



THE PREMIER

GOVERNMENT OF  
NEWFOUNDLAND AND LABRADOR

August 5, 2004

Dear Prime Minister:

This letter is further to our telephone conversation of 10 July 2004, during which we reaffirmed our agreement that Newfoundland and Labrador will retain 100% of the benefit of the offshore petroleum revenues it receives, notwithstanding the treatment of those revenues under the equalization program.

I was pleased to learn that you have appointed the Honourable Ralph Goodale to lead the implementation process for the Government of Canada. Please be advised that I have appointed the Honourable Loyola Sullivan, Minister of Finance and President of Treasury Board, to lead that process for the Government of Newfoundland and Labrador.

We have discussed previously the difficult fiscal circumstances facing this Province. You will appreciate that receiving the benefit of our agreement for the fiscal year 2004/2005 is critical.

To meet this objective, it is imperative that our implementation teams begin their work with a clear understanding of our agreement, our expectations as to the implementation process (including the timing of payments to the Province) and critical time lines for that process. To this end, I have attached an instruction letter which I propose, if you are agreeable, that we jointly issue to our implementation teams. The instructions, in my view, are consistent with our agreement and the importance of implementing that agreement as expeditiously as possible.

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The Right Honourable Paul Martin  
Prime Minister of Canada

House of Commons  
Langevin Block  
80 Wellington Street  
Ottawa, ON  
K1A 0A6

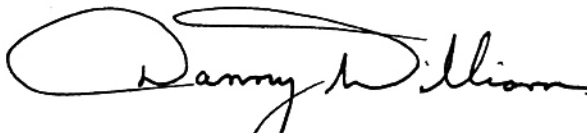
The Right Honourable Paul Martin  
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Should you have any concerns or questions with respect to the attached instructions letter, please contact me directly so we can resolve any issues as quickly as possible. I very much appreciate your commitment to implementing our agreement on a priority basis. I am firmly of the view that our efforts will result in significant and long lasting benefits for Newfoundland and Labrador and Canada.

I look forward to receiving your response.

Kindest regards,



DANNY WILLIAMS, Q.C.

Attachment