

4. It is understood that nothing in clause (b) in paragraph 3 above precludes the Government of Canada from charging a fair and non-discriminatory royalty for the use of the lands referred to in any case in which works and facilities are acquired by private interests. It is also understood that, as stated in the note from the United States Minister on June 27, 1942, "the pipeline and refinery when operated for commercial purposes will be subject to such regulations and conditions as the Canadian Government may consider it necessary to impose in order to safeguard the public interest." Finally, it is understood that clause (c) in paragraph 3 above does not limit the right of the Canadian Government after the war to charge a fair and non-discriminatory royalty on oil produced for and purchased by the United States.

Accept, Sir, the renewed assurances of my highest consideration.

RAY ATHERTON

ENCLOSURE

SPEAC

11 April, 1944

LETTER OF INTENT IN CONNECTION WITH CONTRACT
No. W-412-ENG-52, AS AMENDED BY SUPPLEMENTAL
AGREEMENTS Nos. 1, 2 AND 3

Imperial Oil Limited,
56 Church Street,
Toronto (1), Canada.

Gentlemen:

You are advised that the Government will negotiate with you a supplemental agreement to your contract, described above, with the following provisions:

1. That Supplemental Agreement No. 1 to above-mentioned contract shall be acknowledged as being terminated and cancelled.

2. That said Contract No. W-412-eng-52 and Supplemental Agreements Nos. 2 and 3 (all as amended pursuant hereto) shall hereafter and until terminated remain in full force and effect as to the proven area at and adjacent to Norman Wells, but shall not apply to or have force and effect as to any area outside said proven area; the said proven area at and adjacent to Norman Wells, shall be defined as that area colored in red on the plan hereto annexed as Exhibit 1 and copies of said plan shall be attached as Appendix A to proposed supplemental agreement.

3. That the equipment and supplies (including compressors, battery stations, etc.) intended for development and/or exploratory work now en route to Norman Wells shall be delivered at Norman Wells by the Government and installed by the contractor and such further equipment and supplies shall be furnished and delivered at Norman Wells and such further work done and completed at the proven area (all under the terms and during the life of said Contract No. W-412-eng-52 and its supplemental agreements as amended pursuant hereto) as may be necessary to render and keep the proven area capable of efficiently producing and delivering at least 4,000 barrels of crude petroleum per day to the Government and the contractor shall be obligated, during the same period, to keep the proven area capable of delivering at least 4,000 barrels per day. No action under this clause 3 shall prevent or impair the supplying of the local requirements for petroleum or petroleum products except with the consent of the Government of Canada.