

**MEMORANDUM OF AGREEMENT (hereafter referred to as the
“Administrative Agreement”) ON EFFECTIVE REGULATION OF
SUBSEA PIPELINES INVOLVED IN THE DEEP PANUKE OFFSHORE PROJECT**

This Administrative Agreement, effective the 1st day of November, 2006, among

THE GOVERNMENT OF CANADA, represented by the Minister
of Natural Resources (“NRCan”);

THE GOVERNMENT OF NOVA SCOTIA, represented by the
Minister of Energy (“Energy”);

THE NATIONAL ENERGY BOARD (the “NEB”); and

**THE CANADA-NOVA SCOTIA OFFSHORE PETROLEUM
BOARD** (the “CNSOPB”).

1. PREAMBLE

WHEREAS EnCana Corporation (EnCana) has/will apply to various regulators to develop the Deep Panuke Offshore Project (“Project”);

WHEREAS the Project, as proposed, may include either (i) the construction and operation of a subsea sales gas pipeline from the Deep Panuke offshore production facility to an onshore pipeline or other onshore facility or (ii) any tie in connection to the Sable Offshore Energy Project (SOEP) subsea pipeline;

WHEREAS the CNSOPB regulates pipelines in the Canada-Nova Scotia Offshore Area under the federal/provincial *Canada-Nova Scotia Offshore Petroleum Resources Accord Implementation Acts* and the *Canada-Nova Scotia Offshore Petroleum Resources Accord Implementation (Nova Scotia) Act* (S.C. 1988, c. 28; S.N.S. 1987, c.3) (the “Accord Act”);

WHEREAS the NEB regulates pipelines under the *National Energy Board Act* (R.S.C. 1985, c. N-71);

WHEREAS the Province, through the Nova Scotia Utility and Review Board (“UARB”), regulates pipelines under the *Pipeline Act* (R.S.N.S. 1989, c. 345);

WHEREAS the participants confirm their intention to proceed in the spirit of this Administrative Agreement to develop an efficient and effective regulatory system;

WHEREAS Section 4 of the *Pipeline Act* provides for the withdrawal of lands or the exemption of pipelines from the *Pipeline Act* and, by order, make an enactment of the Government or Parliament of Canada applicable to or give a board established by that enactment jurisdiction over the lands, persons or pipelines determined by the order, with such modifications as are specified;

WHEREAS the Governor in Council by Order in Council NS 2006-455 provided for the *National Energy Board Act* and the NEB to be the regulator of any subsea pipelines associated with the Deep Panuke Project which are regulated by the NEB;

WHEREAS the participants confirm that their execution of this Administrative Agreement in no way establishes that the Province of Nova Scotia has jurisdiction to regulate the subsea pipeline or any portion of it as this is a matter of constitutional law to be determined on the basis of the constitutional facts relating to the pipeline;

THEREFORE, the Parties to this Administrative Agreement wish to pursue the effective discharge of their regulatory duties and to this end have agreed to the following provisions:

2. PURPOSE

- 2.1 This Administrative Agreement is made pursuant to Section 4 of the *Pipeline Act* and as authorized by Order in Council NS 2006-455.
- 2.2 This Administrative Agreement is intended to provide details respecting the construction, operation and abandonment of a Subsea Pipeline which is associated with the Deep Panuke Offshore Project and which is regulated by the NEB.

3. DEFINITIONS

In this Agreement,

- (a) “*Accord Act*” means the *Canada-Nova Scotia Offshore Petroleum Resources Accord Implementation Acts* and the *Canada-Nova Scotia Offshore Petroleum Resources Accord Implementation (Nova Scotia) Act* ;
- (b) “Department” means the Nova Scotia Department of Energy;
- (c) “*National Energy Board Act*” means R.S.C. 1985, c. N-71;
- (d) “*Pipeline Act*” means R.S.N.S. 1989, c. 345;
- (e) “Province” means the Province of Nova Scotia;

- (f) “Subsea Pipeline” means a pipeline which is associated with the Deep Panuke Offshore Project in the Nova Scotia lands as defined under the *Pipeline Act* and which is regulated by the NEB.

4. APPROVALS/AUTHORIZATIONS

- 4.1 Approvals and authorizations under the *National Energy Board Act*, including Part III, apply to the Subsea Pipeline and will be deemed to be provincial approvals or authorizations under the *Pipeline Act* where any such approval or authorization are legally required.

5. FEES, LEVIES AND CHARGES

- 5.1 Any tariffs, rates, tolls or charges for the Subsea Pipeline approved under Part IV of the *National Energy Board Act* will be deemed to be tariffs, rates, tolls and charges under the *Pipeline Act* where any such tariffs, rates, tolls or charges are legally required.
- 5.2 Fees, levies and charges levied on the Subsea Pipeline for the purpose of recovering the National Energy Board’s costs pursuant to Section 24.1 of the *National Energy Board Act* apply to services performed under the *Pipeline Act*.

6. INSPECTIONS/INVESTIGATIONS/ENFORCEMENT

- 6.1 The NEB, on behalf of the Province and at no cost to the Province, agrees to conduct inspections, investigations and enforcement measures as prescribed under the *National Energy Board Act* and regulations and policies made pursuant thereto of the Subsea Pipeline.

7. REPORTING

- 7.1 Incident and other reports prepared under the *National Energy Board Act* respecting the Subsea Pipeline shall be filed in a timely manner with the Department and the CNSOPB.

8. AMENDMENTS

- 8.1 The terms and conditions of this Administrative Agreement may be amended in writing by the parties.

9. TERMINATION

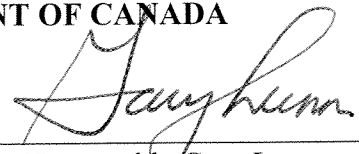
9.1 This Administrative Agreement may be terminated at any time upon 90 days written notice from one signatory to the others.

10. COUNTERPARTS

10.1 This Administrative Agreement may be executed in any number of counterparts and by the parties on separate counterparts, each of which when so executed and delivered shall be an original, but all the counterparts together shall constitute one and the same instrument. Delivery by any party of an executed counterpart of this Administrative Agreement to another party by fax shall be deemed to be sufficient delivery of this Administrative Agreement by that party.

ACCEPTED on behalf of the GOVERNMENT OF CANADA


Witness



The Honourable Gary Lunn
Minister of Natural Resources
Government of Canada

ACCEPTED on behalf of the GOVERNMENT OF NOVA SCOTIA

Witness

The Honourable Bill Dooks
Minister of Energy
Government of Nova Scotia

ACCEPTED on behalf of the NATIONAL ENERGY BOARD

Witness

Kenneth W. Volman
Chair
National Energy Board

ACCEPTED on behalf of the CANADA-NOVA SCOTIA OFFSHORE PETROLEUM BOARD

Witness

Diana L. Dalton
Chair
Canada-Nova Scotia Offshore Petroleum
Board

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Minister of Natural Resources
Government of Canada

ACCEPTED on behalf of the GOVERNMENT OF NOVA SCOTIA

Mark Burgess QC

Witness

Bill Dooks

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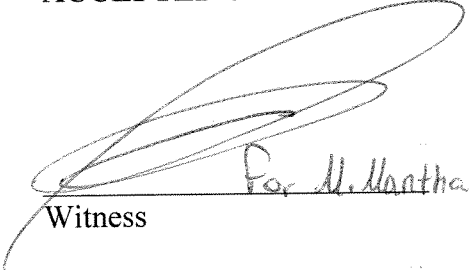
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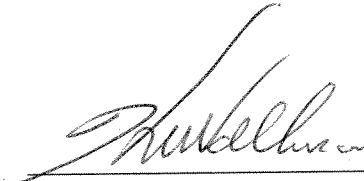
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Chairman
National Energy Board

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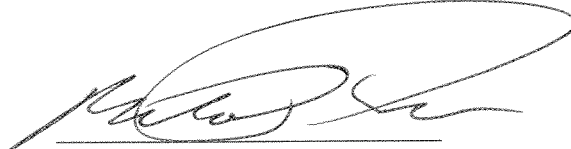
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