

**COLLATERAL RIGHTS AGREEMENT**

**NORTH WEST REDWATER PARTNERSHIP**

**AND**

**ALBERTA PETROLEUM MARKETING COMMISSION**

**AND**

**NWU LP**

**AND**

**CANADIAN NATURAL UPGRADING LIMITED**

**Made as of April 7, 2014**

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**COLLATERAL RIGHTS AGREEMENT**

**made as of April 7, 2014**

**NORTH WEST REDWATER PARTNERSHIP**, a general partnership established under the laws of Alberta, by its partners **NWU LP** (by its general partner 1726702 Alberta Ltd.) and **CANADIAN NATURAL UPGRADING LIMITED**

("NWRP")

AND

**ALBERTA PETROLEUM MARKETING COMMISSION**, a body corporate incorporated by the *Petroleum Marketing Act* (Alberta) as an agent of the Crown in right of Alberta

("APMC")

AND

**NWU LP**, a limited partnership established under the laws of Alberta

("NWULP")

AND

**CANADIAN NATURAL UPGRADING LIMITED**, a corporation established under the laws of Alberta

("CNUL")

**WHEREAS** North West Upgrading Inc. ("NWUI") and CNUL entered into a Partnership Agreement on February 15, 2011, as amended on November 7, 2012 and March 11, 2013, and amended and restated as of the date hereof with NWULP and CNUL as current partners (the "**NWRP Partnership Agreement**") forming NWRP with the purpose of designing, constructing and operating a facility for processing bitumen in Northern Alberta;

**AND WHEREAS** CNR and NWRP entered into an Agreement to Process Bitumen, dated February 16, 2011, as amended and restated as of November 7, 2012 and as further amended and restated concurrent herewith (the "**CNR Processing Agreement**");

**AND WHEREAS** APMC and NWRP entered into an Agreement to Process Crown Bitumen dated February 16, 2011 and as amended and restated as of November 7, 2012 and as further amended and restated concurrent herewith (the "**APMC Processing Agreement**" and collectively with the CNR Processing Agreement, the "**Processing Agreements**");

**AND WHEREAS** NWRP, NWUI and CNUL unanimously approved project sanction of the Project in November of 2012 proceeding to the construction phase of the facility;

**AND WHEREAS** NWUI contributed its interest in NWRP to a wholly-owned subsidiary limited partnership, NWULP;

**AND WHEREAS** APMC and CNUL wish to extend certain credit facilities to NWRP through the SDAs, executed concurrently with this Agreement;

**AND WHEREAS** the parties wish to establish certain rights in relation to the SDAs and the Processing Agreements and agree to certain other terms as set forth herein.

**NOW THEREFORE** in further consideration for the Parties entering into such transactions, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties do therefore agree as follows:

## **ARTICLE I** **INTERPRETATION**

### **1.1 Definitions**

In this Agreement, the following expressions have the following meanings (and where applicable their plurals have corresponding meanings):

"**AFE**" means an authority for expenditure of funds in respect of the Project;

"**Affiliate**" means, with respect to a particular Person, any other Person which, directly or indirectly, Controls, is controlled by or is under common Control with the particular Person. For certainty, as at the date hereof, none of CNUL or NWULP (or their Affiliates) is an Affiliate of NWRP;

"**Agreement**" means this Collateral Rights Agreement, as amended from time to time;

"**Alternative Representative**" has the meaning ascribed thereto in Subsection 7.7(d);

"**Annual Budget**" means (i) a budget for Capital Costs and Operating Costs to be incurred in a particular Fiscal Year or such other period as the Executive Leadership Committee may determine and (ii) a general description of the Operations proposed to be conducted during the Fiscal Year or other period; for greater certainty, an Annual Budget does not include capital costs for an Excess Capacity Project;

"**APMC Processing Agreement**" has the meaning ascribed in the recitals hereto;

"**APMC's Excess Capacity Entitlement**" means, subject to Section 12.7 of the APMC Processing Agreement, the share of the YTD Excess Capacity Amounts allocated to APMC pursuant to Sections 12.5 and 12.6(e) of the APMC Processing Agreement;

"**Applicable Laws**" or "**applicable law**" means, in relation to any person, transaction or event:

- a) all applicable provisions of laws, statutes, rules and regulations from time to time in effect of any Governmental Authority; and
- b) all Governmental Authorizations,

to which the person is a party or by which it or its property is bound or having application to the transaction or event.

"**Approved Authorization**" means an Authorization approved by the Executive Leadership Committee or an AFE signed by NWULP, CNUL and APMC, provided that approval of an Annual Budget by the Executive Leadership Committee shall not constitute an Approved Authorization of any item in the Annual Budget that requires approval of the Executive Leadership Committee under the provisions of the NWRP Partnership Agreement unless specifically so stated in the Annual Budget;

"**Arm's-Length**" has the meaning ascribed to that expression (and correspondingly, to non arm's-length) in the *Income Tax Act* (Canada);

"**Authorization**" means an AFE or an Annual Budget;

"**Bitumen**" has the meaning ascribed thereto in the APMC Processing Agreement;

"**Business Day**" means any day other than (i) a Saturday or Sunday, or (ii) a statutory holiday in the Province of Alberta;

"**Business of NWRP**" means the business to be conducted by NWRP, as described in the NWRP Partnership Agreement;

"**Capital Costs**" means costs in respect of the Project that are capitalized in accordance with GAAP;

"**Chairman**" means the chairman of the Executive Leadership Committee, which shall be the President of NWRP unless otherwise elected by the Executive Leadership Committee from its Representative members;

"**CICA**" means the Canadian Institute of Chartered Accountants;

"**Claim**" means any claim, demand, lawsuit, action, proceeding, notice of non-compliance or violation, in each case, whether asserted, threatened, pending or existing;

"**CNR**" means Canadian Natural Resources, and its successors and permitted assigns;

"**CNR Processing Agreement**" has the meaning ascribed thereto in the recitals;

"**COD**" has the meaning given to the term "Commercial Operation Date" in the Processing Agreements;

"**Construction**" means the design, construction and installation of the Facility prior to COD, including modifications, debottlenecking, alterations and replacements prior to COD and including the administration, supervision, project development, engineering, detailed design, procurement and project management of the construction, commissioning and initial testing of the Facility prior to COD;

"**Control**" (including, with correlative meanings, the terms "controlled by" or "under common control with") means the power to direct or cause the direction of the management and policies of any person, whether through the ownership of shares or other economic interests, the holding of voting rights or contractual rights or otherwise;

"**Debt Financing**" has the meaning ascribed thereto in the APMC Processing Agreement;

"**Delivery Point**" means, in respect of a Product, the outlet of the Facility at which such Product is delivered to a pipeline, truck terminal or other transportation system or facility for delivery to a purchaser;

"**Designated Representative Committee**" means, for the period ending on COD, a committee of representatives of each partner of NWRP with at least a 50% partnership interest;

"**Dispute Notice**" means either a Sub Debt Dispute Notice or an Excess Capacity Dispute Notice;

"**Disposition Notice**" means either a Sub Debt Disposition Notice or an Excess Capacity Disposition Notice;

"**Excess Capacity**" has the meaning ascribed thereto in the APMC Processing Agreement;

"**Excess Capacity Acquisition Closing Date**" has the meaning ascribed thereto in Subsection 3.1(a)(iv)(D);

"**Excess Capacity Acquisition Effective Date**" has the meaning ascribed thereto in Subsection 3.1(a)(i)(A);

"**Excess Capacity Disposition Notice**" has the meaning ascribed thereto in Subsection 3.1(a)(i)(B);

"**Excess Capacity Dispute Notice**" has the meaning ascribed thereto in Subsection 3.1(a)(iv);

"**Excess Capacity Fair Market Value**" means the fair market value of the Purchased Share on the Excess Capacity Acquisition Effective Date;

"**Excess Capacity Option**" has the meaning ascribed thereto in Subsection 3.1(a);

"**Excess Capacity Project**" has the meaning ascribed thereto in the APMC Processing Agreement;

**"Excess Capacity Project Costs"** means all costs incurred by NWRP in the design, development, procurement, installation, construction and commissioning of an Excess Capacity Project;

**"Executive Leadership Committee"** has the meaning ascribed thereto in Subsection 7.1(a);

**"Facility"** has the meaning ascribed thereto in the APMC Processing Agreement;

**"Fiscal Year"** means a twelve-month period ending December 31;

**"GAAP"** means generally accepted accounting principles which are in effect from time to time in Canada including, for certainty, IFRS (but only to the extent IFRS is adopted by CICA as generally accepted accounting principles in Canada and, then, subject to such modifications thereto as are agreed by the CICA);

**"Governmental Authority"** means any federal, provincial, state, regional, municipal or local government or any department, agency, board, tribunal or authority thereof or other political subdivision thereof and any entity or person exercising executive, legislative, judicial, regulatory or administrative functions of, or pertaining to, government or the operation thereof.

**"Governmental Authorization"** means an authorization, order, permit, approval, grant, license, consent, right, franchise, privilege, certificate, judgment, writ, injunction, award, determination, direction, decree or demand or the like issued or granted by law or by rule or regulation of any Governmental Authority.

**"IASC Foundation"** means the International Accounting Standards Committee Foundation;

**"IFRS"** means International Financial Reporting Standards including International Accounting Standards and Interpretations together with their accompanying documents which are set by the International Accounting Standards Board, the independent standard-setting body of the IASC Foundation, and the International Financial Reporting Interpretations Committee, the interpretative body of the IASC Foundation.

**"Independent Valuator"** means a valuator having offices in Calgary, Alberta, appropriately qualified to determine the issues of fair market value, which valuator shall be independent of, and impartial as between, each of the parties hereto;

**"Management Committee"** means the management committee constituted by the partners of NWRP under the NWRP Partnership Agreement;

**"Monthly Statement"** has the meaning ascribed thereto in the APMC Processing Agreement;

**"NWRP Partnership Agreement"** has the meaning ascribed thereto in the recitals;

**"Operating Costs"** means the costs of conducting the Business of NWRP, including costs of Operations, that are not Capital Costs;

**"Operations"** means all operations and activities undertaken in the course of the Business of NWRP and includes the Construction and operation of the Facility; the construction of necessary support and transmission facilities and infrastructure (including roads, electric power supply, fencing and water supply systems); the acquisition, development, engineering, design, negotiation, planning, construction, maintenance, operation, abandonment, debottlenecking,



modification or alteration of the Facility; and the reclamation and decommissioning of the Facility, but excluding operations and activities undertaken relating to Subsequent Phases that are constructed outside of NWRP;

**"Operations Committee"** has the meaning ascribed thereto in Subsection 5.1;

**"Person"** includes an individual, a partnership, a corporation, a trust, a joint venture, an unincorporated organization, a union, a government or any department or agency thereof and the heirs, executors, administrators or other legal representatives of an individual;

**"Processing Agreements"** has the meaning ascribed thereto in the recitals;

**"Procurement Procedure"** means the procedures or processes by which NWRP shall obtain goods and services to carry out Operations;

**"Products"** means the products that are to be produced and available for delivery from the Project at the Delivery Point for each such Product, the specifications of which shall be established by the Executive Leadership Committee from time to time, excluding substances which are discarded as waste products or which are lost or consumed in Operations;

**"Project"** means the design, Construction, ownership and operation of the Facility;

**"Project Sanction"** means the approval of the Project by NWRP which occurred on November 7, 2012;

**"Purchased Amount"** has the meaning ascribed thereto in Subsection 2.1(a)(i)(A);

**"Purchased Share"** has the meaning ascribed thereto in Subsection 3.1(a);

**"Representative"** means officers, employees or agents of a party ("such party"), appointed by such party to represent such party at various committee meetings;

**"ROFR"** has the meaning ascribed thereto in Subsection 2.2(a);

**"ROSR"** has the meaning ascribed thereto in Subsection 2.2(a);

**"ROSR Notice"** has the meaning ascribed thereto in Subsection 2.2(b);

**"SDAs"** means, collectively, (i) the Base Obligation Subordinated Debt Agreement between APMC, CNUL, CNRL, CNR and NWRP and (ii) the Additional Obligations Subordinated Debt Agreement between APMC, CNUL, CNRL, CNR and NWRP, each executed concurrently with this Agreement;

**"Subcommittee"** means a subcommittee to deal with or provide advice and direction with respect to defined mandates as directed by the Executive Leadership Committee;

**"Sub Debt Acquisition Effective Date"** has the meaning ascribed thereto in Subsection 2.1(a)(i)(B);

**"Sub Debt Acquisition Closing Date"** has the meaning ascribed thereto in Subsection 2.1(a)(iv)(D);

"**Sub Debt Fair Market Value**" means the fair market value of the Purchased Amount on the Sub Debt Acquisition Effective Date;

"**Sub Debt Disposition Notice**" has the meaning ascribed thereto in Subsection 2.1(a)(i);

"**Sub Debt Dispute Notice**" has the meaning ascribed thereto in Subsection 2.1(a)(iv);

"**Sub Debt Option**" has the meaning ascribed thereto in Subsection 2.1(a);

"**Subordinated Debt Facilities**" has the meaning ascribed thereto in the SDAs;

"**Subordination Agreements**" has the meaning ascribed thereto in the SDAs;

"**Subsequent Phase**" means a facility similar to the Facility constructed subsequent to construction of the Facility but does not include Excess Capacity Projects; and

"**YTD Excess Capacity Amount**" has the meaning ascribed thereto in the APMC Processing Agreement.

## **1.2 Headings; Articles and Sections**

The division of this Agreement into Articles and Sections, the table of contents contained herein and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Agreement. The terms "this Agreement", "hereof", "hereunder" and similar expressions refer to this Agreement and not to any particular Article, Section or other portion hereof and include any agreement supplemental hereto. Unless something in the subject matter or context is inconsistent therewith, references herein to Articles and Sections are to Articles and Sections of this Agreement.

## **1.3 Currency**

In this Agreement, all references to dollar amounts are in Canadian currency unless expressly stated to be otherwise.

## **1.4 Number; persons; including; successors; in writing**

Words importing the singular number only shall include the plural and vice versa, words importing the masculine gender shall include the feminine and neuter genders and vice versa, words importing persons shall include individuals, partnerships, associations, trusts, unincorporated organizations and corporations and vice versa and words and terms denoting inclusiveness (such as "include" or "includes" or "including"), whether or not so stated, are not limited by their context or by the words or phrases which precede or succeed them. References herein to any person shall, unless the context otherwise requires, include such person's successors and permitted assigns. References herein to "in writing" or "written" includes printing, typewriting or any electronic means of communication capable of being visibly reproduced at the point of reception, including facsimile.

## **1.5 References to Agreements and Enactments**

Reference herein to any agreement, instrument, licence or other document shall be deemed to include reference to such agreement, instrument, licence or other document as the same may from

time to time be amended, modified, supplemented or restated in accordance with the provisions of this Agreement if and to the extent such provisions are applicable; and reference herein to any enactment shall be deemed to include reference to such enactment as re-enacted, amended or extended from time to time and to any successor enactment.

**ARTICLE II**  
**SUBORDINATED DEBT**

**2.1 NWULP Option to Acquire APMC Subordinated Debt**

- (a) Subject to the Subordination Agreements and the SDAs, after COD, for a period of four (4) years after COD, NWULP shall have the option to purchase all of APMC's share of the Subordinated Debt Facilities from APMC for the fair market value of all or such portion thereof (the "**Sub Debt Option**") as follows:
- (i) NWULP may, at any time after COD and prior to the date which is four (4) years following COD, provide APMC notice of its intention to exercise the Sub Debt Option, such notice to include:
- (A) the principal amount of the Subordinated Debt Facilities to be purchased (the "**Purchased Amount**");
- (B) the proposed effective date (the "**Sub Debt Acquisition Effective Date**") and closing date of the transaction (the "**Sub Debt Acquisition Closing Date**");
- (C) NWULP's assessment of the Sub Debt Fair Market Value; and
- (the "**Sub Debt Disposition Notice**");
- (ii) APMC shall have 15 days from receipt of the Sub Debt Disposition Notice to provide to NWULP notice that it does not accept the Sub Debt Fair Market Value set forth in the Sub Debt Disposition Notice;
- (iii) if APMC agrees to the Sub Debt Fair Market Value set forth in the Sub Debt Disposition Notice, or fails to provide notice that it does not accept the Sub Debt Fair Market Value set forth in the Sub Debt Disposition Notice within such 15 day period, closing of the purchase of the Purchased Amount shall occur on the Sub Debt Acquisition Closing Date, in accordance with Subsection 2.1(b), on the basis of the Sub Debt Fair Market Value set forth in the Sub Debt Disposition Notice;
- (iv) if APMC provides notice that it does not accept the Sub Debt Fair Market Value set forth in the Sub Debt Disposition Notice within such 15 day period, APMC shall, within 30 days of such notice, send written notice to NWULP setting forth its assessment of the Sub Debt Fair Market Value (a "**Sub Debt Dispute Notice**"), and:
- (A) NWULP and APMC shall have thirty (30) days to resolve such dispute, and upon doing so, the closing of the purchase of the Purchased Amount shall occur on the Sub Debt Acquisition Closing Date (or such other date

as NWULP and APMC may agree) in accordance with Subsection 2.1(b);

- (B) if, following such thirty (30) day period, NWULP and APMC cannot agree upon the Sub Debt Fair Market Value, the Sub Debt Fair Market Value shall be determined pursuant to the process set forth in Article IV;
  - (C) upon the determination of the Sub Debt Fair Market Value, NWULP shall have thirty (30) days from such determination to confirm its election to exercise the Sub Debt Option, failing which it shall be deemed to have not exercised the Sub Debt Option; and
  - (D) closing of the purchase of the Purchased Amount shall occur five (5) Business Days following the confirmation provided for in (C) above (which date shall be the "**Sub Debt Acquisition Closing Date**" in accordance with Subsection 2.1(a)(i)(B)).
- (b) On the Sub Debt Acquisition Closing Date:
- (i) NWULP or its designate shall pay to APMC the Sub Debt Fair Market Value as set forth in Subsections 2.1(a)(iii) or 2.1(a)(iv);
  - (ii) conditional upon the receipt of such payment, APMC shall transfer and convey, and NWULP, or its designate, shall accept and receive, all or such portion of the Subordinated Debt Facilities which NWULP has elected to acquire;
  - (iii) NWULP shall execute and deliver a Subordination Agreement; and
  - (iv) NWULP and APMC shall execute such additional instruments as are necessary to give effect to such transaction.
- (c) The Sub Debt Option may be assigned by NWULP without prior consent.
- (d) APMC shall not transfer, assign or otherwise dispose of any of its share of the Subordinated Debt Facilities without also obtaining from the assignee a covenant to NWULP that the assignee will honour NWULP's rights and assume APMC's obligations under this Section 2.1.
- (e) Notwithstanding anything to the contrary contained herein, APMC shall not transfer, assign or otherwise dispose of any of its share of the Subordinated Debt Facilities pursuant to the Sub Debt Option in contravention of the SDAs.

## 2.2 Right of Refusal on Disposition of Subordinated Debt

- (a) Pursuant to the terms of the SDAs, CNUL and APMC have granted each other a right of first refusal to purchase, after COD, any Subordinated Debt Facilities which the other party intends to transfer, assign or otherwise dispose of in any manner (the "**ROFR**"). If the ROFR rights granted under the SDAs are not exercised, then NWULP will, subject to the Subordination Agreements and the SDAs, have a right of second refusal on any disposition of Subordinated Debt Facilities (the "**ROSR**"), as set forth in this Section 2.2.

- (b) Upon a holder of Subordinated Debt Facilities:
- (i) receiving an offer to transfer, assign or otherwise dispose of its interest in the Subordinated Debt Facilities in any manner, which the disposing party is willing to accept and which has been consented to (if and to the extent required) in accordance with the relevant Subordination Agreement; and
  - (ii) complying with the terms of the SDAs in regards to ROFR rights (none of which have been exercised);
- the disposing party shall send notice in writing to NWULP (the “**ROSR Notice**”), which shall contain:
- (iii) sufficient detail to enable NWULP to make reasonably informed decisions whether to purchase the Subordinated Debt Facilities;
  - (iv) the identity of the party offering to purchase such interest in the Subordinated Debt Facilities;
  - (v) the price or other consideration for which the disposing party is prepared to make such disposition of such interest in the Subordinated Debt Facilities;
  - (vi) the proposed effective date and closing date of the transaction;
  - (vii) a notarized copy of the offer; and
  - (viii) any other information respecting the transaction which would be material to the exercise of NWULP's rights hereunder.
- (c) The ROSR Notice shall be deemed to be an offer by the disposing party to sell the Subordinated Debt Facilities to NWULP, upon the terms contained in the ROSR Notice; subject nevertheless to such amendments as may be agreed to by the parties. The ROSR Notice shall be irrevocable by the disposing party.
- (d) NWULP may, within ten (10) Business Days of receipt of the ROSR Notice, give written notice to the disposing party stating that NWULP will acquire such interest in the Subordinated Debt Facilities, in which event a valid and enforceable agreement of sale and purchase shall be deemed to have arisen between the disposing party and NWULP for the sale of the disposing party's interest in the Subordinated Debt Facilities upon the terms and conditions set out in the Notice. Should NWULP fail to advise in writing of its intent during that time, it shall be deemed to have elected not to exercise its ROSR rights.
- (e) CNUL's ROFR rights do not apply to a disposition as a result of NWULP's exercise of its option to purchase the Subordinated Debt Facilities, granted in Subsection 2.1(a).
- (f) Rights granted under either the ROFR or the ROSR may be assigned after COD by any party to its Affiliate as part of an internal restructuring.
- (g) Neither APMC or CNUL shall transfer, assign or otherwise dispose of any of its share of the Subordinated Debt Facilities without also obtaining from the assignee a covenant to

NWULP that the assignee will honour NWULP's rights and assume APMC or CNUL's (as applicable) obligations under this Section 2.2.

- (h) For greater certainty, should the ROFR and/or ROSR rights not be exercised in relation to a disposition of Subordinated Debt Facilities by CNUL or APMC (or their assignee), the ROFR and ROSR rights shall continue to apply to any further proposed disposition of Subordinated Debt Facilities by any Person then holding the Subordinated Debt Facilities.
- (i) Notwithstanding anything to the contrary contained herein, neither of APMC and CNUL shall transfer, assign or otherwise dispose of any of its share of the Subordinated Debt Facilities pursuant to the ROSR in contravention of the SDAs.

### **ARTICLE III** **EXCESS CAPACITY**

#### **3.1 NWULP Option to Acquire APMC's Excess Capacity Entitlement**

- (a) After COD, for a period of four (4) years after COD, NWULP shall have the option to purchase all of APMC's Excess Capacity Entitlement (the "**Purchased Share**"), for the fair market value thereof, (the "**Excess Capacity Option**") as follows:
  - (i) NWULP may, at any time after COD and prior to the date which is four (4) years following COD, provide APMC notice of its intention to exercise the Excess Capacity Option, such notice to include:
    - (A) the proposed effective date (the "**Excess Capacity Acquisition Effective Date**") and closing date of the transaction (the "**Excess Capacity Acquisition Closing Date**"); and
    - (B) NWULP's assessment of the Excess Capacity Fair Market Value.  
(the "**Excess Capacity Disposition Notice**");
  - (ii) APMC shall have 10 days from receipt of the Excess Capacity Disposition Notice to provide to NWULP notice that it does not accept the Excess Capacity Fair Market Value set forth in the Excess Capacity Disposition Notice;
  - (iii) if APMC agrees to the Excess Capacity Fair Market Value set forth in the Excess Capacity Disposition Notice, or fails to provide notice that it does not accept the Excess Capacity Fair Market Value set forth in the Excess Capacity Disposition Notice within such 10 day period, closing of the purchase of the Purchased Share shall occur on the Excess Capacity Acquisition Closing Date in accordance with Subsection 3.1(a) on the basis of the Excess Capacity Fair Market Value set forth in the Excess Capacity Disposition Notice;
  - (iv) if APMC provides notice that it does not accept the Excess Capacity Fair Market Value set forth in the Excess Capacity Disposition Notice within such 10 day period, APMC shall, within 30 days of such notice, send written notice to NWULP setting forth its assessment of the Excess Capacity Fair Market Value (a "**Excess Capacity Dispute Notice**"), and:

- (A) NWULP and APMC shall have thirty (30) days to resolve their disagreement as to the Excess Capacity Fair Market Value, and upon doing so, the closing of the purchase of the Purchased Share shall occur on the Excess Capacity Acquisition Closing Date (or such other date as NWULP and APMC may agree) in accordance with Subsection 3.1(a);
  - (B) if, following such thirty (30) day period, NWULP and APMC cannot agree upon the Excess Capacity Fair Market Value, the Excess Capacity Fair Market Value shall be determined pursuant to the process set forth in Article IV;
  - (C) upon the determination of the Excess Capacity Fair Market Value, NWULP shall have thirty (30) days from such determination to confirm its election to exercise the Excess Capacity Option, failing which it shall be deemed to have not exercised the Excess Capacity Option;
  - (D) closing of the purchase of the Purchased Share shall occur five (5) Business Days following the confirmation provided pursuant to (C) above (which date shall be the "**Excess Capacity Acquisition Closing Date**" in accordance with Subsection 3.1(a)(i)(A)).
- (b) On the Excess Capacity Acquisition Closing Date:
- (i) NWULP or its Affiliate designate shall pay to APMC the Excess Capacity Fair Market Value on the Excess Capacity Acquisition Closing Date, as determined pursuant to Subsections 3.1(a)(iii) or 3.1(a)(iv), plus or minus such amounts to adjust for YTD Excess Capacity Amounts accrued but not paid on such date, and Excess Capacity Project Costs incurred, but not yet funded on such date;
  - (ii) conditional upon the receipt of such payment, APMC shall transfer and convey, and NWULP, or its Affiliate designate, shall accept and receive, APMC's Excess Capacity Entitlement which NWULP has elected to acquire;
  - (iii) NWULP (and/or its Affiliate designate) and APMC shall execute such additional instruments as are necessary to give effect to such transaction.
- (c) The Excess Capacity Option may not be assigned by NWULP except to an Affiliate.
- (d) Should NWULP or its Affiliate designate acquire APMC's Excess Capacity Entitlement pursuant to exercise of the Excess Capacity Option:
- (i) thereafter, APMC will not have the right to participate in any Excess Capacity Projects;
  - (ii) NWULP or its Affiliate designate (as the case may be) shall have the rights to participate in Excess Capacity Projects that APMC would otherwise have had under Article 12 of the APMC Processing Agreement;
  - (iii) if NWULP or its Affiliate designate elects to participate in an Excess Capacity Project, NWULP or its Affiliate designate (as the case may be) shall be obligated to pay the share of the costs of the Excess Capacity Project which APMC would

have been obligated to pay pursuant to Article 12 of the APMC Processing Agreement if it had participated therein pursuant thereto;

- (iv) if NWULP or its Affiliate designate does not participate in an Excess Capacity Project, the APMC Non-Participation Toll shall be payable in respect of such Excess Capacity Project in accordance with the provisions of Section 12.8 of the APMC Processing Agreement; and
  - (v) if NWULP or its Affiliate designate participates in an Excess Capacity Project, the provisions of Section 12.9(a) of the APMC Processing Agreement shall be applicable as if APMC was an Excess Capacity Participant therein.
- (e) Should NWULP or its Affiliate acquire APMC's Excess Capacity Entitlement pursuant to exercise of the Excess Capacity Option, NWULP or such Affiliate (as the case may be) may thereafter assign APMC's Excess Capacity Option provided the following conditions are satisfied:
- (i) NWULP or such Affiliate (as applicable) shall have first obtained CNUL's consent to the assignment, such consent not to be unreasonably withheld; and
  - (ii) the assignee shall have agreed to assume all of the obligations of NWULP or such Affiliate under Section 3.1(d) of this Agreement that arise or accrue thereafter and agreed that any further assignment by the assignee will be subject to the conditions set forth in this Section 3.1(e).

#### **ARTICLE IV** **VALUE DETERMINATION**

##### **4.1 Value Determination**

- (a) Upon receipt of a Dispute Notice by a party, each interested party in a dispute shall refer the matter to a designated senior management representative with expertise on the subject matter of the Disposition Notice. The senior management representatives shall discuss and attempt to resolve the issue within ten (10) Business Days of receipt of the Dispute Notice (or such longer period as the senior management representatives may agree in writing). If the senior management representatives agree upon a resolution, such resolution will be binding on the interested parties and will be memorialized in writing in a form acceptable to those parties.
- (b) If the matter is not resolved within ten (10) Business Days of receipt of the Dispute Notice (or such longer period as the senior management representatives may agree in writing) both parties shall submit the dispute to an Independent Valuator mutually agreed by the parties or chosen under Section 4.1(d).
- (c) If the parties are unable to agree upon a mutually acceptable Independent Valuator within ten (10) Business Days of the end of the period referred to in Section 4.1(b), then such Independent Valuator may, upon application by any interested party, be appointed by a Justice of the Court of Queen's Bench of Alberta.



- (d) The parties shall submit written submissions to the Independent Valuator, in a manner and within a time period (not exceeding ten (10) Business Days) as instructed by the Independent Valuator.
- (e) The Independent Valuator shall select the position taken in one of the interested parties' written submissions that most closely corresponds to the Independent Valuator's opinion, having regard to the relevant provisions of this Agreement, and advise the interested parties in writing of its selection no later than thirty (30) Business Days of receipt of written submissions.
- (f) Costs of the Independent Valuator shall be shared equally by the interested parties except that each interested party shall bear its own legal, expert and other costs incurred for the determination by the Independent Valuator.
- (g) The Independent Valuator is not an arbitrator and shall not be deemed to be acting in an arbitral capacity.

## **ARTICLE V**

### **OPERATIONS COMMITTEE**

#### **5.1 Creation of Operations Committee**

In order to induce APMC to make loans to NWRP pursuant to the SDAs, each of NWULP, CNUL and APMC hereby agree to establish an operations committee (the "**Operations Committee**") to provide advice to the Executive Leadership Committee as requested by the Executive Leadership Committee in respect of construction, operation and maintenance of the Facility by NWRP and the cost thereof, as hereinafter set forth, for so long as Subordinated Debt Facilities are held by APMC or an Affiliate of APMC.

#### **5.2 Operations Committee**

- (a) Each of APMC and NWULP shall be entitled to two (2) Representatives and CNUL shall be entitled to four (4) Representatives on the Operations Committee. Subsections 7.7(c) through (g) hereof shall be applicable, *mutatis mutandis*, to the Operations Committee Representatives.
- (b) The Operations Committee shall be chaired by the President of NWRP and the scope of the chair's power and responsibilities shall be the same as those for the Chairman of the Executive Leadership Committee, outlined in Section 7.8.
- (c) Upon APMC and its Affiliates ceasing to hold any Subordinated Debt Facilities, the Operations Committee will automatically dissolve and thereafter it will have no further power or authority. The partners of NWRP agree that upon dissolution of the Operations Committee, the terms of the NWRP Partnership Agreement shall govern matters that were the responsibility of the Operations Committee before it dissolved.
- (d) No Representative or Alternative Representative of the Operations Committee shall be personally liable for any act, error, default or omission of the Operations Committee.

### 5.3 Responsibilities of Operations Committee

The Operations Committee shall meet in order to:

- (a) provide strategic guidance to the Executive Leadership Committee in respect of the Project.
- (b) Provide each of the parties with information on upcoming issues regarding the execution of the Project or in respect of the Debt Financing on a timely basis.
- (c) Allow the parties to review and consider upcoming risks in respect of the Project and evaluate the mitigation strategies being adopted by the Executive Leadership Committee.
- (d) Allow the parties to participate in and influence strategic and tactical decision-making (those decisions that could have a material impact on the execution of the Project) in respect of the Project by allowing early identification and discussion on significant items which include, without limitation, discussions regarding deviations to the approved and authorized execution plans and the changes in key personnel, key contractors or labour, contracting or overall execution strategy.

## **ARTICLE VI**

### **OPERATIONS COMMITTEE MEETINGS**

#### 6.1 Meetings

- (a) Meetings of the Operations Committee shall be called either by the Chairman or the Executive Leadership Committee when either considers it advisable to do so, but in any case at least quarterly. If the Executive Leadership Committee or a Representative makes a written request to the Chairman to call a meeting of the Operations Committee and the written request includes a description of the matters for consideration, then the Chairman shall call a meeting of the Operations Committee to consider the said matters, which shall be held not later than fifteen (15) Business Days after the request is made.
- (b) Notice of the time and place of meetings of the Operations Committee shall be given by the Chairman to each party at least ten (10) Business Days prior to the date of the meeting, provided, however, that any party may waive the benefit of this requirement for itself. Such notice shall be accompanied by an agenda and supporting materials setting forth in reasonable detail the items to be considered at the meeting. Meetings of the Operations Committee shall be held at NWRP's offices in Calgary, Alberta, or at such other place as may be agreed upon by the Operations Committee.
- (c) Any Representative may require the addition of one or more items to the agenda of a meeting by notice thereof to the Chairman given within three (3) Business Days of receipt of notice given pursuant to Subsection 8.1(b). In such event, the Chairman shall distribute within four (4) Business Days of receipt of a notice a revised agenda including all information required by Subsection 8.1(b).
- (d) If Representatives from all of the parties entitled to designate Representatives are present at a meeting of the Operations Committee, notice of that meeting shall be deemed to be waived.

## 6.2 Calling of Meetings

If the Chairman fails or neglects to call a meeting as contemplated in Section 6.1, another party may call a meeting by complying with Section 6.1.

## 6.3 Attendance by Telephone or Video Conference

Representatives may participate in any meeting of the Operations Committee by means of telephone, video conferencing or other communications facility that permits all participants to communicate adequately with each other during the meeting. A party participating in a meeting by those means is deemed to be present at the meeting.

## 6.4 Quorum

A quorum at any meeting of the Operations Committee shall consist of at least one Representative of each party. If a quorum is not present for a meeting within thirty (30) minutes after the time fixed for holding the meeting, the meeting will be adjourned and the adjourned meeting may be called on not less than three (3) Business Days' notice. Any Representative present at the adjourned meeting shall constitute a quorum for the transaction of business set out in the notice for the original meeting whether or not each party is represented at such meeting.

## 6.5 Minutes of Meetings

The Chairman shall cause minutes of each Operations Committee meeting to be distributed to the parties within ten (10) Business Days of the meeting. Minutes, when signed by the Chairman of the meeting, shall be prima facie evidence of the matters therein stated. Until the contrary is proved, every meeting in respect of which minutes have been made shall be taken to have been duly held and convened.

## 6.6 Rules and Procedures

To the extent that the rules and procedures for the conduct of a meeting of the Operations Committee are not prescribed in this Agreement, such rules and procedures shall be determined by the Chairman of the meeting, acting reasonably.

## **ARTICLE VII** **EXECUTIVE LEADERSHIP COMMITTEE**

### 7.1 Creation of Executive Leadership Committee

- (a) In order to induce APMC to make loans to NWRP pursuant to the SDAs, NWULP, CNUL and APMC hereby agree to establish an Executive Leadership Committee (the "**Executive Leadership Committee**") to monitor, supervise and make decisions in respect of the construction, start-up and commissioning, operation and maintenance of the Facility by NWRP and the cost thereof), as hereinafter set forth, for so long as Subordinated Debt Facilities are held by APMC or an Affiliate of APMC.
- (b) CNUL and NWULP, in their capacities as partners of NWRP, hereby agree that, for so long as Subordinated Debt Facilities are held by APMC or an Affiliate of APMC:

- (i) decisions and determinations of the Executive Leadership Committee, in accordance with and to the extent of the powers and authority granted to it under this Article VII, shall be binding on CNUL and NWULP in their capacities as partners of NWRP and shall not require any further approval of the partners of NWRP, the Management Committee or the Operations Committee, as applicable; and
  - (ii) the Management Committee shall have no further power or authority to make such decisions or determinations.
- (c) APMC hereby waives any rights or requirements to attend meetings of the Management Committee, for so long as Subordinated Debt Facilities are held by APMC or an Affiliate of APMC.
- (d) NWRP covenants to APMC that, for so long as Subordinated Debt Facilities are held by APMC or an Affiliate of APMC:
- (i) NWRP shall not do anything that requires the approval of the Executive Leadership Committee hereunder unless such approval has been issued and is in full force and effect;
  - (ii) NWRP shall implement all decisions and determinations made by the Executive Leadership Committee in accordance with the Executive Leadership Committee's powers hereunder; and
  - (iii) NWRP shall not do or omit to do anything that is inconsistent with or contrary to a decision or determination made by the Executive Leadership Committee in accordance with the Executive Leadership Committee's powers hereunder.
- (e) APMC and CNUL covenant and agree that any act or omission by NWRP in accordance with a decision or determination made by the Executive Leadership Committee shall not constitute a breach of the SDAs and each of APMC and CNUL, in their capacity as lenders under the SDAs, shall be deemed to have consented thereto.
- (f) The Executive Leadership Committee shall not have the power or authority to approve, and shall not approve, any action that:
- (i) is in respect of an Excess Capacity Project, or Subsequent Phase;
  - (ii) would result in a cost, expense or liability that is not recoverable by NWRP in the Monthly Cost of Service Toll (for greater certainty, this subsection (ii) does not amend the Processing Agreements as to what costs are recoverable under the Processing Agreements);
  - (iii) is contrary to, amends or provides a waiver in respect of the provisions of this Agreement; or
  - (iv) would result in a default under, amend or provide a waiver in respect of the provisions of a Processing Agreement or the Debt Financing.

- (g) The establishment of operating lines and similar short-term indebtedness required for the execution of the Project shall remain under the authority of the Management Committee.
- (h) For the avoidance of doubt, the Executive Leadership Committee (or any other committee formed under this Agreement) shall not have the power or authority to approve the Debt Financing or the Subordinated Debt Facilities, it being expressly acknowledged and agreed that the Debt Financing and the Subordinated Debt Facilities shall be approved either by all the partners of NWRP or by the Management Committee in accordance with the NWRP Partnership Agreement, subject to any approval rights of APMC and CNR under the Processing Agreements.
- (i) For the avoidance of doubt, the Executive Leadership Committee (or any other committee formed under this Agreement) shall not have the power or authority to approve the AMPC Processing Agreement or CNR Processing Agreement (or any amendments to such agreements), it being expressly acknowledged and agreed that the approval of each of the AMPC Processing Agreement and CNR Processing Agreement (or any amendments thereto) shall be within the authority and require the approval of the parties to such agreement, which in the case of NWRP, may be given either by all of the partners of NWRP or the Management Committee in accordance with the NWRP Partnership Agreement.
- (j) The approval or consent by the APMC Representatives at the Executive Leadership Committee regarding any matter that requires approval or consent of APMC in the APMC Processing Agreement shall be deemed to be approval or consent of such matter by APMC under the APMC Processing Agreement, notwithstanding any terms of the Processing Agreement to the contrary.

## **7.2 Responsibilities of Executive Leadership Committee**

Pursuant to the power and authority granted under Subsection 7.1(a), the Executive Leadership Committee shall have the responsibilities set out below:

- (a) Reporting its decisions to the officers of NWRP;
- (b) Monitoring the execution of the Construction of the Facility, ensuring the Construction schedule and costs are maintained in accordance with Project Sanction and Approved Authorizations and monitoring and maintaining the scope and quality of Construction, by:
  - (i) reviewing the Project schedule, by area, monthly;
  - (ii) reviewing quality assessments of work completed monthly;
  - (iii) reviewing a summary of scope changes, monthly; and
  - (iv) reviewing Project constraints, bottlenecks, important current issues and the plans to mitigate, monthly.
- (c) Ensuring work processes and control mechanisms are adequate and effective to successfully execute the Project, by:

- (i) reviewing identified gaps to ensure there is a plan for closure, and follow that plan to closure;
  - (ii) optimizing work processes based on feedback; and
  - (iii) ensuring any delegation or grants of authority are being adhered to.
- (d) Ensuring resources are adequate to successfully execute the Project, by:
- (i) reviewing and discussing critical position vacancy list relating to the execution of the Project;
  - (ii) reviewing and discussing potential organization structural changes relating to the execution of the Project;
  - (iii) understanding and approving ongoing labour relations strategies relating to the execution of the Project, with regular updates on the execution of the strategies;
  - (iv) reviewing and approving the compensation levels of NWRP personnel; and
  - (v) reviewing contractor/vendor performance and strategies relating to the execution of the Project going forward.
- (e) Reviewing and approving of strategic policies relating to the execution of the Project, as well as the plans for effective execution of these policies, by:
- (i) ensuring procurement and contracting strategies relating to the execution of the Project are sound and approved;
  - (ii) ensuring operational strategies relating to the execution of the Project are sound and approved; and
  - (iii) ensuring all strategies above relating to the execution of the Project are adjusted as needed on a timely basis.
- (f) Reviewing and approving month end reports relating to the execution of the Project.
- (g) Ensuring regulatory health, safety and environment standards relating to the execution of the Project are met, by reviewing, on a quarterly or as needed basis, the results to date, upcoming challenges/issues and plans to address same.
- (h) Ensuring pre-commissioning and commissioning plans relating to the execution of the Project are developed on a timely basis and are effectively executed and the teams are adequately resourced, by:
- (i) reviewing at a high level, plans, identifying gaps and plans to close the gaps, on a regular basis; and
  - (ii) ensuring staffing plans for Operations and commissioning are in place and approved.

- (i) Ensuring Operations plans are developed on a timely basis and are effectively executed and the teams are adequately resourced, by reviewing plans, identified gaps and plans to close the gaps on a regular basis and ensuring staffing plans for Operations are in place and approved.
- (j) Ensuring the parties are adequately informed, are aware of all material issues and are assured that the Project is adequately controlled, by:
  - (i) ensuring reports and reporting processes relating to the execution of the Project are timely and accurate; and
  - (ii) ensuring an effective early warning system is in place that provides adequate information for each party to take appropriate proactive action in response to potential risks or events relating to the execution of the Project (including cost pressures and labour productivity).
- (k) Ensuring market considerations are effectively addressed and NWRP is prepared for first production by having the Executive Leadership Committee give periodic updates on pipeline access, blending strategies and potential markets for Products.
- (l) Ensure and facilitate communication between the parties and with the employees and officers of NWRP during the Construction and initial Operations of the Facility in order to establish and enhance joint decision-making in respect of the Project and its execution.

### **7.3 Dissolution of the Executive Leadership Committee**

Upon APMC and its Affiliates ceasing to hold any Subordinated Debt Facilities, the Executive Leadership Committee will automatically dissolve and thereafter it will have no further power or authority. The partners of NWRP agree that upon dissolution of the Executive Leadership Committee, the terms of the NWRP Partnership Agreement shall govern matters that were the responsibility of the Executive Leadership Committee before it dissolved.

### **7.4 Relationship of the Parties**

APMC is not and shall not be a partner of NWRP. The relationship of the parties under this Agreement is limited to the matters specifically identified herein and:

- (a) the parties hereby expressly disclaim any intention to create a partnership, trust or other fiduciary relationship between or among all or any of them pursuant to this Agreement;
- (b) the parties confirm their intention that there is not any partnership, trust, trust duty, fiduciary or agency relationship between or among all or any them under this Agreement; and
- (c) the parties hereby expressly disclaim any intention to and do not include APMC as a partner in NWRP or create a partnership, trust or other fiduciary relationship with APMC as a result of this Agreement and shall not hold out to third parties any such relationship with APMC.

## **7.5 Decisions of the Executive Leadership Committee and Voting Interests**

- (a) All matters that require the approval of the Executive Leadership Committee under the terms of this Agreement require the resolution of a majority of the voting interests. Approvals of the Executive Leadership Committee shall be made by a majority vote based on the following voting interests:
  - (i) APMC: twenty-five percent (25%) voting interest
  - (ii) NWULP: twenty-five percent (25%) voting interest
  - (iii) CNUL: fifty percent (50%) voting interest.
- (b) The actions of the Representatives and Alternative Representatives at a meeting of the Executive Leadership Committee (or through a written ballot) shall similarly bind the party who designated them, which shall include APMC being bound by the votes and actions of its Representatives and Alternatives Representatives in relation to the Processing Agreements.

## **7.6 Matters Requiring Approval**

In addition, subject to any delegation or grant of authority pursuant to Section 7.10(c), approval of the following matters will require the resolution of a majority of the voting interests:

- (a) approval of an Annual Budget;
- (b) following COD, approval of any AFE;
- (c) the terms of any insurance to be obtained by NWRP;
- (d) approval of changes to the levels of compensation and bonuses for NWRP personnel;
- (e) revisions to the delegations or grants of authority set forth in the NWRP Partnership Agreement and establishing delegations or grants of authority applicable following COD;
- (f) the entering into by NWRP of any material contract, or the termination of any material contract, required for the execution of the Project;
- (g) except for Service Contracts as set forth in NWRP Partnership Agreement, the entering into by NWRP of any contract with a party or an Affiliate of a party; provided that the party that is affiliated to the counterparty of such contract shall not be entitled to vote on the matter;
- (h) the settlement of claims or litigation;
- (i) the sale of Partnership Assets (other than Products); and
- (j) entering into or amending any agreement for the purchasing or processing of feedstock at the Facility or for the sale of Products.



## 7.7 Representatives

- (a) Each of APMC and NWULP shall be entitled to one (1) Representative and CNUL shall be entitled to two (2) Representatives on the Executive Leadership Committee.
- (b) Neither APMC nor CNUL shall assign any of its rights in respect of the Executive Leadership Committee except to an Affiliate.
- (c) Both before and after an assignment, transfer or disposition of CNUL's rights in the Subordinated Debt Facilities, CNUL's rights in respect of the Executive Leadership Committee may only be assigned to an Affiliate.
- (d) Each party shall notify each other party, from time to time, of the name of its Representatives and if a Representative is unable to attend a meeting an alternative may be designated (an "**Alternative Representative**"). The term "Representative" shall also refer to any Alternate Representative who at the particular time is actually performing the duties of the relevant Representative. A party may designate different Representatives or Alternate Representatives for any meeting of the Executive Leadership Committee by notifying each of the other parties at least three (3) Business Days prior to the scheduled date for such meeting; provided, however, that if giving such advance notice is not feasible, then the new Representative or Alternate Representative shall present written evidence of his or her authority at the commencement of such meeting.
- (e) Each party shall use all commercially reasonable efforts to cause its Representatives to attend each meeting of the Executive Leadership Committee, unless its Representative is unable to do so because of an event or other event beyond his or her reasonable control; in which event such party shall use all commercially reasonable efforts to cause an Alternate Representative to attend the meeting.
- (f) The Representatives shall have the full authority to act on behalf of the party who appointed him or her. The Representatives that are at a meeting of the Executive Leadership Committee shall designate which of such Representatives will have the authority to cast the votes at that meeting on behalf of that party. The other parties shall be entitled to rely upon such authority without further inquiry or investigation as to the actual authority (or lack thereof) of such Representatives. The act of an Alternate Representative shall be deemed the act of the Representative for whom such Alternate Representative is acting, without the need to produce evidence of the absence or unavailability of the said Representative.
- (g) Each Representative shall represent and owe duties only to the party that designated the Representative (the nature and extent of such duties being an internal corporate affair of such party), and not to any other party. No party shall have an obligation to indemnify or save harmless a Representative or Alternative Representative of a party from or in respect of any Claims asserted by or on behalf of any Person (including another party), that arise out of, relate to or are otherwise attributable to, directly or indirectly, such Representative's service on the Executive Leadership Committee.

## 7.8 Chairman

- (a) The Chairman may from time to time and on reasonable notice appoint another Representative or his Alternate Representative to act as Chairman of a meeting of the Executive Leadership Committee from which the Chairman will be absent.
- (b) If the Chairman or a replacement Chairman is not in attendance at a meeting of the Executive Leadership Committee, the Representatives present shall elect one of themselves to act as Chairman for the purposes of that one meeting.
- (c) The Chairman shall appoint a secretary, who need not be a Representative, who shall keep complete and accurate minutes of all meetings of the Executive Leadership Committee.
- (d) In the case of an equality of votes at a meeting of the Executive Leadership Committee, the Chairman shall not have a casting vote and no Representative shall have a second or casting vote in addition to his original vote.

## 7.9 No Personal Liability

No Representative or Alternative Representative of the Executive Leadership Committee shall be personally liable for any act, error, default or omission of the Executive Leadership Committee.

## 7.10 Delegation and Subcommittees

- (a) The Executive Leadership Committee shall have the authority to establish or continue Subcommittees (including a finance Subcommittee), which shall deal with or provide advice and direction with respect to defined mandates as directed by the Executive Leadership Committee. The Subcommittees shall not have any powers of supervision or control and shall not have the right or authority to approve any matter or thing that is required to be approved by the Executive Leadership Committee unless otherwise expressly authorized by the Executive Leadership Committee.
- (b) The Executive Leadership Committee may delegate to a Subcommittee, or to any officers or employees of NWRP, the authority to approve any matter that requires approval of the Executive Leadership Committee, provided that such delegation is approved by the type of resolution of the Executive Leadership Committee that is required for approval of such matter.
- (c) The parties agree and confirm that all previous delegations of authority by the Management Committee and the powers granted thereunder shall survive and any amendments thereto require approval of the Executive Leadership Committee.

## ARTICLE VIII

### EXECUTIVE LEADERSHIP COMMITTEE MEETINGS

## 8.1 Meetings

- (a) Meetings of the Executive Leadership Committee shall be once a week at a regular time and place, or more frequently called by the Chairman when he or she considers it advisable to do so.

- (b) Any change in the time and place of meetings of the Executive Leadership Committee shall be given by the Chairman to each party at least three (3) Business Days prior to the date of the changed meeting, provided, however, that any party may waive the benefit of this requirement for itself.
- (c) Two (2) Business Days (or as otherwise agreed to by the Executive Leadership Committee) prior to each meeting the Chairman shall send agenda and supporting materials setting forth in reasonable detail the items to be considered at the meeting. Meetings of the Executive Leadership Committee shall be held at NWRP's offices in Calgary, Alberta, or at such other place as may be agreed upon by the Executive Leadership Committee.
- (d) Any Representative may require the addition of one or more items to the agenda of a meeting by notice thereof to the Chairman given within one (1) Business Day of receipt of notice given pursuant to Subsection 8.1(b). In such event, the Chairman shall distribute the revised agenda within one (1) Business Day of receipt including all information required by Subsection 8.1(b).
- (e) Matters that are not contained in the agenda of a meeting, as amended (if such is the case) shall not be voted upon at that meeting unless all Representatives unanimously agree.
- (f) If a Representative from all of the parties entitled to designate Representatives are present at a meeting of the Executive Leadership Committee, notice of that meeting shall be deemed to be waived.

## **8.2 Attendance by Telephone or Video Conference**

Representatives may participate in any meeting of the Executive Leadership Committee by means of telephone, video conferencing or other communications facility that permits all participants to communicate adequately with each other during the meeting. A party participating in a meeting by those means is deemed to be present at the meeting.

## **8.3 Quorum**

A quorum at any meeting of the Executive Leadership Committee shall consist of at least one Representative of each party. If a quorum is not present for a meeting within thirty (30) minutes after the time fixed for holding the meeting, the meeting will be adjourned and the adjourned meeting may be called on not less than one (1) Business Day's notice. Any Representative present at the adjourned meeting shall constitute a quorum for the transaction of business set out in the notice for the original meeting whether or not each party is represented at such meeting.

## **8.4 Minutes of Meetings**

The Representative of APMC or the Chairman (as may be agreed by the parties) shall cause minutes of each Executive Leadership Committee meeting to be distributed to the parties within five (5) Business Days of the meeting (or as otherwise agreed to by the Executive Leadership Committee). Minutes, when signed by such person or the Chairman, shall be prima facie evidence of the matters therein stated. Until the contrary is proved, every meeting in respect of which minutes have been made shall be taken to have been duly held and convened.

## **8.5 Rules and Procedures**

To the extent that the rules and procedures for the conduct of a meeting of the Executive Leadership Committee are not prescribed in this Agreement, such rules and procedures shall be determined by the Chairman of the meeting, acting reasonably.

## **8.6 Ballot Voting**

- (a) The Chairman may call for a vote on any matter without the holding of a Executive Leadership Committee meeting by sending the proposal to be considered together with the proposed draft decision and the necessary supporting background information to the members of the Executive Leadership Committee.
- (b) Any member of the Executive Leadership Committee may, without requesting a meeting, require the Chairman to call for a vote on any matter by submitting the matter (together with such reasonable supporting documentation as is in the possession of, or available to, that member) to the Chairman, who shall either call a meeting or submit the matter to each member by ballot notice.
- (c) If any matter is to be determined by ballot notice, each party that is entitled to appoint a Representative may by notice to the Chairman cast its Representatives' votes, or require that a meeting be held in respect of the relevant matter, in each case, within ten (10) Business Days from the date on which the ballot notice is deemed to be received, failing which the party's Representatives shall be deemed to have voted in the negative in respect of the subject matter of the ballot. If a party requires that a meeting be held in respect of a matter proposed to be determined by ballot notice, the meeting shall be held within a further five (5) Business Days and any related votes cast by the other parties in that ballot notice shall be deemed not to have been cast and a new vote shall occur at the meeting so held.
- (d) An instrument of ballot notice may be in the form of a letter, portable document format (.pdf) or a facsimile transmission.
- (e) The Chairman shall promptly notify each party of the result of a ballot vote.

## **8.7 Abstention from Voting**

Any Representative who abstains from voting on a resolution before the Executive Leadership Committee or in connection with a ballot notice shall be deemed to have voted in the negative.

# **ARTICLE IX** **GENERAL**

## **9.1 Costs**

Each of the parties is responsible for its own legal costs in connection with the transactions and restructuring contemplated herein and such legal costs will not become part of the Project's capital costs.

## 9.2 Notices

Any demand, notice or communication to be made or given hereunder shall be in writing and may be made or given by personal delivery or by email (effective upon acknowledgement of receipt) addressed to the respective parties as follows:

To NWRP:

North West Redwater Partnership  
2800, 140 – 4<sup>th</sup> Avenue S.W.  
Calgary, AB T2P 3N3

Attention: Director, Finance and Information Systems  
Email: Blangley@nwrpartnership.com

To NWULP:

NWU LP  
c/o 1726702 Alberta Ltd.  
Suite 1100, 205 Riverfront Ave S.W.  
Calgary, Alberta T2P 5K4

Attention: President  
Email: Glee@nwcap.tv

To APMC:

Alberta Petroleum Marketing Commission  
300 - 801 6th Ave SW  
Calgary, AB T2P 3W2

Attention: Richard Masson, CEO  
Email: Richard.Masson@gov.ab.ca

To CNUL:

Canadian Natural Upgrading Limited  
1800 - 324 8th Ave S.W.  
Calgary, AB T2P 2Z2

Attention: Vice-President  
Email: Real.Cusson@cnrl.com

or to such other address or email address as any party may from time to time notify the others in accordance with this Section. Any demand, notice or communication made or given by personal delivery or by email during normal business hours at the place of receipt on a Business Day shall be conclusively deemed to have been made or given at the time of actual delivery or transmittal, as the case may be, on such Business Day. Any demand, notice or communication made or given by personal delivery or by email after normal business hours at the place of receipt or otherwise than on a Business Day shall be conclusively deemed to have been made or given at 9:00 a.m.

(Calgary time) on the first Business Day following actual delivery or transmittal, as the case may be.

**9.3 Governing Law**

This Agreement shall be governed by the laws in force in Alberta, including the federal laws of Canada applicable therein. Subject to Article 4, courts having general jurisdiction in the Province of Alberta shall have exclusive jurisdiction over all matters arising in relation to this Agreement, and each Party accepts the jurisdiction of such courts.

**9.4 Benefit of the Agreement**

This Agreement shall enure to the benefit of and be binding upon the parties and their respective successors and permitted assigns.

**9.5 Severability**

Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall not invalidate the remaining provisions hereof and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

**9.6 Amendments and Waivers**

No amendment of this Agreement is effective unless made in writing and signed by a duly authorized representative of each of the Parties. No waiver of any provision of this Agreement is effective unless made in writing, and any such waiver has effect only in respect of the particular provision or circumstances stated in the waiver. No representation by either Party with respect to the performance of any obligation under this Agreement is capable of giving rise to an estoppel unless the representation is made in writing.

**9.7 Further Assurances**

The Parties each agree to from time to time do all such acts and provide such further assurances and instruments as may reasonably be required in order to carry out the provisions of this Agreement according to their true spirit and intent; but this Section 9.7 shall not in any event be construed as obligating APMC to arrange for the amendment or enactment of any statute or regulation.

**9.8 Time of the Essence**

Time shall be of the essence of this Agreement.

**9.9 Counterparts**

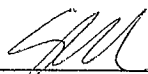
This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which taken together shall be deemed to constitute one and the same instrument, and it shall not be necessary in making proof of this Agreement to produce or account for more than one such counterpart. Delivery of an executed counterpart of a signature page of this Agreement by telecopy or by sending a scanned copy by electronic mail shall be effective as delivery of manually executed counterpart of this Agreement.

IN WITNESS WHEREOF the parties hereto have executed this Agreement as of the date first written above.


**NORTH WEST REDWATER PARTNERSHIP,**  
by its general partners:

**CANADIAN NATURAL UPGRADING LIMITED**

**NWU LP, by its general partner  
1726702 ALBERTA LTD.**

By:   
Name: Steve W. Laut  
Title: President

By: \_\_\_\_\_  
Name: Gary Lee  
Title: Secretary


By:   
Name: Bruce E. McGrath  
Title: Corporate Secretary

By: \_\_\_\_\_  
Name: Larry Vadori  
Title: Senior Vice President of  
Strategy and Corporate  
Development


**ALBERTA PETROLEUM MARKETING  
COMMISSION**

**CANADIAN NATURAL UPGRADING  
LIMITED**

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**ALBERTA PETROLEUM MARKETING  
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**CANADIAN NATURAL UPGRADING  
LIMITED**

By:   
Name: RICHARD NASSON  
Title: CEO

By: \_\_\_\_\_  
Name: Steve W. Laut  
Title: President

By: \_\_\_\_\_  
Name:  
Title:

By: \_\_\_\_\_  
Name: Bruce E. McGrath  
Title: Corporate Secretary

NWU LP, by its general partner  
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Name: Gary Lee  
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