



LETTER DECISION

File OF-EP-OA-C384-1211- 02
30 October 2013

Mr. Greg A. Gersib
Vice-President
Canada Exploration
ConocoPhillips Canada Resources Corp.
401 – 9th Avenue SW
Calgary, AB T2P 2H7

Dear Mr. Gersib:

**Operations Authorization (OA) for ConocoPhillips Canada Resources Corp.
(ConocoPhillips) 2013 EL 470 Exploration Drilling Program in the Tulita Area, NWT**

The National Energy Board (Board or NEB) has considered ConocoPhillips application and has issued the attached (OA) for the proposed work over a period of five (5) years. The OA is subject to the terms and conditions provided in the attachment. Any change or deviation from the approved program requires the additional specific approval of the Chief Conservation Officer.

The Board has accepted the Preliminary Screening Report prepared by the Sahtu Land and Water Board (SLWB) for the purpose of meeting its requirements under section 124 of the *Mackenzie Valley Resource Management Act* with respect to the program. A number of parties to the preliminary screening process expressed concerns regarding environmental elements that are also assessed by the NEB. The SLWB's Reasons for Decision attached to Land Use Permit S13A-001 indicated that concerns related to subsurface geology, faulting, well bore integrity and well pressure are under the jurisdiction of the NEB.

The Board is satisfied with ConocoPhillips' risk assessment of conducting hydraulic fracturing in the area including a review of the geology and fault identification and the proposed mitigation measures and commitments including microseismic monitoring. The Board is also satisfied with ConocoPhillips' proposed mitigation measures and commitments regarding wellbore integrity including the casing design, the cementing program, cement bond log evaluation program and casing integrity pressure test plans.

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ConocoPhillips has indicated their expected maximum daily gas flow rate (volume per day). ConocoPhillips is reminded that if the gas flow rate exceeds its expected maximum daily gas flow rates, ConocoPhillips shall report the event as a significant pollution incident as per section 75 of the *Canada Oil and Gas Drilling and Production Regulations* and shall file a copy of the company investigation report with the Board no later than 21 days after the day on which the incident occurred.

All oil and gas activities are subject to the *Canada Oil and Gas Drilling and Production Regulations*, the *Canada Labour Code, Part II* and the *Oil and Gas Occupational Safety and Health Regulations*.

The NEB directs ConocoPhillips to notify the NEB no less than 48 hours prior to the commencement of the well operations by e-mail: dailyreports@neb-one.gc.ca.

If you have questions, please contact Pat Smyth, Chief Conservation Officer, at 403-221-3014.



Philip Davies



Alison Scott



Jamie Ballem

Terms and Conditions

IN THE MATTER OF the *Canada Oil and Gas Operations Act*, and the Regulations made thereunder; and

IN THE MATTER OF an application dated 26 June 2013 by ConocoPhillips Canada Resources Corp. (ConocoPhillips) for an Operations Authorization pursuant to Section 5.1 (b), filed with the National Energy Board (the Board) under File OF-EP-OA-C384-1211- 02

1. ConocoPhillips shall request approval from the Chief Conservation Officer of any proposed changes or deviations to the authorized program, work or activities including but not limited to key personnel, the safety plan, the environmental protection plan and contingency plans.
2. ConocoPhillips shall implement or cause to be implemented all of the commitments, policies, practices, mitigative measures, recommendations and procedures for safety and/or the protection of the environment referred to in its application and subsequent filings.
3. ConocoPhillips shall file with the Board an updated operator contact list for this program prior to any work or activity.
4. ConocoPhillips shall file with the Board an updated environmental protection plan 30 days prior to the start of any operations requiring a Well Approval, where there have been any changes to the elements defined in subsections 9(a) to 9(k) of the *Canada Oil and Gas Drilling and Production Regulations*.
5. ConocoPhillips shall file with the Board a copy of the water well monitoring report it is required to submit annually to the Sahtu Land and Water Board.
6. While conducting work or activities authorized by the Board, ConocoPhillips shall keep a record of each suspected seismic event, its start time, duration, and estimate of event magnitude and report the consolidated information in the annual safety report. ConocoPhillips shall immediately report to the Board 24-hour Incident Cell Phone (403-807-9473), any disruption or safety shutdown of its operations resulting from a suspected seismic event.



JUN 20 2013

OPERATIONS AUTHORIZATION

APPLICATION

CONOCOPHILLIPS CANADA RESOURCES CORPORATION

(Name of Operator)

Hereby applies for authorization of a proposed:

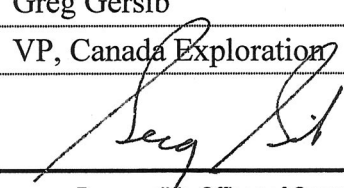
Drilling Program Production Program Installation/Removal Program Other
Please Specify:

under paragraph 5(1)(b) of the *Canada Oil and Gas Operations Act (R.S.C., 1985, c. O-7)* and Part 2 of the *Canada Oil and Gas Drilling and Production Regulations (SOR/2009-0315)* using equipment and procedures described in the application.

Changes in equipment or procedures, outside the scope of this application, require the approval of the Board in order that this authorization remains valid. An approved copy of this notice is to be posted at each work site and is subject to the terms and conditions attached to this authorization.

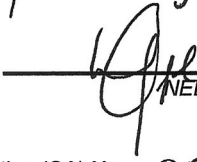
Licence No. Exploration Licence 470 NEB Operating Licence No. 1211
 Region NWT Mainland
 Field Norman Wells (Central Mackenzie Valley)
 Anticipated date of commencement November 15, 2013 Proposed Duration 60 months
 Scope of Work Exploration Program - see attached

"I certify that the information provided on this form is true and correct"

Name Greg Gersib Telephone (403) 532-3527 Ext
 Job Designation VP, Canada Exploration E-Mail Greg.Gersib@conocophillips.com
 Signature  Date June 12, 2013
 Responsible Officer of Company

NATIONAL ENERGY BOARD AUTHORIZATION
(Board Use Only)

The operator named above is hereby authorized under paragraph 5(1)(b) of the *Canada Oil and Gas Operations Act (R.S.C., 1985, c. O-7)* and is subject to the terms and conditions attached to this authorization.

Job Designation As Secretary of the Board
 Signature  Date 30 October 2013
 NEB Authority
 Operation Authorization (OA) No. OA-1211-002 Expiry Date 30 October 2018