

2014-4179(IT)G

TAX COURT OF CANADA

BETWEEN:

SUNCOR ENERGY INC.
(AS SUCCESSOR TO PETRO-CANADA)

Appellant

- and -

HER MAJESTY THE QUEEN

Respondent

PARTIAL CONSENT TO JUDGMENT

WHEREAS the issues in this appeal were bifurcated by order of the Honourable E.P. Rossiter, Chief Justice granted February 15, 2016 (the “**Bifurcation Order**”);

AND WHEREAS the parties agreed that the Transfer Pricing Adjustment and Penalty (collectively the “**Bifurcated Issues**”), as described in the Bifurcation Order, would proceed to trial;

AND WHEREAS the Appellant and the Respondent have now resolved the Bifurcated Issues;

AND WHEREAS the Respondent, in Her reply filed April 13, 2015, accepted that the reassessment of the Appellant’s 2007 taxation year, in respect of the asset retirement obligation (the “**Asset Retirement Obligation**”), be referred back to the Minister for redetermination;



Initial Respondent 

Initial Appellant 

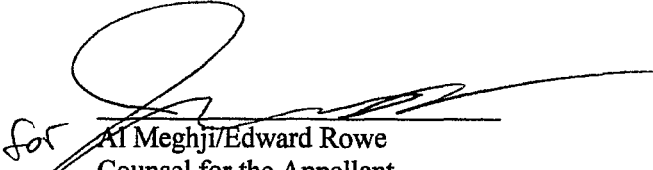
Pursuant to paragraph 172(1)(b) of the *Income Tax Act*, the Appellant and the Respondent consent to judgment with respect to the Bifurcated Issues and the Asset Retirement Obligation allowing the appeal, in part, for the Appellant's 2007 taxation year and referring the matter back to the Minister of National Revenue for reconsideration and reassessment on the basis that:

1. The Appellant's income shall be reduced by the amount of the Transfer Pricing Adjustment, being \$2,016,385,409;
2. The Penalty in the amount of \$201,638,540.90 shall be vacated;
3. The inclusion of \$9,039,935 in the proceeds of disposition in respect of the Asset Retirement Obligation shall be removed and the Appellant's cumulative Canadian oil and gas property expense ("COGPE") balance shall correspondingly be increased by \$9,039,935;
4. Each party shall bear its own costs in respect of the Bifurcated Issues and the Asset Retirement Obligation.

The Appellant and the Respondent agree and acknowledge that all other terms of the Bifurcation Order shall remain in place.

Initial Respondent 
Initial Appellant 

DATED at the City of Calgary, in the Province of Alberta, this 21 day of November, 2016.

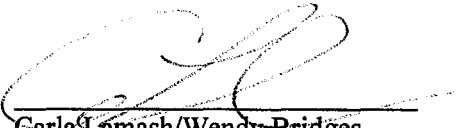

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DATED at the City of Edmonton, in the Province of Alberta, this 22 day of November, 2016.

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Initial Respondent 

Initial Appellant 