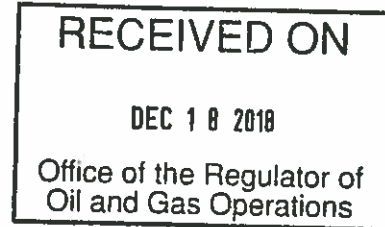




R. Scott Parker  
Vice President  
Reservoir Engineering, Geoscience, & Asset Development  
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December 12, 2018

Office of the Regulator of Oil and Gas Operations  
P.O. Box 1320  
Yellowknife, NT  
X1A 2L9



**Attention: James Fulford**  
**Chief Conservation Officer**

Mr Fulford:

**Re: Mackenzie Gas Project – Annual Report**

In the Imperial Oil Resources Ventures Limited Application for an Extension to the Sunset Clause for the Mackenzie Gas Project (OA-2015-001) the NWT Office of the Regulator of Oil and Gas Operations included the following planning condition in their approval:

*The Proponents shall file an Annual Report with the Regulator by December 31<sup>st</sup> of each year beginning in December 2017. The report will describe any steps the Proponents have taken to advance activities or decisions that are preconditions to the Proponents' "Final Decision to Construct" the MGS, including but not limited to:*

- *Re-staffing*
- *Engineering*
- *Field programs*
- *Initiating applications for site-specific permits from other regulators*
- *The timing of a "Final Decision to Construct" and whether construction of MGS can reasonably be expected to commence prior to 31 December 2022*

The current natural gas market in North America continues to be well supplied from low cost resources. As indicated in our December 2017 update, strengthened market fundamentals are required before resuming work on the Mackenzie Gas Project. Imperial continues to monitor and assess gas market fundamentals and we remain of the view that construction of the Mackenzie Gas Project is unlikely to begin prior to December 31, 2022.

Imperial continues to believe that, despite current natural gas market-driven delays, the approved basin-opening Mackenzie Gas Project remains in the interest of Northerners and Canadians.

Sincerely,

R. Scott Parker  
Vice President – Reservoir Engineering, Geoscience, & Asset Development  
Imperial Oil Resources Limited