

MODIFICATION OF WATER SUPPLY LICENSE AGREEMENT

THIS AGREEMENT dated for reference _____, 20__ is

BETWEEN:

WHITECAP RESOURCES INC., 3800, 525-8 Avenue SW Calgary, AB T2P 1G1

(“**Whitecap**”)

AND:

PEACE RIVER REGIONAL DISTRICT, Box 810-1981 Alaska Ave., Dawson Creek, BC
V1G 4H8

(the “**Regional District**”)

WHEREAS:

- A. Whitecap operates a Water Injection Pump Station (the “Plant”) in the Peace River Regional District on land legally described as LSD 15-26-84-14 W6M;
- B. For the purpose of operating the Plant, Whitecap uses water which it draws through a pipeline (the “Pipeline”) from wells (the “Wells”) located near the Peace River some distance from the Plant;
- C. Pursuant to a Water Supply License Agreement with an effective date of January 1, 2005 (the “Water Supply Agreement”), the previous operator of the Plant, Imperial Oil Resources, granted the Regional District the rights necessary to obtain water from Imperial Oil’s facilities in order to provide water to the public and other users;
- D. Pursuant to an assignment agreement dated for reference May 1, 2014 (the “Assignment Agreement”), Whitecap agreed to assume and be bound by, observe and perform all terms and covenants of the Water Supply Agreement to be observed and performed by Imperial Oil Resources;
- E. The Regional District entered into an agreement dated April 6, 2005, with Tervita Corporation (at the time known as CSS Energy Services) under which Tervita agreed to assist the Regional District in constructing water supply infrastructure in exchange for the Regional District providing Tervita with fresh water from the Pipeline to its Boundary Lake Facility and the Regional District continues to supply water to Tervita under such agreement; and
- F. Whitecap and the Regional District wish to modify the Water Supply Agreement in the manner set out below.

NOW THEREFORE in consideration of the payment of \$10.00 by the Regional District to Whitecap, and other good and valuable consideration, the receipt and sufficiency of which Whitecap acknowledges, Whitecap and the Regional District agree as follows:

1. The Water Supply Agreement is modified as follows:

(a) by deleting Recital F. and replacing it with the following:

F. The Regional District has also requested that Imperial Oil allow it to supply water for industrial and other purposes to Tervita Corporation's ("Tervita"), formerly known as "Canadian Crude Separators" and "CCS Energy Services", Boundary Lake facility, which is located at 15-26-084-14W6M.

(b) in the second sentence of section 2., by adding the words "and Tervita" between the word "public" and the words "both through the".

(c) in the fourth line of section 3., by adding the ", Tervita" between the word "public" and the words "and other users".

(d) by inserting the following after section 5. as sections 5A. and 5B.:

5A. As a contribution towards Whitecap's operating costs, the Regional District will:

- (1) pay Whitecap an amount equal to \$1.50 per m³ of water taken by the Regional District after May 15, 2019;
- (2) pay the amount set in paragraph (1) as measured by the Regional District's water meter, to be paid on a quarterly basis based on meter readings to be made on the first Friday of January, April, July and October of each calendar year and the Regional District will make each quarterly payment within 30 days following the applicable meter reading; and
- (3) Whitecap may raise the charge per m³ of water set forth in this section upon 12 months' prior written notice to the Regional District.

5B. In order to reimburse Whitecap for the electrical consumption by the Regional District water station that forms part of Whitecap's electricity costs and results from the Water Supply Agreement, the Regional District will, within 30 days of the monthly reading of the Regional District's electricity meter on the first business day of each calendar month, pay Whitecap for the Regional District's monthly power consumption at a rate equal to Whitecap's monthly BCHydro average demand charge (\$/kVA) and average monthly energy charge (\$/kWh) plus 5% of total demand and energy charges.

The BCHydro annual Transmission power rates are available at:

https://app.bchydro.com/accounts-billing/rates-energy-use/electricity-rates/transmission_rate.html

- (e) at the end of section 6., by adding the words “and Tervita” after the word “public” and before the period at the end of section.
- (f) in the first line of section 7., adding the words “and Tervita” between the word “public” and the words “act on its”.
- (g) by deleting section 13 [Discontinuance of Plant Operations] and replacing it with the following:

13.

- (1) If for any reason Imperial Oil discontinues its Plant operations, the parties will, at the Regional District’s option, enter into good faith negotiations for the continued use or transfer of the Pipeline and related facilities to the Regional District for a nominal cost.
- (2) If for any reason Imperial Oil discontinues its use of the Pipeline and uses a different source of water for Plant operations, Imperial Oil will continue to deliver and supply fresh water to the Regional District from that new water source in accordance with this Agreement to the Current Public Supply Connection, or another supply site agreed to by the Regional District in writing.

- (h) by deleting section 17 [Termination] and replacing it with the following:

- 17. (1) This Agreement will remain in place until terminated by one of the parties as provided for in this section.
- (2) The Regional District may terminate this Agreement at any time by giving Imperial Oil 12 months’ notice of its intention to terminate this Agreement.
- (3) If Imperial Oil discontinues its Plant operations for any reason, Imperial Oil may terminate this Agreement by giving the Regional District 12 months’ notice of its intention to terminate the Agreement, in which case the Regional District’s option under section 13(1) will apply.

- 2. Time is of the essence in the Water Supply Agreement as amended by this Agreement.
- 3. This Agreement will enure to the benefit of and be binding upon the parties and their respective successors and assigns.
- 4. This Agreement may be executed in multiple counterparts, each of which may be delivered by electric mail and shall be deemed to be an original and all of which together constitute one and the same agreement.
- 5. Except as modified by this Agreement, the Water Supply Agreement remains in full force and effect.

As evidence of their agreement to be bound by the above terms and conditions, the parties have executed this agreement under seal below on the dates written below.

Executed by **WHITECAP RESOURCES INC.** by its
authorized signatory this ___ day of _____, 20__

Name:

Executed by **PEACE RIVER REGIONAL DISTRICT** by its
authorized signatories this ___ day of _____, 20__

Name:

Name: