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SIGNIFICANT DISCOVERY LICENCE NO. 203
(Hopedale E-33)

'88 JUL 20 AM 9 02

THIS LICENCE is effective as of the 4th day of August, 1987.

ISSUED BY

The Canada-Newfoundland
Offshore Petroleum Board.

TO THE INTEREST OWNER,

Petro-Canada Inc.; Chevron Canada Resources Limited; Canterra Energy Limited; The Paddon Hughes Development Co. Ltd.; Westmin Resources Limited; Columbia Gas Development of Canada Ltd.; Encor Energy Corporation Inc.; Enstar Petroleum Ltd.; Denco Investments Ltd.; Tredavco Investments; Gotthold Holdings Ltd.; Oakwood Petroleums Ltd.; American Eagle Petroleums Ltd.; Trans-Canada Resources Ltd.; Amoco Canada Petroleum Company Ltd.; Dorset Energy Corporation; Deminex (Canada) Limited; Forest Oil of Canada, Ltd..

CNOPB / L'OCTNHE
INTEREST / TITRE

REGISTRATION NO. 188001
No. D'ENREGISTREMENT: _____

DATE: July 20, 1988

TIME/HEURE: 10:50 Am.

W.D. Dwyer
REGISTRAR / DIRECTEUR

WHEREAS the interest owner of exploration licence No. 203 has made application on August 4, 1987 for a significant discovery licence pursuant to the Act;

AND WHEREAS the Board is empowered pursuant to the Act to issue a significant discovery licence (hereinafter called the "Licence") relating to the Lands;

NOW THEREFORE this Licence is issued upon the following terms and conditions:

1. INTERPRETATION

- (1) In this Licence, including all Schedules annexed hereto, unless the context requires otherwise:
 - (a) "Act" means the Canada-Newfoundland Atlantic Accord Implementation Act and the Canada-Newfoundland Atlantic Accord Implementation (Newfoundland) Act, and any Acts made in substitution therefor;
 - (b) "Lands" means those portions of the offshore area described in Schedule I or such portion thereof that remains subject to this Licence from time to time;
 - (c) "Regulations" means any and all regulations now made or that may be made at any time under the authority of the Act, and any Acts passed in substitution therefor.
- (2) All words and phrases used in this Licence have the meaning given by the Act or the Regulations.
- (3) This Licence is issued under and subject to the Act, any Act passed in substitution therefor, the Regulations and the provisions of any other Act of Canada or Newfoundland and regulations made thereunder that relate to or affect this Licence and the Act. The Regulations and such other Act and other regulations shall be deemed to be incorporated into this Licence as though specifically enumerated herein.

- (4) The following Schedules are attached and made part of this Licence:

Schedule I	-	Lands
Schedule II	-	Ownership
Schedule III	-	Representative(s) and Addresses for Service

2. RIGHTS

- (1) Subject to the Act, this Licence confers, with respect to the portions of the offshore area to which this Licence applies,
- (a) the right to explore for, and the exclusive right to drill and test for, petroleum;
 - (b) the exclusive right to develop those portions of the offshore area in order to produce petroleum; and
 - (c) the exclusive right, subject to compliance with the other provisions of the Act, to obtain a production licence.
- (2) This Licence shall be held by the interest holders as to the Lands, in the shares as set forth and described in Schedule II, or as amended from time to time.

3. EFFECTIVE DATE

The term of this Licence commences as of the effective date.

4. INDEMNITY

- (1) It is a condition of this Licence that the interest holders shall, in respect of that portion of the Lands to which each such interest holder's share relates, at all times, jointly and severally, indemnify and save harmless the Board as well as Her Majesty the Queen in right of Canada or in right of the Province of Newfoundland from and against all claims, demands, loss, costs, damages, actions, suits or other

proceedings by whomsoever made, sustained, brought or prosecuted, in any manner based upon, occasioned by, or attributable to, anything done or omitted to be done by, through, or under, or with the consent of the interest owner, or an interest holder, notwithstanding any agreement or arrangement entered into by an interest owner or interest holder which does or may result in the transfer, assignment or other disposition of the interest or share therein, in the fulfillment of the terms and conditions made herein or in the exercise of the rights or obligations contained herein.

- (2) For greater certainty, interest holders in this Licence who do not hold shares with respect to that portion of the Lands in relation to which a claim, demand, loss, cost, damage, action, suit or other proceeding arises are not liable to indemnify the Board, Her Majesty the Queen in right of Canada or in right of the Province of Newfoundland under subparagraph (1).
- (3) For the purposes of subparagraphs (1) and (2), "Her Majesty the Queen in right of Canada or in right of the Province of Newfoundland" shall not include a Crown corporation.

5. LIABILITY

An interest holder shall be liable under the provisions of this Licence, the Act, and the Regulations for all claims, demands, loss, costs, damages, actions, suits or other proceedings, in respect of any work or activity conducted, or caused to be conducted, by, through, or under, or with the consent of such interest holder. Any transfer, assignment, or other disposition of the interest, or of a share therein, shall not have the effect of discontinuing such liability in respect of such work or activity, related to the interest, or share therein, so disposed, that was conducted before that transfer, assignment, or other disposition was registered pursuant to the Act and Regulations. For greater certainty, liability, as aforesaid, does not relate to any work or activity conducted after such party ceases to be an interest holder in this Licence.

6. SUCCESSORS AND ASSIGNS

Subject to paragraph 5, this Licence enures to the benefit of and is binding on the Board and the interest owner and their respective heirs, administrators, successors and assigns.


7. NOTICE

Any notice, communication or statement required under the Act shall be served on the Board or the interest owner, as the case may be, by personal delivery, telex or telecopy at that address as specified in Schedule III thereof, or such other addresses as may be designated from time to time by the Board or interest owner, as the case may be.

8. REPRESENTATIVE

Unless otherwise designated in the prescribed manner, for the purpose of this Licence the representative or representatives, as the case may be, of the interest owner shall be as specified in Schedule III.

ISSUED at St. John's, this 19 day of July, 1988.



THE CANADA-NEWFOUNDLAND
OFFSHORE PETROLEUM BOARD

SCHEDULE I - LANDS

<u>LATITUDE/LONGITUDE</u>	<u>SECTIONS</u>	<u>HECTARES</u>
56°00'N 58°45'W	Secs. 23, 24, 32, 33, 34, 35, 42, 43, 44, 45.	2900

TOTAL: 2900 HECTARES

SCHEDULE II - OWNERSHIP

<u>LATITUDE/LONGITUDE</u>	<u>SECTIONS</u>	<u>INTEREST HOLDERS</u>	<u>PERCENTAGE SHARE</u>
56°00'N 58°45'W	Secs. 23,24,32, 33,34,35,42,43, 44,45.	Petro-Canada Inc. Chevron Canada Resources Limited Canterra Energy Ltd. The Paddon Hughes Development Co.Ltd. Westmin Resources Limited Columbia Gas Development of Canada Limited Encor Energy Corporation Inc. Enstar Petroleum Ltd. Denco Investments Ltd. Tredavco Investments Gotthold Holdings Ltd. American Eagle Petroleums Ltd. Oakwood Petroleums Ltd. Trans-Canada Resources Ltd. Amoco Canada Petroleum Company Ltd. Dorset Energy Corporation Deminex (Canada) Limited Forest Oil of Canada, Ltd.	25.3490 16.5091 14.3003 8.1676 7.4267 5.8182 5.0978 4.5791 2.3348 2.3348 2.0013 1.5294 1.5293 1.3737 0.8662 0.4579 0.2599 0.0649

SCHEDULE III

Representative(s) and Addresses for Service

Representative: Canterra Energy Ltd.

Address: P. O. Box 1051
 Calgary, Alberta
 T2P 2K7

Attention: General Manager - Land

Canada-Newfoundland Offshore Petroleum Board
Suite 500, T.D. Place
140 Water Street
St. John's, Newfoundland
A1C 6H6

Attention: The Chairman