Payout and Supplementary Royalty Payout shall be calculated on the basis of the costs and revenues which this clause deems the Successor to have incurred and received in accordance with this Agreement including, without restricting the generality of the foregoing, uplifts pursuant to clauses 30.6, 30.7 and Schedule E of the Allocation Agreement, Net Royalty Return Allowance and Supplementary Royalty Return

Allowance. For the purposes of calculations made pursuant to this clause, the Successor shall be entitled to the same benefits and obligations pursuant to clause 30.3 as was the Predecessor. The Successor shall be in the same position with respect to an Eligible Transportation Costs Deduction-PL1001, and the components thereof, and the portion of the interest in the Project and the Production Licence acquired by the Successor from the Predecessor as the Predecessor would have been had the Successor not acquired such interest from the Predecessor.

The provisions of clause 16.10 shall not apply to the sale by the Project Owners of a ten per cent (10%) Working Interest in PL1001 Southern Ownership Area to Nalcor Oil, excepting only that Nalcor Oil has acquired a portion of each Project Owner's Supplementary Royalty Payout balance relating to the PL1001 Southern Ownership Area pursuant to the Acquisition Agreement."

63. The Agreement is hereby amended by deleting clause 16.13 in its entirety, and replacing said clause with the following:

"16.13 Treatment of Sale Consideration

The consideration paid by a Successor for the Sold Interest shall not be a Resource Project Eligible Cost or an Eligible Transportation Cost and shall not form part of Gross Transfer Revenue, Resource Project Incidental Revenue or otherwise enter into any calculation made pursuant to this Agreement."

64. The Agreement is hereby amended by deleting clause 16.14 in its entirety, and replacing said clause with the following:

"16.14 Limitation on Marketing Costs

In the event, and upon, a Person other than a party to this Agreement becoming entitled to a Working Interest in the Project or the Production Licence, then each cost of that Person which would otherwise be a Resource Project Eligible Marketing Cost shall not qualify as a Resource Project Eligible Marketing Cost, a Resource Project Eligible Cost or an Eligible Transportation Cost, unless the Province agrees thereto."

65. The Agreement is hereby amended by deleting clause 17.2 in its entirety, and replacing said clause with the following:

"17.2 Natural Gas Consumed

Any Natural Gas produced pursuant to PL1001, PL1005 or EL1093 that is reinjected, consumed, flared or lost within the Project, the Resource Project-PL1005, or the Resource Project-EL1093, shall be exempt from royalties under this Agreement."

66. The Agreement is hereby amended by deleting clause 17.3 in its entirety, and replacing said clause with the following:

"17.3 Natural Gas Royalty

The Project Owners, or any of them, shall not sell or use for any purpose (other than as contemplated in clause 17.2) outside the Project any Petroleum produced pursuant to the Production Licence other than Hibernia Crude until a royalty relative thereto has been provided for under the Newfoundland Petroleum and Natural Gas Act. Any cost incurred by

the Project Owners, or any of them, relative to the construction, purchase, leasing or other acquisition or operation by the Resource Project of any facilities primarily for the exploration for or production, preparation for transport, storage, loading, off-loading, environmental protection or studies in relation thereto of Petroleum other than Hibernia Crude or Solution Gas shall not be a Resource Project Eligible Cost, an Eligible Transportation Cost, or a deduction in the calculation of Gross Transfer Revenue or Sale Price unless the Province agrees thereto in writing. For greater certainty, this provision shall also apply to any gas from PL1005 and EL1093 that has been reinjected or otherwise stored on the lands that are the subject of PL1001."

67. The Agreement is hereby amended by deleting clause 17.4 in its entirety, and replacing said clause with the following:

"**17.4 Processing and Storage**

Prior to any Resource Project Assets being used to process or store petroleum which is not produced pursuant to the Production Licence, the Project Owners shall give the Province reasonable written notice and full particulars of their intentions in this regard and thereafter the Project Owners shall not use any Resource Project Assets to process or store petroleum which is not produced pursuant to the Production Licence unless the Project Owners and the Province agree as to the manner in which the revenues from such processing or storage are to be taken into account for the purposes of this Agreement. A cost incurred by the Project Owners, or any of them, relative to the construction, purchase, leasing or other acquisition or operation by the Resource Project of any facilities relative to the processing or storage of petroleum which is not produced pursuant to the Production Licence shall not be a Resource Project Eligible Cost, an Eligible Transportation Cost or a deduction in the calculation of Gross Transfer Revenue or Sale Price unless the Province agrees thereto in writing."

68. The Agreement is hereby amended by deleting clause 17.5 in its entirety.

69. The Agreement is hereby amended by deleting clause 17.6 in its entirety.

70. The Agreement is hereby amended by deleting clause 18.1 in its entirety, and replacing said clause with the following:

"**18.1 Grant of Royalties**

For and in consideration of the valuable consideration expressed for this Agreement generally, each Project Owner and, where the Project Owner is a partnership, the Licensee (to the extent of the Licensee's interest, if any, in the Production Licence) which is an Affiliate of that Project Owner, hereby conveys, grants, reserves, bargains, sells, assigns, transfers and sets over unto the Province, and the successors and assigns of the Province, all of the right, title, estate, interest, benefit, property, claim and demand of the Project Owner and, if any, such Licensee, whatsoever, both at law and in equity, of, in and to the Gross Royalty, the Net Royalty, the Supplementary Royalty, the AA Blocks Additional Royalty and the Southern Additional Royalty provided for, and as set forth, in this Agreement, the Gross Royalty, Net Royalty, Supplementary Royalty, AA Blocks Additional Royalty and Southern Additional Royalty being free and clear of all encumbrances whatsoever (except any as may be in favour of Canada) created by, through or under such Project Owner and, where the Project Owner is a partnership, the partners of such Project Owner and the Licensee which is an Affiliate of such Project Owner."

71. The Agreement is hereby amended by deleting clause 18.2 in its entirety, and replacing said clause with the following:

"**18.2 Generally**

The royalty structure for Hibernia Crude is comprised of a Gross Royalty, a Net Royalty, a Supplementary Royalty, an AA Blocks Additional Royalty and a Southern Additional Royalty."

72. The Agreement is hereby amended by deleting clause 18.3 in its entirety, and replacing said clause with the following:

"**18.3 Separate Liability for Royalty**

Each Project Owner is separately responsible and liable for the calculation and payment to the Province of all Gross Royalty, Net Royalty, Supplementary Royalty, AA Blocks Additional Royalty and Southern Additional Royalty payable to the Province by that Project Owner pursuant to this Agreement."

73. The Agreement is hereby amended by deleting clause 18.4 in its entirety, and replacing said clause with the following:

"**18.4 Separate Determinations by Project Owners**

Each Project Owner shall separately determine its Gross Transfer Revenue, AA Blocks Net Transfer Revenue, Southern Net Transfer Revenue, Resource Project Eligible Marketing Costs, Net Royalty Payout and Supplementary Royalty Payout."

74. The Agreement is hereby amended by deleting clause 18.5 in its entirety, and replacing said clause with the following:

"**18.5 Risk in Transport**

The amount of the Royalty Share payable by a Project Owner shall not be reduced on account of any Hibernia Crude owned by the Project Owner which is lost in transit of Hibernia Blend. Gross Royalty, Net Royalty, Supplementary Royalty, AA Blocks Additional Royalty and Southern Additional Royalty payable with respect to any Hibernia Crude transferred by or to the account of a Project Owner into marine tankers at the Loading Point shall not be diminished or affected in the event that all or any part of such Hibernia Crude is lost or damaged prior to reaching the Sale Point. In the event that part, but not all, of the Hibernia Crude transferred by or to the account of a Project Owner into a marine tanker at the Loading Point is lost prior to reaching the Sale Point, the Sale Price for the lost Hibernia Crude shall be the same as for the Hibernia Crude which does reach the Sale Point in an undamaged state. In the event that all of the Hibernia Crude transferred by or to the account of a Project Owner into a marine tanker at the Loading Point does not reach the Sale Point, the Gross Transfer Revenue for such Hibernia Crude shall be the Project Owner's most recent Transfer Price multiplied by the volume of Hibernia Crude transferred by or to the account of that Project Owner at the Loading Point and which was subsequently lost. Notwithstanding any of the provisions of this clause, the Project Owners shall not be required to assume the risk of, and royalty hereunder shall not be payable on, any Hibernia Crude lost due to shrinkage in transit."

75. The Agreement is hereby amended by deleting clause 20.5 in its entirety, and replacing said clause with the following:

"20.5 Net Royalty Surplus

If, at the end of any Month during a Period, cumulative Net Royalty paid for the Period by a Project Owner exceeds cumulative Net Royalty payable for the Period by the Project Owner, then the amount of such excess shall be applied by the Project Owner as a credit against cumulative Gross Royalty, Supplementary Royalty, AA Blocks Additional Royalty and Southern Additional Royalty then payable by the Project Owner or thereafter payable by the Project Owner to the end of the Period. Any such excess existing at the end of the Period shall be paid in cash by the Province to the Project Owner in accordance with clause 24.7."

76. The Agreement is hereby amended by deleting clause 20.7 in its entirety, and replacing said clause with the following:

"20.7 Excess Eligible Costs

If, in any Period after Net Royalty Payout, the sum of:

(i) the Gross Transfer Revenue of a Project Owner received during the Period; plus

(ii) subject to item (iii), the Project Owner's Working Interest share of Resource Project Incidental Revenue received during the Period, other than Tariffs; plus

(iii) with respect to Resource Project Incidental Revenue that relates to that portion of the Resource Project related to the PL1001 Southern Ownership Area, the Project Owner's Working Interest share of such cumulative Resource Project Incidental Revenue, other than Tariffs, plus

(iv) the Project Owner's share of Resource Project Incidental Revenue during the Period for Tariffs as determined pursuant to Article 22 of the Allocation Agreement; plus

(v) the In-Kind Value for the Project Owner for the Period,

is exceeded by:

(vi) subject to item (vii), the Project Owner's Working Interest share of Resource Project Eligible Costs paid during the Period, other than Tariffs;

(vii) with respect to Resource Project Eligible Costs that relate to that portion of the Resource Project related to the PL1001 Southern Ownership Area, the Project Owner's Working Interest share of such cumulative Resource Project Eligible Costs, other than Tariffs;

(viii) the Project Owner's share of Resource Project Eligible Costs paid during the Period for Tariffs as determined pursuant to Article 22 of the Allocation Agreement; plus

(ix) the Resource Project Eligible Marketing Costs paid by the Project Owner during the Period,

the amount of the excess shall be carried forward as a Resource Project Eligible Cost to the following Period, without increase pursuant to any of clauses 30.6 or 30.7 and without

increase for uplifts pursuant to Schedule E of the Allocation Agreement but shall not be carried back to any preceding Period."

77. The Agreement is hereby amended by deleting clause 21.5 in its entirety, and replacing said clause with the following:

"21.5 Supplementary Royalty Surplus

If, at the end of any calendar month during a Period, cumulative Supplementary Royalty paid for the Period by a Project Owner exceeds cumulative Supplementary Royalty payable for the Period by the Project Owner, then the amount of such excess shall be applied by the Project Owner as a credit against cumulative Gross Royalty, Net Royalty, AA Blocks Additional Royalty and Southern Additional Royalty then payable by the Project Owner or thereafter payable by the Project Owner to the end of the Period. Any such excess existing at the end of the Period shall be paid in cash by the Province to the Project Owner in accordance with clause 24.7."

78. The Agreement is hereby amended by deleting clause 21A.5 in its entirety, and replacing said clause with the following:

"21A.5 AA Blocks Additional Royalty Surplus

If, at the end of any calendar month during a Period, cumulative AA Blocks Additional Royalty paid for the Period by a Project Owner exceeds cumulative AA Blocks Additional Royalty payable for the Period by the Project Owner, then the amount of such excess shall be applied by the Project Owner as a credit against cumulative Gross Royalty, Net Royalty, Supplementary Royalty and Southern Additional Royalty then payable by the Project Owner or thereafter payable by the Project Owner to the end of the Period. Any such excess existing at the end of the Period shall be paid in cash by the Province to the Project Owner in accordance with clause 24.7."

79. The following Article shall be read as having been inserted in the Agreement as a new Article XXI(B) immediately following Article XXI(A):

"ARTICLE XXI(B): SOUTHERN ADDITIONAL ROYALTY

21B.1 Southern Additional Royalty Term

Southern Additional Royalty commences to be payable by a Project Owner pursuant to this Agreement at the beginning of the Month in which Net Royalty Payout occurs for the Project Owner. No Southern Additional Royalty is payable in respect of any Month prior to the Month in which Net Royalty Payout occurs.

21B.2 Annual Southern Area Additional Royalty Amount

The Southern Additional Royalty payable by a Project Owner with respect to a Period is a share of the Hibernia Crude transferred by or to the account of the Project Owner into marine tankers at the Loading Point (which includes any Hibernia Crude taken in kind by the Province in respect of that Project Owner during that Period) which was subject to Southern Additional Royalty, with a value equal to the sum of the Southern Additional Royalty payable for each Month of that Period. Southern Additional Royalty payable for each Month of that Period is calculated as follows:

(a) prior to the Project Owner achieving Supplementary Royalty Payout:

(i) seven and one half per cent (7.5%) of the Southern Net Transfer Revenue of the Project Owner for that Month if the arithmetic average of the WTI Price for that Month is greater than or equal to US $50 (not adjusted for inflation) but less than US $70 (not adjusted for inflation); or

(ii) twelve and one half per cent (12.5%) of the Southern Net Transfer Revenue of the Project Owner for that Month if the arithmetic average of the WTI Price for that Month is greater than or equal to US $70 (not adjusted for inflation); and

(b) upon the Project Owner achieving Supplementary Royalty Payout, seven and one half per cent (7.5%) of the Southern Net Transfer Revenue of the Project Owner for that Month if the arithmetic average of the WTI Price for that Month is greater than or equal to US $50 (not adjusted for inflation).

21B.3 Monthly Calculation

For the purposes of calculating the amount of Southern Additional Royalty payable by a Project Owner pursuant to clause 21B.2 in respect of any Month of a Period, the Southern Additional Royalty payable by a Project Owner shall be calculated with respect to each Month using the Southern Net Transfer Revenue from the beginning of that particular Month to the end of that particular Month of the Period. The Southern Additional Royalty payable by a Project Owner at the end of a particular Month of a Period shall be:

(a) prior to the Project Owner achieving Supplementary Royalty Payout:

(i) seven and one half per cent (7.5%) of the Southern Net Transfer Revenue of the Project Owner for that Month if the arithmetic average of the WTI Price for that Month is greater than or equal to US $50 (not adjusted for inflation) but less than US $70 (not adjusted for inflation); or

(ii) twelve and one half per cent (12.5%) of the Southern Net Transfer Revenue of the Project Owner for that Month if the arithmetic average of the WTI Price for that Month is greater than or equal to US $70 (not adjusted for inflation); and

(b) upon the Project Owner achieving Supplementary Royalty Payout, seven and one half per cent (7.5%) of the Southern Net Transfer Revenue of the Project Owner for that Month if the arithmetic average of the WTI Price for that Month is greater than or equal to US $50 (not adjusted for inflation).

21B.4 Deduction of Gross Royalty

If, after Supplementary Royalty Payout, with respect to any Period or with respect to a portion of a Period from the start of that Period to the end of any Month of that Period, no Net Royalty is payable, then the Gross Royalty paid by a Project Owner with respect to that Period shall be deducted from the Net Transfer Revenue of the Project Owner for that Period for purposes of calculating the Southern Additional Royalty payable by the Project Owner with respect to that Period.

21B.5 Southern Additional Royalty Surplus

If, at the end of any calendar month during a Period, cumulative Southern Additional Royalty paid for the Period by a Project Owner exceeds cumulative Southern Additional Royalty payable for the Period by the Project Owner, then the amount of such excess shall be applied by the Project Owner as a credit against cumulative Gross Royalty, Net Royalty, Supplementary Royalty and AA Blocks Additional Royalty then payable by the Project Owner or thereafter payable by the Project Owner to the end of the Period. Any such excess existing at the end of the Period shall be paid in cash by the Province to the Project Owner in accordance with clause 24.7."

80. The Agreement is hereby amended by deleting clause 22.1 in its entirety, and replacing said clause with the following:

"22.1 Provincial Right

The Province may, subject to the other provisions of this Article, take in kind and separately dispose of the Royalty Share of a Project Owner of Hibernia Blend. During the time that the Province is entitled to take the Royalty Share in kind, the Project Owner from whom the Province is taking the Royalty Share in kind shall, while the Royalty Share is accumulating for the time required to allow the taking of the Royalty Share in kind and thereafter until actually taken by the Province, be relieved of all obligations to pay the Royalty Share in money in respect of any Hibernia Blend transferred at the Loading Point by or to the account of the Project Owner during such time but the Project Owner shall not be relieved of its obligation to deliver the Royalty Share in kind."

81. The Agreement is hereby amended by deleting clause 22.2 in its entirety, and replacing said clause with the following:

"22.2 Notice by Province

Written notice to take or stop taking in kind the Royalty Share must be given by the Province to a Project Owner not less than six (6) Months in advance of the effective date set forth in such notice upon which the Province will commence or discontinue taking in kind. Notwithstanding the foregoing, in the event that the Province decides to take the Royalty Share from a Project Owner in kind because the Project Owner is in default of payment to the Province of any of the Royalty Share payable by the Project Owner pursuant to this Agreement, then the Province need only give the Project Owner thirty (30) days prior written notice of the effective date upon which the Province will commence to take the Royalty Share from the Project Owner in kind. The Province may amend information provided in a notice under this clause 22.2 without affecting the time period required under such notice. In the event that any contract entered into by a Project Owner for the sale of its share of Hibernia Blend does not allow for the Province to take the Royalty Share from a Project Owner in the manner and circumstances provided for in this clause, then the Project Owner shall nonetheless cause to be delivered to the Province the Hibernia Blend to be delivered in kind to the Province. Notwithstanding the other provisions of this clause, a notice given by the Province to take the Royalty Share in kind may only be effective on the first day of a Month and a notice given by the Province to stop taking the Royalty Share in kind may only be effective on the last day of a Month."

82. The Agreement is hereby amended by deleting clause 22.3 in its entirety, and replacing said clause with the following:

"**22.3 Adjustment at End of Take in Kind Period**

If, at the effective date of a notice from the Province to discontinue taking the Royalty Share in kind from a Project Owner, the Province has taken in kind more or less than the Royalty Share to which the Province was entitled to such effective date, then the Province, in the event that it has taken in kind on account of the Royalty Share more than it was entitled, or the Project Owner, in the event that the Province had taken in kind on account of the Royalty Share less than it was entitled, shall pay to the other an amount which is the product of the number of Barrels of Hibernia Blend taken in excess or not taken, respectively, by the Province, as the case may be, multiplied by the most recent Transfer Price for the Project Owner."

83. The Agreement is hereby amended by deleting clause 22.4 in its entirety, and replacing said clause with the following:

"**22.4 Provincial Costs**

When taking the Royalty Share in kind from a Project Owner, the Province shall be responsible and pay for the full cost, on a commercial basis, of handling, storing (except storage prior to the delivery of Hibernia Blend to the Province), transporting and marketing beyond the Loading Point the Hibernia Blend taken by the Province in kind. Notwithstanding the foregoing, the charge for such services shall not exceed the terms that are customary for that Project Owner for such services."

84. The Agreement is hereby amended by deleting clause 22.5 in its entirety, and replacing said clause with the following:

"**22.5 Royalty Lifting Agreement**

(a) Any Project Owner or the Province may provide notice to the other parties that the Province or such Project Owner desires to commence negotiations with respect to a lifting agreement for Royalty Share taken in kind under this Agreement (the "Royalty Lifting Agreement"). If the Province delivers a notice pursuant to clause 22.2 to take Royalty Share in kind then the Province shall deliver at the same time a notice of its desire to commence negotiations with respect to a Royalty Lifting Agreement.

(b) Within thirty (30) days of the date of receipt of a request under subclause (a), the Province and the Project Owners shall commence negotiations with respect to the Royalty Lifting Agreement.

(c) A Royalty Lifting Agreement entered into as a result of a request under this clause shall include the terms and conditions of the delivery to the Province of Hibernia Blend, including:

(i) the calculation of the volume of Hibernia Blend to be taken in kind at any one time;

(ii) the delivery options of the Province;

(iii) the scheduling methodology to ensure that the Province has a frequency of delivery that is commensurate with the volume of Hibernia Blend that the Province is taking in kind from all Project Owners;

(iv) details respecting the satisfaction of the obligations under this Article of:

1. the Project Owner from whom the Province is taking in kind to lift, transport, store and deliver Hibernia Blend taken in kind by the Province,
2. the provision by other Project Owners of access to lift, transport, store and deliver Hibernia Blend taken in kind to locations required by the Province, and
3. the provision by other Project Owners of access to and capacity to store and transship Hibernia Blend taken in kind by the Province at the Whiffen Head Transshipment Terminal.

The Province and the Project Owners acknowledge that it is desirable for the Royalty Lifting Agreement to make provisions compatible, and for the form and provisions to be as similar as reasonable, with the Project Owners' Lifting Agreement.

(d) Where a Royalty Lifting Agreement cannot be concluded within four (4) months after a request under subclause (a), the Province or a Project Owner who is a party to the negotiations in respect of the Royalty Lifting Agreement may refer the matter to arbitration and a decision of an arbitrator on the agreement is final and binding.

(e) Where a matter has been referred to arbitration under subclause (d), the arbitrator is limited to a determination that is the specific offer of settlement by either the:

(i) Province before the matter was referred to arbitration; or
(ii) Project Owners before the matter was referred to arbitration.

(f) If the Project Owners and the Province enter into a Royalty Lifting Agreement pursuant to this clause 22.5 or a determination is made by an arbitrator pursuant to subclause 22.5(e), then such Royalty Lifting Agreement shall be deemed to also be the Royalty Lifting Agreement for the purposes of the EL1093/PL1005 Royalty Agreement."

85. The following clause shall be read as having been inserted in the Agreement as clause 22.5A:

"22.5A Obligations of Project Owners

Where a notice has been given to a defaulting Project Owner under clause 22.2 the Province may give notice to the other Project Owners requiring the other Project Owners:

(a) to store on behalf of and make available to the Province, Hibernia Blend stored by the Project Owners on behalf of the defaulting Project Owner;

(b) when storage space is available and the Province is not otherwise in a position to take delivery of Hibernia Blend scheduled to be delivered to the defaulting Project Owner, to store that Hibernia Blend on behalf of the Province;

(c) not to allow the delivery of Hibernia Blend to the defaulting Project Owner or another Person claiming through that defaulting Project Owner;

(d) not to interfere with scheduled rights of the defaulting Project Owner to take delivery of Hibernia Blend where the Province requires those rights in order to take in kind, notwithstanding that these rights may have been directly or indirectly affected by the default of the defaulting Project Owner; and

(e) to generally co-operate in the provision of lifting scheduling, transportation scheduling and delivery plans of the defaulting Project Owner."

86. The Agreement is hereby amended by deleting clause 22.6 in its entirety, and replacing said clause with the following:

"22.6 Transportation and Storage for the Province

(a) After the notice period required under clause 22.2 has expired, the Province may require delivery of Hibernia Blend at the Loading Point with respect to Royalty Share taken in kind.

(b) Delivery of Hibernia Blend to the Province shall be considered to be completed where that Hibernia Blend is delivered to a marine tanker at the Loading Point as directed by the Province or, where a Royalty Lifting Agreement exists, pursuant to that agreement.

(c) The Royalty Lifting Agreement shall provide for the delivery of Hibernia Blend with respect to Royalty Share taken in kind in order to facilitate an orderly transfer of that Hibernia Blend to the Province without significant disruption to the activities of the Project Owners. In the absence of a Royalty Lifting Agreement, the Province shall consult with all Project Owners with respect to the delivery of Hibernia Blend with respect to Royalty Share taken in kind in order to facilitate an orderly transfer of the Hibernia Blend without significant disruption to the activities of the Project Owners.

(d) A Project Owner must deliver Royalty Share in kind when given notice to do so under this Article notwithstanding another obligation that that Project Owner may have under a contract with respect to the Hibernia Blend taken in kind.

(e) All Project Owners must facilitate and assist the Province in taking in kind, including, but not limited to, lifting, transporting, storing, transshipment and delivery.

(f) Hibernia Blend remains at the risk of the Project Owners from whom that Hibernia Blend is being taken in kind until that Hibernia Blend that is being taken in kind is delivered to the Province at the Loading Point as directed by the Province or, where a Royalty Lifting Agreement exists, pursuant to that agreement.

(g) Where the Province requires access to the Whiffen Head Transshipment Terminal or a marine tanker for the storage, transshipment or transport of Hibernia Blend taken in kind with respect to Royalty Share, that access shall

be supplied to the Province on the terms that are customary for access by the Project Owner from whom Royalty Share is being taken in kind."

87. The Agreement is hereby amended by deleting clause 22.7 in its entirety, and replacing said clause with the following:

"22.7 Royalty Entitlement Prior to Payout

Prior to Net Royalty Payout, the volume of Hibernia Blend to be taken in kind by the Province in respect of Gross Royalty payable to the Province by a Project Owner for a Month shall be the product obtained when the Gross Royalty Rate in effect for the Month, as provided in clause 19.3, is multiplied by the Index Factor and then is multiplied by the total volume of Hibernia Blend transferred during the Month by or to the account of the Project Owner into marine tankers at the Loading Point (which shall include any Hibernia Blend taken in kind by the Province in respect of that Project Owner during that Month). Notwithstanding the foregoing, in the event that payment relative to the sale of Hibernia Blend is received by a Project Owner prior to the delivery of the Hibernia Blend by the Project Owner, the amount of such payment shall be divided by that Project Owner's Transfer Price for the Month in which such payment is received and the resultant volume of Hibernia Blend shall, for the purposes of calculations pursuant to the first sentence of this clause, be added to the total volume of Hibernia Blend transferred during the Month by or to the account of the Project Owner into marine tankers at the Loading Point. Any volume of Hibernia Blend which is transferred by or to the account of a Project Owner into marine tankers at the Loading Point in a Month and which corresponds to a volume of Hibernia Blend for which the Project Owner received payment in a previous Month and which payment was taken into account for calculation of the Royalty Share of the Project Owner for a previous Month, shall not be included in the volume of Hibernia Blend delivered to or to the account of that Project Owner for that Month for the purposes of calculations pursuant to this clause."

88. The Agreement is hereby amended by deleting clause 22.8 in its entirety, and replacing said clause with the following:

"22.8 Royalty Entitlement After Payout

After Net Royalty Payout, the volume of Hibernia Blend to be taken in kind by the Province in respect of Gross Royalty, Net Royalty, Supplementary Royalty, AA Blocks Additional Royalty and Southern Additional Royalty payable to the Province by a Project Owner for a Month shall be the quotient obtained by dividing the Dollar amount of the sum of the Gross Royalty, Net Royalty, Supplementary Royalty, AA Blocks Additional Royalty and Southern Additional Royalty which would have been payable in cash by the Project Owner with respect to the Month if the Province was not taking the Royalty Share in kind by the Transfer Price for the Project Owner for the Month."

89. The following clause shall be read as having been inserted in the Agreement as clause 22.8A:

"22.8A Shrinkage

Where the Province takes in kind, all calculations made under this Article shall be made as if there has been no shrinkage in transit incurred by the Project Owner whose Royalty Share is being taken in kind and the Project Owners shall not be required to assume the risk of, and royalty hereunder shall not be payable on, any Hibernia Blend lost due to shrinkage in transit."

90. The following clause shall be read as having been inserted in the Agreement as clause 22.9:

"22.9 Volume on Account of Recalculations, Interest and Arbitrations

The volume of Hibernia Blend to be taken in kind by the Province in respect of any amount payable by a Project Owner to the Province on account of:

(a) a recalculation of or redetermination made by the Province with respect to the Royalty Share payable by the Project Owner to the Province for a Month; or

(b) interest and Penalties payable by the Project Owner with respect to a Month; or

(c) an arbitration pursuant to this Agreement,

shall be the quotient obtained by dividing the Dollar amount payable by the Project Owner on such account by the Transfer Price for the Project Owner for the Month to which the amount relates.

The volume of Hibernia Blend which would otherwise be taken in kind by the Province on account of the Royalty Share payable by a Project Owner shall be reduced by a volume which is the quotient obtained by dividing the Dollar amount payable by the Province on account of:

(a) a recalculation of or redetermination made by the Province with respect to the Royalty Share payable by the Project Owner to the Province for a Month; or

(b) interest payable by the Province with respect to a Month; or

(c) an arbitration pursuant to this Agreement,

by the Transfer Price for the Project Owner for the Month to which the amount relates."

91. The Agreement is hereby amended by deleting clause 22.10 in its entirety, and replacing said clause with the following:

"22.10 Volume on Account of Annual Reconciliation

When the Province is taking the Royalty Share in kind and there is an amount due to the Province from a Project Owner pursuant to an Annual Reconciliation, the volume of Hibernia Blend to be taken in kind by the Province on such account shall be the quotient

obtained by dividing the Dollar amount payable by the Project Owner to the Province on account of the Annual Reconciliation by the volume weighted average Transfer Price of the Project Owner for the Period to which the Annual Reconciliation relates. When the Province is taking the Royalty Share in kind and there is an amount due to a Project Owner from the Province on account of an Annual Reconciliation, then the volume of Hibernia Blend which would otherwise be taken in kind by the Province from the Project Owner on account of the Royalty Share payable by the Project Owner shall be reduced by a volume which is the quotient obtained by dividing the Dollar amount payable by the Province to the Project Owner on account of the Annual Reconciliation by the volume weighted average Transfer Price of the Project Owner for the Period to which the Annual Reconciliation relates."

92. The Agreement is hereby amended by deleting clause 22.11 in its entirety, and replacing said clause with the following:

"22.11 Estimates

Each Project Owner from whom the Province is taking in kind the Royalty Share shall ten (10) Business Days prior to each Month provide to the Province a written estimate (referred in this Article as the "Estimate") of the total volume of Hibernia Blend which the Province will be entitled to take in kind on account of the Royalty Share for such Month. In the event that a Project Owner does not deliver to the Province an Estimate prior to the beginning of a Month, the Project Owner shall be deemed to have submitted to the Province an Estimate for the Month which is the same as the Estimate submitted by the Project Owner with respect to the immediately preceding Month. In the event that the Province does not agree with any Estimate received or deemed to have been received from a Project Owner, the Province may revise the Estimate on a good faith basis and notify the Project Owner of the revised Estimate within five (5) Business Days of the receipt of the Estimate by the Province, and the Estimate shall be revised in accordance with the revised Estimate of the Province."

93. The Agreement is hereby amended by deleting clause 22.13 in its entirety, and replacing said clause with the following:

"22.13 Accumulation of Royalty Taken In Kind

The amount of Hibernia Blend to be taken in kind by the Province on account of the Royalty Share payable by a Project Owner to the Province for a Month shall accumulate until actually delivered to the Province pursuant to this Agreement or the Royalty Lifting Agreement, where such Royalty Lifting Agreement exists."

94. The Agreement is hereby amended by deleting clause 22.14 in its entirety, and replacing said clause with the following:

"22.14 Deemed Payment for Certain Calculations

The volume of Hibernia Blend entitled to be taken in kind by the Province, as determined by this Article, shall be deemed, for the purposes only of the calculation of the amount of the Royalty Share payable by a Project Owner to the Province, to have been taken in kind by the Province as the entitlement of the Province thereto arises under this Agreement. Where a Royalty Lifting Agreement exists, the Province acknowledges that operation of that agreement may delay the actual delivery of the Hibernia Blend to the Province. The volume of Hibernia Blend to be taken in kind by the Province on account of

the Royalty Share as determined for each Month shall be accumulated and actually delivered to the Province in accordance with this Agreement or, where there is a Royalty Lifting Agreement, in accordance with that agreement. The inclusion in any calculations of the Royalty Share of Hibernia Blend taken in kind by the Province which has not been actually delivered to the Province does not mean for any purposes of this Agreement that delivery of that amount of Hibernia Blend has been made to or foregone by the Province or that payment (by delivery of Hibernia Blend) of the Royalty Share to which such Hibernia Blend relates has been made to or foregone by the Province."

95. The Agreement is hereby amended by deleting clause 22.16 in its entirety, and replacing said clause with the following:

"22.16 Supplementary Interest Provisions

For the purposes of clauses 25.3, 25.4 and 25.5, and further to the provisions of clause 24.6, when the Province is taking the Royalty Share in kind in respect of a Project Owner, the Royalty Share and any amount representing the value thereof shall not be regarded as due to the Province by the Project Owner until the Province is entitled pursuant to this Agreement, or where a Royalty Lifting Agreement exists, pursuant to that agreement, to receive the Royalty Share in kind. For the purposes of calculating the amount due to the Province on account of interest and Penalties payable to the Province as a consequence of the Royalty Share not being delivered to the Province in kind when the Province was entitled to the delivery thereof pursuant to this Agreement, and, where a Royalty Lifting Agreement exists, pursuant to that agreement, the amount due to the Province in respect of which interest and Penalties shall be calculated shall be the product obtained by multiplying the volume of Hibernia Blend that the Province was entitled to, but did not, receive in kind pursuant to this Agreement and, where a Royalty Lifting Agreement exists, pursuant to that agreement, by the corresponding Transfer Price for the Project Owner for the Month in which delivery in kind to the Province should have been made as aforesaid; provided, however, that interest and Penalties shall not be payable to the Province by a Project Owner where the Royalty Share payable by the Project Owner in kind to the Province was not delivered in kind to the Province through no fault of the Project Owners or the Resource Project Operator."

96. The Agreement is hereby amended by deleting clause 22.17 in its entirety, and replacing said clause with the following:

"22.17 Cessation of Production

In the event that production of Hibernia Blend by the Project ceases by virtue of Project Suspension or Project Termination at a time when the Province is taking the Royalty Share in kind from a Project Owner and an amount deliverable to the Province in kind by the Project Owner on account of the Royalty Share has accumulated but not been delivered to the Province, then the Project Owner shall pay to the Province the value of the accumulated but undelivered Royalty Share within thirty (30) days of the receipt from the Province of notice that such payment is required from the Project Owner. For the purposes of this clause, the amount payable by a Project Owner on account of the value of the accumulated but undelivered Royalty Share shall be the product obtained by multiplying the volume of Hibernia Blend which the Province is entitled to receive, but has not received, in kind by the corresponding Transfer Price for the Project Owner for the last Month for which the Project Owner had a Transfer Price."

97. The Agreement is hereby amended by deleting clause 24.1 in its entirety, and replacing said clause with the following:

"24.1 Initial Determination and Calculation by the Project Owner

Gross Royalty, Net Royalty, Supplementary Royalty, AA Blocks Additional Royalty and Southern Additional Royalty payable by a Project Owner to the Province shall initially be calculated by the Project Owner making such determinations and allocations in accordance with the provisions of this Agreement and the Allocation Agreement."

98. The Agreement is hereby amended by deleting clause 24.1A in its entirety, and replacing said clause with the following:

"24.1A Production Allocation to Royalty Areas

Hibernia Blend determined, pursuant to Article 17 of the Allocation Agreement, for each Project Owner for each Month of a Period to be production from the PL1001 Balance Royalty Area, the PL1001 AA Blocks Royalty Area, and the PL1001 Southern Royalty Area shall be that Project Owner's production of Hibernia Crude for each such Royalty Area for such Month for purposes of this Agreement."

99. The following clause shall be read as having been inserted in the Agreement as clause 24.1B:

"24.1B Royalty Areas Sales Volumes

Hibernia Blend determined, pursuant to Article 21 of the Allocation Agreement, for each Project Owner for each Month of a Period to be the sales volumes from the PL1001 Balance Royalty Area, the PL1001 AA Blocks Royalty Area, and the PL1001 Southern Royalty Area shall be that Project Owner's sales volume of Hibernia Crude for each such Royalty Area for such Month for purposes of this Agreement."

100. The Agreement is hereby amended by deleting clause 24.2 in its entirety, and replacing said clause with the following:

"24.2 Remittance

Gross Royalty, Net Royalty, Supplementary Royalty, AA Blocks Additional Royalty and Southern Additional Royalty payable by a Project Owner shall be remitted by the Project Owner on the basis of the initial calculation made by the Project Owner pursuant to clause 24.1."

101. The Agreement is hereby amended by deleting clause 24.3 in its entirety, and replacing said clause with the following:

"24.3 Redetermination and Recalculation by Province

The Province shall have the right to redetermine any determination or allocation made by or on behalf of a Project Owner pursuant to this Agreement for the purposes of any calculations pursuant to this Agreement and the right to redetermine any determination or allocation made by or on behalf of a Project Owner pursuant to the Allocation Agreement for the purposes of any calculation pursuant to this Agreement, and to recalculate any amount and any calculation or component of any calculation made by or

on behalf of a Project Owner or the Project Owners in respect of Resource Project Eligible Costs, Eligible Transportation Costs, Resource Project Eligible Marketing Costs, Gross Royalty, Net Royalty, Supplementary Royalty, AA Blocks Additional Royalty or Southern Additional Royalty. Any such redetermination or recalculation by the Province pursuant to this Agreement shall be in accordance with the provisions of this Agreement and the Allocation Agreement and shall be made and notice thereof given to each Project Owner affected thereby before, and not after, the end of the Period following the Period in which the Audit Period ends with respect to the relevant determination, allocation or calculation.

Where the Province redetermines or recalculates an allocation made by or on behalf of a Project Owner or the Project Owners in respect of a production volume, sales volume, cost or revenue pursuant to the Allocation Agreement, the Province agrees to use such redetermined or recalculated allocation for the purposes of: (i) any recalculation of any amount and any calculation or component of any calculation made by or on behalf of a Project Owner or the Project Owners in respect of Resource Project Eligible Costs, Eligible Transportation Costs, Resource Project Eligible Marketing Costs, Gross Royalty, Net Royalty, Supplementary Royalty, AA Blocks Additional Royalty or Southern Additional Royalty pursuant to this Agreement; and (ii) any recalculation of any amount and any calculation or component of any calculation made by or on behalf of a Project Owner or the Project Owners in respect of Resource Project Eligible Costs, Eligible Transportation Costs, Resource Project Eligible Marketing Costs, Gross Royalty, Net Royalty, Supplementary Royalty or Additional Royalty (as all such terms are defined in the EL1093/PL1005 Royalty Agreement) pursuant to the EL1093/PL1005 Royalty Agreement.

Any determination, allocation or calculation made by or on behalf of a Project Owner pursuant to this Agreement or the Allocation Agreement in respect of Eligible Transportation Costs which is not in accordance with the provisions of this Agreement or the Allocation Agreement may be disallowed by the Province without any requirement on the Province to provide an alternate determination, allocation or calculation."

102. The Agreement is hereby amended by deleting clause 24.4 in its entirety, and replacing said clause with the following:

"24.4 Payment Upon Redetermination or Recalculation

Any amount payable by a Project Owner or the Province as a result of a recalculation or redetermination by the Province in respect of the amount of Gross Royalty, Net Royalty, Supplementary Royalty, AA Blocks Additional Royalty or Southern Additional Royalty payable pursuant to this Agreement shall be paid, in money, by whichever of the Project Owner or the Province is obliged to make the payment, before the end of the Month following the Month in which the recalculation or redetermination is made and written notice thereof is given by the Province to the Project Owner. In the event that any amount payable pursuant to this clause is payable at a time when the Province is taking the Royalty Share from a Project Owner in kind, then the amount which the Province would otherwise be entitled to take in kind pursuant to the other provisions of this Agreement shall be adjusted pursuant to clause 22.9."

103. The Agreement is hereby amended by deleting clause 24.5 in its entirety, and replacing said clause with the following:

"24.5 Arbitration

After payment by a Project Owner of the amount, if any, payable by the Project Owner as a result of a recalculation or redetermination made by the Province in respect of

Resource Project Eligible Costs, Eligible Transportation Costs, Resource Project Eligible Marketing Costs, Gross Royalty, Net Royalty, Supplementary Royalty, AA Blocks Additional Royalty or Southern Additional Royalty plus interest and Penalties, if any, payable on such amount in accordance with the provisions of this Agreement, the Project Owner may submit any disagreement that the Project Owner has with any recalculation or redetermination made by the Province to arbitration, at any time before, but not after, the end of the second Period following the Period in which the Project Owner received notice from the Province of the recalculation or redetermination with which the Project Owner disagrees. An amount of Resource Project Eligible Costs, Eligible Transportation Costs, Resource Project Eligible Marketing Costs, Gross Royalty, Net Royalty, Supplementary Royalty, AA Blocks Additional Royalty or Southern Additional Royalty as the case may be, determined by arbitrators shall be the amount thereof for all purposes of this Agreement. In the event that any amount payable pursuant to this clause is payable at a time when the Province is taking the Royalty Share from a Project Owner in kind, then the amount which the Province would otherwise be entitled to take in kind pursuant to the other provisions of this Agreement shall be adjusted pursuant to clause 22.9."

104. The Agreement is hereby amended by deleting clause 24.6 in its entirety, and replacing said clause with the following:

"24.6 Time and Manner of Payment

Except as otherwise expressly provided for herein, the Royalty Share payable by each Project Owner to the Province shall be paid in money or in kind, at the option of the Province, as provided for in this Agreement. If payable in money, payment shall be made in Dollars and, unless express provision otherwise is made herein, is due on the last day of the Month following the Month to which the payment relates. If payable in kind, delivery shall be made in accordance with Article XXII. Absent consent in writing from the Province, all amounts payable to the Province in money pursuant to this Agreement shall either be paid by cheque payable at par and drawn on an account at a branch within Canada of a Canadian chartered bank or shall be effected by a cash transfer at par from a Canadian chartered bank."

105. The Agreement is hereby amended by deleting clause 24.7 in its entirety, and replacing said clause with the following:

"24.7 Annual Reconciliation and Adjustment

Within one hundred and twenty (120) days of the end of each Period, each Project Owner shall prepare and deliver to the Province a reconciliation of the Gross Royalty, Net Royalty, Supplementary Royalty, AA Blocks Additional Royalty and Southern Additional Royalty payable by the Project Owner with respect to the preceding Period. Such reconciliation shall be accompanied by a certificate of the Project Owner signed on its behalf by an Officer of the Project Owner certifying that calculations by the Project Owner are accurate and comply with the requirements of this Agreement. Subject to the other provisions of this Article, within thirty (30) days of the receipt by the Province of such reconciliation, the adjustment provided for in the reconciliation shall be made in money. In the event that any amount payable pursuant to this clause is payable at a time when the Province is taking the Royalty Share from a Project Owner in kind, then the amount which the Province would otherwise be entitled to take in kind pursuant to the other provisions of this Agreement shall be adjusted pursuant to clause 22.10."

106. The Agreement is hereby amended by deleting clause 24.9 in its entirety, and replacing said clause with the following:

"24.9 No Set-Offs

Gross Royalty, Net Royalty, Supplementary Royalty, AA Blocks Additional Royalty, Southern Additional Royalty, interest and Penalties payable to the Province pursuant to this Agreement shall not be subject to set-off of any kind other than adjustments provided for in this Agreement."

107. The Agreement is hereby amended by deleting clause 24.12 in its entirety, and replacing said clause with the following:

"24.12 Arm's Length Threshold

Transactions resulting in Resource Project Eligible Costs or Resource Project Eligible Marketing Costs which otherwise would not be at Arm's Length shall be deemed to be at Arm's Length where:

(i) the cost in a single transaction does not exceed One Hundred Thousand Dollars ($100,000.00) and the cumulative costs in all transactions with the same Person or Affiliates of that Person during the Period do not exceed Two Million Dollars ($2,000,000.00); or

(ii) the lowest bid in a *bona fide* competitive bid situation is accepted where there are one or more *bona fide* bids by Persons who are at Arm's Length with all Project Owners and Affiliates of the Project Owners.

Each amount set forth in item (i) of this clause shall increase or decrease on the first day of each calendar year by an amount proportionate to the amount of the increase or decrease, respectively, in the Supplementary Royalty Index for the Month of July of the second preceding calendar year to the Month of July of the immediately preceding calendar year."

108. The Agreement is hereby amended by deleting clause 24.13(iii) in its entirety, and replacing said clause with the following:

"(iii) third, to pay any Gross Royalty, Net Royalty, Supplementary Royalty, AA Blocks Additional Royalty or Southern Additional Royalty payable by the Project Owner pursuant to this Agreement."

109. The Agreement is hereby amended by deleting clause 25.4 in its entirety, and replacing said clause with the following:

"25.4 Interest Payable: Annual Adjustments

Notwithstanding the provisions of clause 25.3, in the event that it is determined on the basis of a reconciliation pursuant to clause 24.7 that a Project Owner has underpaid by less than ten per cent (10%) the Gross Royalty, Net Royalty, Supplementary Royalty, AA Blocks Additional Royalty and Southern Additional Royalty payable to the Province in respect of a Month, then interest on the amount underpaid shall be paid to the Province by the Project Owner at a per annum rate equal to the Prime Rate, compounded and paid Monthly, from the end of the Month following the Month to which the underpayment relates to the date that payment thereof is due in accordance with clause 24.7. Thereafter until payment, interest on the amount underpaid shall be paid to the Province by the Project

Owner at the rate and compounded and paid as provided for in clause 25.3. In the event that the underpayment aforesaid is ten per cent (10%) or greater, interest on the amount underpaid shall be paid to the Province by the Project Owner as provided in clause 25.3. Interest shall be payable by the Province at a per annum rate equal to the Prime Rate, compounded and paid Monthly on any amounts payable to a Project Owner as a result of an annual reconciliation pursuant to clause 24.7 from the end of the Month following the Month to which the overpayment relates to the date that the overpayment is received by the Project Owner from the Province."

110. The Agreement is hereby amended by deleting clause 25.6 in its entirety, and replacing said clause with the following:

"**25.6 Audit Upon Nonfiling**

In the event that a Project Owner does not file with the Province a Monthly Summary or an Annual Reconciliation within the time provided therefor herein, then the Province may give the Project Owner notice of such failure to file. In the event that a Project Owner does not within fifteen (15) days of the receipt of such notice file the Monthly Summary or Annual Reconciliation to which the notice relates, then the Province may conduct such audit of the records of the Project Owner and the Resource Project Operator as is necessary to prepare the Monthly Summary or Annual Reconciliation to which the notice related and the cost of the audit shall be added to the amount, if any, determined by the Province to be owing by the Project Owner to the Province. Upon completion of an audit by the Province and notification of the Project Owner of the amount payable by the Project Owner to the Province, the Project Owner shall forthwith pay to the Province any amount so determined by the Province to be payable by the Project Owner to the Province under this Agreement. Any amount determined by the Province to be payable by a Project Owner to the Province pursuant to the operation of this clause shall bear interest and shall be liable to Penalty as provided for in this Article."

111. The Agreement is hereby amended by deleting clause 25.7(i) in its entirety, and replacing said clause with the following:

"(i) non-payment by the Project Owner of Gross Royalty, Net Royalty, Supplementary Royalty, AA Blocks Additional Royalty or Southern Additional Royalty within one hundred and eighty (180) days after written notice to each of the Project Owners and each of the Project Lenders of the Project Owner of the unpaid Gross Royalty, Net Royalty, Supplementary Royalty, AA Blocks Additional Royalty or Southern Additional Royalty;"

112. The Agreement is hereby amended by deleting clause 25.7(ii) in its entirety, and replacing said clause with the following:

"(ii) failure of the Project Owner to deliver the Royalty Share to the Province in kind in accordance with the provisions of Article XXII within ninety (90) days after written notice by the Province to each of the Project Owners, and to each of the Project Lenders of the Project Owner, that the Royalty Share was not delivered to the Province; provided that in the original instance and in any subsequent instances the Province was ready, willing and able to take in kind at the Loading Point and the Province was in compliance with those provisions of this Agreement and Article XXII relevant to the delivery of the Royalty Share to the Province in kind;"

113. The Agreement is hereby amended by deleting clause 25.7(iii) in its entirety, and replacing said clause with the following:

> "(iii) failure of the Project Owner to deliver to the Province material information necessary for the calculation of royalties, as specified in this Agreement or the Allocation Agreement, within one hundred and eighty (180) days after written notice to each of the Project Owners, and each of the Project Lenders of the Project Owner, of the original failure to deliver such material information; or"

114. The Agreement is hereby amended by deleting clause 25.7(iv) in its entirety, and replacing said clause with the following:

> "(iv) failure of the Project Owner-Base to comply with the provisions of either clauses 16.8(a)(ii) or 16.9(a)(ii) or if the Project Owner-Base shall have novated a "Person" referred to in clause 3(b) of Schedule D into the Operating Agreement or Ownership Agreement without such Person having contemporaneously entered into the agreement referred to in clause 3(b) of Schedule D."

115. The Agreement is hereby amended by deleting clause 25.11 in its entirety, and replacing said clause with the following:

"25.11 Artificial Transactions

If the result of one or more acts, agreements, arrangements, transactions or operations is to artificially reduce the Royalty Share or the value thereof to the Province, then the Royalty Share or value thereof shall be calculated as if the act, agreement, arrangement, transaction or operation had not taken place. If a Project Owner disagrees with a calculation and the disagreement is not resolved by discussions with the Province, the calculation may be submitted to arbitration in order to determine the extent, if any, by which the Royalty Share or value thereof has been artificially reduced by the act, arrangement, transaction or operation and the Royalty Share or value thereof will be adjusted accordingly. This clause shall apply only in determining the qualification of a cost as a Resource Project Eligible Cost and the extent to which a cost so qualifies."

116. The Agreement is hereby amended by deleting clause 25.12 in its entirety, and replacing said clause with the following:

"25.12 No Interest or Penalties While Royalty Share To Be Taken In Kind Accumulates

Notwithstanding the other provisions of this Article, no interest or Penalties shall be payable by a Project Owner in respect of a Royalty Share to be taken in kind by the Province while the amount of Hibernia Blend to be taken in kind on account of that Royalty Share is accumulating until the Hibernia Blend to be taken in kind by the Province on account of that Royalty Share is deliverable to the Province pursuant to Article XXII."

117. The Agreement is hereby amended by deleting clause 26.1 in its entirety, and replacing said clause with the following:

"26.1 Accounts of the Resource Project Operator

The Project Owners-Base shall cause the Resource Project Operator to maintain in Newfoundland and Labrador the Joint Account. The Project Owners-Base shall cause the Resource Project Operator on behalf of the Project Owners, to determine and maintain in Newfoundland and Labrador separate accounts recording all Resource Project Eligible Costs and Resource Project Incidental Revenue. The Project Owners-Base shall also cause the Resource Project Operator to maintain in Newfoundland and Labrador such accounting, financial and any other reporting systems as are necessary for the purposes of this Agreement."

118. The Agreement is hereby amended by deleting clause 26.2 in its entirety, and replacing said clause with the following:

"26.2 Project Owner's Accounts

Each Project Owner shall separately maintain in Canada all accounts necessary to determine the occurrence of Net Royalty Payout and Supplementary Royalty Payout for the Project Owner except those accounts to be maintained by the Resource Project Operator pursuant to clause 26.1. Each Project Owner shall separately maintain in Canada accounts regarding all Resource Project Eligible Marketing Costs incurred by the Project Owner. Each Project Owner shall maintain in Canada such accounting, financial and any other reporting systems as are necessary for the purposes of this Agreement. In the event that the auditors of the Province are denied initial access by a Project Owner to the accounts maintained in Canada outside of Newfoundland and Labrador pursuant to this Agreement, then the Project Owner agrees that if, after notice in writing by the Province to the Project Owner of such denial of initial access, the Project Owner thereafter denies access to the auditors of the Province, such accounts shall upon notice from the Province be maintained in Newfoundland and Labrador."

119. The Agreement is hereby amended by deleting clause 26.3 in its entirety, and replacing said clause with the following:

"26.3 Annual Information

Each Project Owner-Base shall provide or cause the Resource Project Operator to provide to the Province in the form prescribed by the Province after consultation with the Project Owners, not later than one hundred and twenty (120) days after the end of each Period, the following information:

(i) Costs that have been included in Resource Project Eligible Costs, Eligible Transportation Costs Deduction-PL1001 and Resource Project Eligible Marketing Costs;

(ii) Volumes, prices, allocations and revenues used in determination of Gross Transfer Revenue, AA Blocks Net Transfer Revenue, Southern Net Transfer Revenue and Resource Project Incidental Revenue, including the calculation of Eligible Transportation Costs;

(iii) Volume of Hibernia Crude transferred at the Loading Point by the Project Owner;

(iv) The calculation of the Gross Royalty, Net Royalty, Supplementary Royalty, AA Blocks Additional Royalty and Southern Additional Royalty payable pursuant hereto;

(v) Information necessary to determine the Index Period;

(vi) Information necessary to determine the Supplementary Royalty Return Allowance Factor;

(vii) A certificate or certificates of the Resource Project Operator signed by an Officer of the Resource Project Operator certifying that the information supplied by each is accurate, and that all calculations comply with the provisions of this Agreement;

(viii) A certificate of the Project Owner signed by an Officer of the Project Owner certifying that the information supplied by it is accurate and that all calculations comply with the provisions of this Agreement;

(ix) The financial statements and audit letter of the Resource Project Operator with respect to the fiscal year ended in the Period; and

(x) Such other information as the Province may reasonably request for purposes of this Agreement.

A Project Owner shall not be required to provide any detailed pricing related information other than the estimated landed price at the Sale Point of two widely-traded reference Crude Oils, quality adjusted for Hibernia Crude."

120. The Agreement is hereby amended by deleting clause 26.4 in its entirety, and replacing said clause with the following:

"26.4 Monthly Summary

Prior to, and until, the commencement of production of Hibernia Crude, each Project Owner shall submit, or cause to be submitted, to the Province before the end of each Month a summary statement, in the form prescribed by the Province after consultation with the Project Owners, of all Resource Project Eligible Costs and Resource Project Eligible Marketing Costs paid during the preceding Month. Upon commencement of production of Hibernia Crude, the remittance of Gross Royalty, Net Royalty, Supplementary Royalty, AA Blocks Additional Royalty and Southern Additional Royalty payable each Month by a Project Owner shall be accompanied by a summary statement, in the form prescribed by the Province after consultation with the Project Owners, of the information reasonably required by the Province upon which the Gross Royalty, Net Royalty, Supplementary Royalty, AA Blocks Additional Royalty and Southern Additional Royalty payable was based and calculated. In any event, a Project Owner shall not be required to provide any detailed pricing related information other than the estimated landed price at the Sale Point of two widely-traded reference Crude Oils, quality adjusted for Hibernia Crude."

121. The Agreement is hereby amended by deleting clause 26.5 in its entirety, and replacing said clause with the following:

"26.5 Translation of Currency

Any amounts received or paid by the Resource Project Operator or a Project Owner in other than Canadian Dollars shall be converted into Canadian Dollars when received or paid, as the case may be, in accordance with Canadian generally accepted accounting principles or in accordance with any agreement amongst the Project Owners and the Province that may be made in that regard."

122. The Agreement is hereby amended by deleting clause 26.6 in its entirety, and replacing said clause with the following:

"26.6 Audits and Inspections

The Province shall have the right from time to time to inspect or audit all books, records and accounts and any document, as well as the right to inspect inventories and assets of any Project Owner and any Resource Project Operator as may be necessary or required to verify the production, delivery, disposition, sale prices and terms of sale of Hibernia Crude and costs and revenues of the Resource Project and Resource Project Eligible Marketing Costs. The Province shall, upon reasonable notice and for the aforementioned purposes, have the right to enter, during normal business hours, upon any premises or place where the business of the Project, the Resource Project Operator or a Project Owner is carried on or where any such records, books, documents, inventories or assets are maintained, except that the Province may conduct cash and inventory audits of the Resource Project Operator without notice. A Project Owner shall be allowed a reasonable period of time to produce documents requested by the Province in the course of an audit. Requests for documents on behalf of the Province shall be in sufficient detail for the Project Owner to identify the documents requested. The Project Owners shall cooperate and cause the Resource Project Operator to cooperate in any audits and inspections permitted by this Agreement. Audits undertaken by the Province shall be conducted within the Audit Period. Subject to clause 25.6, the cost of audits performed by the Province or its authorized agent shall be at the sole cost of the Province."

123. The Agreement is hereby amended by deleting clause 26.8 in its entirety, and replacing said clause with the following:

"26.8 Preservation of Records

Each Project Owner shall, and shall cause the Resource Project Operator to maintain, and preserve each document necessary for the purposes of this Agreement until the end of the Audit Period applicable to such document."

124. The Agreement is hereby amended by deleting clause 26.9 in its entirety, and replacing said clause with the following:

"26.9 Access and Seizure

Where the Province has reasonable grounds for believing that a Project Owner is not providing or is not causing to be provided information or access in accordance with the requirements of this Agreement, the Project Owners agree that the Province may upon an order of the Trial Division of the Supreme Court of Newfoundland and Labrador or a Justice thereof granted upon ex parte application by the Province:

(a) enter at all reasonable times into any place where there is conducted the business of the Resource Project Operator or a Project Owner required to keep records under this Agreement;

(b) examine or seize and take away any record of the Resource Project Operator or a Project Owner required to be kept under this Agreement;

(c) examine or seize and take away any record which will assist in determining the accuracy of the calculations to be made pursuant to and the records that are required to be kept under this Agreement; and

(d) require the Resource Project Operator or a Project Owner to give the Province or person authorized by the Province all reasonable assistance in carrying out the functions under this clause.

The Province shall forthwith provide a detailed list of all documents seized by the Province to the Person from whom the documents were seized. The Province shall allow access to all and any documents seized by the Province to the representatives of the Project Owner with respect to whom the documents were seized. Any reproduction of seized documents shall be at the expense of whomsoever does the reproduction. The Province shall return all original documents to the Person from whom the documents were seized as soon as copies have been made and certified and no later than thirty (30) days from the date of seizure."

125. The Agreement is hereby amended by deleting clause 26.10 in its entirety, and replacing said clause with the following:

"26.10 Certified Copies

The parties hereto agree that, notwithstanding any rule of law or evidence to the contrary, any such rule being hereby waived to the fullest extent that it may effectively be done, by all parties hereto, a photocopy or other copy of a document seized by the Province from the Resource Project Operator or a Project Owner and purporting to be certified by the person authorized by the Province to be responsible for the seized documents as a copy of the document seized shall be admissible in evidence in any arbitration, administrative or judicial proceeding and shall be, in the absence of evidence to the contrary, proof of the contents of the document without proof of the certifying person's signature or appointment or of his responsibility for custody of the document."

126. The Agreement is hereby amended by deleting clause 26.13 in its entirety, and replacing said clause with the following:

"26.13 Non-Availability of Records

In the event that documents which the Project Owner or the Resource Project Operator are required to make available to the Province cannot be made available to the Province because the documents have been validly seized by another Person, the failure to make such documents available to the Province shall not constitute a breach of or default under this Agreement by the Project Owner or a breach of or default under the undertakings given by the Resource Project Operator pursuant to clause 10.4. Each Project Owner shall, and shall cause the Resource Project Operator to use all reasonable efforts to assist the Province in gaining access to any document seized by another Person while in the possession of the other Person."

127. The Agreement is hereby amended by deleting clause 26.14 in its entirety, and replacing said clause with the following:

"26.14 Confidentiality

Subject to the requirements of the Access to Information and Protection of Privacy Act, the Province shall at all times keep confidential all information obtained from the Resource Project Operator, any Project Owner or any Licensee, including the provisions of Schedule J. These confidentiality requirements shall not apply to any information provided pursuant to this Agreement which:

(a) is required to be produced in court or pursuant to an arbitration hereunder to enforce the provisions of this Agreement;

(b) is in the public domain at the time it is obtained by the Province through no wrongful act of the Province;

(c) becomes in the public domain after it has been obtained through no fault of the Province;

(d) is otherwise in the possession of the Province prior to the time it is obtained from the Project Owner, Licensee or Resource Project Operator through no wrongful act of the Province and is not then held in confidence;

(e) relates to the Resource Project and is obtained by the Province from any Person not known to the Province to be obligated to keep the information obtained by the Province confidential;

(f) the Province is required to disclose by law, by any court having jurisdiction or by any body constituted by law which has been authorized by law to require such disclosure, but in each case only to the extent so requested and required; or

(g) is disclosed to Canada.

Notwithstanding the foregoing, the Province may disclose, upon the same conditions as are applicable to the Province under this clause, any information obtained from the Resource Project Operator, any Project Owner or any Licensee to any servant of and advisor to the Province for the purposes only of this Agreement provided that, with respect to any information relating to the pricing of Crude Oil or relating to contracts for the sale of Hibernia Crude of a Project Owner, such information and contracts may only be disclosed for the purposes of items (a) or (f) or for the purposes of administering this Agreement. The Province shall keep confidential pursuant to the provisions of this clause all information received from Canada relative to the Project that Canada advises the Province it received from a Project Owner, a Licensee or the Resource Project Operator to the same extent as if the Province had received that information from the Project Owner, Licensee or Resource Project Operator. The Province shall use all reasonable efforts to claim that Canada keep confidential on the terms provided for in this clause, but subject to the freedom of information laws applicable to Canada, all information which the Province is obligated to keep confidential by the provisions of this clause, excepting item (g) of this clause, and which the Province disclosed to Canada pursuant to item (g) of this clause."

128. The Agreement is hereby amended by deleting clause 26.15 in its entirety, and replacing said clause with the following:

"26.15 Environmental Insurance Policies

Each Project Owner shall provide, or cause to be provided, to the Province, for information purposes only, a copy, certified by the policy issuer, of each policy of insurance with respect to the Project which benefits the Project Owner or the Resource Project Operator with respect to damage caused as a result of oil-spills, blow-outs or other similar events and a copy, certified by the policy issuer, of each change, amendment, renewal and cancellation of each such policy."

129. The Agreement is hereby amended by deleting clause 27.1 in its entirety, and replacing said clause with the following:

"27.1 **Submission to Arbitration**

The provisions of Schedule G to the Allocation Agreement shall apply to any disagreement among the parties hereto as regards any matter expressly allowed in this Agreement to be submitted to arbitration."

130. The Agreement is hereby amended by deleting clause 27.2 in its entirety.

131. The Agreement is hereby amended by deleting clause 27.3 in its entirety.

132. The Agreement is hereby amended by deleting clause 27.4 in its entirety.

133. The Agreement is hereby amended by deleting clause 27.5 in its entirety.

134. The Agreement is hereby amended by deleting clause 27.6 in its entirety.

135. The Agreement is hereby amended by deleting clause 27.7 in its entirety.

136. The Agreement is hereby amended by deleting clause 27.8 in its entirety.

137. The Agreement is hereby amended by deleting clause 29.1(a) in its entirety, and replacing said clause with the following:

"(a) it is directly attributable to the Resource Project (which Resource Project includes that portion of the Unit Project attributed to PL1001 pursuant to the Allocation Agreement);"

138. The Agreement is hereby amended by deleting clause 29.1(c) in its entirety, and replacing said clause with the following:

"(c) it: (i) is charged to the Joint Account or to the provisions which replace the Joint Account pursuant to clause 15.2; or (ii) is charged to the Unit Account and allocated to PL1001 pursuant to the Allocation Agreement; or (iii) with respect to the PL1001 Non-Unit Southern Equity Area only, is charged to another joint account, where such joint account has been approved in writing by the Province; and"

139. The Agreement is hereby amended by deleting clause 29.3 in its entirety, and replacing said clause with the following:

"**29.3 Disqualification**

Notwithstanding clauses 29.1 and 29.2 and subject to clause 29.5, a cost will not qualify as a Resource Project Eligible Cost or a Resource Project Eligible Marketing Cost if it is one of the following:

(a) overhead of any Project Owner or of anyone not dealing at Arm's Length with a Project Owner or the Resource Project Operator, except for:

(1) overhead of the Resource Project Operator; and

(2) overhead included in the charges to the Joint Account of Affiliates of a Project Owner and which charges have been approved in writing by the Province;

(a.1) overhead of the Tanker Administrators, the Tanker Cost Aggregator, the Transshipment Operator, or of anyone not dealing at Arm's Length with any of the foregoing;

(a.2) overhead of the Unit Operator, the GBS Operator in its capacity as Service Provider to the Unit, the Tariff Administrator, or of anyone not dealing at Arm's Length with any of the foregoing, unless such overhead is incurred in respect of an office located in the Province or a person working in the Province;

(b) interest and other penalties, borrowing costs or financing costs, including, without restricting the generality of the foregoing, penalties related thereto, underwriters commissions, investment banking fees, redemption premiums and other similar costs;

(c) Gross Royalty, Net Royalty, Supplementary Royalty, AA Blocks Additional Royalty or Southern Additional Royalty or Penalties or interest relating thereto;

(d) any payment which is measured or calculated with reference to the production of Crude Oil or with reference to the income, revenue or profits from the sale of Crude Oil or the costs of production of Crude Oil (excepting such costs themselves), which payments include, without restricting the generality of the foregoing, overriding royalties, net profits interests, net revenue interests, net income interests, carried interests and production payments, but excepting from this item (d) payments of the foregoing nature which are made in relation to the acquisition of a good or service;

(e) marketing costs, excepting those allowed by clause 29.2;

(f) taxes based on revenue, income or profits;

(g) any mark-up by a Project Owner of the charges of a third party;

(g.1) any mark-up of charges of a Tariff Administrator;

(h) charges for Petroleum produced pursuant to the Production Licence and consumed by the Project;

(i) any cost incurred or damages paid as a result of Wilful and Deliberate Misconduct or Gross Negligence on the part of management or supervisory personnel of:

(1) the Project Owners;

(2) the Resource Project Operator;

(3) the Unit Operator;

(4) the GBS Operator;

(5) the Tariff Administrator;

(6) a Tanker Administrator;

(7) the Tanker Cost Aggregator;

(8) the Transshipment Operator; or

(9) any third party contractor to any of the foregoing,

or any of them;

(j) fines paid as a result of any act or omission which is a breach of any laws, rules, regulations, permits, licences, orders or other directives of a government, government department or agency, the Board or any court;

(k) costs incurred in respect of damage to the environment, including costs of environmental clean-up, resulting from the construction, maintenance or operation of the Resource Project and which costs in respect of any event or occurrence are in excess of the limits of the insurance policies maintained in respect of the Resource Project;

(l) depletion, depreciation or any similar or notional allowance;

(m) on account of any funded or non-funded reserve except any reserve allowed by Article XXXVI;

(n) direct costs of purchasing, leasing or renting any land or building not located within Newfoundland and Labrador or the Offshore Area except where such costs are directly related to Resource Project Capital Activities;

(o) an amount deducted in determining Gross Transfer Revenue or Resource Project Incidental Revenue;

(p) any fees paid to or costs associated with consultants or advisors to the Project Owners and Licensees, or any of them, relative to the negotiation, preparation and execution of:

(1) this Agreement, the Framework Agreement, the Project Agreements, the Allocation Agreement, or any of them; and

(2) the agreements referred to as the Closing Documents in the Document Escrow and Closing Agreement 2010, or any of them;

(q) costs paid with proceeds of insurance or with reserves allowed by Article XXXVI where the insurance premiums or the contributions to the reserve, as the case may be, were a Resource Project Eligible Cost, a Resource Project Eligible Marketing Cost or an Eligible Transportation Cost;

(r) premiums for insurance which provide coverage for risks the costs of which would not be a Resource Project Eligible Cost or a Resource Project Eligible Marketing Cost, except premiums paid for insurance providing coverage against risks relative to matters described in items (i) or (k); provided, further, that with respect to insurance relating to item (k), such insurance provides coverage which may be reasonably considered to be in excess of the coverage which would be available through a reserve permitted pursuant to clause 36.1(b);

(s) costs that arise from a contractual dispute between the Project Owners or any of the Project Owners;

(t) costs of the Expansion Expert process, the Data Base Expert process and the Expert determination process, as such processes are described in the Unit Agreement, including all fees, disbursements and administrative costs; or

(u) an amount on account of, in lieu of or in satisfaction of or in substitution for any of the foregoing."

140. The Agreement is hereby amended by deleting clause 29.4 in its entirety, and replacing said clause with the following:

"29.4 Allocation of Costs

Subject to the provisions of the Allocation Agreement, where a cost is not entirely allocable to the Resource Project, only the amount of such cost which is reasonably allocable to the Resource Project shall be, subject to satisfying the requirements of this Agreement a Resource Project Eligible Cost or a Resource Project Eligible Marketing Cost, as the case may be."

141. The Agreement is hereby amended by deleting clause 29.5 in its entirety, and replacing said clause with the following:

"29.5 Allocation Among Project Owners

(a) Subject to subclause 29.5(b), each Resource Project Eligible Cost shall be allocated among and shared by the Project Owners according to the Working Interests of the Project Owners in the Resource Project at the time the particular Resource Project Eligible Cost was incurred.

(b) Each Resource Project Eligible Cost that relates to the PL1001 Southern Ownership Area shall be allocated among and shared by the Project Owners according to the Working Interests of the Project Owners in the PL1001 Southern Ownership Area at the time the particular Resource Project Eligible Cost was incurred."

142. The following clause shall be read as having been inserted in the Agreement as clause 29.8:

"29.8 Tariffs

Tariff costs shall be determined pursuant to Article 22 of the Allocation Agreement."

143. The Agreement is hereby amended by deleting clause 30.1 in its entirety, and replacing said clause with the following:

"30.1 **Capital and Operating Costs Determination**

The relationship of a Resource Project Eligible Cost to Resource Project Capital Activities and, accordingly, the characterization of a Resource Project Eligible Cost as either a Resource Project Eligible Capital Cost or a Resource Project Eligible Operating Cost, shall, unless otherwise provided for in this Agreement or the Allocation Agreement, be initially determined by the Resource Project Operator or the Unit Operator as applicable having regard to the meaning of Resource Project Capital Activities and, where necessary, to the general practices of Mobil in applying Canadian generally accepted accounting principles."

144. The Agreement is hereby amended by deleting clause 30.8 in its entirety, and replacing said clause with the following:

"30.8 **Certain Resource Project Costs Not Uplifted**

All Resource Project Eligible Costs as are normally considered to be overhead costs shall not receive uplift pursuant to clause 30.6 or clause 30.7 including, without restricting the generality of the foregoing, those related to the functions of finance, administration, employee relations, information systems, legal services, government relations, public affairs and planning. All Resource Project Eligible Costs pursuant to clause 29.8 shall not receive uplift pursuant to clause 30.6 or clause 30.7."

145. The Agreement is hereby amended by deleting clause 30.13 in its entirety, and replacing said clause with the following:

"30.13 **Not Available For Use**

A Resource Project Asset shall be deemed to have been disposed of at fair market value when the Resource Project Asset is no longer available for use by the Resource Project. Notwithstanding the foregoing, a Resource Project Asset shall not be deemed to be disposed of where that Resource Project Asset is temporarily unavailable due to its employment for activities permitted by clause 10.1. The fair market value of a Resource Project Asset of the Resource Project deemed to have been disposed of pursuant to this clause shall be Resource Project Incidental Revenue. This clause shall not have application to the sale to a Crown corporation of Newfoundland and Labrador for One Dollar of the shore-based facilities located within Newfoundland and Labrador used to construct the gravity base structure of the Resource Project.

Notwithstanding the above, use of a Resource Project Asset for Unit Production only shall not be deemed to be a disposition for the purposes of this clause 30.13."

146. The Agreement is hereby amended by deleting clause 30.18 in its entirety, and replacing said clause with the following:

"30.18 **Common Costs**

If a cost can be considered to be both a Resource Project Eligible Cost and an Eligible Transportation Cost, such cost shall be only a Resource Project Eligible Cost and not an Eligible Transportation Cost."

147. The Agreement is hereby amended by deleting clause 30.20(a)(ii) in its entirety, and replacing said clause with the following:

"(ii) notwithstanding item (a) of clause 29.1, payments made on account of costs or damages which are not necessarily attributable to any act or default by the Project Owners, the Licensees, the Resource Project Operator, or any of them;"

148. The Agreement is hereby amended by deleting Article XXXI in its entirety and replacing it with the following:

"ARTICLE XXXI: [INTENTIONALLY DELETED]"

149. The following Article shall be read as having been inserted in the Agreement as a new Article XXXIA immediately following Article XXXI:

"ARTICLE XXXIA: PRE-TRANSITION TRANSPORTATION COSTS DEDUCTION

31A.1 Pre-Transition Transportation Costs Deduction

The Pre-Transition Transportation Costs Deduction for a Project Owner in a Period during the Pre-Transition Period shall be determined, calculated and allocated pursuant to clause 31A.2.

31A.2 Deduction Amount

(a) The Pre-Transition Transportation Costs Deduction for a Project Owner in each Period during the Pre-Transition Period is the amount equal to the total number of barrels of Hibernia Crude lifted by the Project Owner at the GBS in the Period, multiplied by the transportation tariff for the Project Owner.

(b) The transportation tariff for each Project Owner under subclause 31A.2(a) shall be as set out in Schedule J.

(c) The number of barrels of Hibernia Crude lifted by each Project Owner in a Period shall be as set out in Schedule J.

(d) In a Month in which Pre-Transition Transportation Costs Deduction exceeds Gross Sales Revenue, Gross Transfer Revenue shall be reduced to zero ($0) and the remaining difference between Pre-Transition Transportation Costs Deduction and Gross Sales Revenue shall be carried forward and added to Pre-Transition Transportation Costs Deduction in the following Month.

31A.3 Re-filing by Project Owners

Each Project Owner shall re-file the annual reconciliation and adjustment in respect of all transportation and transhipment costs for the Project Owner for each Period in the Pre-Transition Period using the Pre-Transition Transportation Costs Deduction for the Project Owner. All such re-filings shall be in accordance with the provisions of this Article and shall be made and written notice thereof given by the Project Owner to the Province on or before March 16, 2010. Such re-filing shall include the Net Royalty Payout calculation for each Month from December 1997 to the date of Net Royalty Payout reflecting such adjustments.

31A.4 Payment Upon Re-Filing

(a) Any amount payable by a Project Owner as a result of a re-filing by the Project Owner pursuant to clause 31A.3 in respect of Royalty Share payable pursuant to the Agreement shall be paid, in money, by the Project Owner to the Province on or before March 16, 2010. If any such payment or amount is remitted to the Province on or before March 16, 2010, then any such payment shall not be subject to any Penalty.

(b) Any amount payable by the Province as a result of a re-filing by a Project Owner pursuant to clause 31A.3 in respect of Royalty Share payable pursuant to the Agreement shall be paid, in money, by the Province to the Project Owner on or before April 30, 2010.

31A.5 Review, Assessment and Recalculation

(a) The Province shall review and assess any re-filing made by a Project Owner pursuant to clause 31A.3 and shall provide written notice of the results of such review and assessment to the Project Owner on or before May 31, 2010.

(b) Where the Province has determined that the re-filing by the Project Owner is not in accordance with the terms of this Article, the Province shall recalculate any Royalty Share payable pursuant to the Agreement that is affected by the Pre-Transition Transportation Costs Deduction for the Project Owner and shall provide such information to the Project Owner in the notice under subclause 31A.5(a).

31A.6 Payment upon Recalculation

Any amount payable by a Project Owner as a result of a recalculation by the Province pursuant to clause 31A.5 shall be paid, in money, by the Project Owner to the Province on or before June 30, 2010.

31A.7 Arbitration

After payment by a Project Owner pursuant to clause 31A.6, the Project Owner may submit a disagreement that the Project Owner has with the review and assessment made by the Province pursuant to subclause 31A.5(a) or the recalculation made by the Province pursuant to subclause 31A.5(b) at any time on or before July 30, 2010. The arbitrators in such case may consider whether the calculation was made in accordance with this Article XXXIA. The Pre-Transition Transportation Costs Deduction determined by arbitrators shall be the amount thereof for the purposes of calculating any Royalty Share payable pursuant to the Agreement that is affected by the Pre-Transition Transportation Costs Deduction for the Project Owner.

31A.8 Resolution

This Article XXXIA is full and final resolution of all issues among the parties relating to the eligibility of transportation and transhipment costs relating to Hibernia Crude prior to July 1, 2009.

31A.9 Effect on other Provisions

This Article XXXIA shall only apply to the determination, calculation and allocation of Pre-Transition Transportation Costs Deduction for a Project Owner and the Royalty Share payable pursuant to the Agreement that is affected by the Pre-Transition Transportation Costs Deduction for the Project Owner. For greater certainty, nothing in this Article shall limit, alter, affect or diminish the Province's rights under the Agreement, including the right to conduct audits and make redeterminations or recalculations in respect of all costs other than costs in respect of Pre-Transition Transportation Costs Deduction."

150. The Agreement is hereby amended by deleting Article XXXII in its entirety and replacing it with the following:

"ARTICLE XXXII: [INTENTIONALLY DELETED]"

151. The Agreement is hereby amended by deleting Article XXXIII in its entirety and replacing it with the following:

"ARTICLE XXXIII: [INTENTIONALLY DELETED]"

152. The following Article shall be read as having been inserted in the Agreement as a new Article XXXIIIA immediately following Article XXXIII:

"ARTICLE XXXIIIA ELIGIBLE TRANSPORTATION COSTS DEDUCTION-PL1001

33A.1 Application During Post-Transition Period

Article XXXIIIA shall only have application in relation to the transportation and transshipment of Hibernia Crude during the Post-Transition Period.

33A.2 Eligible Transportation Costs Deductions-PL1001

Eligible Transportation Costs Deduction-PL1001 for each Project Owner for each Month is the portion of Eligible Transportation Costs allocated to PL1001 pursuant to Schedule E of the Allocation Agreement.

33A.3 Excess Eligible Transportation Costs

In a Month in which Eligible Transportation Costs Deduction-PL1001 exceeds Gross Sales Revenue, Gross Transfer Revenue shall be reduced to zero ($0) and the remaining difference between Eligible Transportation Costs Deduction-PL1001 and Gross Sales Revenue shall be carried forward and added to Eligible Transportation Costs Deduction-PL1001 in the following Month."

153. The Agreement is hereby amended by deleting clause 34.1 in its entirety, and replacing said clause with the following:

"34.1 Agreed Principles

The Province recognizes that all or a portion of certain agreed out-of-pocket costs which may be incurred in respect of abandonment or decommissioning of the Project should be accorded recognition in the context of the Net Royalty, the Supplementary Royalty, the AA Blocks Additional Royalty, and the Southern Additional Royalty provided for

in this Agreement, acknowledging that there should be, ultimately, a sharing of these costs on an agreed basis.

The Province is prepared to enter into good faith discussions with the Project Owners at some future date if the requirements for decommissioning or abandonment of the Project become more clearly defined, with the objective of these discussions being to establish a satisfactory method of recognizing all or a portion of such out-of-pocket costs on an agreed basis.

These discussions will be initiated and will proceed at the request of any party to this Agreement during or after the development of any applicable legislation or regulations."

154. The Agreement is hereby amended by deleting clause 34.2 in its entirety, and replacing said clause with the following:

"34.2 Understandings Re Reserves

Item (m) in clause 29.3 shall not be construed as any agreement by the Province that there should be a reserve for the purposes of clause 34.1. Similarly, item (m) in clause 29.3 does not preclude an agreement by the Province and the Project Owners that there will be a reserve for the purposes of clause 34.1."

155. The Agreement is hereby amended by deleting clause 36.1 in its entirety, and replacing said clause with the following:

"36.1 Certain Allowed Reserves

Notwithstanding the provisions of item (m) of clause 29.3, an Actual Cash Payment on account of a reserve may be a Resource Project Eligible Cost if:

(i) it satisfies the requirements of clause 29.1, is not disqualified by any of the provisions, excepting items (d) or (m), of clause 29.3 and satisfies the other requirements of this Agreement, provided that, where a reserve allowed by the other items of this clause 36.1 is imposed upon a Project Owner, Licensee or Resource Project Operator, and is an amount allocable pursuant to item (iii) hereof, then the parties acknowledge that such amounts may be billed to the Joint Account for the purposes of clause 29.1(c);

(ii) the reserve is required as a result of any law, rule, regulation, permit, licence, order or other directive of the Province or Canada, any department or agency thereof, or the Board;

(iii) the obligation for the reserve is imposed either upon a Licensee or a Project Owner with respect to its interest in the Project or Production Licence or upon the Resource Project Operator as operator of the Resource Project, provided that if the reserve obligation includes the interests of a Project Owner or Licensee other than with respect to the Project or the Production Licence, then the allocation provisions of clause 29.4 shall be applicable thereto;

(iv) the reserve is a funded reserve and access to the fund is not controlled by the Project Owner, Licensee or Resource Project Operator, as the case may be; and

(v) the funds in the reserve may not be withdrawn by the Project Owner, Licensee or Resource Project Operator from the reserve except as allowed by the applicable provisions imposing the reserve or upon termination of the Project.

Notwithstanding the other provisions of this clause, there shall not be any reserve on account of:

(a) abandonment or decommissioning unless a reserve on such account is agreed to by the Province with the Project Owners pursuant to clause 34.1; or

(b) costs incurred in respect of matters contemplated by clause 29.3(k). Notwithstanding the foregoing, a payment into a reserve, such reserve being in the nature of insurance as contemplated by clause 29.3(r) exclusive of the final proviso to same, in respect of risks relative to matters described in clause 29.3(k), shall, subject to the other requirements of this Agreement, be a Resource Project Eligible Cost. For the purposes of this provision a reserve may be considered to be in the nature of insurance as contemplated by clause 29.3(r), in respect of risks relative to matters described in clause 29.3(k), if it potentially provides for payment for the purposes for which the reserve was established in excess of the contribution of that Project Owner plus interest which could reasonably be attributed thereto."

156. The Agreement is hereby amended by deleting clause 36.2 in its entirety, and replacing said clause with the following:

"**36.2 Provisions Re Allowed Reserves**

In respect of any reserve allowed by clause 36.1:

(i) The Actual Cash Payments made on account of the reserve shall not receive uplifts pursuant to clauses 30.6 or 30.7 but shall be taken into account in calculating Net Royalty Return Allowance or Supplementary Royalty Return Allowance;

(ii) If payments made out of the reserve to a Project Owner, Licensee or Resource Project Operator are not applied by it for a purpose which the reserve is applicable to and relating to the Resource Project, such amounts shall be Resource Project Incidental Revenue; and

(iii) All amounts returned, other than as provided for in item (ii) above, to the Licensees, Project Owners or Resource Project Operator from a reserve shall be Resource Project Incidental Revenue."

157. The Agreement is hereby amended by deleting clause 37.4 in its entirety, and replacing said clause with the following:

"**37.4 Review by Arbitrators**

Where the Province has made a redetermination or recalculation of, or in respect of, the Royalty Share based upon the Sale Price not reflecting fair market value as required

by clause 37.1, and the Project Owner has chosen to submit the matter to arbitration pursuant to clause 24.5, the arbitrators in determining fair market value of the Sale Price at the Sale Point shall not be restricted as to the nature of the information or evidence which may be considered. The arbitrators, in assessing the information and evidence produced before them, shall be the sole determinators of the weight and relevance to be given to any particular factor. In particular, the parties specifically acknowledge their agreement that nothing contained in this Article or elsewhere in this Agreement or the Allocation Agreement shall be taken to direct or suggest that such assessment of fair market value must be conducted at the time of delivery, loading, entry into the contract or any other specific time. Rather, it is the agreement of the parties that the arbitrators in making such assessment shall be allowed to determine that time which, taking into account the factors generally set forth in clause 37.1 above, is appropriate for determination of fair market value for that sales arrangement."

158. The Agreement is hereby amended by deleting clause 38.3 in its entirety, and replacing said clause with the following:

"38.3 Address for Service of Legal Process

Each Project Owner and each Licensee hereby appoints the Person whose name is set forth below to be its agent to receive on its behalf service of all and any papers which may be served in any legal proceedings relative to this Agreement which involve the Province:

Managing Partner
c/o Stewart McKelvey
Cabot Place
100 New Gower Street
P.O. Box 5038
St. John's, Newfoundland and Labrador
Canada
A1C 5V3

Each Project Owner and each Licensee hereto shall at all times throughout the currency of this Agreement have an agent within Newfoundland and Labrador to receive service on its behalf as aforesaid. A Licensee or Project Owner may change its agent by written notice to the Province and the other Project Owners and Licensees. The provisions of this clause shall not restrict the ability of any party to this Agreement to effect service in any other manner permitted by law. Each Project Owner and Licensee agrees that service upon its agent appointed in or pursuant to this clause made in the manner provided for in Article XXXIX is, and waives each and all objections which it may hereafter have that service made in the manner provided for in this clause is not, valid and effective service for the purposes of any legal proceedings relative to this Agreement which involve the Province."

159. The following clause shall be read as having been inserted in the Agreement as clause 40.1A:

"40.1A Stability

The Province acknowledges that each of the Project Owners relies upon the good faith of the Province to maintain substantially the legislative and regulatory framework applicable to the Project as of the date of this Agreement, to the extent that doing so is in the public interest and, without limiting the generality of the foregoing, is consistent with governmental responsibilities, including responsibility for ensuring proper management of

its resources, the protection and maintenance of public health and safety and the protection of the environment. Each of the Project Owners acknowledges that the Province relies upon the good faith of each of the Project Owners, respectively, to carry out its undertakings in this Agreement."

160. The following clause shall be read as having been inserted in the Agreement as clause 40.9:

"**40.9 No Additional Equity**

Notwithstanding the Energy Plan, or any other policy, regulation, or legislation of the Province relating to energy resources, any beneficial or working interest participation in PL1001 Southern Ownership Area by the Province, its agent, or any provincially-controlled corporation shall be limited to the interest, if any, acquired by Nalcor Oil, its successors or permitted assigns in accordance with the Acquisition Agreement, unless such interest is acquired by way of an agreed acquisition between any of the Parties."

161. The Agreement is hereby amended by deleting the second preamble of Schedule C in its entirety, and replacing said preamble with the following:

"**WHEREAS** Assignor and Third Party are parties to a Royalty Agreement dated _____, 1990 and an Allocation Agreement dated _____, 2010 relative to the royalty payable on crude oil produced pursuant to Production Licence No. 1001 issued by the Canada-Newfoundland Offshore Petroleum Board (which agreements, as may have been amended, are herein referred to collectively as the "**Royalty Agreement**"); and"

162. The Agreement is hereby amended by inserting the attached Schedule "1" as Schedule "H" to the Agreement immediately following Schedule "G".

163. The Agreement is hereby amended by inserting the attached Schedule "2" as Schedule "I" to the Agreement immediately following Schedule "H".

164. The Agreement is hereby amended by inserting the attached Schedule "3" as Schedule "J" to the Agreement immediately following Schedule "I".

165. The Agreement is hereby amended by deleting the word "Newfoundland" and replacing it with the words "Newfoundland and Labrador" in all instances where the word "Newfoundland":

(a) is used in reference to the Province of Newfoundland and Labrador or Her Majesty the Queen in Right of the Province of Newfoundland and Labrador;
(b) is used in reference to the Canada-Newfoundland and Labrador Offshore Petroleum Board;
(c) is used in reference to the geographical territory of the Province of Newfoundland and Labrador; or
(d) is used in reference to a court of the Province of Newfoundland and Labrador.

166. This amending agreement shall become effective on February 16, 2010.

167. Each of the Parties shall at its own cost and expense, from time to time and without further consideration, execute or cause to be executed all documents which are necessary to give effect to the provisions of this amending agreement.

168. This amending agreement shall be binding upon and shall inure to the benefit of the Parties hereto and their respective successors and assigns as provided for in the Hibernia Royalty Agreement.

169. This amending agreement may be executed in any number of counterparts and by different Parties in separate counterparts, each of which, when so executed, shall be deemed to be an original and all of which, when together, shall constitute one and the same instrument. A facsimile of a counterpart executed by a Party shall be acceptable evidence of the execution of the execution by that Party of that counterpart.

IN WITNESS WHEREOF each of the Parties to this Agreement has caused this Agreement to be executed by their officers or representatives duly authorized in that behalf on the date first above written.

HER MAJESTY IN RIGHT OF THE PROVINCE OF NEWFOUNDLAND AND LABRDOR

Signature: _____

Name: _____

Title: Premier (Acting)

Signature: _____

Name: _____

Title: Minister of Natural Resources

NALCOR ENERGY-OIL AND GAS INC.

Signature: _____

Name: E.J. Martin

Title: President and Chief Executive Officer

Signature: _____

Name: James M. Keating

Title: Vice President

EXXONMOBIL CANADA PROPERTIES

Signature: _____

Name: Glenn Scott

Title: President

EXXONMOBIL CANADA HIBERNIA COMPANY LTD.

Signature: _____

Name: Glenn Scott

Title: President

EXXONMOBIL CANADA LTD.

Signature: _____

Name: Glenn Scott

Title: President

CANADA HIBERNIA HOLDING CORPORATION

Signature: _____

Name: Murray Todd

Title: President and Chief Executive Officer

CHEVRON CANADA RESOURCES, a partnership, by its Managing Partner, CHEVRON CANADA LIMITED

Signature: _____

Name: S.T. Hutchison

Title: Vice President

Signature: _____

Name: Jeff Wasko

Title: Vice President

CHEVRON CANADA LIMITED

Signature: _____

Name: S.T. Hutchison

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Name: Jeff Wasko

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Signature: _____

Name: Jeff Wasko

Title: Vice President

DL 1001 Royalty Agreement

9 · d

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Name: Jeff Wasko

Title: Vice President

CHEVRON CANADA LIMITED

Signature: _____

Name: S.T. Hutchison

Title: Vice President

Signature: _____

Name: Jeff Wasko

Title: Vice President

SUNCOR ENERGY INC.

Signature: _____

Name: Alan Brown

Title: Authorized Signatory

PETRO-CANADA HIBERNIA PARTNERSHIP, a partnership by its Managing Partner, SUNCOR ENERGY INC.

Signature: _____

Name: Alan Brown

Title: Authorized Signatory

STATOIL CANADA LTD.

Signature: _____

Name: Hege Rognø

Title: Vice President, Offshore Upstream

MURPHY ATLANTIC OFFSHORE OIL COMPANY LTD.

Signature: _____

Name: Cal C. Buchanan

Title: Vice President

SUNCOR ENERGY INC.

Signature: _____

Name: Alan Brown

Title: Authorized Signatory

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Signature: _____

Name: Hege Rognø

Title: Vice President, Offshore Upstream

MURPHY ATLANTIC OFFSHORE OIL COMPANY LTD.

Signature: _____

Name: Cal C. Buchanan

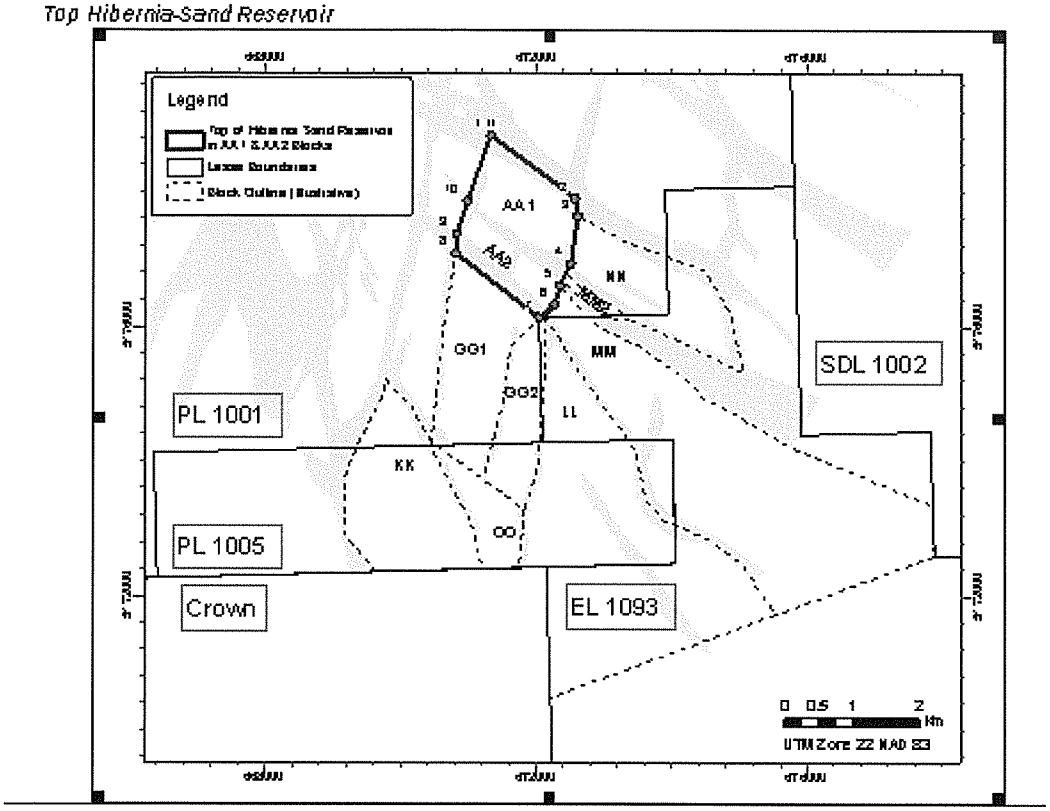
Title: Vice President

SCHEDULE "1" TO THE AMENDING AGREEMENT

SCHEDULE "H" TO THE HIBERNIA ROYALTY AGREEMENT

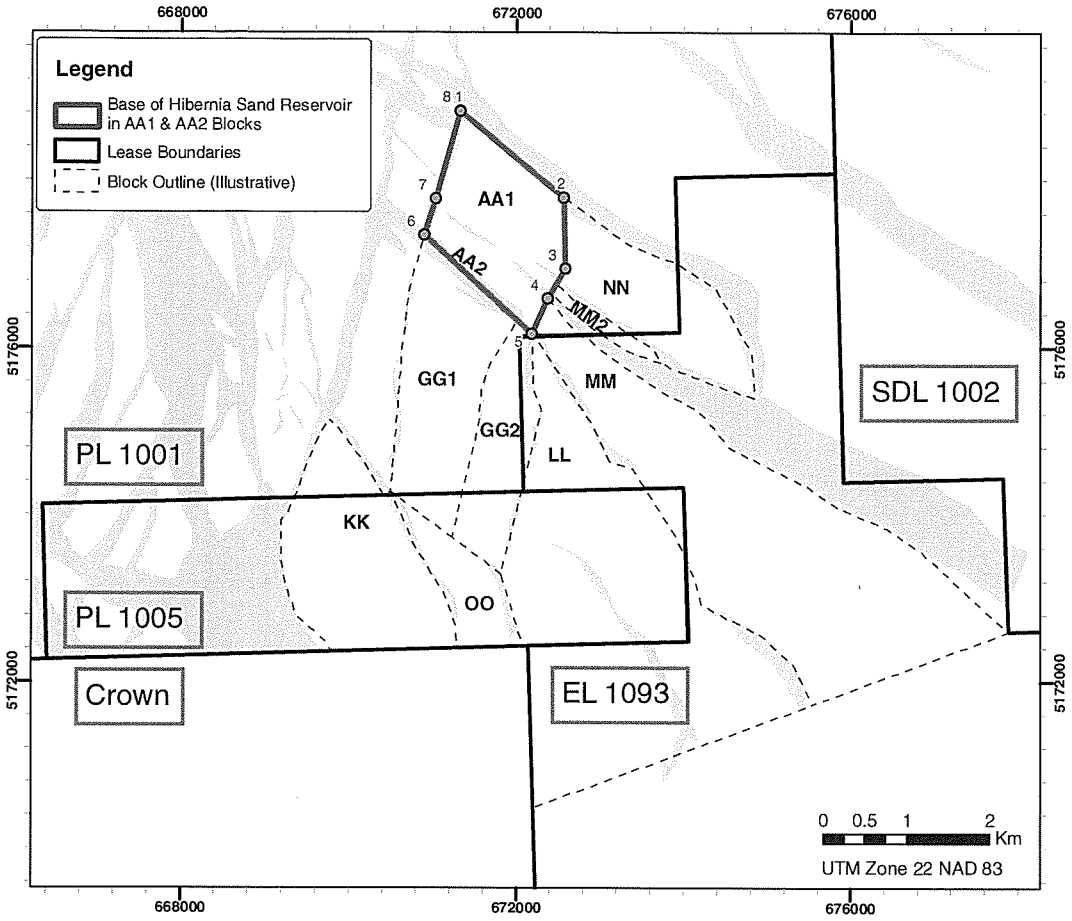
PL1001 AA BLOCKS ROYALTY AREA

Top Hibernia-Sand Reservoir



Top Hibernia Polygon AA1 & AA2			
Polygon Coordinates (UTM Zone 22, NAD83)			
Vertex	X (metres)	Y (metres)	Z (metres)
1	671326	5178835	-3828
2	672559	5177909	-4006
3	672601	5177640	-4074
4	672501	5176941	-4157
5	672345	5176607	-4315
6	672267	5176331	-4340
7	672040	5176130	-4263
8	670816	5177098	-3935
9	670817	5177383	-3987
10	670982	5177862	-3898
11	671326	5178835	-3828

Base Hibernia-Sand Reservoir



Base Hibernia Polygon AA1 & AA2

Polygon Coordinates (UTM Zone 22, NAD83)

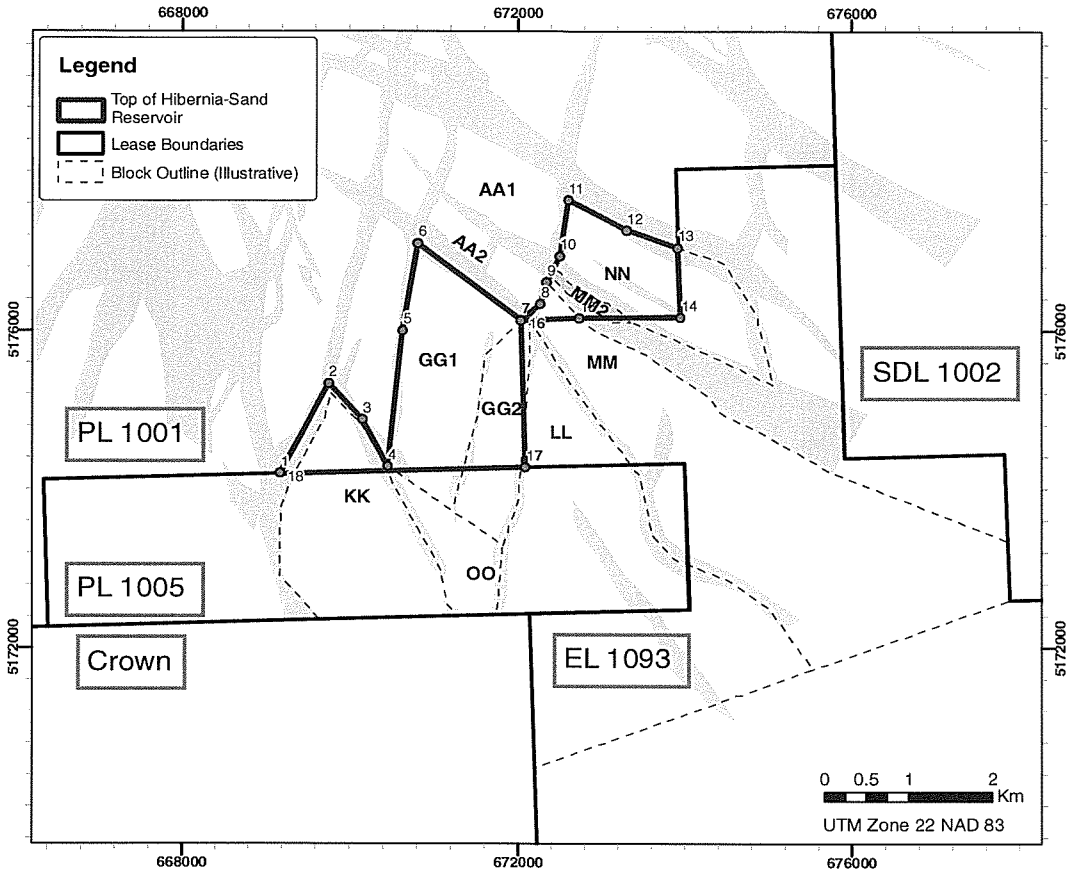
Vertex	X (metres)	Y (metres)	Z (metres)
1	671325	5178831	-4047
2	672563	5177796	-4196
3	672586	5176944	-4296
4	672375	5176590	-4413
5	672186	5176166	-4327
6	670901	5177344	-4195
7	671034	5177782	-4156
8	671325	5178831	-4047

SCHEDULE "2" TO THE AMENDING AGREEMENT

SCHEDULE "I" TO THE HIBERNIA ROYALTY AGREEMENT

PL1001 SOUTHERN ROYALTY AREA

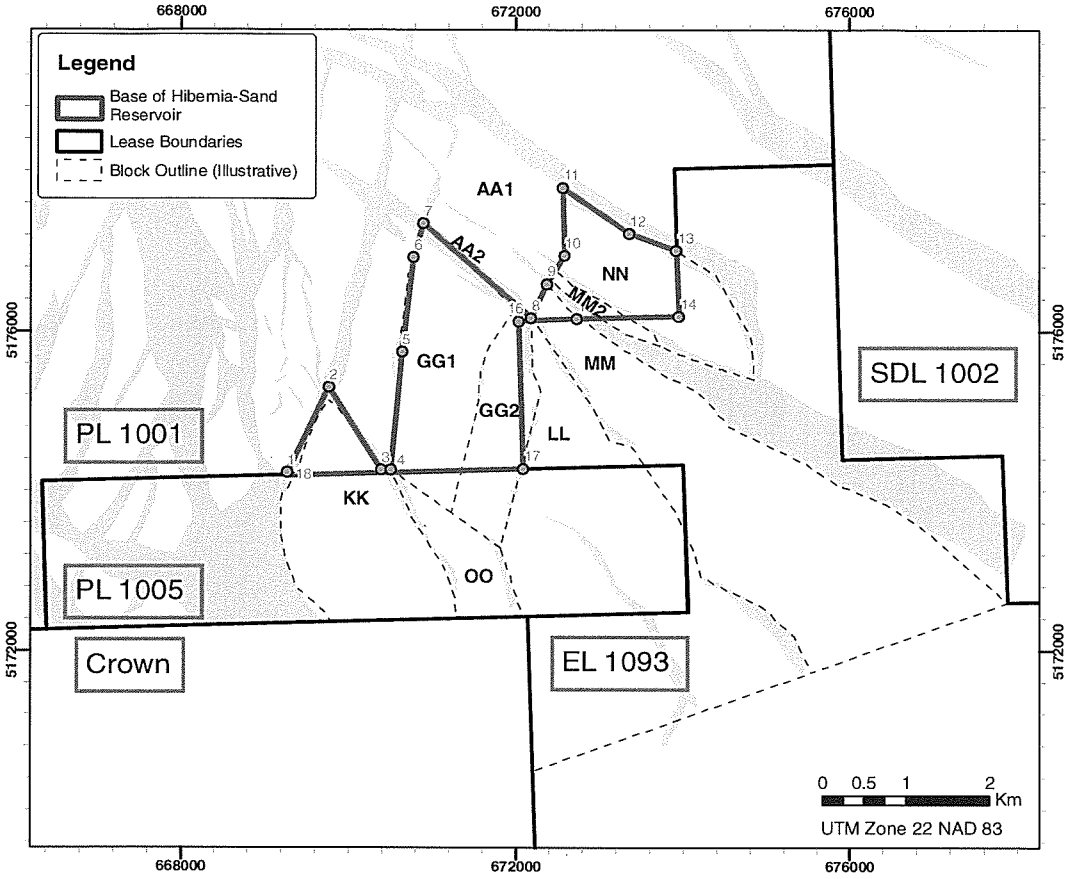
Top Hibernia-Sand Reservoir



PL 1001 Southern Royalty Area
Top Hibernia-Sand Reservoir
Polygon Coordinates (UTM Zone 22, NAD83)

Vertex	X (metres)	Y (metres)	Z (metres)
1	669175	5174193	-4260
2	669753	5175328	-4068
3	670160	5174877	-4181
4	670455	5174230	-4392
5	670631	5176000	-4023
6	670816	5177098	-3935
7	672040	5176130	-4263
8	672267	5176331	-4340
9	672345	5176607	-4315
10	672501	5176941	-4157
11	672601	5177640	-4074
12	673298	5177262	-4281
13	673927	5177046	-4370
14	673950	5176185	-4415
15	672738	5176154	-4461
16	672040	5176128	-4262
17	672093	5174276	-4573
18	669175	5174193	-4260

Base Hibernia-Sand Reservoir



PL 1001 Southern Royalty Area
Base Hibernia-Sand Reservoir
Polygon Coordinates (UTM Zone 22, NAD83)

Vertex	X (metres)	Y (metres)	Z (metres)
1	669266	5174196	-4422
2	669768	5175301	-4249
3	670397	5174228	-4547
4	670502	5174230	-4528
5	670638	5175740	-4272
6	670782	5176924	-4096
7	670901	5177344	-4129
8	672186	5176166	-4327
9	672375	5176590	-4413
10	672586	5176944	-4296
11	672563	5177796	-4196
12	673353	5177220	-4421
13	673927	5177008	-4448
14	673950	5176185	-4588
15	672738	5176154	-4615
16	672040	5176128	-4328
17	672093	5174276	-4746
18	669266	5174196	-4422

SCHEDULE "3" TO THE AMENDING AGREEMENT

SCHEDULE "J" TO THE HIBERNIA ROYALTY AGREEMENT

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PARTY	INITIALS
HER MAJESTY IN RIGHT OF NEWFOUNDLAND AND LABRADOR	
EXXONMOBIL CANADA PROPERTIES EXXONMOBIL CANADA LTD. EXXONMOBIL CANADA HIBERNIA COMPANY LTD.	
PETRO-CANADA HIBERNIA PARTNERSHIP SUNCOR ENERGY INC.	
CHEVRON CANADA RESOURCES CHEVRON CANADA LIMITED	
CANADA HIBERNIA HOLDING CORPORATION	
MURPHY ATLANTIC OFFSHORE OIL COMPANY LTD.	
STATOIL CANADA LTD.	
NALCOR ENERGY – OIL AND GAS INC.	

The person initialling is indicating that they have participated in, reviewed and will recommend approval of the document