

SERVICES AGREEMENT

by and among

THE GOVERNMENT OF THE NORTHWEST TERRITORIES,

and

THE ALBERTA ENERGY REGULATOR

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SERVICES AGREEMENT

THIS AGREEMENT is dated as of the 1st day of March, 2014.

BETWEEN:

**THE GOVERNMENT OF THE NORTHWEST
TERRITORIES**

(“GNWT”)

AND:

THE ALBERTA ENERGY REGULATOR, a corporation
established by the *Responsible Energy Development Act*, S.A.,
2012, C. R-17.3

(“AER”)

WHEREAS:

- A. Pursuant to an Agreement dated June 25, 2013 amongst the GNWT and the Government of Canada (“**Canada**”), amongst others, entitled “Northwest Territories Lands and Resource Devolution Agreement” (the “**Devolution Agreement**”), the GNWT expects to assume responsibility (the “**GNWT Regulatory Responsibilities**”), on April 1, 2014, from Canada for regulating certain aspects of oil and gas exploration, production, development and transportation in most onshore areas of the Northwest Territories pursuant to territorial legislation (the “**Mirror Legislation**”) that mirrors the provisions of the *Canada Oil and Gas Operations Act*, R.S.C., 1985, C.O-7 (“**COGOA**”), the *Canada Petroleum Resources Act*, R.S.C., 1985, C.36 (2nd Supplement) (“**CPRA**”) and the *Canada Oil and Gas Land Regulations* made pursuant to the *Territorial Lands Act* R.S.C. 1985 c.T-7; and
- B. Pursuant to the Devolution Agreement, Canada has agreed to ask Parliament to repeal the application of COGOA and CPRA to the Onshore, as defined in the Devolution Agreement, as of April 1, 2014; and
- C. COGOA and the CPRA currently empower the National Energy Board to carry out a variety of functions and duties in connection with the regulation of oil and gas exploration, production, development and transportation in the Onshore; and
- D. The AER is a corporation established under section 3 of the *Responsible Energy Development Act*, S.A., 2012, c. R-17.3 to make decisions on applications for energy

development, oversee the decommissioning of those developments and all other aspects of energy resource activities, and monitor for compliance in the province of Alberta; and

- E. The GNWT wishes to engage the AER to provide certain technical and support services it requires to perform the GNWT Regulatory Responsibilities efficiently; and
- F. The GNWT and the AER (the “**Parties**”) wish to establish an agreement pursuant to which upon request by the GNWT and subject to this Agreement and availability of resources and technical expertise to do so, the AER will provide services to assist the GNWT to perform the GNWT Regulatory Responsibilities on the Onshore Lands as defined in this Agreement; and
- G. The Parties agree that the AER will provide the Services under this Agreement on a cost recovery basis and that the GNWT will reimburse the AER for the AER’s cost of providing Services and for all reasonable out of pocket expenses including travel, accommodation, meals, third party consulting costs, etc. incurred by the AER in the course of providing or in connection with provision of Services under this Agreement.

NOW THEREFORE, in consideration of the premises and mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby mutually acknowledged, the Parties agree as follows:

1. Interpretation

1.1. Definitions

In this Agreement, the following terms will have the following meanings respectively:

“**AER Indemnitee**” has the meaning given to it in Section 15.3;

“**Annual Budget**” means the budget for a Contract Year set in accordance with Section 10.1;

“**Chief Conservation Officer**” and “**CCO**” means the Chief Conservation Officer as defined in and established in accordance with the Mirror Legislation;

“**Chief Safety Officer**” and “**CSO**” means the Chief Safety Officer as defined in and established in accordance with the Mirror Legislation;

“**Contract Year**” means a period beginning on April 1st and ending on March 31st of the following year;

“**Coordinating Committee**” means the committee established in accordance with Section 5.1;

“Decision” includes a permit, licence, registration, authorization, disposition, certificate, allocation, declaration or other instrument or form of approval, consent or relief, an order, direction or notice of administrative penalty that is or may be made by the Regulator, CCO or CSO pursuant to the Mirror Legislation or any other act of the Legislature;

“Energy Resource Enactment” has the same meaning as energy resource enactment in the Alberta *Responsible Energy Development Act*;

“Hearing Commissioner” has the same meaning as hearing commissioner in the Alberta *Responsible Energy Development Act*;

“ISR” has the same meaning as Inuvialuit Settlement Region in the Devolution Agreement;

“Legislature” means the Legislature of the Northwest Territories;

“Mirror Legislation” is as defined in Recital A;

“Onshore” has the same meaning as Onshore in the Devolution Agreement;

“Onshore Lands” means any land within the Onshore, excluding (i) the ISR, and (ii) lands listed in Schedule 4 of the Devolution Agreement as at the Transfer Date;

“Parties” means the GNWT and the AER, and a **“Party”** means either of them;

“Priority Services” means those services specified as Priority Services in accordance with Section 3;

“Records” means any records and work products and includes books, documents, maps, drawings, photographs, letters, vouchers, notes, papers, correspondence, memoranda, plans, diagrams, pictorial or graphic work, film, microfilm, sound recordings, videotape, machine readable records, and any other documentary material, regardless of physical form or characteristics, and any copy thereof;

“Regulator” means the Regulator as defined in and established under the Mirror Legislation;

“Services” means those services provided or to be provided by the AER in accordance with this Agreement and as outlined in Schedule A;

“Term” means the period identified in Section 2.1;

“**Transfer Date**” has the same meaning as Transfer Date in the Devolution Agreement.

- 1.2. Schedules A, B, and C are incorporated into and form part of this Agreement. The Parties may agree to prepare and incorporate additional Schedules into this Agreement in future.

2. Agreement Term

- 2.1. The term of this Agreement will commence on the date hereof and will continue until terminated in accordance with Part 16.

3. Engagement of AER

- 3.1. Subject always to the terms and conditions of this Agreement and continued availability of AER resources and technical expertise, the AER will provide to the Regulator, CCO and CSO any Services required by the GNWT to assist the Regulator, CCO and CSO to perform the duties assigned to them on the Onshore Lands pursuant to the Mirror Legislation as revised from time to time. In determining whether it has sufficient resources and technical expertise to provide Services under this Agreement, the AER will determine priority of work requested by GNWT under this Agreement in the same manner as it determines priority of its own internal work commitments.
- 3.2. The AER will provide to the Regulator, CCO and CSO any Services that are:
 - 3.2.1. specified in Schedule A as revised in accordance with Section 4; or
 - 3.2.2. as otherwise agreed to by the Parties.
- 3.3. If the Regulator, CCO or CSO requests the AER’s assistance in relation to making a Decision, the AER will make available for consultation an employee or Hearing Commissioner of the AER of equivalent seniority as if the Decision was a decision of the AER in relation to a comparable application or matter under an Energy Resource Enactment.
- 3.4. Subject to Section 3.1, the AER will provide Services requested by the GNWT to support the Decisions of the Regulator, CCO and CSO through any reconsideration, review or appeal processes.
- 3.5. The provision of the Services by the AER will be subject to the instructions as provided from time to time by the Regulator, CCO and CSO or their designates.
- 3.6. The GNWT recognizes that the AER does not have expertise in interpretation and application of the Mirror Legislation. Therefore, the GNWT is responsible for

providing any legal advice or interpretation of Mirror Legislation and the policies, procedures and regulatory instruments adopted or administered from time to time by the Regulator as requested or required by the AER and/or its employees in order to provide Services under this Agreement.

- 3.7. The GNWT recognizes that the AER may not have internal subject matter and technical expertise in all areas relating to the Services in Schedule A. In cases where the AER identifies it does not have the requisite internal subject matter and technical expertise to adequately perform its obligations under this Agreement, the AER will notify the GNWT that it will be required to engage external consultants to perform the Services and will provide to the GNWT the estimated costs of such services before entering into any agreements for the provision of such services. The GNWT will then confirm whether it consents to the AER incurring the costs of such services. If the GNWT consents under this provision, the GNWT agrees to reimburse the AER for all costs incurred by the AER for engagement of external technical and subject matter expertise to perform Services under this Agreement in accordance with this provision.

4. Revisions to Schedule A

- 4.1. Schedule A will be revised in the following circumstances:
 - 4.1.1. on the date the Mirror Legislation comes into force, to incorporate any changes required to enable the Regulator, CCO and CSO to fulfill all duties assigned to them by the Mirror Legislation;
 - 4.1.2. on the first day of a Contract Year to eliminate any services the GNWT no longer requires the AER to provide;
 - 4.1.3. on the first day of a Contract Year, to incorporate any services required by the GNWT to enable the Regulator, CCO and CSO to fulfill any additional or varied duties assigned to them in the Onshore Lands pursuant to the Mirror Legislation as amended from time to time or by any other act of the Legislature.
 - 4.1.4. in any other circumstances if warranted and on mutual agreement by the Parties.

5. Coordinating Committee

- 5.1. The Parties will establish a committee of senior officials (“**Coordinating Committee**”) to assist in implementing the provisions of this Agreement. The Coordinating Committee will have general responsibility for facilitating

communication between the Parties and for performing a specific function assigned to it as set out in this Agreement.

5.2. The Parties will each appoint two (2) representatives with seniority and expertise necessary to permit them to discharge the responsibilities on behalf of their respective organizations described in Section 5.3 to the Coordinating Committee as well as an alternative for each who will be authorized to act in the absence of the appointee.

5.3. The responsibilities of the Coordinating Committee will include:

5.3.1. drafting and proposing revisions to Schedule A that may be required in light of Mirror Legislation enacted by the Legislature or any amendments thereto in accordance with Section 4.1.1;

5.3.2. drafting and proposing revisions to Schedule A that may be advisable in light of any services that may be eliminated by the GNWT or additional services the GNWT may require pursuant to Section 4.1.2 or 4.1.3;

5.3.3. developing estimates of the likely demand for each of the services that the AER may be asked to provide to the Regulator, CCO and CSO in a Contract Year;

5.3.4. developing estimates of the cost for any additional services that may be required by the GNWT pursuant to Section 4.1.3;

5.3.5. facilitating the delivery of Priority Services in accordance with Section 6.3;

5.3.6. supporting the drafting of reports required by Section 7;

5.3.7. monitoring actual expenditures under this Agreement in a Contract Year against the Annual Budget for the Contract Year, and proposing measures to address any forecast expenditures in excess of the Annual Budget that are consistent with the principle that the AER be compensated in full for all Services provided and expenses incurred in the course of providing Services under this Agreement; and

5.3.8. facilitating communication and cooperation between the Parties in implementing and acting pursuant to this Agreement.

5.4. The Coordinating Committee will meet at the request of either Party on 30 days' notice and will meet annually as follows:

- 5.4.1. in October to identify the anticipated quantity and Annual Budget for Services that the GNWT will require the AER to provide to the Regulator, CCO and CSO in the next ensuing Contract Year;
- 5.4.2. in July to prepare a report identifying the nature and quantity of Services provided by the AER to the Regulator, CCO and CSO in the previous Contract Year, and presenting actual performance against the service standards specified in Section 6; or
- 5.4.3. for any other purpose and to do any other thing that may be necessary to give effect to this Agreement

6. Service Standards

- 6.1. In the course of providing the Services under this Agreement, the AER will ensure that every employee and Hearing Commissioner of the AER carrying out Services under this Agreement:
 - 6.1.1. acts in an efficient and professional manner;
 - 6.1.2. acts honestly and in good faith, and
 - 6.1.3. avoids conflicts of interest.
- 6.2. The AER and its employees and Hearing Commissioners will provide the Services to at least the standards of diligence and quality they provide for similar services in relation to comparable applications and other matters under Energy Resource Enactments.
- 6.3. The GNWT may request that the AER perform Services of a particular kind or kinds in a particular instance or instances on a priority basis (“**Priority Services**”) and in such case and subject to availability of resources, the AER will use its best efforts to accommodate the request with minimum adverse impact to the performance of the other Services.
- 6.4. If the Regulator, CCO or CSO requests the AER to do so, the AER will ensure that the particular work product provided or to be provided to the Regulator, CCO or CSO, is reviewed and approved by an employee or Hearing Commissioner of the AER of equivalent seniority as if the work product was prepared to support a decision of the AER in relation to a comparable application or matter under an Energy Resource Enactment.

7. Reporting

- 7.1. Each year of the Term, the Coordinating Committee will provide to the AER and the GNWT a report identifying:
 - 7.1.1. the forecast demand for the Services provided to the GNWT as set out in the then effective Schedule A. The forecast will provide a detailed estimate for each of the Services for the next Contract Year together with a higher level forecast for the next five (5) years; and
 - 7.1.2. the name and title of the AER staff engaged in delivering Services under this Agreement in the current and previous Contract Year, and indicating which of the staff reside in the Northwest Territories.
- 7.2. Subject to Parts 13 and 14, the Parties will provide to each other information related to the delivery of the Services, as reasonably requested by the other Party.

8. Training of GNWT Staff

- 8.1. The Parties acknowledge that the GNWT wishes opportunities for its staff to be trained to provide some or all of the services required to assist the Regulator, CCO and CSO in the future. To further that objective, the AER will:
 - 8.1.1. Accept, where practical, GNWT employees on a secondment basis, at the GNWT's sole expense to train with AER employees and perform Services;
 - 8.1.2. provide AER employees on a secondment basis at the GNWT's sole expense to perform Services in the Northwest Territories;
 - 8.1.3. invite GNWT employees, at the GNWT's sole expense, to attend training seminars, field demonstrations, third party presentations or other events undertaken to train AER employees;
 - 8.1.4. permit GNWT employees, at the GNWT's sole expense, to shadow AER employees in the performance of duties identified in Schedule A; and
 - 8.1.5. use reasonable efforts, at the GNWT's sole expense, to make AER employees resident in or visiting the Northwest Territories available for consultation with GNWT employees where practical.

9. Coordination with Other Regulators in the Northwest Territories

- 9.1. The GNWT and AER will agree to reasonable measures to coordinate the Services provided by the AER with the performance of duties by other regulators of oil and gas activities in the Northwest Territories.

10. Payment

- 10.1. Each Contract Year the GNWT will set an Annual Budget for the Contract Year in consideration of the Coordinating Committee's recommendation pursuant to Section 5.4.1.
- 10.2. The GNWT will pay the AER for the Services provided pursuant to this Agreement plus all reasonable out of pocket expenses incurred by the AER in the course of providing the Services according to the following calculations:
 - 10.2.1. Time spent by each AER employee or Hearing Commissioner in providing Services recorded on an hourly basis with 30-minute intervals being the smallest unit recorded;
 - 10.2.2. hourly rates for each AER employee or Hearing Commissioner level providing Services will be as specified in a schedule to be agreed to by both Parties, which, when initialled by both Parties, will form part of this Agreement. While forming part of this Agreement, because such schedule may contain personal financial information that may be protected under applicable privacy legislation, the information contained in it will be confidential and will be governed by the provisions of Part 13 of the Agreement as if it were a Record supplied and received by both Parties;
 - 10.2.3. the hourly rate for each AER employee or Hearing Commissioner providing Services will be multiplied by the number of hours recorded for Services provided by the employee; and
 - 10.2.4. subject to Section 10.3, the AER will bill the GNWT the amount calculated in accordance with Section 10.2.3 and reasonable out of pocket expenses paid or payable by the AER to AER employees or Hearing Commissioners to the extent that the expenses are related to the provision of Services by those employees or Hearing Commissioners.
- 10.3. The GNWT is responsible for managing its Annual Budget for a Contract Year. The AER agrees to provide an estimate of unbilled work performed to date on request by the GNWT in order to assist the GNWT in complying with this provision.
- 10.4. The AER may bill the GNWT from time to time but no more frequently than monthly. All accounts will be itemized giving details with dates, activities and time spent on each activity.

10.5. Accounts will be rendered to the attention of the:

Financial Shared Services
Government of the Northwest Territories
Mail: P.O. Box 1320, Yellowknife, NT X1A 2L9
Courier: 3rd Floor, YK Centre, 4922-48th Street,
Yellowknife, NT X1A 2L9
Email: Financial_SharedServices@gov.nt.ca

10.6. Each account rendered by the AER during the Term will be paid within thirty (30) days after the date of receipt of that account by the GNWT, so long as approved and subject always to rights of the GNWT to have the same taxed in accordance with Section 17.

10.7. Payment of the AER pursuant to this Agreement is subject to the condition contained in section 46 of the *Financial Administration Act*, R.S.N.W.T. 1988, as amended, which reads as follows:

It is a condition of every contract made by or on behalf of the Government requiring an expenditure that an expenditure pursuant to the contract will be incurred only if there is a sufficient uncommitted balance in the appropriated item for the fiscal year in which the expenditure is required under the contract.

10.8. The GNWT certifies that the Services to be purchased by the GNWT from the AER are being purchased with government funds and are not, therefore, subject to the Goods and Services Tax (the “GST”) and, if applicable, the Harmonized Sales Tax (the “HST”). Even though the AER will not charge GST or HST, the AER may be eligible to receive input tax credits with respect to any GST liability incurred by the AER in providing the Services if such a refund would be available in other circumstances. It is the sole responsibility of the AER to determine if input tax credits are available in respect of the provision of services to the GNWT. The GNWT will not compensate the AER for any GST or HST liability incurred in the provision of the Services.

11. Independent Contractor

11.1. The AER is an independent contractor under this Agreement. Nothing in this Agreement is to be construed as creating an agency, partnership or joint venture relationship between the GNWT and the AER or an employment relationship between the GNWT and any AER employee.

11.2. Nothing in this Agreement will derogate from or otherwise fetter decision making by the Regulator, CCO and CSO.

11.3. Nothing in this Agreement will derogate from or otherwise fetter the ability of the GNWT to regulate, administer, manage or otherwise deal with oil and gas and matters.

12. Representations, Warranties and Covenants

12.1. Both Parties warrant and represent they are authorized to enter this Agreement.

13. Confidentiality: Safeguarding of Data/Information

13.1. Nothing in this Agreement is intended to require either Party to disclose information it is required to hold in confidence. To the extent the Parties supply information to each other on a confidential basis, the recipient of such information will take all steps necessary to ensure the information remains confidential and is not disclosed to any person without the prior written consent of the Party that supplied the information.

13.2. The AER is subject to the Alberta *Freedom of Information and Protection of Privacy Act* (“FOIPPA”). The GNWT acknowledges that FOIPPA applies to all Records supplied to the GNWT by the AER and received by the AER from the GNWT under this Agreement. If the GNWT receives a request or demand to disclose Records supplied to it by the AER under this Agreement that is not expressly authorized under this Agreement, the GNWT agrees to: a) immediately notify the AER of the request or demand and provide a copy of same to the AER; and b) not disclose the Records or any part of them without the written consent of the AER, provided, however that the GNWT may disclose any Records it is required to disclose pursuant to the order of a court or other authority under the laws of the Northwest Territories or Canada. In that case the GNWT must immediately inform the AER of the disclosure on receipt of the demand.

13.3. The GNWT is subject to the Northwest Territories *Access to Information and Protection of Privacy Act* (“ATIPP”) and will be subject to section 91 of the *Petroleum Resources Act* (“PRA”) the Mirror Legislation that mirrors the CPRA. The AER acknowledges ATIPP or the PRA apply to all Records supplied to the AER by the GNWT and received by the GNWT from the AER under this Agreement. If the AER receives a request or demand to disclose Records supplied to it by the GNWT under this Agreement, the AER agrees to: a) immediately notify the GNWT of the request or demand and provide a copy of same to the GNWT; and b) not disclose the Records or any part of them without the written consent of the GNWT, provided however, that the AER may disclose any Records it is required to disclose pursuant to the order of a court or other authority under the laws of Alberta or Canada. In that case the AER must immediately inform the GNWT of the disclosure on receipt of the demand.

13.4. In this Agreement, “personal information” has the meaning given to it in FOIPPA and ATIPP. Each Party agrees that in relation to this Agreement, it will:

13.4.1. not collect or use personal information unless the information is required to perform its obligations under this Agreement;

13.4.2. protect personal information obtained from the other Party during performance of this Agreement in its custody or control by making reasonable security arrangements to properly assess and address such risks as unauthorized access, collection, use, disclosure, and disposal; and

13.4.3. restrict access to any personal information obtained from the other Party during performance of this Agreement to only those persons who require access to the information in order to perform its obligations under this Agreement.

14. Records

14.1. Subject to Part 13, either Party may freely use, disclose or make available to any person any Record and other information obtained from the other Party pursuant to this Agreement.

15. Indemnification

15.1. The AER will indemnify and hold harmless the GNWT, its officers and employees, from and against all claims, actions, causes of action, demands, costs, losses, damages, expenses, suits or other proceedings by whomever made, brought or prosecuted in any manner that are proven to be the result of gross negligence on the part of the AER, its officers, hearing commissioners or employees.

15.2. The GNWT will indemnify and hold harmless the AER, its, officers, Hearing Commissioners and employees, from and against all claims, actions, causes of action, demands, costs, losses, damages, expenses, suits or other proceedings by whomever made, brought or prosecuted in any manner that are proven to be the result of gross negligence on the part of the GNWT, its officers, or employees.

15.3. In addition to the indemnity provided in Section 15.2, the GNWT will indemnify the AER’s officers, Hearing Commissioners and employees who provide Services under this Agreement (“**AER Indemnitees**”) in accordance with the provisions of Schedule B.

16. Termination

16.1. This Agreement may be terminated by the GNWT:

16.1.1. in accordance with Section 17.1.4; or

16.1.2. effective March 31, 2016 or anytime thereafter without cause or notice.

16.2. This Agreement may be terminated by the AER:

16.2.1. in accordance with Section 17.1.4;

16.2.2. if the GNWT fails to pay the AER's account in accordance with Section 10;

16.2.3. at any time on provision of at least six (6) months' written notice to the GNWT; or

16.2.4. effective March 31, 2016 or anytime thereafter without cause or notice.

17. Dispute Resolution

17.1. All disputes between the Parties which may arise under or in relation to this Agreement (a "**Dispute**") will be resolved as follows:

17.1.1. each of the Parties will provide full, candid and timely disclosure of all relevant facts, information and documents to facilitate discussions of any Disputes;

17.1.2. the Parties will use commercially reasonable efforts to resolve the Dispute by good faith discussions between the respective Coordinating Committee representatives of the Parties;

17.1.3. if the discussions between the Coordinating Committee representatives of the Parties pursuant to Section 17.1.2 are not successful in resolving the Dispute, the Parties will use commercially reasonable efforts to resolve the Dispute by good faith discussions between the GNWT Minister of Industry, Tourism and Investment ("Minister") and the Chief Executive Officer of the AER ("CEO") or their designates; and

17.1.4. if the discussions between the Minister and CEO pursuant to Section 17.1.3 are not successful in resolving the Dispute within 30 days of the initiation of such discussions, either Party may terminate this Agreement.

18. Force Majeure

- 18.1. In this Part 18, “**Force Majeure**” means acts of God; acts of the public enemy; wars; sabotage; terrorism; riots; strikes; lockouts; vandalism; blockages; labour disputes; fires; explosions; natural disasters; floods; perils of the sea; lightning; wind; actions of a court or public authority (including the denial, revocation or non-renewal of a permit or licence); accidents or failure of equipment or machinery; or allocation or failure of normal sources of supply of materials, transportation, energy or utilities or other causes of a similar nature which are beyond the reasonable control of the Party affected and could not have been avoided by the exercise of due diligence and that wholly or partly prevent, alter or delay the performance by such Party of its obligations or responsibilities under this Agreement. Economic hardship will not constitute a Force Majeure under this Agreement.
- 18.2. Neither Party will be considered in default as to any of its obligations under this Agreement to the extent it is prevented from fulfilling the obligation due to an event of Force Majeure. However, a Party whose performance under this Agreement is hindered by an event of Force Majeure will use commercially reasonable efforts to perform its obligations under this Agreement and use commercially reasonable efforts to remedy the Force Majeure with reasonable dispatch.

19. Notices and Delivery of Agreement

- 19.1. Notice under this Agreement will be provided as per the following information:

To the AER:

Attention: General Counsel
18th Floor, 250 Fifth Street, S.W.
Calgary, AB T2P 0R4
E-mail: patricia.johnston@aer.ca
Facsimile: (403) 297-7031

To the GNWT:


Executive Director
Office of the Regulator of Oil and Gas Operations
Department of Industry, Tourism and Investment
Government of the Northwest Territories
Mail: P.O. Box 1320, Yellowknife, NT X1A 2L9
Courier: #800, 5102-50th Avenue, Yellowknife, NT X1A 3S8
Facsimile: 867-873-0563

- 19.2. To be effective under this Agreement, notice must be in writing and sent by facsimile to the number, by prepaid mail or hand delivered to the address, or by e-mail to the e-mail address noted in Section 19.1.
- 19.3. The date of receipt of any notice shall be deemed to be:
 - 19.3.1. If hand delivered, the date of delivery;
 - 19.3.2. If sent by certified or ordinary mail, seven business days after mailing;
 - 19.3.3. If sent by email or facsimile transmission, twenty four hours after the time of transmission, excluding from the calculation, weekends and public holidays.


19.4 This Agreement may be delivered by one Party to the other by facsimile or electronic transmission and in any number of counterparts, each of which will be deemed an original if properly signed by both Parties, and all of which together will constitute one and the same agreement.

IN WITNESS WHEREOF the Parties have caused this Agreement to be executed as of the date first written above.


**GOVERNMENT OF THE NORTHWEST
TERRITORIES as represented by the Deputy
Minister of Industry, Tourism and Investment**

By: 
Title: Deputy Minister

ALBERTA ENERGY REGULATOR

By: 
Title: President & CEO

Approved pursuant to the *Government Organization Act* this 3rd day of March, 2014


Deputy Minister of International and
Intergovernmental Relations, Government of Alberta

SCHEDULE A

GNWT REGULATORY RESPONSIBILITIES SUPPORTED BY SERVICES FROM THE AER

[This is intended to be a list of all functions that are expected to be assigned to the Regulator, CCO and CSO under Territorial Legislation and regulations, and in relation to which the AER will provide services. References are to COGOA, CPRA and the regulations.]

Services under the *Petroleum Resources Act*

Significant Discovery Declarations

Making declarations of significant discovery and amending or revoking such declarations (section 28)

Commercial Discovery Declarations

Making declarations of commercial discovery and amending or revoking such declarations (section 35)

Services under the *Oil and Gas Operations Act*

Exploration and Production Authorizations

Issuing/suspending/revoking annual operating licenses for exploration, drilling, production, conservation, processing and transportation of oil and gas; and issuing authorizations for each such activity/work (section 5)

Conducting safety reviews before granting activity/work authorizations under section 5 (section 5.02)

Considering the financial responsibility of applicants for activity/work authorizations (section 5.03)

Receiving from applicants for activity/work authorizations certificates regarding equipment and installations (section 5.12)

Receiving from applicants for activity/work authorizations declarations regarding fitness of equipment and installations, appropriateness of operating procedures and competence of personnel (section 5.11)

Accepting pooling agreements for filing (section 30)

Accepting unit agreements for filing (section 37)

Applying to Committee for an order requiring a unit agreement for purposes of preventing waste (section 38)

Development Plans

Approving development plans for pools and fields (and amendments thereto) (section 5.1)

Regulation of Pipelines

Granting leave to sell/transfer/lease/purchase/amalgamate/abandon pipelines (section 4.01)

Regulating pipeline traffic, tolls and tariffs (sections 13.02 to 13.16)

General

Issuing guidelines and interpretation notes (section 5.3)

Well Approvals

Issuing orders respecting allocation of areas, including respecting size of spacing units and well production rates, and exercising any powers or performing any duties necessary for the management and control of oil or gas production (Canada Oil and Gas Drilling and Production Regulations section 2)

Giving or changing a name, classification or status for any well (Canada Oil and Gas Drilling and Production Regulations section 3)

Designating zones, naming pools and fields, defining boundaries of pools, zones or fields (Canada Oil and Gas Drilling and Production Regulations section 4)

Approving flow systems, flow calculation procedures and flow allocation procedures (Canada Oil and Gas Drilling and Production Regulations section 7)

Granting, suspending and revoking well approvals (Canada Oil and Gas Drilling and Production Regulations sections 13, 14)

Approving procedures that achieve the goals of well or field data acquisition programs, in instances where part of the program cannot be implemented as planned (Canada Oil and Gas Drilling and Production Regulations section 50)

Approving formation flow tests (Canada Oil and Gas Drilling and Production Regulations section 52)

Receiving samples and cores, calibration certificates, studies on enhanced recovery (Canada Oil and Gas Drilling and Production Regulations sections 53, 54, 63, 65)

Approving comingled production (Canada Oil and Gas Drilling and Production Regulations section 66)

Receiving notification of emergency flaring and burning (Canada Oil and Gas Drilling and Production Regulations sections 67, 68)

Receiving various notifications/records/reports (such as incident investigation reports, environmental reports, annual safety reports, well history and operations reports) as set out in the Canada Oil and Gas Drilling and Production Regulations, Part 11

Production Accounting

Receiving daily, monthly and annual production reports under the Canada Oil and Gas Drilling and Production Regulations, Part 11

Compliance Verification and Enforcement

Inquiring into, hearing and determining a matter where a person appears to have failed to do any act, matter or thing required under the Act/regulations/order/direction/operating licence/authorization or where the person appears to have contravened the Act/regulations/order/direction/operating licence/authorization (section 5.31)

Making orders to do any act, matter or thing required under the Act, regulations, order or direction made under the Act or an operating licence or authorization (or making orders prohibiting any act, matter or thing that is contrary to the Act, regulations, order or directions made under the Act or an operating licence or authorization) (section 5.32)

Authorizing variances in respect of equipment, methods, measures or standards (section 16)

Making oil/gas production orders to avoid waste (section 17)

Considering and consenting to prosecutions for committing waste (section 18)

Investigating and ordering shutdown of operations to prevent waste (section 19)

Hearing appeals of Chief Conservation Officer orders made under sections 17 and 19 (section 21)

Directing/authorizing a person to take over management and control of operations/works for the purpose of stopping waste (section 20)

Requiring holders of authorizations to pay money in respect of claims for loss or damage resulting from spills (section 27)

Hearing applications by the Chief Conservation Officer for show cause orders respecting waste occurring in the recovery of oil or gas from a pool (section 22)

Taking action (or directing that action be taken) to address spills (section 25)

Making orders to cease or restrict operations for safety reasons, and reviewing such orders (section 58)

Receiving notifications and reports of dangers and accidents (Canada Oil and Gas Installations Regulations section 71 and Canada Oil and Gas Geophysical Operations Regulations section 40)

Investigating accidents/incidents that occur during any geophysical operation (Canada Oil and Gas Geophysical Operations Regulations section 41)

Various duties respecting geophysical operations, including receiving status reports, final reports, notifications re archaeological sites and reports re locations of charges that have failed to detonate (Canada Oil and Gas Geophysical Operations Regulations sections 24, 27, 37 and 38)

General activities to ensure compliance (section 54)

SCHEDULE B

GNWT INDEMNIFICATION OF AER INDEMNITEES

1. To the maximum extent permitted by applicable law, the GNWT does hereby indemnify and save harmless each AER Indemnatee and his or her legal heirs and legal representatives from and against any and all damages, liabilities, costs, charges or expenses suffered or incurred by the AER Indemnatee and his or her heirs or legal representatives as a result or by reason of the Indemnified Person having provided Services under this Agreement, provided that such damages, liabilities, costs, charges or expenses were not suffered or incurred as a direct result of the fraud, dishonesty or willful default of the AER Indemnatee or the AER Indemnatee knew or should have known that his or her activities giving rise to such damages, liabilities, costs, charges or expenses were not within the scope of Services provided under this Agreement
2. To the maximum extent permitted by applicable law, the GNWT shall, at the request of the AER Indemnatee, pay to the AER Indemnatee all investigation costs, other costs, charges and expenses on an interim basis and as those costs, charges and expenses are incurred by the AER Indemnatee.
3. To the maximum extent permitted by applicable law, the GNWT shall pay all costs, charges and expenses reasonably incurred by the AER Indemnatee in investigating, defending or appealing any civil, criminal or administrative action or proceeding, actual or threatened, covered by this indemnification in advance as may be appropriate to enable the AER Indemnatee to properly investigate, defend or appeal such action or proceeding, with the understanding and on the condition that in the event it is ultimately determined that the AER Indemnatee was not entitled to be so indemnified, or was not entitled to be fully so indemnified, the AER shall indemnify and hold harmless the GNWT, and pay to the GNWT forthwith after such ultimate determination such amount (or the appropriate portion thereof) so paid in advance.
4. The AER Indemnatee shall give notice to the GNWT within ten days of being served with any statement of claim, writ, notice of motion, indictment or other document commencing or continuing any civil, criminal or administrative action or proceeding against the AER Indemnatee as a party by reason of the AER Indemnatee having provided Services under the Agreement. The GNWT shall give notice to the AER Indemnatee, in writing within ten days of receiving notice, of any threatened civil, criminal or administrative action or proceeding or alleged wrongdoing against the AER Indemnatee.
5. Subject to the terms of any applicable insurance policy the GNWT will promptly retain counsel who shall be reasonably satisfactory to the AER Indemnatee to represent the AER Indemnatee in any proceeding which is subject to this indemnification. The AER Indemnatee will be entitled to retain other counsel to act on his or her behalf, provided that the AER Indemnatee shall be solely responsible for and shall pay the fees and disbursements of such other counsel unless:

- a. The AER Indemnatee and the GNWT have mutually agreed to the retention of such other counsel; or
- b. The named parties to any such proceeding include both the GNWT and the AER Indemnatee, and representation of both by the same counsel would be inappropriate due to actual or potential differing interests between them (including the availability of different defences)

in which event the GNWT will pay the reasonable fees and disbursements of such counsel.

6. Subject to any limitations of such coverage, if an AER Indemnatee is entitled to be indemnified under a policy of insurance or by the Government of Alberta under an indemnification protection directive or similar policy, that insurance and/or indemnification shall be considered secondary to the GNWT's obligations under this indemnification. In any such case, the AER Indemnatee's coverage shall only provide assistance that is equivalent to excess insurance, in order that the AER Indemnatee shall be indemnified in total only to the full extent provided herein.
7. The indemnification provided herein shall extend to former directors, officers, employees of the AER to the extent the cause of action or claim arises when the AER Indemnatee held the position of director, officer or employee of the AER.
8. The indemnification provided herein is in addition to, and shall not derogate from and is not in substitution for, the protection afforded any AER Indemnatee under section 27 of the *Responsible Energy Development Act*.