

2.0 Land and Mineral Rights

2.1 OIL SANDS LEASES

JACOS (75%) and Nexen Inc. (Nexen) (25%) hold interests in oil sands rights in the Expansion Project by virtue of the following two Alberta Crown dispositions:

Oil Sands Lease 728108AT58

- JACOS registered undivided 75% interest
- Nexen registered undivided 25% interest
- term commencement date: August 26, 1981
- continued under Section 13 of the *Oil Sands Tenure Regulations* August 28, 2002
- aggregate area: 1542.4 ha

Description:

- Twp 84, Rge 10, W4M: Sections 6, 7, 18, 19, 30, 31 and all statutory road allowances lying within the outer limits of the above described lands
- oil sands in the Wabiskaw-McMurray as designated in ZD 3412

Oil Sands Lease 7282010T70

- JACOS registered undivided 75% interest¹
- Nexen registered undivided 25% interest¹
- term commencement date: January 12, 1982
- continued under Section 13 of the *Oil Sands Tenure Regulations* July 17, 2003
- aggregate area: 17 159.20 ha

Description:

- Twp 84, Rge 11, W4M: Sections 1–36 and what would be statutory road allowances if the lands were surveyed pursuant to the *Surveys Act*, lying within the outer limits of the above described lands

¹ Pursuant to a number of third-party agreements, JACOS holds a 100% interest in production from the lands described as Twp 84, Rge 11, W4M: NW¼ 26, N½ 27, N½ 28, W½ 35 and Sections 33 and 34, as to oil sands from the top of the Wabiskaw-McMurray to the base of the Wabiskaw-McMurray. These lands are associated with the JACOS Hangingstone Demonstration Project.

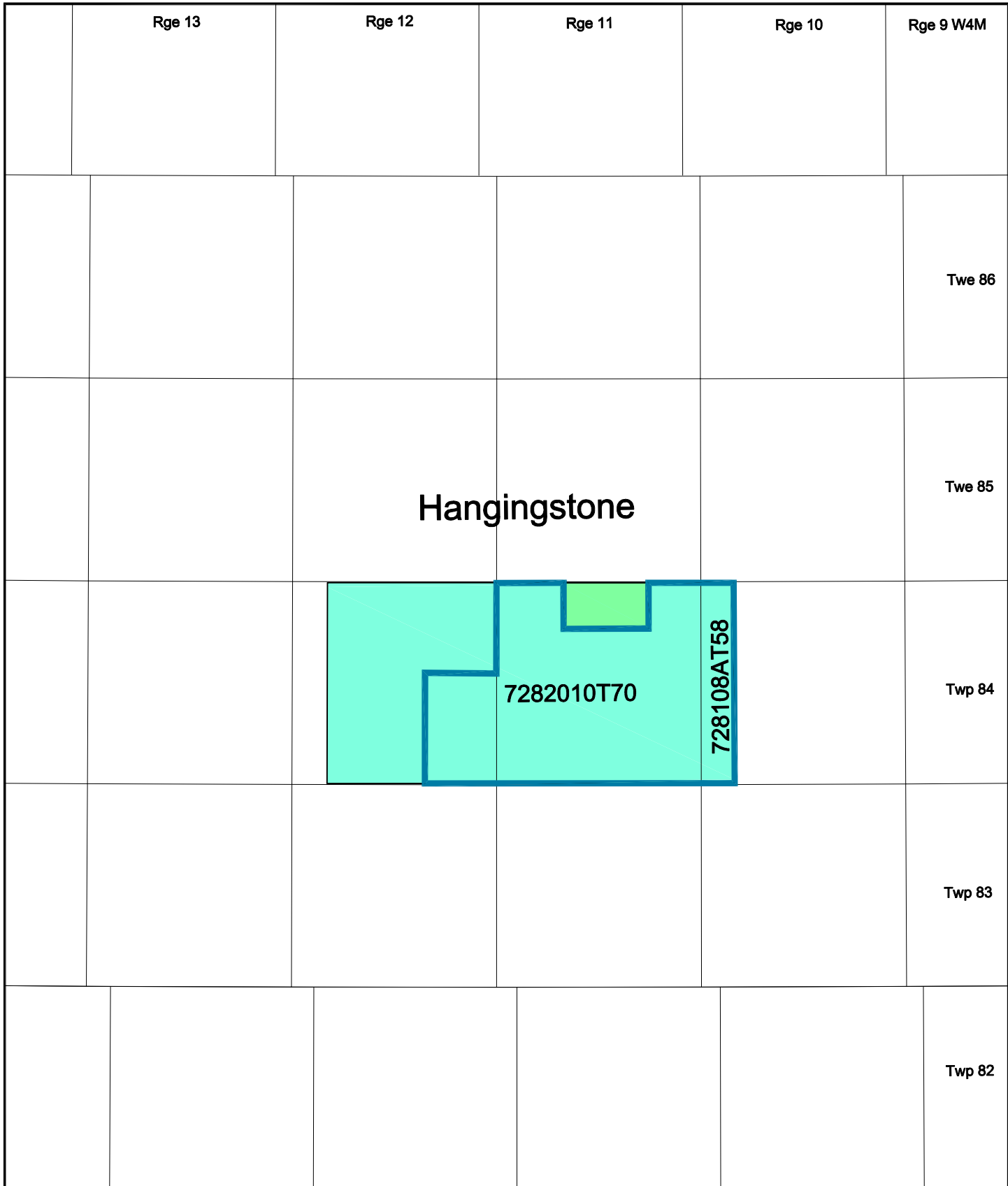
- Twp 84, Rge 12, W4M: Sections 1–5, 8–17; 20–29, 32–35, 36 and what would be statutory road allowances if the lands were surveyed pursuant to the *Surveys Act*, lying within the outer limits of the above described lands
- oil sands from top of Wabiskaw Member to base of the McMurray

The JACOS Hangingstone oil sands leases are shown in Figure 2-1.

2.2 SURFACE DISPOSITIONS

Specific surface dispositions will be required at various points during construction and ongoing operation of the Expansion Project. JACOS will apply in accordance with the regulatory requirements for dispositions as they are required. Each of these dispositions has certain information requirements which must be included in the specific disposition applications before they can be approved by Alberta Sustainable Resource Development (ASRD). Additionally, some may overlap and serve more than one particular use. These dispositions may include, but not be limited to, the following surface disposition types issued and administered by ASRD:

- mineral surface lease (MSL) – central processing facilities and access road, wellpads and access roads, remote sumps, water source and injection sites
- license of occupation (LOC) – access roads, helipad and ground water monitoring (piezometer) sites
- pipeline agreement (PLA) and pipeline installation lease (PIL) – pipelines, flowlines and applicable risers for steam, liquid gathering, vapour gathering, water source, distribution and disposal, fuel gas, bitumen transfer and bitumen sales
- easement (EZE) – buried communication and fibre optic cables, and overhead and buried powerlines
- miscellaneous lease (MLL) – temporary construction and permanent staff camps, environmental monitoring site, landfill, storage site and other waste disposal
- surface materials exploration (SME) and surface materials lease (SML) – for construction materials such as clay, sand, gravel, peat and top soil



Legend:



100% JACOS



75% JACOS
25% Nexen Inc.



Project
Area

Drawn By:
TLI
Date:
2010-02-16

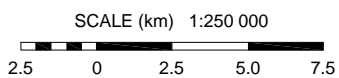


Figure 2-1
JACOS Oil Sands Leases -
Hangingstone Expansion Project