

4. That in lieu of the prices for crude oil mentioned in Sections 8(a) and 10 of article I of the original contract, the Government, after May 1, 1944, and during the remaining life of said Contract No. W-412-eng-52 and its supplemental agreements (all as amended pursuant hereto), will pay the contractor for crude petroleum delivered from the field tank batteries or delivered to the refinery storage for processing from wells drilled under said last-named contract, 20 Cents Canadian currency per barrel. The Government will also continue to reimburse the contractor for all costs as provided in said Contract No. W-412-eng-52 and its supplemental agreements but the contractor will pay any royalty owed to private third parties.

5. The contractor is embarking on an extensive exploratory program in the Northwest Territories and as conducive to efficiency, expedition and economy of operation for both parties, provision shall be made for such exchanges, consolidations, joint usage and divisions of expenses relating to production, general supervision, general office, utilization of employees, establishments, tankage, facilities, and services and furnishing or sale of materials and supplies on hand as may be agreed upon by the Contracting Officer and the Contractor's Project Manager as being of mutual benefit.

6. That on the termination of said contract No. W-412-eng-52 (as amended pursuant hereto), the contractor will give to the Government of the United States the continuing right to purchase for its own use but not for resale, at the wellhead or in the contractor's field tanks, crude petroleum from the said proven area to an amount which shall not exceed one-half of the recoverable reserves remaining in the proven area at the said contract termination last above mentioned or 30,000,000 barrels, whichever shall be the smaller, and in addition thereto the said Government shall have the continuing right to purchase for its own use but not for resale 10 per cent of the recoverable reserves of crude petroleum found in each field hereafter successively discovered by drilling and developed by the contractor in the Northwest Territories until there shall be a combined total of 60,000,000 barrels of crude petroleum from the proven area and the fields so discovered and developed subject to the aforesaid continuing right to purchase of the Government. The Government shall pay for the said crude oil the cost thereof to the contractor, including all direct and indirect expenses incurred in connection with finding, development and production thereof, with proper provisions for depreciation and depletion, but no depreciation or depletion shall be charged in relation to the buildings, installations and equipment covered by clause 7 hereof or in relation to the monies expended by the Government through the contractor on exploratory work and, in addition to the said cost, the Government shall pay to the contractor 20 Cents Canadian currency per barrel. The above right to purchase of the Government shall be subject to the following conditions:

- (1) To the prior and preferred supplying of all local requirements for crude petroleum and petroleum products currently.
- (2) The above right to purchase shall, from and after May 1, 1954, be exercised currently and the Government of the United States shall accordingly take delivery during each month of 20 per cent of the respective amounts of crude oil which the contractor produces for export during said month from the proven area and from each of the other areas in which the Government has its right to purchase crude oil until a total of 60,000,000 barrels of crude oil shall have been received by the said Government directly or by delivery to the contractor as hereinafter in this sub-clause (2) provided or partly by each of the said methods; in case the Government does not take all or a part of the said 20 per cent