

RECIPROCAL ARRANGEMENT AGREEMENT

This Agreement made as of the 3rd day of November, 1998, with effect from the 1st day of December, 1998 (the "Effective Date")

B E T W E E N:

WESTERN CANADA MARINE RESPONSE CORPORATION,
a corporation governed by the laws of Canada
("WCMRC")

- and -

WASHINGTON STATE MARITIME COOPERATIVE, a non-
profit corporation incorporated under and governed by the laws of the
State of Washington
("WSMC")

WHEREAS:

1. Traffic lanes in the Juan de Fuca Strait facilitate the orderly passage of ships to and from destinations in Canada and the United States;
2. As they currently operate, the traffic lanes require that all inbound ships travel through U.S. waters to reach either a U.S. or Canadian destination, while all ships departing from either a U.S. or Canadian destination must travel through Canadian waters;
3. These circumstances have led to the situation where all ships transiting the Juan de Fuca Strait, regardless of whether they are bound for a U.S. or Canadian destination, must transit the waters of both countries, thereby triggering the requirement to comply with two sets of legislation, including the potential payment of two sets of fees;
4. The Canadian and U.S. governments are currently in the process of negotiating a reciprocity agreement to harmonize Canadian and U.S. legislation so as to permit ships transiting through the Juan de Fuca Strait and proposing to call in ports in either Canada or the U.S. (but not both), to comply with both Canadian and Washington State law without the payment of double fees;

5. WCMRC is in the business of providing arrangements (as required pursuant to Section 660.2 of the Canada Shipping Act) to ships transiting western Canadian waters and WSMC is in the business of providing arrangements to ships transiting U.S. waters within the State of Washington;

6. WCMRC and WSMC have agreed that, as an interim measure until such time as the Canadian and U.S. governments have completed the reciprocity agreement currently under discussion, WCMRC and WSMC will take steps to alleviate the requirement for ships, notwithstanding that they are calling in ports in either Canada or the U.S., to pay double fees;

7. The parties wish to set forth the terms on which they have reached their agreement;

NOW THEREFORE in consideration of the mutual agreements and covenants set forth in this Agreement and for other good and valuable consideration (the receipt and sufficiency of which is mutually acknowledged) the parties covenant and agree as follows:

1. Juan de Fuca Arrangements - Subject to the provisions of this Agreement, each of WCMRC and WSMC hereby acknowledges its agreement to establish a system that will permit ships transiting through the Juan de Fuca Strait and calling at ports in either western Canada or the U.S., but not both, to comply with all requirements of both Canadian and U.S. legislation while not being obliged to pay fees in excess of those that would be payable to WSMC (if the ship in question is bound for a U.S. destination only) or to WCMRC (if the ship in question is bound for a western Canadian destination only). WCMRC and WSMC agree to harmonize the current systems by which each party grants arrangements to ships, and to offer a modified form of arrangement (the "Juan de Fuca Arrangement") to those ships satisfying the criteria set forth in this Agreement.

2. Criteria for Obtaining Juan de Fuca Arrangement - The parties agree that, in order to be eligible to be granted a Juan de Fuca Arrangement, a ship must satisfy the following criteria:

- (a) if the ship's destination is to the U.S. only:
 - (i) such destination must be in the State of Washington and the ship must be enrolled in WSMC through a WSMC member by signing either WSMC's standard Vessel Enrollment Agreement or Member Blanket Enrollment Agreement;
 - (ii) the ship must be a "covered vessel" as defined under Washington State law (RCW 88.46.010), which includes (i) cargo vessels, commercial fish processing vessels and freighters of three hundred or more gross tons; (ii) tank vessels which are constructed or adapted to carry, or that carry, oil in bulk as cargo or cargo residue; and (iii) passenger vessels of three hundred or more gross tons with a fuel capacity of at least six thousand gallons carrying passengers for compensation;

- (iii) the fees payable by the owner, operator or agent of the ship shall be those fees payable to WSMC under WSMC's current regime;
 - (iv) the ship's owner, operator or agent must, prior to entering the Canadian waters of the Juan de Fuca Strait, have fully executed and delivered to WCMRC, or to the B.C. Chamber of Shipping or such other agent acting on WCMRC's behalf, a standard form Juan de Fuca Ship (Non-Bulk Oil) Membership Agreement or Juan de Fuca Ship (Bulk Oil) Membership Agreement;
- (b) if the ship's destination is to Canada only:
 - (i) such destination must be in the Province of British Columbia and the ship must have in place a valid arrangement with WCMRC;
 - (ii) the ship must be either a non-bulk oil ship or a bulk oil ship (as such terms are understood by WCMRC);
 - (iii) the fees payable by the owner, operator or agent of the ship shall be the \$450 registration fee payable to WCMRC pursuant to WCMRC's standard form Ship (Non-Bulk Oil) Membership Agreement or Ship (Bulk Oil) Membership Agreement and any bulk oil cargo fees that are payable pursuant to WCMRC's standard form Ship (Bulk Oil) Membership Agreement;
- (c) The parties agree that where the criteria set forth in Subsection 2(a) are satisfied, WCMRC will be the party that provides the Juan de Fuca Arrangement. Where the Criteria set forth in Subsection 2(b) are satisfied, WSMC will be the party that provides the Juan de Fuca Arrangement.
- (d) if a ship's destination is to western Canada only and the ship suffers an oil spill or threatened oil spill incident in, or which threatens, Washington State waters:
 - (i) the ship's owner, operator or agent must, as soon as is practicable, sign either WSMC's standard Vessel Enrollment Agreement or standard Member Blanket Enrollment Agreement;
- (e) for greater certainty, the parties acknowledge and agree that:
 - (i) a Juan de Fuca Arrangement shall not be granted to any ship that transits the Juan de Fuca Strait and calls at ports in both Canada and the U.S.;
 - (ii) this Agreement shall not apply or have any application to the requirement for any ship to pay bulk oil cargo fees to WCMRC pursuant to Ship (Bulk Oil) Membership Agreements and, for greater certainty, the parties acknowledge

that the collection of such bulk oil cargo fees shall be the responsibility of WCMRC and not the B.C. Chamber of Shipping or any other WCMRC agent;

- (iii) if any of the criteria set forth in this Section 2 are not met, neither of the parties shall be obligated to grant a Juan de Fuca Arrangement in respect of the ship in question;
- (iv) for ships qualifying for the Juan de Fuca Arrangement: (a) U.S. destination ships shall pay only WSMC's fees pursuant to WSMC's current rate schedule and need not pay a fee to WCMRC; and, (b) western Canada destination ships shall pay only WCMRC's fees pursuant to WCMRC's current rate schedule and need not pay a fee to WSMC.

3. Provision of Information - The parties agree to provide to each other and/or to the B.C. Chamber of Shipping or such other WCMRC agent, all information received by them that pertains to ships eligible for Juan de Fuca Arrangements as may be required by the parties to assess eligibility and to grant Juan de Fuca Arrangements. For greater certainty, the parties acknowledge that the information required to permit WCMRC or WSMC to grant Juan de Fuca Arrangements shall be provided for each ship in respect of which the Juan de Fuca Arrangement is being sought entering either Washington State or western Canadian waters. The information required to assess eligibility and, if appropriate, to grant a Juan de Fuca Arrangement is set forth in Schedule A to this Agreement.

4. Provision of Marine Spill Clean-Up Services - The parties hereby confirm that the terms on which they are prepared to provide marine spill clean-up services for and in respect of any particular ship shall be set forth in the relevant agreement entered into with the owner or operator of such ship. For greater certainty, in the event that any marine spill clean-up services are to be provided by WCMRC, they shall only be provided in the Canadian waters of the Juan de Fuca Strait. In the event that marine spill clean-up services are to be provided by WSMC, they shall only be provided in the Washington State waters of the Juan de Fuca Strait.

5. Limitation of Liability - Neither party nor its directors, officers, employees or agents shall be liable to the other or to any of the other's directors, officers, employees or agents for any direct, indirect, consequential or any other damages suffered by the parties or any other person resulting from the entering into or the carrying out of any provisions of this Agreement.

6. Term of Agreement - This Agreement shall commence on the Effective Date and shall continue for a period of one (1) year following the Effective Date. This Agreement may be extended for a mutually agreed upon period upon the written agreement of the parties.

7. Termination -

(a) Notwithstanding the provisions of Section 6 (Term of Agreement), this Agreement may be terminated by either party (“the Non-Defaulting Party”) effective immediately upon written notice to the other party (“the Defaulting Party”);

- (i) if the Defaulting Party becomes unable or unwilling to provide Juan de Fuca Arrangements on the terms provided in this Agreement;
- (ii) if Defaulting Party has breached any term of this Agreement and has failed to cure such breach within five (5) days after Defaulting Party received written notice of such breach from Non-Defaulting Party;
- (iii) if Defaulting Party has become insolvent, commenced an act of bankruptcy, suspended business operations or has bankruptcy, dissolution, liquidation or winding-up proceedings commenced against it (unless such proceedings are actively and diligently contested in good faith on a timely basis);
- (iv) if either of the Canadian or U.S. governments fails to carry out, or attempts to alter in any way, its commitments regarding the reciprocity agreement currently being negotiated in respect of the Juan de Fuca Strait;

(b) Notwithstanding the provisions of Section 6 (Term of Agreement), and in addition to the provisions of subsection 7(a), this Agreement may be terminated by WCMRC effective immediately upon written notice to WSMC:

- (i) if the B.C. Chamber of Shipping or any other WCMRC agent providing assistance to WCMRC at the time is, for any reason, unable or unwilling to continue administering Juan de Fuca Arrangements for no cost;
- (ii) if WCMRC is required to comply with the provisions of subsection 660.4(2) of the *Canada Shipping Act* and to subject its fees (or the lack thereof) in respect of the Juan de Fuca Arrangement to the fee approval procedure set out in that provision;
- (iii) if an objection is made pursuant to subsection 660.4(4) of the *Canada Shipping Act* regarding WCMRC’s fees (or the lack thereof) in respect of the Juan de Fuca Arrangement;
- (iv) if WCMRC is prevented from complying with this Agreement by act or order of any agency or branch of the Canadian government;

- (c) Notwithstanding the provisions of Section 6 (Term of Agreement), and in addition to the provisions of subsection 7(a), this Agreement may be terminated by WSMC effective immediately upon written notice to WCMRC:
 - (i) if it is determined by the Canadian Coast Guard, or other government authority, that this Reciprocal Arrangement Agreement does not comply with nor satisfy the requirements of the Canada Shipping Act; or
 - (ii) if WSMC is prevented from complying with this Agreement by act or order of any agency or branch of the State of Washington or the U.S. government.
- (d) These rights of termination are in addition to any of the parties' rights and remedies under this Agreement, at law or in equity.

8. Time - Time is of the essence of this Agreement.

9. Notices - All notices required to be given under this Agreement shall be in writing and delivered by hand, mailed by registered first-class mail or sent by telecommunication to the address set forth below.

In the case of WCMRC:

Western Canada Marine Response Corporation
Unit #110-80 Orwell Street
North Vancouver, British Columbia
V7J 3R5

Attention: President and General Manager
Telephone: (604) 985-0855
Facsimile: (604) 985-0955

In the case of WSMC:

Washington State Maritime Cooperative
2701 First Avenue, Suite 110
Seattle, Washington
98121

Attention: President
Telephone: (206) 448-7557
Facsimile: (206) 443-3839

Any such notice shall be deemed to have been given and received: (a) if delivered, on the date on which it was delivered; or (b) if mailed, on the fifth (5th) business day following the day it was

posted; or (c) if sent by telecommunication, on the first business day following the day it was dispatched if there is electronically confirmed receipt.

10. Amendments to Agreement - This Agreement may not be amended, except in writing executed by both of the parties.

11. Further Assurances - Each party will, at its own expense, execute and deliver such further agreements and documents, and do such further acts as the other party reasonably requests for the purpose of evidencing and carrying out the intent of this Agreement.

12. Benefit of Agreement - This Agreement will enure to the benefit of and be binding upon the respective successors and permitted assigns of the parties.

13. Entire Agreement - The provisions of this Agreement constitute the entire agreement between the parties respecting the subject matter of this Agreement and supersede all previous understandings and agreements, whether verbal or written, between the parties with respect to the subject matter of this Agreement.

14. Governing Law - This Agreement shall be interpreted and governed by and all differences of opinion which may arise in the implementation or interpretation of this Agreement shall be adjudicated according to the laws of the Province of British Columbia if WSMC is the complainant and WCMRC is the respondent, and by the laws of the State of Washington if WCMRC is the complainant and WSMC is the respondent.

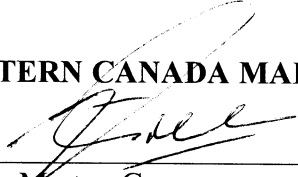
The parties agree that, in those cases where WCMRC is the complainant, the parties irrevocably submit and attorn to the exclusive jurisdiction of the courts of the State of Washington. In those cases where WSMC is the complainant, the parties irrevocably submit and attorn to the exclusive jurisdiction of the courts of the Province of British Columbia. The parties waive any objections they may have to venue being in such courts, including any claim that such venue is an inconvenient forum.

15. Assignment - This Agreement shall not be assigned by either party without the prior written consent of the other.

16. Execution of Agreement - This Agreement may be executed in one or more counterparts, each of which when so executed shall be deemed to be an original and such counterparts together


shall constitute one and the same Agreement and notwithstanding their date of execution shall be deemed to be executed on the day first above written. Each person who executes this Agreement in a representative capacity represents and warrants that the party on whose behalf he or she executes this Agreement exists and has duly authorized the execution of this Agreement on its behalf.

WESTERN CANADA MARINE RESPONSE CORPORATION

Per: 

Martyn Green
President and General Manager

WASHINGTON STATE MARITIME COOPERATIVE

Per: 

Gerald P. McMahon
President

SCHEDULE A

This schedule accompanies the Reciprocal Arrangement Agreement made as of the 3rd day of November, 1998, with effect from the 1st day of December, 1998, between Western Canada Marine Response Corporation (WCMRC) and Washington State Maritime Cooperative. The following outlines the registration procedures for vessels that are departing Washington State ports via the Strait of Juan de Fuca and have not called at a British Columbia port within the last year.

REGISTRATION PROCEDURES

Each vessel must, prior to exiting the Strait of Juan de Fuca, complete and submit a Juan de Fuca ship membership agreement with WCMRC, through the Chamber of Shipping of British Columbia (CSBC).

The Juan de Fuca ship membership agreement provided by WCMRC requires the vessel name, effective date, contact details for the vessel owner/operator, the person authorized to implement the agreement in the event of a spill incident, and signature of an authorized agent.

Upon receipt of the completed agreement and confirmation of each vessel's satisfaction of the agreement criteria, the CSBC will enter the information into the database and assign a contract number to the vessel(s) and sign the agreement on behalf of WCMRC.

PROCEDURES PROVIDED TO U.S. OWNERS, OPERATORS, AGENTS

Does the vessel need to be registered?

While discussions towards reciprocal recognition of the Canadian and U.S. spill response regimes continues between the respective Coast Guards, vessels transiting the Strait of Juan de Fuca, from Washington State ports, are required to have a signed arrangement in place with the certified response organization on the West Coast of Canada.

A registration will be required if the following applies:

- the vessel will be transiting the Strait of Juan de Fuca from a Washington State port; and
- the vessel has not called at a British Columbia port within the last 12 months; and
- the vessel is not currently the subject of a valid Juan de Fuca ship membership agreement or a standard form ship membership agreement.

To confirm whether a vessel has a valid arrangement with Western Canada Marine Response Corporation (WCMRC) in British Columbia, an agent may contact the Chamber of Shipping of British Columbia at tel: 1-800-429-2227 or visit the Oil Spill Registrations section of the Chamber of Shipping website at <http://www.chamber-of-shipping.com>.

How to register?

Two documents must be completed:

- Juan de Fuca Ship Membership Agreement
- Schedule I - Declaration

Ship Membership Agreement

To register a vessel, the Membership Agreement must be completed for each vessel and signed by the authorized signatory and received by the Chamber of Shipping prior to the vessel's entry into Canadian waters. Only the non-standard page(s) need to be returned to the Chamber of Shipping by mail or fax. Note that Schedule A (Additional Arrangements Form) is provided only for owners/operators wishing to register more than one vessel.

Schedule I - Declaration

The "Declaration for a Ship that is in Waters South of the Sixtieth Parallel of North Latitude" must be completed and kept on board the vessel in the event that Coast Guard requests for this information. This declaration may be signed by the Master or an authorized signatory.

Once the completed Juan de Fuca Ship Membership Agreement is received, a contract number will be issued for the agreement. Copies of the fully executed agreement will be returned to the person submitting the agreement.

If you have any question, please contact the Chamber of Shipping at Box 12105, 1550-555 West Hastings Street, Vancouver, BC V6B 4N6 tel: 604-681-2351 or fax: 604-681-4364.

EXCHANGE OF INFORMATION

The CSBC will update the list of registered vessels with WCMRC on its web site (<http://www.chamber-of-shipping.com>) bi-weekly. To query a vessel's status or details WSMC may contact Jun Chen or Bonnie Gee of the Chamber of Shipping at tel: 1-800-429-2227 and after hours at tel: 604-816-3524.

**AMENDING AGREEMENT TO THE RECIPROCAL ARRANGEMENT
AGREEMENT**

This Amending Agreement made as of November 14, 2019.

BETWEEN:

WASHINGTON STATE MARITIME COOPERATIVE,
a non-profit corporation incorporated under and governed
by the laws of the State of Washington
("WSMC")

- and -

WESTERN CANADA MARINE RESPONSE CORPORATION,
a corporation government by the laws of Canada
("WCMRC")

WHEREAS:

1. WCMRC and WSMC entered into a Reciprocal Arrangement Agreement (the "Agreement") effective from the 1st day of December, 1998 (the "Effective Date");
2. Under section 6 of the Agreement, the term of the Agreement extends for a period of one (1) year following the Effective Date, and may be extended upon the written agreement of the parties.
3. WCMRC and WSMC previously agreed to extend the term of the Agreement to December 31st, 2019.
4. WCMRC and WSMC wish to extend the term of the Agreement for a one (1) year period commencing January 1st, 2020.
5. WCMRC and WSMC wish to make certain other amendments to the Agreement.

NOW THEREFORE in consideration of the mutual agreements and covenants set forth in this Amending Agreement and in the Agreement and for other good and valuable consideration (the receipt and sufficiency of which is mutually acknowledged) the parties covenant and agree as follows:

1. The term of the Agreement is extended for a further one (1) period commencing January 1st, 2020.
2. The addresses for notices set out in Section 9 of the Agreement are deleted and replaced with the following:

In the case of WCMRC:

Western Canada Marine Response Corporation
206 3500 Gilmore Way
Burnaby, BC
V5G0B8

Attention: Director Finance
Telephone: (604) 294-6001
Facsimile: (604) 294-6003

In the case of WSMC:

Washington State Maritime Cooperative
110 West Harrison
Suite S560
Seattle, Washington
98119

Attention: President
Telephone: (206) 448-7557
Facsimile: (206) 443-3839

IN WITNESS WHEREOF, this Amending Agreement has been duly executed by each of the parties.

**WESTERN CANADA MARINE
RESPONSE CORPORATION**

By: _____

Name: Mark Johncox
Title: Director Finance

**WASHINGTON STATE MARITIME
COOPERATIVE**

By: _____

Name: Cynthia Reed
Title: Interim Executive Director