

**AGREEMENT TO MARKET
CROWN ROYALTY BITUMEN**

ALBERTA PETROLEUM MARKETING COMMISSION

and

**NORTH WEST REDWATER PARTNERSHIP,
a partnership comprising
NORTH WEST UPGRADING INC.
and
CANADIAN NATURAL UPGRADING LIMITED**

February 16, 2011

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AGREEMENT TO MARKET CROWN ROYALTY BITUMEN

made the 16th day of February, 2011

BETWEEN:

ALBERTA PETROLEUM MARKETING COMMISSION, a body corporate incorporated by the *Petroleum Marketing Act* (Alberta) as an agent of the Crown in right of Alberta

(“APMC”)

AND:

NORTH WEST REDWATER PARTNERSHIP, a general partnership established under the laws of Alberta, by its partners **NORTH WEST UPGRADING INC.** and **CANADIAN NATURAL UPGRADING LIMITED**

(the “Marketing Agent”)

PREAMBLE:

This Agreement is entered into as contemplated by and as a companion to an “Agreement to Process Crown Royalty Bitumen” (the “**Processing Agreement**”) concurrently entered into between the parties to this Agreement. This Agreement sets out the terms and conditions upon which the Marketing Agent will market on behalf of APMC all Crown royalty bitumen delivered by APMC to the Marketing Agent pursuant to the Processing Agreement in excess of the bitumen to be optimized and processed under the Processing Agreement.

APMC and the Marketing Agent therefore agree as follows:

1. INTERPRETATION

1.1 Defined Terms

In this Agreement, the following expressions have the following meanings (and where applicable their plurals have corresponding meanings):

“**Arm’s-Length**” has the meaning ascribed to that expression (and correspondingly, to non arm’s-length) in the *Income Tax Act* (Canada);

“**Barrel**” means a volumetric quantity equal to 0.15892 cubic metres;

“**Bitumen**” means “crude bitumen”, as that expression is defined in the *Mines and Minerals Act* (Alberta);

“**Bitumen Blend**” means Bitumen that has been blended for transportation purposes with Diluent;

“**BPD**” means Barrels per day;

“**Business Day**” means a day other than a Saturday, Sunday or statutory holiday in Alberta;

“**Crown**”, or “**Government of Alberta**”, means Her Majesty the Queen in right of Alberta;

“**Diluent**” means condensate, naphtha, synthetic crude oil or other hydrocarbon substance blended or intended to be blended with Bitumen for the purpose of reducing the density or viscosity of the resulting Bitumen Blend;

“**Dispute Resolution Procedure**” means the procedure for resolving disputes set out in Schedule 4;

“**Excess Crown Supply**” has the meaning ascribed to that expression in the Processing Agreement;

“**Facility**” has the meaning ascribed to that expression in the Processing Agreement;

“**Fair Market Value**” means the cash consideration that is or would be payable for the purchase of particular services, goods or materials, including Bitumen Blend, for non-deferred delivery at a specified local location, where the purchaser and seller are at Arm’s Length and such cash consideration is the only consideration that would be received by the seller;

“**Good Marketing Practices**” means, in relation to the Marketing Services, practices, methods and activities adopted by a significant portion of those marketing Bitumen Blend produced in Alberta as good practices applicable to the marketing of Bitumen Blend; and for greater certainty are not intended to be limited to optimal practices, methods or activities to the exclusion of all others, but rather to be practices, methods or activities generally accepted by those marketing Bitumen Blend produced in Alberta;

“**GST**” means the goods and services tax or a harmonized sales tax under Part IX of the *Excise Tax Act* (Canada) or any similar or successor legislation by the Government of Canada;

“**Marketing Fee**” means the fee described in Section 3.1;

“**Marketing Services**” means the services described in Section 2.2;

“Non-Arm’s Length Transaction” means a transaction, relating to the Excess Crown Supply, between the Marketing Agent and a person or persons (other than APMC) with whom the Marketing Agent is not dealing at Arm’s Length; provided that where a particular contract contemplates a series of dealings under it, all transacted on the basis of a common methodology for determining a price or consideration, then only the contract, and not each of the series of dealings under it, shall be construed as constituting a transaction for the purposes of this provision;

“Party” means APMC or the Marketing Agent, and includes their respective successors and permitted assigns;

“Processing Agreement” means the “Agreement to Process Crown Royalty Bitumen” between the Parties entered into concurrently with this Agreement;

“Term” means the period commencing January 1, 2013 (or such later date as the Parties may jointly agree upon) and ending at the end of December 31, 2017, and includes any extension pursuant to Section 2.4;

“Trust Account” means the trust account contemplated by and as described in the Trust Agreement; and

“Trust Agreement” means the agreement contemplated by Schedule 3.

1.2 Section References

References in this Agreement to Sections of this Agreement are to the correspondingly numbered provisions of this Agreement. References to Schedules are to the correspondingly numbered Schedules listed in Section 1.3.

1.3 Schedules

The following Schedules attached to or delivered with this Agreement at the time of execution of this Agreement are for every purpose to be considered as part of this Agreement (and provisions of the Schedules are to be considered as provisions of this Agreement):

- Schedule 1 - Marketing Fee**
- Schedule 2 - Performance Benchmarks**
- Schedule 3 - Form of Trust Agreement**
- Schedule 4 - Dispute Resolution Procedure**

In the event of any conflict or inconsistency between the provisions in the body of this Agreement and the provisions of a Schedule, the provisions in the body of this Agreement shall govern.

Where any Schedule has been amended pursuant to any provision of this Agreement, the Party that initiated the amendment or the course of action that resulted in the amendment shall as soon as practicable after the amendment comes into effect prepare a restated Schedule reflecting the amendment and deliver it to the other Party.

1.4 Entire Agreement

This Agreement, read together with the Processing Agreement governing the delivery to the Marketing Agent of the Excess Crown Supply, is the entire agreement between APMC and the Marketing Agent regarding the subject matter of this Agreement, and supersedes any previous agreements, negotiations and understandings. Except for the representations expressly set out in Sections 7.1 or 7.2 or elsewhere in this Agreement, neither Party shall be entitled to rely for any purpose on any representation or warranty made by the other in relation to this Agreement or any negotiations leading up to it.

1.5 Currency

In this Agreement all references to dollar amounts are in Canadian currency unless expressly stated to be otherwise.

1.6 No Joint Venture or Partnership

No relationship of joint venture or partnership between the Parties is intended by this Agreement, and neither Party shall allege or assert for any purpose that this Agreement constitutes or creates a relationship of joint venture or partnership between the Parties.

1.7 Limitation of Scope of Agency

The Parties acknowledge and agree that this Agreement is fundamentally a contract for services, coupled with the establishment for certain purposes of a relationship of agency, pursuant to which the Marketing Agent will carry out certain actions and functions expressly as the agent of APMC. Such relationship of agency, and the authority of the Marketing Agent as agent to act on behalf of APMC, is limited to such expressly set out actions and functions and such ancillary and incidental actions and functions as are necessary to the carrying out of the expressly set out agency actions and functions or otherwise follow by necessary implication; and the Marketing Agent shall have no general or residual authority to act as, or to hold itself out as having authority to act as, an agent of APMC.

1.8 Miscellaneous

In this Agreement:

- (a) reference to any agreement or instrument means such agreement or instrument as amended or replaced from time to time;
- (b) reference to any statute or regulation means such statute or regulation as amended or replaced from time to time;
- (c) “includes” or “including” means without limiting the generality of any preceding description; and
- (d) references to time are to local time in Edmonton, Alberta.

2. MARKETING OF EXCESS CROWN SUPPLY

2.1 Application of Agreement

This Agreement applies only to the Excess Crown Supply, as designated pursuant to the Processing Agreement, that is delivered into the custody of the Marketing Agent pursuant to the Processing Agreement.

2.2 Marketing Services

The Marketing Agent shall, throughout the Term, market and sell, on behalf of and as agent for APMC, the Excess Crown Supply delivered into its custody pursuant to the Processing Agreement (such marketing and selling constituting the “**Marketing Services**”).

2.3 Commencement of Term

The Parties acknowledge and agree that the Term shall commence January 1, 2013 (or such later date as the Parties may jointly agree upon), notwithstanding that the Facility is not expected to be operational until after 2013.

2.4 Automatic Extension of Term

If neither APMC nor the Marketing Agent has, at least one year prior to expiry of the Term, provided notice to the other that the Term will not be extended beyond its then scheduled expiry date, the Term will automatically be extended so that it expires one year later than its then scheduled expiry date. The intent of the Parties by this Section 2.4 is that the original expiry date of December 31, 2017 will be automatically extended from year to year thereafter in the absence of one year’s notice to the contrary delivered by either Party to the other.

2.5 Termination of Processing Agreement

Notwithstanding any other provision of this Agreement, this Agreement shall automatically terminate concurrently with any termination of the Processing Agreement made pursuant to any right of termination set out in the Processing Agreement.

2.6 Phase 2

The Parties acknowledge their mutual intent to terminate this Agreement concurrently with commencement of commercial operations in respect of “Phase 2” contemplated by the Processing Agreement. If the Marketing Agent (in its capacity as the “Processor” under the Processing Agreement) proposes to proceed with Phase 2 but is unable to negotiate a mutually acceptable agreement with APMC for the supply of Bitumen Blend for Phase 2, then upon the termination of such negotiations APMC may upon not less than 90 days notice to the Marketing Agent terminate this Agreement.

2.7 Ownership of Excess Crown Supply

Until sold on behalf of APMC by the Marketing Agent, the Excess Crown Supply shall continue to be owned by APMC; and APMC warrants good, clear and unencumbered title to the Excess Crown Supply.

2.8 Pipeline Specifications

All risk and associated costs arising from failure of the Excess Crown Supply to meet pipeline specifications at the time of delivery to the Marketing Agent shall be the responsibility of APMC, and the Marketing Agent shall have no responsibility therefor.

2.9 Marketing Objectives

The Marketing Agent shall carry out the Marketing Services in compliance with this Agreement and with the objective of optimizing profit from the sale of the Excess Crown Supply.

2.10 Marketing Activities

The Marketing Agent may enter into such arrangements and agreements in relation to the Excess Crown Supply (including any swap or trade or any blending of or transportation of the Excess Crown Supply) as it considers appropriate to optimally market and sell the Excess Crown Supply, subject to the following restrictions:

- (a) the Marketing Agent shall with respect to each sale of Excess Crown Supply disclose in writing (which disclosure shall be in the sale contract where it is feasible to do so) that the Excess Crown Supply is owned by APMC;
- (b) all sales (other than exchanges of Bitumen Blend) of Excess Crown Supply by the Marketing Agent shall be for payment in Canadian or United States dollars;
- (c) the Marketing Agent shall not, without express prior approval from APMC, enter into any hedging (including any transaction where the price or any component of the price is fixed, other than at market price, for longer than 90 days) or derivative transactions in respect of the Excess Crown Supply;

(d) the Marketing Agent shall not, without express prior approval from APMC, sell any Excess Crown Supply that is to be transported over water by tanker unless ownership of and risk in relation to the Excess Crown Supply pass at a point of sale that is at or before the ship's rail at the loading dock; and

(e) the Marketing Agent shall, in relation to all such arrangements and agreements and in relation to any sale of Excess Crown Supply, duly observe and apply the same credit and counterparty risk policies as are established by the Marketing Agent (in its capacity as the "Processor") pursuant to the Processing Agreement.

2.11 Annual Strategic Marketing Plan

At least six months prior to the commencement of the Term, and on or before [October 1st] during each year during the Term, the Marketing Agent shall prepare and deliver to APMC an annual plan for the upcoming year (the "**Annual Strategic Marketing Plan**") for carrying out the Marketing Services in that upcoming year, subject to and in accordance with the following:

(a) the Annual Strategic Marketing Plan shall set out the Marketing Agent's intended strategies, practices and procedures for carrying out the Marketing Services during the upcoming calendar year;

(b) APMC shall have an opportunity to comment upon and offer recommendations and suggestions in regard to each Annual Strategic Marketing Plan, and upon receipt of such comments, recommendations and suggestions the Marketing Agent shall advise, with explanation, whether the Marketing Agent has amended its Annual Strategic Marketing Plan in response thereto; and

(c) the Marketing Agent shall advise APMC as soon as practicable after resolving to replace, depart from or alter in any material way the strategies, practices and procedures set out in its current Annual Strategic Marketing Plan, but the Marketing Agent shall not be obligated under this Agreement to strictly observe or comply with its current Annual Strategic Marketing Plan.

2.12 Non-Arm's Length Transactions

The Marketing Agent shall transact all Non-Arm's Length Transactions at Fair Market Value, and shall report each Non-Arm's Length Transaction to APMC either prior to or as soon as practicable after entering into such transaction. The onus shall be on the Marketing Agent to demonstrate that:

(a) each Non-Arm's Length Transaction was entered into at Fair Market Value; and

(b) where a particular transaction not reported as a Non-Arm's Length Transaction is questioned by APMC, that the transaction was at Arm's Length.

2.13 Acquisition of Excess Crown Supply for Optimization Purposes

Without limitation to Section 2.12, the Marketing Agent may from time to time acquire Excess Crown Supply in the course of and for the purpose of feedstock optimization pursuant to the Processing Agreement, provided it does so only:

- (a) at Fair Market Value; and
- (b) upon notice to APMC.

3. MARKETING FEE

3.1 Services Provided at Cost

In consideration of the Marketing Services, APMC shall pay to the Marketing Agent each month during the Term a fee (the “**Marketing Fee**”), to be determined on an annual basis in accordance with Schedule 1, that reflects the Parties’ mutual estimate of the actual internal costs to be incurred in the year, and actual external costs other than the additional costs provided for in Section 3.2, reasonably allocated and without administrative fee or other surcharge or profit or return, incurred by the Marketing Agent in providing the Marketing Services. Once the Marketing Fee for a year has been determined in accordance with Schedule 1, neither Party shall be entitled to claim against the other for any overpayment or underpayment in respect of such year based on an assertion that the actual costs incurred by the Marketing Agent in providing the Marketing Services in that year were less than or exceeded the amount of the Marketing Fee for that year.

3.2 Additional Costs

In addition to the Marketing Fee, APMC shall pay to the Marketing Agent all out-of-pocket costs incurred by the Marketing Agent in the transportation, handling, storing, trimming and terminalling of the Excess Crown Supply in the course of providing the Marketing Services, including costs associated with any credit support requirements (such as letters of credit or guarantee) required to be provided to providers of transportation, handling, storing, trimming or terminalling services, or exchanges upon which the Excess Crown Supply will be sold, and including the costs of third party professional services provided in respect of any claim made by or against the Marketing Agent in connection with such activities (except to the extent that the claim arises from the gross negligence or wilful misconduct of the Marketing Agent or its officers, employees, agents or subcontractors). The Marketing Agent shall be entitled to include such amounts in the next following Monthly Statement under Section 4.2 and to recover such amounts in addition to the amount of the Marketing Fee.

3.3 No Double-Counting of Costs

The Parties acknowledge and intend that costs incurred by the Marketing Agent in providing the Marketing Services are not intended to be included in any costs allocable to and chargeable to APMC under the Processing Agreement (other than the Tax Allowance payable under the

Processing Agreement pursuant to Schedule 10 – Cost of Service Schedule of the Processing Agreement).

4. PROCEEDS AND PAYMENT

4.1 Sale Proceeds

The Marketing Agent shall establish and maintain procedures designed to ensure, and shall ensure, that all cash proceeds from the sale of Excess Crown Supply are paid solely and exclusively into the Trust Account.

4.2 Monthly Statement

On or as soon as practicable after the 10th day of each month following the first month of the Term, to and including the month immediately after the end of the Term, the Marketing Agent shall produce and provide to APMC in an electronic form acceptable to APMC, acting reasonably, a statement (the “**Monthly Statement**”) setting out in respect of the previous month the following:

- (a) a summary (in sufficient detail to enable APMC to fully comply with its accounting obligations in respect of the Excess Crown Supply) of all sales of and transactions in respect of Excess Crown Supply in that previous month, identifying by stream of Bitumen Blend the volumes sold or otherwise transacted, the purchasers thereof, and the cash proceeds or other consideration received therefrom;
- (b) a calculation of the amount of the Marketing Fee applicable to that previous month; and
- (c) a detailed statement of additional amounts payable under Section 3.2.

4.3 Estimates and Adjustments

Where any information required for preparation of the Monthly Statement is unavailable to the Marketing Agent at the time the Monthly Statement is required to be delivered under Section 4.2, the Marketing Agent shall prepare the Monthly Statement using commercially reasonable estimates based on the best information then available, and shall thereafter, upon the information becoming available, make any necessary adjustments in the next following Monthly Statement.

4.4 Payment of Marketing Fee and Additional Costs

The amount of the Marketing Fee (together with any amount payable to the Marketing Agent under Section 3.2) in respect of a month shall be payable to the Marketing Agent from the Trust Account pursuant to the Trust Agreement on the 25th day of the next following month, or so soon thereafter as cash proceeds from the sale of Excess Crown Supply have been paid into the Trust Account sufficient for the payment of the Marketing Fee (and, where applicable the amount payable under Section 3.2).

4.5 No GST

APMC represents and warrants that (i) as an agent of the Crown it is not, and will not become, legally obligated to pay GST in respect of any goods or services procured by APMC, and (ii) the Marketing Fee payable by APMC under this Agreement is not subject to GST. For so long as such representation remains accurate, no GST shall be added to the Marketing Fee.

5. PERFORMANCE AND BENCHMARKING

5.1 Standard of Care

The Marketing Agent undertakes, in respect of the Marketing Services, as follows:

- (a) it has or will obtain and retain all required expertise, including suitably qualified personnel; and
- (b) it will bring to bear a degree of care, skill and diligence commensurate with Good Marketing Practices.

5.2 Performance Benchmarks

The performance of the Marketing Agent in marketing the Excess Crown Supply will be assessed against the performance benchmarks set out in Schedule 2, as amended from time to time. The Parties shall keep the provisions of Schedule 2 continually under review with a view to revising and updating the performance benchmarks so as to ensure that they are and continue to be reasonably objective measures of discoverable market prices for the Excess Crown Supply marketed and sold by the Marketing Agent.

5.3 Failure to Meet Benchmarks

In the event of any failure by the Marketing Agent to meet any of the performance benchmarks set out in Schedule 2, the Marketing Agent shall provide APMC with the Marketing Agent's explanation therefor, and indicate what remedial action, if any, the Marketing Agent proposes to take to prevent a recurrence. In the event of a material ongoing or sustained failure to meet performance benchmarks, then the Parties shall collaboratively review and refocus marketing practices with a view to remedying the deficiency.

6. OTHER OBLIGATIONS

6.1 Reporting

The Marketing Agent shall provide the following reporting, in each case in an electronic format acceptable to APMC, acting reasonably, and where feasible, in a format that facilitates system-to-system communication:

- (a) on a monthly basis following commencement of the Term, the Monthly Statement under Section 4.2, together with a concise summary of any changes in market conditions and any other market intelligence relevant to the marketing of the Excess Crown Supply that has come to the attention of the Marketing Agent since the last such monthly report;
- (b) such other periodic reporting as APMC may from time to time reasonably require;
- (c) both before and after commencement of the Term, a response, based on information reasonably available to the Marketing Agent, delivered in a timely manner (and in any case within 10 Business Days) to any inquiry reasonably made by APMC in relation to the Marketing Services or the Excess Crown Supply; and
- (d) immediate notice of any circumstance of credit or counterparty default (or anticipated default) in relation to the sale or trading of Excess Crown Supply;

and the Marketing Agent acknowledges and agrees that the Parties mutually intend through the above reporting requirements that all aspects of the Marketing Services, including relevant market intelligence gathered in the course of performing the Marketing Services, will be fully transparent to APMC.

6.2 Records, Audit and Inspection

The Marketing Agent shall maintain in an appropriate form full accounting and other records relating to performance by it of its obligations under this Agreement (in this Section 6.2, the “**Records**”) for a period of six years following the year to which such Records relate.

During the Term and for a period of one year thereafter, the Marketing Agent shall keep the retained Records available for inspection by APMC (including the Auditor General of Alberta or, subject to appropriate assurance of confidentiality, any other representative designated by APMC for that purpose) at the Marketing Agent’s offices, during normal business hours and upon reasonable notice, if APMC acting reasonably has specific concerns regarding the Marketing Agent’s compliance with this Agreement; and the Marketing Agent shall, upon being advised by APMC of such specific concerns and APMC’s request to inspect pertinent Records, reasonably accommodate and facilitate such inspection.

The Marketing Agent shall reasonably accommodate an annual audit of the Records to be conducted by APMC at the expense of APMC; provided that such annual audit:

- (a) must be commenced no later than 26 months following the end of the pertinent calendar year;
- (b) must be completed within 12 months of its commencement;
- (c) must be undertaken at the Marketing Agent’s offices during the Marketing Agent’s normal business hours;

(d) must be carried out by auditors subject to the same confidentiality requirements as apply to APMC under this Agreement; and

(e) must, if an annual audit is being conducted by APMC pursuant to the Processing Agreement, be coordinated with and carried out by the same auditors as are carrying out the annual audit under the Processing Agreement.

Apart from the above right of inspection and the above right of audit, the Records shall be in the exclusive custody and control of the Marketing Agent, and APMC shall have no general right to the Records.

7. REPRESENTATIONS

7.1 Marketing Agent's Representations

The Marketing Agent represents to APMC that, as of the date of execution of this Agreement:

(a) the Marketing Agent has all requisite capacity, power and authority to enter into and perform its obligations under this Agreement; and

(b) this Agreement has been duly authorized on behalf of the Marketing Agent, and upon execution and delivery constitutes a legal, valid and binding obligation of the Marketing Agent, and each of the partners that comprise the Marketing Agent are liable for the obligation.

7.2 APMC's Representations

APMC represents to the Marketing Agent that, as of the date of execution of this Agreement:

(a) APMC has all requisite capacity, power and authority to enter into and perform its obligations under this Agreement;

(b) this Agreement has been duly authorized on behalf of APMC, and upon execution and delivery constitutes a legal, valid and binding obligation of APMC; and

(c) APMC is by statute an agent of the Crown for all purposes, such that all obligations of APMC under this Agreement constitute legal, valid and binding obligations of the Crown.

8. TERMINATION, DAMAGES AND INDEMNIFICATION

8.1 Termination by APMC

APMC shall be entitled to terminate this Agreement by not less than 45 days notice to the Marketing Agent only in the event of:

- (a) material failure by the Marketing Agent to meet the performance benchmarks set out in Schedule 2 for three consecutive months;
- (b) failure by the Marketing Agent to rectify any material non-compliance (to the extent that such non-compliance is by its nature capable of being rectified) with this Agreement within 60 days of receiving from APMC a notice specifying the non-compliance; or
- (c) a material loss to APMC caused by gross negligence or wilful misconduct on the part of the Marketing Agent in the carrying out of the Marketing Services.

8.2 Termination by Marketing Agent

The Marketing Agent shall be entitled to terminate this Agreement by not less than 90 days notice to APMC only in the event of a material and repeated failure by APMC to deliver the Excess Crown Supply in accordance with the Processing Agreement.

8.3 Procedure upon Termination or Expiry

Upon any termination or expiry of this Agreement, then for the month in which the termination takes effect (in this Section 8.3, the “**Termination Month**”), the Parties shall, with a view to minimizing disruption and unnecessary loss of profits, proceed as follows:

- (a) the Marketing Agent shall proceed with marketing and sale of Excess Crown Supply delivered to it in the Termination Month;
- (b) the proceeds from the marketing and sale of Excess Crown Supply in the Termination Month, and amounts payable to the Marketing Agent in respect of the Termination Month, shall be received and dealt with in accordance with the provisions of this Agreement, notwithstanding the termination or expiry of this Agreement; and
- (c) at the end of the Termination Month, APMC shall assume, by assignment or otherwise, obligations entered into by the Marketing Agent prior to the Termination Month specifically in relation to (and to the extent relating to) the transportation, handling, storing, trimming and terminalling of the Excess Crown Supply and entered into in furtherance of providing the Marketing Services, such that the Marketing Agent shall no longer have any liability or responsibility in respect thereof.

8.4 Survival of Obligations

All obligations under this Agreement that necessarily extend beyond termination of this Agreement in order to fully achieve their intended purpose shall survive any termination of this Agreement, including for greater certainty the following:

- (a) any payment obligations arising in connection with the Marketing Services provided prior to the date of the termination;
- (b) the obligations in Section 8.3;
- (c) obligations under Section 9.5 in respect of confidentiality; and
- (d) obligations in respect of the Dispute Resolution Procedure.

8.5 Limitations on Damages

APMC shall not be entitled to claim against the Marketing Agent, under this Agreement or otherwise in relation to the performance of the Marketing Services, for damages except to the extent that such damages are attributable to the gross negligence or wilful misconduct of the Marketing Agent or its officers, employees, agents or subcontractors.

The Marketing Agent shall not be entitled to claim against APMC under this Agreement (but without prejudice to any right of the Marketing Agent (in its capacity as the “Processor” to claim under the Processing Agreement) for any failure to supply all or part of the Excess Crown Supply.

Any right to claim damages or reimbursement under this Agreement shall be construed so that recovery is without duplication to any other amount recoverable under this Agreement or the Processing Agreement, and shall not be construed in such manner as would allow a Party to recover the same loss twice.

Notwithstanding anything contained in this Agreement, neither Party will be liable under this Agreement or under any cause of action relating to the subject-matter of this Agreement for any consequential, indirect, incidental, punitive or exemplary damages.

9. COMMUNICATIONS

9.1 Notices

Any notice, consent, approval or other communication under any provision of this Agreement must be in writing to be effective, and is effective when delivered by any means, including fax transmission or e-mail, to the following respective addresses:

- (a) if to APMC:

Alberta Petroleum Marketing Commission
c/o Alberta Department of Energy
8th fl Petroleum Plaza NT
9945 – 108 Street
Edmonton, AB
T5K 2G6

Attention: Rhonda Wehrhahn, Vice-Chair
fax: 780 422-1123
e-mail: rhonda.wehrhahn@gov.ab.ca

with a copy to:

Alberta Petroleum Marketing Commission
300, 801 – 6 Avenue SW
Calgary, AB
T2P 3W2

Attention: Gale Robins
fax: 403 297-5468
e-mail: gale.robins@gov.ab.ca

(b) if to the Marketing Agent:

North West Upgrading Inc.
#2800, 140 – 4th Ave SW
Calgary, AB
T2P 3N3

Attention: Senior Vice-President, Strategy and Corporate
Development
fax: 403 539-4501
e-mail: lvadori@northwestupgrading.com

with a copy to:

Canadian Natural Upgrading Limited
2500, 855 2nd Street SW
Calgary, AB
T2P 4J8

Attention: Senior Vice-President, Marketing
fax: 403 517-7364
e-mail: real.cusson@cnrl.com

Either Party may change its address information by giving notice to the other Party in the above manner.

The onus shall be on a Party asserting delivery of a notice, consent, approval or other communication to establish that it was delivered in accordance with the foregoing, provided that in the case of e-mail, such onus shall be discharged by proof that an e-mail sent to the designated e-mail address was received and opened at that e-mail address.

9.2 Authority to Give Notices

The Parties respectively designate for the time being the following individuals as having

authority to communicate to the other any notice, approval, consent, waiver or other communication under this Agreement:

- (a) in the case of APMC: Rhonda Wehrhahn, Vice-Chair
- (b) in the case of the Marketing Agent: Larry Vadori and Réal Cusson (or either of them).

In the absence of any further designation or limitation communicated with reference to this Section 9.2, each Party may assume that any notice, approval, consent, waiver or other communication under this Agreement given by the above individual has been duly authorized and is binding upon the Party providing the communication.

This Section 9.2 is not intended to and does not confer authority to agree to any amendment of this Agreement.

9.3 Public Announcements

Subject to Section 9.4, and except as required by applicable laws or by any regulatory authorities, including without limitation any pertinent securities commission or other securities regulatory authority or the rules of any stock exchange, or as part of any other financial disclosure obligations, the Marketing Agent shall not make, and shall not cause or permit any entity not at Arm's Length with the Marketing Agent to make, any public announcement relating to this Agreement except as approved in advance by APMC, acting reasonably.

APMC shall, in advance of any public announcement by APMC or the Government of Alberta relating to this Agreement, provide to the Marketing Agent for review and comment, prior to such announcement being made, an information package detailing the extent of the information to be included in the announcement.

9.4 Public Disclosure of Agreement

Either Party shall be at liberty to make public disclosure of the provisions of this Agreement, provided that such disclosure shall not include the following Schedules:

Schedule 1 – Marketing Fee;

Schedule 2 – Performance Benchmarks;

and the Parties acknowledge and agree that the above listed Schedules in their entirety constitute confidential financial or business information the disclosure of which would be likely to cause them or third parties financial harm.

9.5 Confidential Information

All business and financial information delivered pursuant to or directly in relation to this Agreement by either Party to the other (in this Section 9.5, collectively the “**Confidential Information**”), shall be received in confidence and treated as confidential. Neither Party shall disclose Confidential Information delivered by the other Party except:

- (a) to such of its officers, employees, consultants, advisors and contractors (and, in the case of the Marketing Agent, ratings agencies, surety companies and other prospective guarantors, investors or potential investors (whether the investment is directly in the Marketing Agent or in any partner comprising the Marketing Agent or in any shareholder of any such partner), and lenders or potential lenders, and the respective agents, consultants and advisors of any of the foregoing) who reasonably require access to the Confidential Information in furtherance of the Processing Agreement or the carrying out of this Agreement or to verify compliance with this Agreement, in any such case subject to the same obligation of confidentiality;
- (b) by the Marketing Agent to any controlling (whether directly or indirectly) shareholder of any partner comprising the Marketing Agent, subject to the same obligation of confidentiality;
- (c) by APMC to the Department of Energy of the Government of Alberta, subject to the same obligation of confidentiality;
- (d) as required by the *Freedom of Information and Protection of Privacy Act* (Alberta) or any other applicable laws;
- (e) as required for financial reporting purposes or to comply with the rules of any stock exchange or to any taxation authority having jurisdiction; or
- (f) where the disclosure is consented to by the other Party.

Notwithstanding the foregoing, this Section 9.5 shall have no application to information that at the time of delivery was in the public domain or subsequently became part of the public domain other than through a breach of this Section 9.5, or was in the possession of the receiving Party at the time of delivery to it by the other Party, as demonstrated by written records; nor shall this Section 9.5 apply to information that the disclosing Party has specifically and expressly acknowledged as not being or no longer being confidential.

Notwithstanding the above definition of Confidential Information, the following Schedules shall be deemed to be Confidential Information disclosed by each Party to the other:

Schedule 1 – Marketing Fee;

Schedule 2 – Performance Benchmarks.

10. CONTRACT ADMINISTRATION

10.1 Contract Administration Representative

Each of APMC and the Marketing Agent shall from time to time designate a representative or representatives (the “**Contract Administration Representatives**”) to maintain an ongoing liaison in regard to and keep under review the administration of this Agreement.

Unless and until designated otherwise by notice to the other, APMC and the Marketing Agent shall be considered to have designated the following individuals as their respective Contract Administration Representatives:

APMC: Gale Robins

the Marketing Agent: Larry Vadori and Réal Cusson (or either of them).

In the absence of any limitation communicated by either Party to the other, the Contract Administration Representatives shall have authority to do any of the following:

- (a) agree upon amendments to Schedule 1 or Schedule 2;
- (b) agree to establish or amend Operating Protocols contemplated by Section 10.2; and
- (c) establish lines of communication additional to those expressly contemplated by this Agreement, designed to facilitate the effective, efficient and cooperative administration of this Agreement and avoidance of disputes.

10.2 Operating Protocols

The Parties, through their respective Contract Administration Representatives, may from time to time agree upon operating protocols, procedures, practices or guidelines (“**Operating Protocols**”), not inconsistent with the provisions of this Agreement, for the purpose of facilitating administration of this Agreement and the carrying out of the Marketing Services.

The Parties mutually undertake good faith efforts to develop and agree upon by October 1, 2012 an initial Operating Protocol to guide all operational matters under this Agreement.

11. DISPUTE RESOLUTION

11.1 Dispute Resolution Procedure

Unless otherwise agreed to in writing between APMC and the Marketing Agent, all disputes in respect of the application or interpretation or alleged breach of any provision of this Agreement (including all disputes expressly referred to the Dispute Resolution Procedure) shall be

determined in accordance with the Dispute Resolution Procedure as set out in Schedule 4. Either Party may at any time by notice to the other refer any question in respect of the application or interpretation of any provision of this Agreement to the Dispute Resolution Procedure. The right to refer disagreements to the Dispute Resolution Procedure shall not be limited to provisions of this Agreement that expressly refer to the Dispute Resolution Procedure, and any such express provisions shall be construed as having been included only for greater certainty.

11.2 Exception

Where under the provisions of this Agreement a Party has an unfettered discretion to exercise a right or take an action, the decision of that Party to exercise the right or take the action is not subject to review under the Dispute Resolution Procedure; but where any decision or discretion is expressly required to be made or exercised reasonably (or is otherwise qualified), then the reasonableness (or other qualification) of the decision made or the discretion exercised may be referred to the Dispute Resolution Procedure for determination.

11.3 Termination and Dispute Resolution Procedure

A Party may refer to the Dispute Resolution Procedure for determination the question of whether it has grounds for terminating this Agreement under any provision of this Agreement. However, the submission of that question to the Dispute Resolution Procedure shall not prevent either Party from terminating this Agreement in accordance with its provisions prior to determination of that question by the Dispute Resolution Procedure. If either Party has purported to terminate this Agreement in accordance with its provisions, the other Party may submit to the Dispute Resolution Procedure the question of whether such termination was made in accordance with this Agreement, and request either:

- (a) a ruling that this Agreement has not been terminated; or
- (b) an award of damages for wrongful repudiation of this Agreement.

If neither Party has purported to terminate this Agreement and the question of whether breach of one or more provisions of this Agreement has occurred is being disputed through the Dispute Resolution Procedure, then the arbitrator or panel of arbitrators constituted pursuant to the Dispute Resolution Procedure shall, upon determining that the alleged breach has occurred, allow such further cure period, if any, as the arbitrator or panel of arbitrators considers reasonable and appropriate in all the circumstances, including whether in the opinion of the arbitrator or panel of arbitrators the allegation of the breach was or was not disputed in good faith; provided that while such question of whether a breach of this Agreement has occurred is being disputed through the Dispute Resolution Procedure, neither Party shall have any right to terminate this Agreement by reason of such alleged breach of this Agreement pending the determination of that question through the Dispute Resolution Procedure.

11.4 No Court Proceedings

Neither Party shall, except as permitted by the *Arbitration Act* (Alberta) or with the prior

approval of the other, initiate in any court of law any proceedings against the other in respect of the application or interpretation or any alleged breach of any provision of this Agreement; provided that nothing in this Section 11.4 shall prevent either Party from bringing any claim for contribution or indemnity in the same court of law in which a claim against the Party by any Arm's Length third person; and provided that nothing in this Section 11.4 shall prevent either Party from seeking from a court of law interim, interlocutory or preliminary injunctive relief, unless an arbitrator has been appointed by the Parties with authority to grant interim, interlocutory or preliminary injunctive relief.

11.5 Payments where Amounts in Dispute

Where the amount of any payment required to be made under this Agreement is in dispute, the Party required to make the payment shall pay such portion of the payment as it does not dispute in good faith.

12. GENERAL PROVISIONS

12.1 Assignment by Marketing Agent

The Marketing Agent may not assign this Agreement or any right or benefit under this Agreement, except concurrently with, and to the same assignee as, an assignment made in accordance with the Processing Agreement of all of its rights as the Processor under the Processing Agreement.

12.2 Subcontracting by Marketing Agent

The Marketing Agent shall not subcontract its obligation to provide the Marketing Services; provided that the Marketing Agent may, in the course of carrying out its obligations under this Agreement, subcontract with consultants and other service providers for services to support the Marketing Agent in carrying out specific obligations under this Agreement, provided the Marketing Agent retains overall direction, oversight and management of and responsibility for all aspects of such obligations.

12.3 Change of Control

Subject to the next following paragraph, the Marketing Agent shall not allow or suffer any material change in control (determined on the basis of voting equity ownership) of the Marketing Agent or a change of control (similarly determined) of the corporate partners comprising the Marketing Agent, unless such change has been consented to in advance by APMC, such consent not to be unreasonably withheld or delayed. For greater certainty, APMC shall not withhold or delay its consent where the Marketing Agent has satisfied APMC, acting reasonably, that the proposed owner is of good reputation and has, or is in a position to retain, suitable technical, commercial and financial resources available to it.

The following shall not be considered to be a change of control that is subject to this Section 12.3:

- (a) internal reorganizations that do not have the effect of changing the ultimate ownership of the Marketing Agent or the partners that comprise the Marketing Agent;
- (b) the trading of publicly traded securities of an entity that directly or indirectly holds an interest in the Marketing Agent;
- (c) change in control of Canadian Natural Resources Limited; and
- (d) the issuance of equity, publicly or otherwise, by the Marketing Agent or a corporate partner or its direct or indirect parent, that does not result in a change in the management or day-to-day control of such partner or parent; and
- (e) the acquisition, directly or indirectly, by one of the partners (or its affiliate) comprising the Marketing Agent of the partnership interest of another of such partners.

12.4 Assignment by APMC

APMC may not assign this Agreement or any right or benefit under this Agreement, except concurrently with, and to the same assignee as, an assignment made in accordance with the Processing Agreement of all of APMC's rights under the Processing Agreement. Notwithstanding any such assignment by APMC, the Government of Alberta shall continue to be legally responsible for all obligations stated as obligations of APMC under this Agreement.

12.5 Applicable Law and Jurisdiction

This Agreement shall be governed by the laws in force in Alberta, including the federal laws of Canada applicable therein. Subject to Section 11.4, courts having general jurisdiction in the Province of Alberta shall have exclusive jurisdiction over all matters arising in relation to this Agreement, and each Party accepts the jurisdiction of such courts.

12.6 Amendment and Waiver

No amendment of this Agreement is effective unless made in writing and signed by a duly authorized representative of each of the Parties. No waiver of any provision of this Agreement is effective unless made in writing, and any such waiver has effect only in respect of the particular provision or circumstances stated in the waiver. No representation by either Party with respect to the performance of any obligation under this Agreement is capable of giving rise to an estoppel unless the representation is made in writing.

12.7 Further Assurances

The Parties each agree to from time to time do all such acts and provide such further assurances and instruments as may reasonably be required in order to carry out the provisions of this Agreement according to their true spirit and intent; but this Section 12.7 shall not in any event be

construed as obligating APMC to arrange for the amendment or enactment of any statute or regulation.

12.8 Counterpart Execution

This Agreement may be executed in counterparts, in which case (i) the counterparts together shall constitute one agreement, and (ii) communication of execution by fax transmission or by e-mailed PDF shall constitute good delivery.

The Parties have therefore signed this Agreement, each by their respective duly authorized officers, on the respective dates shown below.

**ALBERTA PETROLEUM MARKETING
COMMISSION**

Date: February ____, 2011

Per: [original signed by]
C. Peter Watson
Chair

NORTH WEST REDWATER PARTNERSHIP,
by its general partners:

NORTH WEST UPGRADING INC.

Date: February ____, 2011

Per: [original signed by]
Ian MacGregor
Chairman

Per: [original signed by]
Douglas P. Quinn
President

**CANADIAN NATURAL UPGRADING
LIMITED**

Date: February ____, 2011

Per: [original signed by]
Steve Laut
President

Per: [original signed by]
Réal Cusson
Senior Vice-President