

BOARD MANDATE

The Board of Directors (Board) of Nexen Inc. (Nexen) has the oversight responsibility and specific duties described below. In addition, individual Directors have the responsibility and specific duties set out in the Individual Director Mandate and any other Mandate or Position Description that applies to them.

Composition

The Board will be comprised of between 3 and 15 directors, as determined by the Board. At least two-thirds of the Board members will be independent under the Categorical Standards for Director Independence (Categorical Standards) adopted by the Board and applicable law.

All Board members will have the skills and abilities appropriate to their appointment as directors. It is recognized that the right mix of experiences, competencies and attributes will ensure that the Board will carry out its duties and responsibilities in the most effective manner.

Except as set out in the By-Laws, Board members will be elected at the annual meeting of shareholders each year and will serve until their successors are duly appointed or elected.

Responsibility

The Board is responsible for the stewardship of Nexen, providing independent, effective leadership to supervise the management of Nexen's business and affairs to grow value responsibly, in a profitable and sustainable manner.

Specific Duties

The Board will:

Leadership

1. Provide leadership and vision to supervise the management of Nexen in the best interests of the corporation including its shareholders and other stakeholders.
2. Provide leadership in setting the Mission, Vision, Principles, Values, Strategic Plan and Annual Operating Plan of Nexen, in conjunction with the Chief Executive Officer (CEO).

CEO

3. Select, appoint, evaluate, compensate and, if necessary, replace the CEO.
4. Receive recommendations on appropriate or required CEO competencies and skills from the Compensation and Human Resources Committee.
5. Approve or develop the corporate objectives that the CEO is responsible for meeting and assess the CEO against those objectives.

Succession and Compensation

6. Implement a succession plan, including appointing, training and monitoring the performance of senior Management.
7. With the advice of the Compensation and Human Resources Committee, approve the compensation of senior Management and approve appropriate compensation programs for Nexen's employees.

Sustainable Business Practices: Social Responsibility; Ethics and Integrity; Health, Safety and Environment

8. With the Health, Safety, Environmental & Social Responsibility Committee, provide leadership to Nexen in support of its commitment to sustainable business practices.
9. Foster ethical and responsible decision making by Management.
10. Set the ethical tone for Nexen and its Management.
11. Take all reasonable steps to satisfy itself of the integrity of the CEO and Management and satisfy itself that the CEO and Management create a culture of sustainable business practices throughout the organization.
12. At the recommendation of the Corporate Governance and Nominating Committee (CGN Committee) and the Audit and Conduct Review Committee, approve *How We Work: Our Integrity Guide* (Our Integrity Guide), which constitutes our code of ethics and the compliance programs.
13. Monitor compliance with Our Integrity Guide. Decline or grant and provide for appropriate disclosure of any waivers of Our Integrity Guide for officers and directors.
14. With the Audit and Conduct Review Committee and the Board Chair, respond to potential conflict of interest situations.

Governance

15. With the CGN Committee, develop Nexen's approach to corporate governance, including adopting a Corporate Governance Policy that sets out the principles and guidelines applicable to Nexen.
16. Once or more annually, as the CGN Committee decides, receive for consideration that Committee's evaluation and any recommended changes, together with the evaluation and any further recommended changes of another Board Committee, if relevant, to each of the following:
 - i. Corporate Governance Policy;
 - ii. Categorical Standards for Director Independence;
 - iii. Board Mandate;
 - iv. Individual Director Mandate (which will set out the expectations and responsibilities of directors);
 - v. Chair of the Board Position Description;
 - vi. Committee Chair Position Description;
 - vii. Audit and Conduct Review Committee Mandate;
 - viii. Compensation and Human Resources Committee Mandate;
 - ix. Corporate Governance and Nominating Committee Mandate;
 - x. Finance Committee Mandate;
 - xi. Health, Safety, Environment and Social Responsibility Committee Mandate;
 - xii. Reserves Review Committee Mandate;
 - xiii. CEO Position Description;
 - xiv. Chief Financial Officer Position Description; and
 - xv. Secretary Position Description.

17. With the CGN Committee, take all reasonable steps to satisfy itself that Nexen's governance practices and policies are appropriately disclosed.
18. At the recommendation of the CGN Committee, annually determine those individual Directors proposed to be nominated for election at the next annual general meeting of shareholders.
19. At the recommendation of the CGN Committee, annually determine those individual Directors to be designated as independent under the Categorical Standards and take all reasonable steps to satisfy itself that appropriate disclosures are made.
20. At the recommendation of the CGN Committee, annually determine those individual Directors to be designated as audit committee financial experts under applicable law and take all reasonable steps to satisfy itself that appropriate disclosures are made.
21. At the recommendation of the CGN Committee, approve and/or review any changes to Nexen's policy on attendance and material change in employment or health status of individual Directors as outlined in the Corporate Governance Policy.
22. At the recommendation of the CGN Committee, review the circumstances of any Director's material change in employment or health status and determine the appropriate action to be taken.
23. At the recommendation of the CGN Committee, review and determine whether it is appropriate to accept any Director resignation submitted as a result of a failure to receive a majority vote at the annual general meeting of shareholders according to Nexen's By-Laws.
24. Review the report of the CGN Committee on the circumstances that prevented a Director from achieving the minimum attendance level and determine the appropriate action to be taken.

Communications, Disclosure and Compliance

25. Adopt an External Communications Policy for Nexen which addresses disclosure matters.
26. At least annually review the External Communications Policy and consider any recommended changes.
27. Establish policies and procedures which provide for Nexen's compliance with applicable law, including timely disclosure of relevant corporate information and regulatory reporting.
28. Adopt measures for receiving feedback from stakeholders and provide for appropriate disclosure of the measures as may be required by law or regulation.

Board Chair

29. At the recommendation of the independent directors of the Board, annually appoint an independent Director as the Chair of the Board.

Committees

30. Appoint an Audit and Conduct Review Committee comprised of all independent directors with the responsibility to assist the Board in fulfilling its oversight responsibilities with respect to (i) the integrity of annual and quarterly financial statements to be provided to shareholders and regulatory bodies; (ii) compliance with accounting and finance based legal and regulatory requirements; (iii) the independent auditor's qualifications and independence; (iv) the system of internal accounting and financial reporting controls that Management has established; (v) performance of the internal and external audit process and of the independent auditor; and, (vi) implementation and effectiveness of Our Integrity Guide.
31. Appoint a Compensation and Human Resources Committee comprised of all independent directors with the responsibility to assist the Board in fulfilling its oversight responsibilities with respect to (i) key compensation and human resources policies; (ii) Chief Executive Officer compensation; (iii) executive Management compensation; (iv) Board of Directors compensation; and, (v) executive Management succession and development.
32. Appoint a Corporate Governance and Nominating Committee comprised of all independent directors with the responsibility to assist the Board in fulfilling its oversight responsibilities with respect to i) the development and implementation of principles and systems for the management of corporate governance; (ii) identifying qualified candidates and recommending nominees for Director and Board Committee appointments; and, (iii) evaluations of the Board, Board Committees, all individual Directors, the Board Chair and Committee Chairs, all with a view to ensuring Nexen is "leading edge" in implementing best-in-class corporate governance relevant to an organization of Nexen's size and complexity.
33. In the Board's discretion, appoint a Finance Committee comprised of a majority of independent directors with the responsibility to assist the Audit and Conduct Review Committee and the Board in fulfilling their oversight responsibilities with respect to (i) financial policies and strategies including capital structure; (ii) financial risk management practices; (iii) pension matters; and, (iv) transactions or circumstances which could materially affect the financial profile of Nexen.
34. Appoint a Reserves Review Committee comprised of a majority of independent directors with the responsibility to assist the Audit and Conduct Review Committee and the Board in fulfilling their oversight responsibilities with respect to the annual review of Nexen's oil and gas reserves and disclosure of reserves data and related oil and gas activities
35. In the Board's discretion, appoint a Health, Safety, Environment & Social Responsibility Committee comprised of a majority of independent directors with the responsibility to assist the Board in fulfilling its oversight with respect to due diligence in the development and implementation of leading health, safety, environmental and social responsibility systems and culture relevant to an organization of Nexen's size and complexity.

36. In the Board's discretion, appoint any other Board Committees that the Board decides are needed and delegate to those Board Committees any appropriate powers of the Board.
37. At the recommendation of the CGN Committee, annually appoint the Chair of each Board Committee.
38. Review the report of the CGN committee on the assessment of Board Committee composition, and annually appoint Board Committees that promote a knowledgeable and informed Board which demonstrates an adequate understanding of relevant matters.

Delegations and Approval Authorities

39. Annually delegate approval authorities to the CEO and review and revise them as appropriate.
40. Consider and, in the Board's discretion, approve financial commitments in excess of delegated approval authorities.
41. In the Board's discretion, annually delegate to the Board Chair the authority to grant pre-approvals for certain authorizations for expenditures (AFE) to initiate or complete time-sensitive projects provided that those pre-approvals are presented in writing to be ratified by the Board at the next regularly scheduled meeting. The Board Chair's pre-approval authority is limited to new or additional AFE amounts that (i) exceed the CEO's approval authority limit; (ii) are less than \$75 million; and, (iii) are within approved strategies.
42. Review and, at the recommendation of the Audit and Conduct Review Committee, approve the annual results, financial statements, MD&A, Annual Information Form and Annual Report filed with, or furnished to, the applicable securities regulators prior to filing them and making any public announcement of financial results for the periods covered.
43. In the Board's discretion, annually delegate to the Audit and Conduct Review Committee the authority to approve or recommend to the Board for consideration the quarterly results, financial statements, MD&A, quarterly reports and all earnings news releases prior to filing them with or furnishing them to the applicable securities regulators and prior to any public announcement of financial results for the periods covered.
44. Consider and, in the Board's discretion, approve any matters recommended by the Board Committees.
45. Consider and, in the Board's discretion, approve any matters proposed by Management.

Strategy

46. Approve the development of strategic direction.
47. Adopt a strategic planning process and, at least annually, approve a Strategic Plan for Nexen to maximize shareholder value consistent with sustainable business practices that takes into account, among other things, the opportunities and risks of Nexen's business.
48. Monitor Nexen's performance in light of the approved Strategic Plan.

Annual Operating Plan

49. At least annually, approve an Annual Operating Plan for Nexen, the financing of which has been recommended by the Finance Committee, including business plans, operational requirements, organizational structure, staffing and budgets that support the Strategic Plan.
50. Monitor Nexen's performance in light of the approved Annual Operating Plan.

Risk Management

51. Ensure policies and procedures are in place to: identify Nexen's principal business risks and opportunities; address what risks are acceptable to Nexen; and, ensure that appropriate systems are in place to manage the risks.
52. Ensure policies and procedures designed to maintain the integrity of Nexen's disclosure controls and procedures are in place.
53. Ensure policies and procedures designed to maintain the integrity of Nexen's internal control over financial reporting are in place.
54. Ensure policies and procedures designed to maintain appropriate auditing and accounting principles and practices are in place.

Orientation / Education

55. With the CGN Committee, oversee the development and implementation of the Director orientation program.
56. With the CGN Committee, oversee the development and implementation of the ongoing Director education program.

Board Performance

57. Oversee the process of the CGN Committee's evaluation of the performance and effectiveness of the Board, Board Committees, all individual Directors, the Board Chair and Committee Chairs.
58. Participate in a regular evaluation of Board performance by the CGN Committee.
59. Receive and consider a report and recommendations from the CGN Committee on the results of the evaluation of the performance and effectiveness of the Board, Board Committees, all individual Directors, the Board Chair and Committee Chairs.

Board Meetings

60. Receive a report from the President at each regularly scheduled meeting on the current matters relevant to Nexen.
61. Meet at least five times annually and as many additional times as needed to carry out its duties effectively. The Board may, on occasion and in appropriate circumstances, hold a meeting by telephone conference call.
62. Meet in separate, non-management, in camera sessions at each regularly scheduled meeting.

63. Regularly meet in separate, independent and non-management in camera sessions via meetings of the fully independent committees.
64. Meet in separate, non-management, closed sessions with any internal personnel or outside advisors, as needed or appropriate.

Advisors / Resources

65. Retain, oversee, compensate and terminate independent advisors who assist the Board in its activities.
66. Receive adequate funding from Nexen for independent advisors and ordinary administrative expenses that are needed or appropriate for the Board to carry out its duties.

Other

67. To honour the spirit and intent of applicable law as it evolves, authority to make minor technical amendments to this Mandate is delegated to the Secretary, who will report any amendments to the CGN Committee at its next meeting.
68. Once or more annually, as the CGN Committee decides, this Mandate will be fully evaluated and updates recommended to the Board for consideration.

Approved: November 28, 2011