

2. The United States-owned petroleum products in the three-inch line will be conveyed to Canada at an agreed price.

3. All restrictions contained in previous exchanges of Notes between the two Governments on the dismantlement of any of the CANOL project facilities, located either in Canada or the United States, shall no longer be operative upon the conveyance to Canada of the facilities cited in numbered paragraph (1) above.

4. Upon the conveyance of the facilities to the Canadian Government, the United States Government will be relieved of the requirements of paragraph 5 of the Annex to the Haines-Fairbanks Pipeline Agreement, except for the undertaking specified in subparagraph (a) of paragraph 5 so that, effective immediately upon such conveyance, paragraph 5 of the Haines-Fairbanks Pipeline Agreement shall read:

"5. Use of the Pipeline to meet Canadian Requirements.

In the operation of the Haines-Fairbanks pipeline, the United States undertakes to give assurance of equal consideration to Canadian defense requirements with those of the United States."

5. The United States may continue to use the water well and water-pump-facilities at Station F on the 3-inch line for the needs of Station 2-B at Donjek for as long as required by that Station but not to exceed the period specified in the Haines-Fairbanks Pipeline Agreement of June 30, 1953,* or for such shorter period as may be agreed upon by the two Governments. Ownership of the water-pumping facilities shall remain with the United States until the use by the United States of the facilities is terminated, at which time ownership will vest in the Government of Canada. For the period that the water-pumping facilities remain in United States ownership their operation and maintenance will be the responsibility of the United States. During such ownership water will be made available for other than United States use to the extent practicable. Any question as to the rights of use of the water will be referred for settlement to the appropriate agency of the Government of Canada.

If the Canadian Government is in agreement with the foregoing, I have the honour to propose that this Note and your Excellency's Note in reply concurring therein shall constitute an agreement between our two Governments which shall enter into force on the date of your Excellency's reply and shall supersede all other previous agreements or parts thereof between our two Governments pertaining to those CANOL facilities which are the subject of this agreement.

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

LIVINGSTON T. MERCHANT

*Canada Treaty Series 1953, No. 20.