



THE PREMIER

GOVERNMENT OF  
NEWFOUNDLAND AND LABRADOR

August 24, 2004

Dear Prime Minister:

This letter is further to my letter to you, dated 5 August 2004, regarding our agreement that Newfoundland and Labrador will enjoy 100% of the benefit of the offshore petroleum revenues it receives, notwithstanding the treatment of those revenues under the equalization program.

Attached to my letter was an instructions letter, which I proposed that we jointly issue to our implementation teams. I remain firmly of the view that we must jointly issue this instructions letter immediately to begin the implementation process and to ensure that our respective teams begin their work with a clear understanding of our agreement, our expectations as to the implementation process and critical time-lines.

I am very concerned that we have not begun to implement our agreement. My concern is further amplified by comments made by your Minister of Natural Resources, the Honourable John Efford, on a local radio phone-in program yesterday. Minister Efford's comments demonstrated a misunderstanding of the position my government advanced on this matter and the agreement you and I reached during the federal election campaign. My Minister of Finance, the Honourable Loyola Sullivan has already spoken to Minister Efford to state our concerns and will be following up in writing.

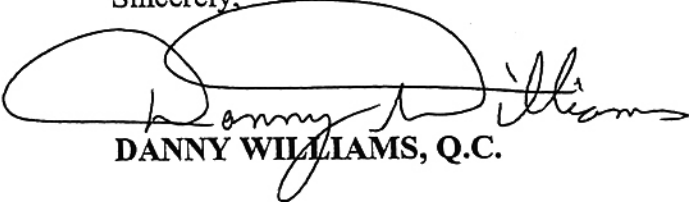
The Right Honourable Paul Martin, P.C., M.P.  
Prime Minister of Canada  
Langevin Building, 80 Wellington Street  
Ottawa, ON K1A 0E2

The Right Honourable Paul Martin  
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Minister Efford's comments reinforce the need to provide our respective Ministers with joint instructions as I have proposed. Any delay I fear, invites further instances of confusion and conflict between our two governments on this important matter. This should not be allowed to happen, as our agreement is a critical component of the strengthened and constructive relationship our two governments presently enjoy. Your Minister initially indicated that this agreement would be finalized by end of summer and I publicly adopted that time frame. In the interest of good faith and moving forward with our agreement, I would ask that the instructions letter be issued no later than the end of next week.

I look forward to receiving your confirmation on this matter at your earliest convenience.

Sincerely,



DANNY WILLIAMS, Q.C.