

CALL FOR BIDS
No. NL10-03
(Area "C" - Central Ridge/Flemish Pass)

**Significant Discovery Licence in the Newfoundland and
Labrador Offshore Area**

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1.0 Canada-Newfoundland and Labrador Offshore Petroleum Board - Profile

The Canada-Newfoundland and Labrador Offshore Petroleum Board (C-NLOPB) is responsible, on behalf of the Government of Canada and the Government of Newfoundland and Labrador, for the regulation of petroleum-related activity in the Newfoundland and Labrador Offshore Area.

The Board's authority is derived from the legislation implementing the February 11, 1985 Atlantic Accord between the two governments. The *Canada-Newfoundland Atlantic Accord Implementation Act* and the *Canada-Newfoundland and Labrador Atlantic Accord Implementation Newfoundland and Labrador Act* (“the Accord Acts”) provide for joint management of the offshore area.

The Board's responsibilities include:

- Issuance and administration of petroleum exploration and development rights;
- Administration of statutory requirements regulating offshore exploration, development and production; and
- Approval of Canada-Newfoundland and Labrador benefits and development plans.

The Board consists of seven members who are appointed for fixed terms of office. The Government of Newfoundland and Labrador and the Government of Canada each appoint three members. The seventh member, the Chairman, must be jointly appointed.

The Board, which assumed its jurisdiction in 1987, has a multi-disciplinary staff of professional and support personnel located at its offices in St. John's, Newfoundland and Labrador.

The operational functions of the Board are divided among seven Departments, each headed by a Manager who reports to the Chairman. The Departments, and their principal responsibilities are:

Support Services

- Provides support for the Board and its staff in the areas of general administration, financial services, human resources, and computer operations.

Environmental Affairs

- Administers environmental regulations and guidelines to ensure optimum protection of the marine environment;
- Monitors weather, ice and other environmental data to ensure compliance with operational safety requirements;
- Co-ordinates the Board's response to environmental emergencies.

Exploration and Resource Management

- Regulates the acquisition and submission of geophysical and geological data;
- Assesses the hydrocarbon potential of the Newfoundland and Labrador Offshore Area by conducting geophysical and geological studies;
- Assists in the review of oil and gas development and well drilling plans;
- Operates the Board's Core Storage and Research Centre to preserve, curate and facilitate public access to well materials including cores, cuttings, reservoir fluids and slides.
- Evaluates reservoir data to determine the size and productive capacity of discovered resources;

- Reviews operators' oil and gas production plans to ensure reserves are exploited using good oilfield practice;
- Monitors petroleum production activities to ensure resources are produced without waste;
- Monitors reservoir data acquisition programs to ensure compliance with regulations.

Industrial Benefits, Policy and Regulatory Co-ordination

- Reviews benefits plans to determine compliance with legislation intended to maximize industrial and employment benefits to Canada in general and Newfoundland and Labrador in particular;
- Monitors the industry's procurement, employment, research and development and education and training activities in order to determine compliance with related legislative requirements and benefits plans commitments.

Operations and Safety

- Assesses applications for authorization of exploration and production activities for regulatory compliance and the adequacy of applicants' safety management programs;
- Audits and monitors activities to ensure compliance with the regulations and adherence to the safety management system;
- Administers the Certificate of Fitness Regulations whereby a recognized Certifying Authority ensures installations comply with regulations and are fit for their intended purpose.

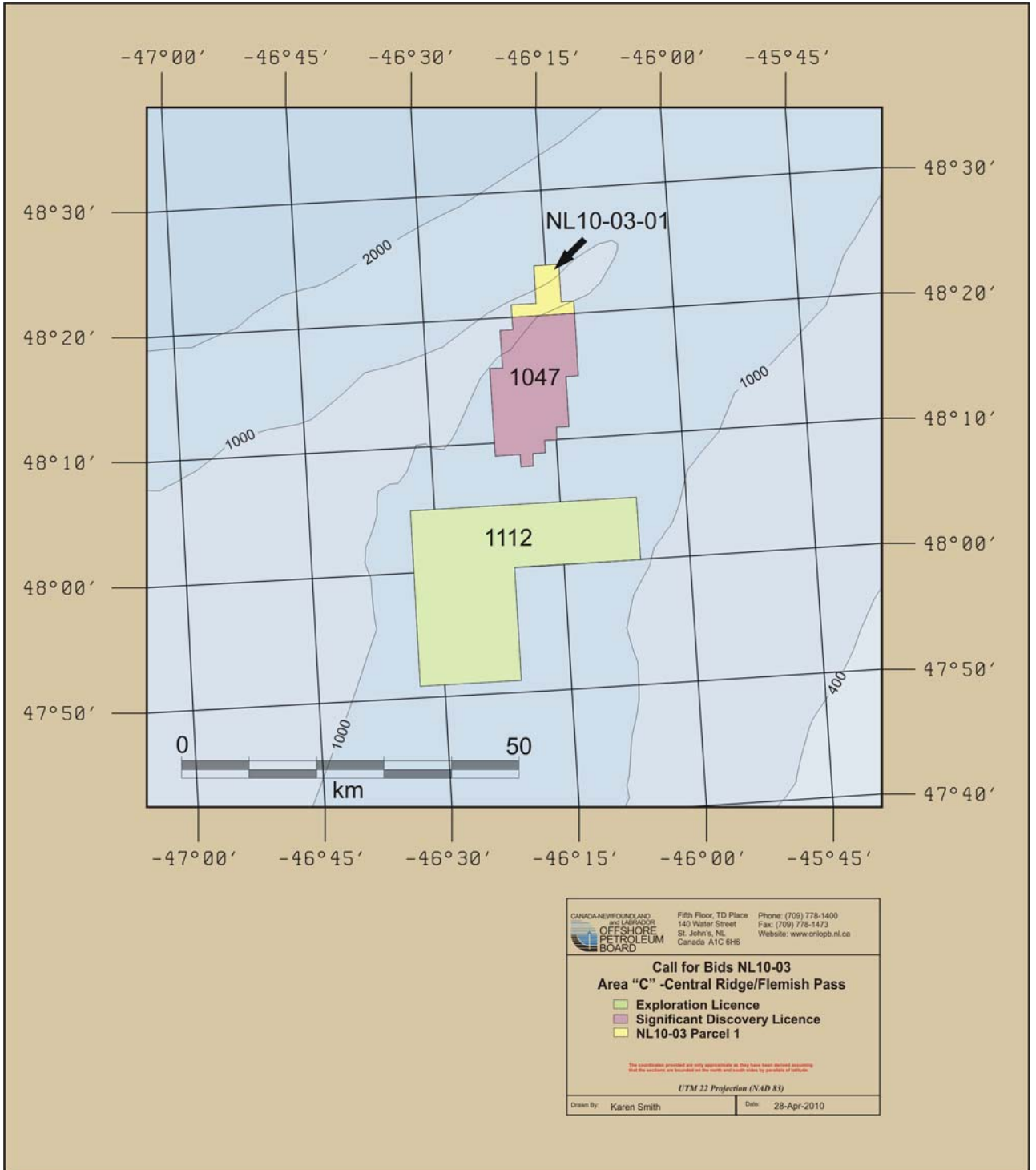
Public Relations

- Responsible for advising the Executive and staff on public relations and communications
- Responds to Inquiries from the Public and Media
- Manages the Board's public relations, including maintaining the website content, preparing the Annual Report, liaison with industry and government.

Legal and Land

- Advises the Board and staff on legal and rights issuance matters;
- Maintains and administers a public register of land title documents registered in accordance with the legislation.

2.0 Call for Bids No. NL10-03 Land Plats (Area "C" - Central Ridge/Flemish Pass)



3.0 Call for Bids NL0-03 (Area “C” - Central Ridge/Flemish Pass)

3.1 Call for Bids

The Canada-Newfoundland and Labrador Offshore Petroleum Board (the Board) hereby makes a call for the submission of bids in respect of *one (1)* parcel of land in the Newfoundland and Labrador Offshore Area as described in Section 2.0 and Schedule I.

This call for bids is made pursuant and subject to the *Canada-Newfoundland Atlantic Accord Implementation Act*, S.C. 1987, c. 3, and the *Canada-Newfoundland and Labrador Atlantic Accord Implementation Newfoundland and Labrador Act* R.S.N.L. 1990, c. C-2 ("the Acts").

Any submission of a bid in response to this call for bids shall be made with the understanding that the person(s) submitting the bid accepts and agrees to the terms and conditions in this call for bids. Any bid submitted that does not conform to the terms and conditions provided in this call for bids will not be considered by the Board. Unless otherwise provided herein, all terms used in this call for bids will have the same meaning as provided under the Acts.

3.2 Submission of Bids

- a) Sealed bids will be received by the Board at the following address:

Canada-Newfoundland and Labrador Offshore Petroleum Board
Fifth Floor, TD Place
140 Water Street
St. John's, NL
A1C 6H6

ATTENTION: The Chairman

Bids must be received at the above address prior to the time of closing of this call for bids. Bids received after the time of closing will not be considered.

- b) This call for bids will close at **4:00** p.m., Newfoundland Standard Time, on **November 30, 2010** (the “Closing Date”).
- c) All bids submitted in response to this call for bids must be in a sealed envelope clearly marked as follows:

**Call for Bids No. NL10-03
(Area “C” - Central Ridge/Flemish Pass)
Newfoundland and Labrador Offshore Area**

- d) No submission received in response to this call for bids will be returned.
- e) Each bid shall be in the form and shall contain only the information required in the appropriate Bid Response Form attached hereto as Schedule II herein.
- f) This call for bids may be amended at any time up until 10 days prior to the Closing Date specified in paragraph 3.2 (b). Any amendment made to the call for bids shall be published on the Board's website (www.cnlop.nl.ca) under the heading "News/What's New!".

3.3 *Bid Selection Criterion*

a) **Sole Criterion**

For the purpose of assessing and selecting a bid, the sole criterion to be used for the parcel will be the highest total amount of money bid, in the form of a one time non-refundable payment to **the Receiver General** in accordance with subparagraph 3(c)(i).

b) **Minimum Bid**

A Bid of at least **\$1 million** for the parcel in the Central Ridge/Flemish Pass will be required.

c) **Payment**

(i) Following notification of being the successful bidder, the designated representative shall make payment by certified cheque to the Receiver General of the bid amount no later than 10 days from the date of the notification. One cheque shall be submitted on behalf of all interest holders (Cheques from individual interest holders totalling the bid amount will not be accepted).

(ii) A default in submitting the requisite cheque will result in the forfeiture of the Bid Deposit, disqualification of the bid, and notification to the second place bidder, if one exists, that they are the successful bidder.

d) **Bid Deposit**

(i) The Bid Response Form must be accompanied by a **bank draft or certified cheque** in the amount of \$10,000.00 made payable to the **Receiver General** ("Bid Deposit").

(ii) The successful bidder will receive a refund, without interest, of the Bid Deposit when the cheque referred to in paragraph 3.3(c) is provided within the time specified.

(iii) Upon announcement of the bid results, the Bid Deposits of unsuccessful bidders will be returned, without interest, as soon as possible.

3.4 Issuance Fee

A cheque in payment of the issuance fee required pursuant to the *Offshore Area Registration Regulations* and made payable to the **Receiver General**, must be submitted with each bid response in the respective amount indicated below:

Parcel No. 1 \$500.00

Cheques for issuance fees will be returned to unsuccessful bidders.

3.5 Terms and Conditions

Some of the terms and conditions for any Significant Discovery Licence issued as a result of this call for bids are summarized below:

a) **Term**

Subject to compliance with the terms and conditions herein and any drilling orders being issued by the Board, the term of the Significant Discovery Licence shall be indefinite.

b) **Rentals**

The Significant Discovery Licence shall be subject to the following rental regime:

- (i) Rentals on the Significant Discovery Licence shall be at the following base rates:

Area "C" - Central Ridge/Flemish Pass

Year 1 to 5	\$0.00 per hectare
Year 6 to 10	\$40.00 per hectare
Year 11 to 15	\$200.00 per hectare
Year 16 to 20	\$800.00 per hectare

The rental rates applicable to the Significant Discovery Licence resulting from Call for Bids NL10-03 will be payable in constant (inflation adjusted) 2011 dollars.

Commencing on December 31, 2011, the rental rates in the above-noted table will be adjusted by applying the annual change in the Consumer Price Index for Canada. The rental rates will be adjusted in the same manner on each December 31 thereafter. Pro-rated rental rates for year one of a Significant Discovery Licence shall be paid prior to the issuance of the Significant Discovery Licence with the applicable adjusted annual rental rate payable on or before January 15 of each year thereafter.

- (ii) Rental rates of \$800.00 will increase by \$100.00 for each year beyond year 20, and will be payable in constant (inflation adjusted) 2011 dollars

until the Significant Discovery Licence is relinquished or converted to a Production Licence. For greater certainty, the interest owner may relinquish lands to reduce future rental payments.

- (iii) Rentals are to be submitted by bank draft or certified cheque payable to the **Receiver General**.
- (iv) For greater certainty, rentals shall be calculated on the basis of the total hectarage of lands held as part of the Significant Discovery Licence, as of the anniversary date.
- (v) Rentals will be refunded annually, to a maximum of one hundred percent (100%) of the rentals paid in that year, on the basis of a dollar refund for each dollar of allowable expenditures for that year.
- (vi) To the extent that allowable expenditures for a given year are greater than the amount of the applicable refund, the excess shall be carried forward to reduce the rentals otherwise payable in ensuing rental years.

c) **Allowable Expenditures**

- (1) The Allowable Expenditures for any given year shall be the total calculated expenditures for that year (i.e. monies actually spent) based upon the following rates:
 - (i) Drilling costs shall be claimed “at cost” when carried out by a party at arm’s length from the operator. Drilling costs are subject to Board approval subject to the following conditions:
 - (a) each claim must be accompanied by a cost statement prepared and certified by an external auditor satisfactory to the Board;
 - (b) the Board shall approve the Terms of Reference/Scope of Work in relation to any audit to be performed in accordance with 3.5(c)(1)(i)(a) above; and,
 - (c) the Board reserves the right to conduct its own audit if for any reasons it deems it necessary to do so.
 - (ii) Drilling costs in a non-arm’s length transaction shall be the lesser of cost or fair market value as established by an independent third party expert consistent with:
 - (a) each claim must be accompanied by a cost statement prepared and certified by an external auditor satisfactory to the Board;
 - (b) the Board shall approve the Terms of Reference/Scope of Work in relation to any audit to be performed in accordance with 3.5(c)(1)(ii)(a) above; and,
 - (c) the Board reserves the right to conduct its own audit if for any reasons it deems it necessary to do so.

- (iii) Seismic, Well-Site or Electromagnetic Survey costs shall be claimed “at cost” when carried out by a party at arm’s length from the operator. Seismic, Well-Site or Electromagnetic Survey costs are subject to Board approval subject to the following conditions:
 - (a) each claim must be accompanied by a cost statement prepared and certified by an external auditor satisfactory to the Board;
 - (b) the Board shall approve the Terms of Reference/Scope of Work in relation to any audit to be performed in accordance with 3.5(c)(1)(iii)(a) above, and
 - (c) the Board reserves the right to conduct its own audit if for any reasons it deems it necessary to do so.

- (iv) Seismic, Well-Site or Electromagnetic Survey costs in a non-arm’s length transaction shall be the lesser of cost or fair market value as established by an independent third party expert consistent with:
 - (a) each claim must be accompanied by a cost statement prepared and certified by an external auditor satisfactory to the Board;
 - (b) the Board shall approve the Terms of Reference/Scope of Work in relation to any audit to be performed in accordance with 3.5(c)(iv)(a) above; and,
 - (c) the Board reserves the right to conduct its own audit if for any reasons it deems it necessary to do so.

- (v) For the purposes of 3.5(c)(1)(i), 3.5(c)(1)(ii), 3.5(c)(1)(iii) and 3.5(c)(1)(iv), persons are not dealing at arm’s length if they are not dealing at arm’s length for the purposes of the Income Tax Act, section 251.

- (vi) Seabed & Other Surveys/Studies
 - (a) Environmental field studies when they are required to obtain an authorization for work or activity. At cost.
 - (b) Any other survey/study at a rate agreed to by the Board prior to the program commencement.

- (vii) Overheads
10% of the allowable expenditures in subparagraphs 3.5(c)(1)(iii), 3.5(c)(1)(iv) and 3.5(c)(1)(vi).

d) Termination of Significant Discovery Licence

The terms and conditions of the Significant Discovery Licence will cease to apply to the following lands when:

- (i) the lands or a portion thereof are surrendered by the interest owner;

- (ii) the lands or portion thereof become subject to a Production Licence, the terms and conditions applicable to the Significant Discovery Licence will no longer apply.
- (iii) the interest owner fails to drill a well upon the lands as required by drilling order of the Board issued pursuant to section 76 of the *C-NAAIA* and section 75 of the *C-NLAAINLA*.

3.6 Identity of Bidder

All bids must identify the parties making the bid and their participating shares. The Board will accept bids from land brokers acting on behalf of bidders, provided the Board is notified of the identities of the bidders represented by the broker and their participating shares if the bid is successful.

The Board will disclose the identity of the successful bidders at the time of the public notice setting out the terms and conditions of the successful bid. The Board will also disclose the identity of unsuccessful bidders on a confidential basis to Ministers, if requested by a Minister, pursuant to section 18 of the Accord Acts.

3.7 Notification of Bidders

The Board will advise bidders of the outcome of their bids as soon as possible after the closing date of this call for bids.

3.8 Canada-Newfoundland and Labrador Benefits Plan

Before carrying out any work or activity in the offshore area, a benefits plan shall be submitted to the Board and approved in accordance with section 45 of the *Accord Acts*.

3.9 Environmental Studies Research Fund (ESRF)

Interest owners resulting from this Call for Bids NL10-03 are required to pay the ESRF levy applicable for the two previous calendar years within **fifteen (15) days of notification** of being the successful bidder:

13.44 cents per hectare being the levy for parcels in the Central Ridge/Flemish Pass (ESRF Region 9 – Newfoundland Slope).

In addition, owners of Significant Discovery Licences shall pay ESRF levies for each year of the term of the Significant Discovery Licence in accordance with section 81 of the *Canada Petroleum Resources Act* during the term of the Significant Discovery Licence.

3.10 Surrender of Interest

An interest may be surrendered, at any time, in accordance with the Acts or regulations promulgated thereunder.

3.11 *Acceptance and Rejection*

The Board is not obliged to accept any bid nor is the Board required to issue an interest as a result of this call for bids.

3.12 *Tied Bids*

In the event of two or more bids being tied, each bidder involved will be notified of the tie and will have the opportunity to submit a new bid in its proper form, within a time frame specified by the Board, which will not be more than 24 hours after being notified.

3.13 *Information*

Any geological, geophysical or well information which has been released from confidential status will be available for public disclosure at the St. John's office of the Board.

3.14 *Non-Compliance*

Failure to comply with any term or condition of the Significant Discovery Licence may result in cancellation of the respective Licence.

**SCHEDULE I - LAND DESCRIPTION
 CALL FOR BIDS NO. NL10-03
 (Area "C" - Central Ridge/Flemish Pass)**

	<u>Latitude*</u>	<u>Longitude*</u>	<u>Sections</u>	<u>Hectares</u>
Parcel No. 1	48°30'N	46°00'W	81, 91-94	1,715
	48°30'N	46°15'W	1-4, 11, 21,	2,058
			Total Hectares	3,773

*North American Datum 1927

**SCHEDULE II - BID RESPONSE FORM
CALL FOR BIDS NO. NL10-03
(Area "C" - Central Ridge/Flemish Pass)**

A. SINGLE PARCEL BID

Parcel No. 1

- | | | |
|----|------------------------------------|---|
| 1. | Bid Amount (minimum \$1,000,000) | - |
| 2. | Bid Deposit (\$10,000) | - |
| 3. | Issuance Fee (\$500) | - |
| 4. | Bidders, with Participating Shares | - |
| 5. | Designated Representative | - |

Signatures:

Designated Representative

Bidder 1

Bidder 2

Bidder 3

etc.

**SCHEDULE III – SAMPLE SIGNIFICANT DISCOVERY LICENCE
CALL FOR BIDS NO. NL10-03
(Area “C” - Central Ridge/Flemish Pass)**

SIGNIFICANT DISCOVERY LICENCE No.

THIS LICENCE is effective as of the _____ day of _____, 20____.

ISSUED BY

The Canada-Newfoundland Offshore Petroleum Board/
Canada-Newfoundland and Labrador Offshore Petroleum Board.

TO THE INTEREST OWNER

(Individually, the “Interest Holders”)

WHEREAS the Board is empowered pursuant to the Act to issue a Significant Discovery Licence (Hereinafter called the “Licence”) relating to the Lands described in Schedules I and II of this Licence;

AND WHEREAS the Board selected the bid submitted by _____ as the winning bid in respect of the Call for Bids No.NL10-03, Parcel No.1;

AND WHEREAS _____, in submitting such a bid agreed to the terms and conditions of this Licence;

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

1. INTERPRETATION

In this Licence, including all Schedules annexed hereto, unless the context requires otherwise;

- (1) “**Act**” means the *Canada-Newfoundland Atlantic Accord Implementation Act* and the *Canada-Newfoundland and Labrador Atlantic Accord Implementation Newfoundland and Labrador Act* and regulations thereto and any Acts or regulations made in substitution therefor;
- (2) Any words or phrases defined in the Act shall have the same meanings in this Licence unless the context otherwise requires.

2. RIGHTS

This Licence confers the rights attaching to a Significant Discovery Licence pursuant to the Act with respect to those Lands described in Schedules I and II.

3. AGREEMENT

The submission of a bid by the interest owner in response to the Call for Bids No. NL10-03 and its selection by the Board as the winning bid constitutes an agreement between the interest owner and the Board as to the terms and conditions contained herein, which agreement will apply to any successor in interest.

4. ALLOWABLE EXPENDITURES

The Allowable Expenditures for any given year shall be the total calculated expenditures for that year (i.e. monies actually spent) based upon the following rates:

- (i) Drilling costs shall be claimed “at cost” when carried out by a party at arm’s length from the operator. Drilling costs are subject to Board approval subject to the following conditions:
 - (a) each claim must be accompanied by a cost statement prepared and certified by an external auditor satisfactory to the Board;

- (b) the Board shall approve the Terms of Reference/Scope of Work in relation to any audit to be performed in accordance with 4(i)(a) above; and,
 - (c) the Board reserves the right to conduct its own audit if for any reasons it deems it necessary to do so.
- (ii) Drilling costs in a non-arm's length transaction shall be the lesser of cost or fair market value as established by an independent third party expert consistent with:
 - (a) each claim must be accompanied by a cost statement prepared and certified by an external auditor satisfactory to the Board;
 - (b) the Board shall approve the Terms of Reference/Scope of Work in relation to any audit to be performed in accordance with 4(ii)(a) above; and,
 - (c) the Board reserves the right to conduct its own audit if for any reasons it deems it necessary to do so.
- (iii) Seismic, Well-Site or Electromagnetic Survey costs shall be claimed "at cost" when carried out by a party at arm's length from the operator. Seismic, Well-Site or Electromagnetic Survey costs are subject to Board approval subject to the following conditions:
 - (a) each claim must be accompanied by a cost statement prepared and certified by an external auditor satisfactory to the Board;
 - (b) the Board shall approve the Terms of Reference/Scope of Work in relation to any audit to be performed in accordance with 4(iii)(a) above, and
 - (c) the Board reserves the right to conduct its own audit if for any reasons it deems it necessary to do so.
- (iv) Seismic, Well-Site or Electromagnetic Survey costs in a non-arm's length transaction shall be the lesser of cost or fair market value as established by an independent third party expert consistent with:
 - (a) each claim must be accompanied by a cost statement prepared and certified by an external auditor satisfactory to the Board;
 - (b) the Board shall approve the Terms of Reference/Scope of Work in relation to any audit to be performed in accordance with 4(iv)(a) above; and,
 - (c) the Board reserves the right to conduct its own audit if for any reasons it deems it necessary to do so.
- (v) For the purposes of subparagraphs 4(i), 4(ii), 4(iii) and 4(iv), persons are not dealing at arm's length if they are not dealing at arm's length for the purposes of the Income Tax Act, section 251.

- (vi) Seabed & Other Surveys/Studies
 - (a) Environmental field studies when they are required to obtain an authorization for work or activity. At cost.
 - (b) Any other survey/study at a rate agreed to by the Board prior to the program commencement.
- (vii) Overheads

10% of the allowable expenditures in paragraphs 4(iii), (4)(iv) and 4(vi).

5. RENTALS

This Licence shall be subject to the following rental regime:

- (a) Rentals on this Licence shall be at the following base rates:

Year 1 to 5	\$0.00 per hectare
Year 6 to 10	\$40.00 per hectare
Year 11 to 15	\$200.00 per hectare
Year 16 to 20	\$800.00 per hectare

The rental rates applicable to this Licence resulting from Call for Bids NL10-03 will be payable in constant (inflation adjusted) 2011 dollars.

Commencing on December 31, 2011, the rental rates in the above-noted table will be adjusted by applying the annual change in the Consumer Price Index for Canada. The rental rates will be adjusted in the same manner on each December 31 thereafter. Pro-rated rental rates for year one of any Significant Discovery Licence shall be paid prior to the issuance of the Significant Discovery Licence with the applicable adjusted annual rental rate payable on or before January 15 of each year thereafter.

- (b) Rental rates of \$800.00 will increase by \$100.00 for each year beyond year 20, and will be payable in constant (inflation adjusted) 2011 dollars until this Licence is relinquished or converted to a Production Licence. For greater certainty, the interest owner may relinquish lands to reduce future rental payments.
- (c) Rentals are to be submitted by bank draft or certified cheque payable to the **Receiver General**.
- (d) For greater certainty, rentals shall be calculated on the basis of the total hectareage of lands held as part of this Licence, as of the anniversary date.
- (e) Rentals will be refunded annually, to a maximum of one hundred percent (100%) of the rentals paid in that year, on the basis of a dollar refund for each dollar of allowable expenditures for that year.

- (f) To the extent that allowable expenditures for a given year are greater than the amount of the applicable refund, the excess shall be carried forward to reduce the rentals otherwise payable in ensuing rental years.

6. ANNUAL REPORT

The interest owner shall provide to the Board in writing an annual report describing activities undertaken to advance development of the Licence. The annual report shall be filed each year on the anniversary of the issuance of this Licence.

7. JOINT OPERATING AGREEMENT

In any instance where the interest owner is comprised of more than one interest holder, the interest owner must acknowledge in writing within six months of the effective date of this Licence that all interest holders have entered into an agreement in the nature of a joint operating agreement addressing voting procedures and a procedure to allow less than all participants to proceed with a program which is not approved pursuant to the voting procedures with provisions for maintenance of participant ownership and sharing of results within non-participant interest holders where a program proceeds and is successful.

8. NON-COMPLIANCE

Failure to comply with any term or condition of this Licence or non-payment of rentals may result in cancellation of the Licence.

9. INDEMNITY

- (1) It is a condition of this Licence that the interest holders shall, in respect of that portion of the Lands to which each such interest holder's share relates, at all times, jointly and severally, indemnify and save harmless the Board as well as Her Majesty the Queen in right of Canada or in right of the Province of Newfoundland and Labrador from and against all claims, demands, losses, costs, damages, actions, suits or other proceedings by whomsoever made, sustained, brought or prosecuted, in any manner based upon, occasioned by, or attributable to, anything done or omitted to be done by, through, or under, or with the consent of the interest owner, or an interest holder, notwithstanding any agreement or arrangement entered into by an interest owner or interest holder which does or may result in the transfer, assignment or other disposition of the interest or share therein, in the fulfilment of the terms and conditions made herein or in the exercise of the rights or obligations contained herein.
- (2) For the purposes of subparagraph (1) "Her Majesty the Queen in right of Canada or in right of the Province of Newfoundland and Labrador" shall not include a Crown corporation.
- (3) This section shall survive this Licence and will be incorporated into any production licence that arises therefrom.

10. LIABILITY

- (1) An interest holder shall be liable under the provisions of this Licence, the Act, and the Regulations for all claims, demands, losses, costs, damages, actions, suits or other proceedings, in respect of any work or activity conducted, or caused to be conducted, by, through, or under, or with the consent of such interest holder. Any transfer, assignment, or other disposition of the interest, or of a share therein, shall not have the effect of discontinuing such liability in respect of such work or activity, related to the interest, or share therein, so disposed, that was conducted before that transfer, assignment, or other disposition was registered pursuant to the Act and Regulations. For greater certainty, liability, as aforesaid, does not relate to any work or activity conducted after such party ceases to be an interest holder in this Licence.
- (2) This section shall survive this Licence and will be incorporated into any production licence that arises therefrom.

11. SUCESSORS AND ASSIGNS

Subject to sections 9 and 10, the Licence enures to the benefit of and is binding on the Board and the interest owner and their respective heirs, administrators, successors and assigns.

12. NOTICE

Any notice, communication or statement required under the Act shall be served on the Board or the interest owner, as the case may be, by personal delivery, facsimile or e-mail at that address specified in Schedule III hereof, or such other addresses as may be designated from time to time by the Board or the interest owner, as the case may be.

13. REPRESENTATIVE

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

ISSUED at St. John's, Newfoundland and Labrador this ____ day of _____, 20__.

**CHAIRMAN AND CEO
THE CANADA-NEWFOUNDLAND
OFFSHORE PETROLEUM BOARD/
CANADA-NEWFOUNDLAND AND LABRADOR
OFFSHORE PETROLEUM BOARD**

SCHEDULE I - LANDS

LATITUDE/LONGITUDE*

SECTIONS

HECTARES

TOTAL: _____ HECTARES

*North American Datum 1927

SCHEDULE II - OWNERSHIP

LATITUDE/LONGITUDE* **SECTIONS** **INTEREST HOLDER** **% SHARE**

*North American Datum 1927

SCHEDULE III - REPRESENTATIVE(S) AND ADDRESSES FOR SERVICE

Representative:

Address:

Canada-Newfoundland Offshore Petroleum Board/
Canada-Newfoundland and Labrador Offshore Petroleum Board
Suite 500, TD Place
140 Water Street
St. John's, NL
A1C 6H6

Attention: The Chairman