

**2017 CAPL PROPERTY TRANSFER PROCEDURE
TABLE OF CONTENTS**

1.00	DEFINITIONS AND INTERPRETATION	1
1.01	DEFINITIONS	1
1.02	EXCLUSION OF ASSETS.....	11
1.03	REFERENCES AND INTERPRETATION	12
1.04	OPTIONAL AND ALTERNATE PROVISIONS	13
1.05	INTERPRETATION IF TYPES OF ASSETS LIMITED	13
1.06	INTERPRETATION IF CLOSING DOES NOT OCCUR.....	13
1.07	CONFLICTS AND ENFORCEABILITY	13
1.08	VENDOR'S KNOWLEDGE	14
1.09	GOVERNING LAW	14
1.10	TIME OF ESSENCE	14
1.11	NO AMENDMENT EXCEPT IN WRITING	14
1.12	WAIVER	14
1.13	SUPERSEDES EARLIER AGREEMENTS	14
1.14	LEGAL RULES OF CONSTRUCTION.....	15
1.15	MODIFICATIONS TO 2017 CAPL PROPERTY TRANSFER PROCEDURE.....	15
2.00	ACQUISITION AND DISPOSITION	15
2.01	DISPOSITION AND ACQUISITION	15
2.02	BASE PURCHASE PRICE AND TAX ALLOCATION	15
2.03	RECEIPT AND HANDLING OF DEPOSIT.....	15
2.04	DETERMINATION OF PURCHASE PRICE AND FORM OF PAYMENT	15
2.05	GST/HST AND OTHER SALES TAXES.....	16
2.06	INTEREST ACCRUAL	17
3.00	CLOSING	17
3.01	PLACE OF CLOSING	17
3.02	EFFECTIVE DATE OF TRANSFER	17
3.03	DELIVERIES AT CLOSING.....	17
3.04	DELIVERY OF FILES	18
3.05	DISTRIBUTION OF SPECIFIC CONVEYANCES	18
3.06	ELECTRONIC TRANSFERS AND RENTALS	19
3.07	PIPELINE RECORDS AND ASSOCIATED LICENCE TRANSFERS.....	19
4.00	ADJUSTMENTS	20
4.01	BENEFITS AND OBLIGATIONS TO BE APPORTIONED	20
4.02	ADJUSTMENTS TO ACCOUNTS	21
4.03	ADJUSTMENT FOR INCOME TAX - INTERIM PERIOD INCOME	22
4.04	NOTIFICATION OF RECEIPT OF FUNDS ACCRUING TO VENDOR	22
5.00	MAINTENANCE OF BUSINESS	23
5.01	ASSETS TO BE MAINTAINED IN PROPER MANNER	23
5.02	OBLIGATIONS FOR INSURANCE	23
5.03	COMMITMENTS DURING INTERIM PERIOD.....	24
5.04	POST-CLOSING TRANSITIONAL MAINTENANCE OF ASSETS	25
5.05	PAYMENT OF RENTALS BY VENDOR	26
5.06	PRODUCTION ACCOUNTING DURING MONTH IN WHICH CLOSING OCCURS.....	26
5.07	TRANSFER OF INCIDENTAL OBLIGATIONS TO THIRD PARTIES	26
5.08	VENDOR ACTING ON BEHALF OF PURCHASER FOR MAINTENANCE OF ASSETS.....	26
6.00	REPRESENTATIONS AND WARRANTIES OF PARTIES	27
6.01	MUTUAL REPRESENTATIONS AND WARRANTIES.....	27
6.02	VENDOR'S REPRESENTATIONS AND WARRANTIES.....	27
6.03	NO ADDITIONAL REPRESENTATIONS OR WARRANTIES BY VENDOR	31
6.04	PURCHASER'S REPRESENTATIONS AND WARRANTIES	32
6.05	SURVIVAL OF REPRESENTATIONS AND WARRANTIES	32

7.00	THIRD PARTY RIGHTS AND CONSENTS	33
7.01	RIGHTS OF FIRST REFUSAL AND CONSENTS.....	33
8.00	PURCHASER'S REVIEW	34
8.01	VENDOR TO PROVIDE ACCESS	34
8.02	TITLE REVIEW AND TITLE DEFECTS	34
9.00	DISPUTE RESOLUTION	36
9.01	CONSULTATION AND NEGOTIATION IN GOOD FAITH	36
9.02	ARBITRATION PROCEEDINGS	37
9.03	LIMITATION PERIODS AND INTERIM RELIEF	37
10.00	CONDITIONS TO CLOSING	37
10.01	CONDITIONS FOR BENEFIT OF EACH PARTY.....	37
10.02	CONDITIONS FOR BENEFIT OF PURCHASER	38
10.03	CONDITIONS FOR BENEFIT OF VENDOR	38
10.04	WAIVER OF CONDITIONS PRECEDENT	39
10.05	FAILURE TO SATISFY CONDITIONS	39
10.06	PARTIES TO EXERCISE DILIGENCE WITH RESPECT TO CONDITIONS	39
11.00	OPERATORSHIP	39
11.01	OPERATORSHIP AND THIRD PARTIES	39
11.02	SIGNS AND NOTIFICATIONS	39
11.03	IDENTIFICATION AND REMOVAL OF VENDOR'S EXCESS INVENTORY.....	40
12.00	FAILURE TO CLOSE AND DEFAULT	40
12.01	REMEDIES OF INJURED PARTY	40
12.02	INTEREST ACCRUES ON AMOUNTS OWING	40
13.00	LIABILITY AND INDEMNIFICATION.....	40
13.01	RESPONSIBILITY OF VENDOR.....	40
13.02	RESPONSIBILITY OF PURCHASER.....	41
13.03	LIMIT ON RESPONSIBILITY FOR LOSSES AND LIABILITIES	41
13.04	ASSETS ACQUIRED ON "AS IS" BASIS	42
13.05	NOTICE OF CLAIMS	42
13.06	SUBSTITUTION AND SUBROGATION	43
14.00	ASSIGNMENT	43
14.01	ASSIGNMENTS BEFORE CLOSING.....	43
14.02	ASSIGNMENTS BY PURCHASER AFTER CLOSING	43
15.00	NOTICES	43
15.01	SERVICE OF NOTICE	43
15.02	ADDRESSES FOR SERVICE	43
16.00	CONFIDENTIALITY AND USE OF INFORMATION.....	44
16.01	PURCHASER'S OBLIGATION TO MAINTAIN INFORMATION CONFIDENTIAL	44
16.02	VENDOR'S CONFIDENTIALITY OBLIGATION TO PURCHASER.....	45
17.00	PUBLIC ANNOUNCEMENTS	45
17.01	PARTIES TO DISCUSS PUBLIC ANNOUNCEMENTS.....	45
18.00	MISCELLANEOUS PROVISIONS	46
18.01	NO MERGER	46
18.02	FURTHER ASSURANCES	46
18.03	USE OF NAME.....	46
18.04	PROTECTION OF PERSONAL INFORMATION.....	46
18.05	RESULTS OF TERMINATION.....	46
18.06	ENUREMENT.....	47
18.07	ELECTRONIC SIGNATURES AND SPECIFIC CONVEYANCES.....	47
18.08	WAIVERS FOR SASKATCHEWAN.....	47

PROPERTY TRANSFER PROCEDURE

Attached to and forming part of the Agreement dated _____, between _____

1.00 DEFINITIONS AND INTERPRETATION

1.01 Definitions

In this Property Transfer Procedure:

“Abandonment and Reclamation Obligations” means all past, present and future obligations under the Title and Operating Documents and the Regulations to:

- (a) abandon the Wells (whether drilled prior to, on or after the date hereof);
- (b) close, decommission, dismantle and remove structures, foundations, buildings, pipelines and equipment pertaining to the Tangibles; and
- (c) restore, remediate and reclaim the surface and subsurface locations thereof and lands used to gain access thereto, pertaining to any Wells, Facilities, other Tangibles, any other facilities, pipelines and other sites: (i) located within, on or under the Lands and lands pooled or unitized therewith; (ii) comprising all or part of the Assets; (iii) that were used or previously used with respect to Petroleum Substances produced or previously produced from the Lands or lands pooled or unitized therewith; or (iv) as otherwise described in a Schedule;

all in accordance with generally accepted oil and gas industry practices in the jurisdiction in which the Assets are located and the Regulations.

“AFE” means an authority for expenditure, mail ballot or any other authorization under the Title and Operating Documents for the conduct of an operation or for costs or expenses to be incurred.

“Affiliate” means a corporation, partnership or trust that is affiliated with the Party for which the expression is being applied. For the purpose of this definition, a corporation, partnership or trust is affiliated with another corporation, partnership or trust if it, other than by way of security only, directly or indirectly controls or is controlled by that other corporation, partnership or trust. In determining if a corporation, partnership or trust so controls or is so controlled, it will be deemed that:

- (a) a corporation is directly controlled by another corporation, partnership or trust if: (i) shares of the corporation to which are attached more than 50% of the votes that may be cast to elect directors of the corporation are beneficially owned by that other corporation, partnership or trust; and (ii) the votes attached to those shares are sufficient, if exercised, to elect a majority of the directors of the corporation;
- (b) a partnership or trust is directly controlled by a corporation, another partnership or another trust if that corporation, other partnership or other trust beneficially owns more than a 50% interest in the partnership or trust; and
- (c) a corporation, partnership or trust is indirectly controlled by another corporation, partnership or trust if control, as set forth in Paragraph (a) or (b) above, is exercised through one or more other corporations, partnerships or trusts.

Two or more corporations, partnerships or trusts affiliated at the same time with the same corporation, partnership or trust are deemed to be affiliated with each other.

“Agreement” means the Head Agreement and the Schedules attached to it, including this Property Transfer Procedure.

“Asset Exchange” means a Transaction in which any of the consideration for the acquisition of the Assets from another Party hereunder is the disposition of certain Assets by a Party hereunder to that other Party.

“Assets” means the Petroleum and Natural Gas Rights, the Tangibles, the Miscellaneous Interests and any sulphur comprising part of a base pad or storage block that forms part of the Assets under the adjustment process contemplated in Paragraph 4.01(g), subject to: (i) the exclusion of the Excluded Assets; (ii) Clause 1.02 respecting the potential exclusion of certain Assets from the Agreement; and (iii) Clause 1.05 if the Assets do not include both Petroleum and Natural Gas Rights and Tangibles.

“Base Purchase Price” means the amount described as such in Clause 2.02.

“Business Day” means any day other than a Saturday, Sunday or statutory holiday in Alberta.

“Closing” means the completion of the Transaction on the basis described in Clause 3.03 and the resultant transfer of possession of the Assets from the Vendor to the Purchaser under Clause 3.02.

“Closing Time” means, unless another date and time has been agreed upon in writing by the Parties, 10:00 a.m. on the latest of:

- (a) the Scheduled Closing Date;
- (b) the third Business Day after the day on which any and all Rights of First Refusal have been exercised or waived by the holders thereof or all time periods within which those rights may be exercised have expired;
- (c) the third Business Day after the day on which the last of any Required Approvals has been granted; or
- (d) the fifth Business Day after the day on which an arbitrator has rendered a decision with respect to any matters in dispute pursuant to Paragraph 9.02(a), (c) or (d).

“Deposit” means any payment made by the Purchaser under Clause 2.03, if it is selected to apply, as security for payment of the Purchase Price and, if applicable, as an estimate of liquidated damages for the purposes of determining the remedies available to an injured Party under Paragraph 12.01(c) after a default.

“Effective Date” has the meaning set forth for that term in the Head Agreement.

“Environmental Liabilities” means any and all environmental damage, contamination or other environmental issues respecting the Assets, whether or not caused by a breach of the applicable Regulations, whether or not resulting from operations conducted with respect to the Assets and regardless of whether a reclamation certificate had been issued. Environmental Liabilities include liabilities related to:

- (a) the transportation, storage, use or disposal of toxic or hazardous substances or hazardous, dangerous or non-dangerous oilfield substances or waste;
- (b) the release, spill, escape or emission of toxic or hazardous substances or hazardous, dangerous or non-dangerous oilfield substances or waste;
- (c) any other pollution or contamination of the surface, substrate, soil, air, ground water, surface water or marine environments;
- (d) Abandonment and Reclamation Obligations;
- (e) the removal or failure to remove foundations, equipment and structures;
- (f) damages and losses suffered by third parties as a result of any of the occurrences in Paragraphs (a)-(e) of this definition; and

- (g) any obligations imposed by the Regulations to protect the environment or to rectify environmental problems.

“Excluded Assets” means, unless otherwise provided herein or agreed in writing by the Parties:

- (a) the Excluded P&NG Rights and the Excluded Tangibles;
- (b) Petroleum Substances beyond the wellhead at the Effective Date, including Petroleum Substances in the course of production or transportation or in tanks or storage, provided that sludge at the bottom of any storage tanks and any sulphur forming part of a base pad or storage block will be included in the Assets (and not excluded under this Paragraph), unless otherwise agreed specifically by the Parties in the Agreement;
- (c) any Assets excluded from the Assets pursuant to Clause 1.02 because of the exercise of any Right of First Refusal, a title review process or otherwise by agreement of the Parties;
- (d) any fee simple mineral interest of the Vendor or any overriding royalty being received by it, unless identified in each such case on the Land Schedule or in the Head Agreement;
- (e) any rights to occupy surface being retained by the Vendor in accordance with the definition of Surface Rights in Clause 1.01;
- (f) the Vendor’s ownership interest in and interpretations of seismic data and microseismic data, other than its ownership interest in any seismic data or microseismic data identified on a Schedule that was acquired for the account of the owners under a unit agreement;
- (g) studies, technology or trade seismic data that are owned by or licenced from any third party;
- (h) the Vendor’s proprietary information, technology or interpretations, evaluations or forecasts relating to the Assets, including: (i) interpretations of geological data; (ii) engineering or reserves forecasts and analyses; and (iii) economic evaluations;
- (i) information or data contained in the Vendor’s field data capture systems for Wells operated by it, including the Vendor’s production volume and gas flow reporting systems, provided that the Vendor will provide to the Purchaser extracts, in an editable electronic format, of setup data of Wells operated by the Vendor that were producing as of the Effective Date;
- (j) computer software, computer networks and other technology systems, except insofar as is used exclusively with SCADA and other field management systems or measurement facilities included in the Tangibles;
- (k) motorized vehicles or owned or leased field offices used by the Vendor in operating any of the Assets, unless specifically identified in a Schedule as being included in the Transaction;
- (l) except insofar as is otherwise adjusted for pursuant to Clause 4.01, advances and deposits to operators, Regulatory Authorities or other third parties prior to the Effective Date to secure obligations or as prepayment of costs or expenses;
- (m) the Vendor’s tax and financial records relating to the Assets;
- (n) legal opinions and all other documents prepared by or on behalf of the Vendor in contemplation of litigation and any other documents within its possession subject to solicitor-client privilege under the laws of the Province of Alberta or any other relevant jurisdiction;
- (o) any excess inventory of materials temporarily stored at the location of the Assets (such as tubing and casing) that: (i) was not being used for operations respecting the Assets at or after the Effective Date; and (ii) is owned solely by the Vendor (or otherwise not held jointly for the account of the Vendor and any third parties owning the applicable Well);
- (p) records, policies, manuals and other proprietary, confidential business or technical information not used exclusively in the operation of the Assets; and

(q) any item or thing that is specifically referred to as an additional exclusion in a Schedule.

“Excluded P&NG Rights” means mineral rights (or interests therein) granted under the Leases for areal, stratigraphic, substance or production rights that are excluded from the Transaction because: (i) they are not included in the Lands; and (ii) they are retained by the Vendor under the Leases at the relevant time.

“Excluded Tangibles” means any residual interest to be retained by the Vendor after Closing in any tangible depreciable property and assets, insofar as they are otherwise included in the Tangibles.

“Extraordinary Damages” means, except for any Losses and Liabilities respecting a Party’s breach of the confidentiality obligations prescribed by Article 16.00, any losses, costs and expenses howsoever arising or occurring that are in the nature of consequential, indirect, punitive or exemplary damages (including compensation for business interruption, loss of profits, loss of opportunity, opportunity costs, reservoir or formation damage, the inability to produce Petroleum Substances or a delay in their production and, except insofar as prescribed by Clause 2.05 and 4.03, tax liabilities).

“Facilities” means:

- (a) all unit facilities under any unit agreement that applies to the Petroleum and Natural Gas Rights; and
- (b) all other field facilities and pipelines specifically identified as Facilities in a Schedule.

“General Conveyance” means a document delivered at Closing, substantially in the form of Exhibit “A” hereof, through which the Vendor conveys the Assets to the Purchaser.

“Gross Negligence or Wilful Misconduct” means any act, omission or failure to act (whether sole, joint or concurrent) by a person that:

- (a) was a marked and flagrant departure from the standard of conduct of a reasonable person acting in the circumstances at the time of the alleged misconduct; or
- (b) was intended to cause, or was in reckless disregard of, or wanton indifference to, the harmful consequences to the safety or property of another person or to the environment which the person acting or failing to act knew (or should have known) would result from such act, omission or failure to act.

However, Gross Negligence or Wilful Misconduct does not include any act, omission or failure to act insofar as it: (i) constituted mere ordinary negligence; or (ii) was done or omitted in accordance with the express instructions or approval of the other Party, insofar as the act, omission or failure to act otherwise constituting Gross Negligence or Wilful Misconduct was inherent in those instructions or that approval.

“GST/HST” means the goods and services tax provided for under the *Excise Tax Act* (Canada), or any successor or parallel federal or provincial legislation that imposes a tax on the recipient of goods and services.

“Head Agreement” means the agreement to which this Property Transfer Procedure is attached as a Schedule.

“Interest Amount” means, if Alternate 1 of Clause 2.06 has been selected to apply, an amount equal to:

- (a) interest on the Base Purchase Price at the Prime Rate plus one percent per annum, calculated daily and not compounded, from and including the Effective Date to and including the day prior to the Closing Time; minus
- (b) interest on any Deposit at the Prime Rate plus one percent per annum, calculated daily and not compounded, from and including the date the Deposit is received by the Vendor to and including the day prior to the Closing Time.

This amount will increase the Purchase Price as described in Clause 2.06, and will be allocated, for tax purposes, solely to the Petroleum and Natural Gas Rights, except that this amount will be allocated solely to the Tangibles if the Assets do not include any Petroleum and Natural Gas Rights.

“Interim Period” means the period from the Effective Date to, but not including, the Closing Time.

“Lands” means, subject to the exclusion of the Excluded Assets, the lands, formations and associated Petroleum Substances described in the Land Schedule, insofar only as rights relating thereto are granted under the Leases.

“Land Schedule” means the Schedule that describes, without limitation, the Lands, the Leases and the Petroleum and Natural Gas Rights and interests therein being disposed of by the Vendor.

“Leases” means, collectively, the various leases, licences, certificates of title and other documents of title set forth in the Land Schedule through which the holder may explore for, drill for, recover, remove or dispose of Petroleum Substances within, upon or under the Lands (or lands with which the Lands are pooled or unitized), and includes, insofar only as they relate to the Lands, the rights accruing to the holder thereof and, if applicable, all renewals and extensions of those documents and all documents issued in substitution therefor.

“Licencee Rating” means the liability management rating, licencee liability rating or other comparable rating, assessed by the applicable Regulatory Authority in the jurisdiction in which the Assets are located in the context of transfers to the Purchaser hereunder of the licences for Wells or Tangibles under the Regulations.

“Losses and Liabilities” means all claims, liabilities, actions, proceedings, demands, losses, costs, expenses, penalties, fines, assessments, charges and damages, whether statutory, regulatory, contractual, tortious or otherwise, which may be sustained or incurred by any of a Party, its Affiliates and their respective directors, officers and employees respecting any person (including that Party), including reasonable legal fees and disbursements on a solicitor and client basis, provided that Losses and Liabilities do not include any Extraordinary Damages, except insofar as the damaged Party is entitled to be indemnified hereunder by the other Party for any such damages suffered by third parties that have been awarded by a court of competent jurisdiction.

“Market Price” means the price at which Petroleum Substances are disposed of for purposes of Articles 4.00 and 5.00, which price is not unreasonable, having regard to market conditions applicable to similar production in *bona fide* arm's length sales agreements at the time of that disposition. In making a determination of a Market Price, the disposing Party will use a *bona fide* methodology that is reasonably consistent for the period to which the disposition pertains, and will consider such factors as:

- (a) the kind, quality and volume of Petroleum Substances disposed;
- (b) the timing and duration of the disposition;
- (c) whether the disposition is required under a pre-existing *bona fide* arm's length agreement that applies specifically to the Lands and those disposed Petroleum Substances;
- (d) the point of sale; and
- (e) the type of, and costs for using, transportation service (including any applicable demand and variable charges, measurement variance and any other volumetric deductions forming part of the consideration for the transportation service, including fuel) to deliver those Petroleum Substances to the nearest point of sale.

Except as provided in Paragraph (c) above, structured prices for terms exceeding 31 days, whether transacted or referenced, are not relevant to the determination of Market Price hereunder. For this purpose, a structured price includes any fixed price, price swap, forward or futures contract, put or call option, either physical or financial, entered into by a Party for the sale of production volumes. Notwithstanding the preceding portion of this definition, insofar as Petroleum Substances are disposed of and accounted for by the Vendor pursuant to any pre-existing *bona fide* arm's length

agreement that is either identified in a Schedule or can be terminated, without penalty, on notice of 31 days or less, the price received by the Vendor for the disposition of those Petroleum Substances under that agreement will be the Market Price for that disposition for the purposes of this Agreement, subject to any adjustment under Paragraph (e) above for transportation service under that agreement insofar as not otherwise applied against the proceeds of production under Article 4.00 or any other provision of the Agreement.

“Miscellaneous Interests” means, subject to the exclusion of the Excluded Assets, the Vendor’s entire disposed interest in all property and rights, other than the Petroleum and Natural Gas Rights and the Tangibles, insofar only as they pertain directly to the Petroleum and Natural Gas Rights and the Tangibles, or either of them, including:

- (a) the Title and Operating Documents;
- (b) the Surface Rights;
- (c) the wellbores and downhole casing respecting the Wells; and
- (d) copies of geological, engineering, Facility and other records, files, reports, data and documents that, in the Vendor's reasonable judgment, relate directly to the Assets, including the Vendor’s ownership interest in any seismic data or microseismic data identified on a Schedule that was acquired for the account of the owners under a unit agreement.

“Party” means a person, partnership or corporation that is bound by the Agreement.

“Permitted Encumbrances” means:

- (a) the terms and conditions of the Title and Operating Documents, including obligations relating to lessor royalties payable under the Leases, the reversion of any Lands between the Effective Date and the Closing Time due to expiry of the applicable Lands in accordance with the terms of the applicable Leases, as contemplated in Subclause 5.03A, and any penalty or forfeiture that applies to the Assets subsequent to the Effective Date that results from the Purchaser’s election under Subclause 5.03B not to participate in a particular operation, provided that the following items in existence at the Effective Date must be identified in a Schedule to qualify as Permitted Encumbrances:
 - (i) any overriding royalties, net profits interests or other encumbrances applicable to the Petroleum and Natural Gas Rights for which the Purchaser will assume an obligation for payment hereunder;
 - (ii) any existing potential alteration of the Vendor’s interest in the Assets because of a payout conversion or farmin, farmout or other such agreement;
 - (iii) any Right of First Refusal;
 - (iv) any penalty, cost recovery or forfeiture that applies to the Assets at the Effective Date (or is pending at the Effective Date) because of the Vendor’s election not to participate in a particular operation; and
 - (v) any unit, facility, shared well pad or service agreement described in Paragraphs (d), (f) or (g) of the definition of Title and Operating Documents;
- (b) easements, rights of way, servitudes or other similar rights, including rights of way for highways and other roads, railways, sewers, drains, oil or gas pipelines, gas or water mains, power, telephone or cable television towers, poles and wires;
- (c) the Regulations and any rights reserved to or vested in any Regulatory Authority to levy taxes, require periodic payment of rentals, fees or other amounts or otherwise to control or regulate any of the Assets in any manner, including the right to control or regulate production rates and the conduct of operations;

- (d) statutory exceptions to title and the reservations, limitations and conditions in any grants or transfers from the Crown of any of the Petroleum and Natural Gas Rights or interests therein;
- (e) undetermined or inchoate liens incurred or created in the ordinary course of business as security for the Vendor's share of the costs and expenses of the development or operation of any of the Assets or the handling of Petroleum Substances, which costs and expenses are not delinquent as of the Closing Time;
- (f) undetermined or inchoate mechanics' liens and similar liens for which payment for services rendered or goods supplied is not delinquent as of the Closing Time;
- (g) liens granted in the ordinary course of business to a public utility, municipality or governmental authority respecting operations pertaining to any of the Assets for which any required payments are not delinquent as of the Closing Time;
- (h) any lien contemplated by Paragraph (e), (f) or (g) above that the applicable lienholder has attempted to apply because of an allegation that a required payment is delinquent if the Vendor is contesting that lien in good faith and it will retain responsibility therefor;
- (i) any security granted by, through or under a third party that applies only to that third party's interest in any of the Assets;
- (j) any Security Interest of any third party encumbering the Vendor's interest in and to any of the Assets if, at or prior to Closing, the Vendor has delivered to the Purchaser a discharge in registrable form or a "no interest letter" in a form satisfactory to the Purchaser, acting reasonably, from the financial institution(s) or other third party holding that Security Interest;
- (k) any defects or deficiencies in title to the Assets disclosed in the Agreement and any other defects or deficiencies in title to the Assets that are waived or deemed to be waived under Article 8.00; and
- (l) all other liens, adverse claims and other third party claims or interests set out in a Schedule, insofar as they are not included in the preceding Paragraphs of this definition.

"Petroleum and Natural Gas Rights" means, subject to the exclusion of the Excluded Assets, the interests of the Vendor described in the Land Schedule in respect of the Leases insofar as they apply to the Lands, including any existing contractual right of the Vendor to earn an interest in the applicable Lands under a farmin or similar arrangement and any overriding royalty, net profits interest or other encumbrance in favour of the Vendor identified as respecting the Lands.

"Petroleum Substances" means crude oil, natural gas and every other mineral or substance (including products derived therefrom, sulphur and its components and, if applicable, sands and other rock materials containing bitumen), the right to explore for which, or an interest in which, is granted under the Leases respecting the Lands.

"Pipeline Records" means, with respect to each pipeline operated by the Vendor that is included in the Tangibles and for which the licence is expected to be transferred to the Purchaser, any pipeline records that the Vendor is required to retain under the Regulations for each such pipeline, including information about the pipeline route and licence, applicable integrity and inspection information and applicable risk management system information.

"Prime Rate" means the per annum rate designated at the applicable time as the reference rate for Canadian dollar commercial loans by the main Calgary branch of the principal bank used by the Vendor, with any change to that rate being effective under the Agreement on the same day as it is made effective by that bank.

"Property Transfer Procedure" means this Schedule.

“Purchase Price” means the amount determined under Clause 2.04 as a consequence of modifying the Base Purchase Price to reflect exclusions and adjustments on the basis prescribed by that Clause and as may otherwise be described in the Agreement.

“Purchaser” means the Party that is purchasing the Assets hereunder and that is described as “the Purchaser” in the Head Agreement, provided that all references to “the Purchaser” herein will be interpreted as “the Transferee” for a Transaction that is an Asset Exchange.

“Regulations” means all statutes, laws, rules, orders, directives, guidelines and regulations in effect from time to time and made by governments or Regulatory Authorities having jurisdiction over the Assets, the Parties or the Transaction, and also includes, for purposes only of the confidentiality obligations in Article 16.00 and the issuance of public announcements under Article 17.00, applicable stock exchange requirements.

“Regulatory Authority” means an agency or authority of a government having apparent or actual jurisdiction over the Assets, the Parties or the Transaction.

“Representations and Warranties Certificate” means a certificate to be executed by an officer of a Party as a condition to Closing under Clause 10.01 on behalf of that Party (but not in any personal capacity) respecting the accuracy of the representations and warranties made by that Party under Article 6.00, if the form of that certificate has been included as a Schedule.

“Required Approvals” means any approval required under the *Investment Canada Act* (Canada) and the *Competition Act* (Canada), or either of them, as applicable.

“Right of First Refusal” means a right of first refusal, pre-emptive right of purchase or similar contractual right under any of the Title and Operating Documents or otherwise whereby a third party has the right to purchase or acquire any of the Assets because of the Vendor’s agreement to dispose of the Assets to the Purchaser under the Agreement.

“Schedule” means a schedule or exhibit to the Head Agreement.

“Scheduled Closing Date” has the meaning set forth for that term in the Head Agreement.

“Security Interests” means security interests in the Assets (or registrations evidencing same) expressly granted by the Vendor, any of its Affiliates or its predecessors in title under the provisions of, without limitation, a mortgage, deed of trust, *Bank Act* (Canada) assignment, debenture, general security agreement or a land charge under personal property security legislation.

“Specific Conveyances” means all conveyances, notices of assignment, other assignments, transfers, novations, authorizations and other documents, other than the General Conveyance, that are reasonably required or desirable in accordance with normal oil and gas industry practice to effect the transfer of the Assets to the Purchaser and to novate the Purchaser into the Title and Operating Documents in the place of the Vendor with respect to the Assets, provided that no such conveyance will be made for any Surface Rights for which the Purchaser is required to enter into its own agreement with the applicable grantor or grantee (such as a road use agreement or crossing agreement held under a “master agreement”), in each such case within 60 days after Closing.

“Surface Rights” means all rights to use the surface of land in connection with the Assets, including rights to enter upon and occupy the surface of land on which the Tangibles and the Wells are located and rights to cross or otherwise use the surface of land for access to the Assets, excluding: (i) any such rights serving wells other than the Wells; (ii) rights derived from a road use agreement or crossing agreement held under a “master agreement” for which the Purchaser is required to enter its own agreement; or (iii) any such rights that the Vendor otherwise reasonably retains for its other operations, as identified to the Purchaser in writing at least five Business Days prior to Closing (or at such other time as the Parties may agree), provided that the Vendor will provide the Purchaser with such rights of use as it may reasonably require for its operations respecting the Assets on such terms as are reasonable in the circumstances, insofar only as the Vendor has the right to do so and this grant of access relates only to any such access roads being retained by the Vendor.

“Tangibles” means, subject to the exclusion of the Excluded Assets, the Vendor’s entire disposed interest in and to:

- (a) the Facilities;
- (b) any additional items that are specifically indicated in a Schedule to be included as Tangibles; and
- (c) all other tangible depreciable property and assets that are located at the location of the applicable Well or in the vicinity of the Lands and that are used or useful solely for production, gathering, treatment, compression, transportation, injection, water disposal, water source, measurement, processing, storage or other operations respecting the Petroleum and Natural Gas Rights or the handling or measurement of Petroleum Substances, including any tangible equipment relating to the Wells and located at the site of the applicable Well, unlicensed incidental facilities (such as water intake facilities and environmental monitoring sites and facilities) and SCADA and other field management systems or measurement systems at the site of the applicable Well.

Notwithstanding the preceding portion of this definition, the following are excluded from the Assets unless identified in a Schedule or they are otherwise included in the Assets by operation of the Agreement: (i) any abandoned pipeline that is not subject to a unit agreement; (ii) any tangible depreciable property beyond the point of entry into a gathering system, plant or other facility serving any wells other than the Wells; (iii) any other tangible depreciable property serving wells other than the Wells; and (iv) any motorized vehicles.

“Thirteenth Month Adjustment” means the accounting process performed annually by an operator of particular Tangibles under the Title and Operating Documents for the purpose of recalculating and redistributing certain revenues and expenses among the users of those Tangibles to reconcile actual revenues and expenses with the estimates originally used by the operator for its initial allocations to those users, including operating expenses, processing fee revenues, excess capacity utilization fees and recoveries, royalties and gas cost allowances (or similar cost allowances).

“Title and Operating Documents” means, subject to the exclusion of the Excluded Assets and insofar as the Title and Operating Documents are being disposed hereunder and relate directly to the Petroleum and Natural Gas Rights, the Wells and the Tangibles, or any of them:

- (a) the Leases;
- (b) agreements affecting the Vendor’s interests in the Petroleum and Natural Gas Rights, including operating agreements, royalty agreements, farmout or farmin agreements, option agreements, participation agreements, pooling agreements, production allocation unit agreements (or similar documents) required under the Regulations in order to produce from a horizontal well, trust agreements and declarations;
- (c) agreements for the sale of Petroleum Substances that: (i) are terminable on not more than 31 days’ notice (without an early termination penalty or other cost); or (ii) are identified on a Schedule, excluding any agreement that pertains to production of the Vendor being retained by it that does not relate to the Assets if the Vendor is unable to assign that agreement to the Purchaser with respect only to the Lands and any lands pooled or unitized therewith;
- (d) agreements respecting the unitization of any of the Petroleum and Natural Gas Rights;
- (e) agreements pertaining to the Surface Rights;
- (f) agreements for the construction, ownership and operation of gas plants, gas gathering systems and other Facilities or Tangibles or the construction, ownership and operation of any shared pad site and the associated Tangibles;
- (g) service agreements for the treating, gathering, storage, transportation or processing of Petroleum Substances or other petroleum substances, injection or subsurface disposal, the use of wellbores or the operation of any Wells or Tangibles by a third party that: (i) are

terminable on not more than 31 days' notice (without an early termination penalty or other cost); or (ii) are identified on a Schedule;

- (h) any approvals, authorizations or licences required under the Regulations for the conduct of operations with respect to the Assets, including Well, Tangibles and pipeline licences; and
- (i) all other agreements that relate to the ownership, operation or exploitation of the Petroleum and Natural Gas Rights, the Wells or the Tangibles.

“**Title Defect**” has the meaning in Alternate ____ (Specify 1 or 2):

Alternate 1 (General Approach)

means a deficiency or discrepancy in or affecting the title of the Vendor in and to any of the Assets, sufficient to cause a reasonable buyer of the affected Assets to refuse to purchase them for fair market value (computed as if that defect did not exist), but specifically excludes, without restricting the generality of the foregoing, the Permitted Encumbrances.

Alternate 2 (Detailed Approach)

means a deficiency or discrepancy in or affecting the title of the Vendor in and to any of the Assets, sufficient to cause a reasonable buyer of the affected Assets to refuse to purchase them for fair market value (computed as if that defect did not exist), and includes:

- (a) *the Vendor holding a lesser beneficial interest in and to the particular Asset than attributed to it in the Land Schedule or another applicable Schedule;*
- (b) *the interest described for the Vendor in the Land Schedule or another applicable Schedule is subject to an encumbrance that is either not described or is misdescribed in that Schedule, where the value of that encumbrance or of the misdescribed portion of that encumbrance is directly adverse to the value of that Asset or the Purchaser's ability to enforce or defend title to that Asset if acquired by it hereunder; or*
- (c) *any other directly adverse deficiency or discrepancy in or affecting the title of the Vendor in and to any of the Assets;*

provided, however, that notwithstanding the foregoing, a “Title Defect” specifically excludes:

- (d) *all Permitted Encumbrances, including limitations in any of the Title and Operating Documents on the rights granted thereunder and any loss of Lands between the Effective Date and the Closing Time due to the expiry of any of the Lands subject to the Leases in accordance with the terms of the applicable Leases and Clause 5.03;*
- (e) *the fact that the interest of the Vendor or any of its predecessors in any of the Assets is a beneficial interest and not a legal interest;*
- (f) *the Vendor's interests in the Assets being held under any Title and Operating Documents that are evidenced by electronic copy only and the Vendor not having paper copies to any or all of those Title and Operating Documents;*
- (g) *any matter pertaining to the interest of a third party that does not pertain to the interest of the Vendor in the Assets or affect the Vendor's interest in a material, adverse way;*
- (h) *an alteration, subsequent to the Effective Date, to the Vendor's interest in any of the Assets as set forth in a Schedule attached hereto as a result of an earning or payout conversion under the Title and Operating Documents, provided that the applicable earning or payout conversion right is described in the Land Schedule or another Schedule;*
- (i) *a Right of First Refusal identified in this Agreement that has been exercised in accordance with the requirements of the applicable Title and Operating Documents;*
- (j) *missing documents or receipts that would otherwise demonstrate timely and full payment of initial consideration, lease rentals, delay payments, shut-in payments or other payments*

required under any Lease, provided that: (i) the lessor of the applicable Lease has accepted subsequent payments; (ii) there is no notice of default in respect thereof from the lessor in the applicable Lease file that has not been rectified; and (iii) there is no other evidence that the required payment was not made in a timely manner;

- (k) *missing or unsigned documents in the chain of the Vendor's title to any particular Asset, provided that: (i) those documents are not reasonably required to confirm the creation, establishment or maintenance of that title; and (ii) the current status of that title can otherwise be confirmed with reasonable certainty;*
- (l) *any Abandonment and Reclamation Obligations;*
- (m) *all defects, deficiencies, discrepancies and other matters that are described in the Agreement; and*
- (n) *any defect or other issue relating to any Right of First Refusal or similar rights which may or may not have been applicable as a result of the contribution of the Assets by an Affiliate of the Vendor to the Vendor, or as a result of any previous internal reorganization of the Vendor or its Affiliates.*

“Transaction” means the transaction contemplated by the Agreement through which the Purchaser acquires the applicable Assets from the Vendor.

“Transferee” means, with respect to an Asset Exchange, the Party acquiring the applicable Assets hereunder.

“Transferor” means, with respect to an Asset Exchange, the Party disposing the applicable Assets hereunder.

“Vendor” means the Party that is selling the Assets hereunder and that is described as “the Vendor” in the Head Agreement, provided that all references to “the Vendor” herein will be interpreted as “the Transferor” for a Transaction that is an Asset Exchange.

“Wells” means the Vendor's entire disposed interest in all wells (and the associated wellbores and casing) described in: Alternate 1 only ____; a combination of Alternates 1 and 2 ____; a combination of Alternates 1 and 3: ____; or Alternate 2 only ____ below (*Specify Alternate(s)*).

Alternate 1 (Wells Set Forth In Schedule)

Wells set forth in a Schedule, whether or not located on the Lands or lands pooled or unitized therewith.

Alternate 2 (Unscheduled Wells Located On The Lands-No Exclusions)

Wells not already set forth on a Schedule described in Alternate 1, if applicable, that are located on the Lands or lands pooled or unitized therewith, including any of the following such wells: any producing, shut-in, suspended, capped, observation, pressure monitoring, abandoned, injection, water source and disposal wells.

Alternate 3 (Unscheduled Wells Located On The Lands With Exclusions)

Wells not already set forth on a Schedule described in Alternate 1 that are located on the Lands or lands pooled or unitized therewith, including any of the following such wells: any producing, shut-in, suspended, capped, observation, pressure monitoring and other wells subject to a unit agreement, provided that the following wells not subject to a unit agreement will only be considered Wells if set forth on that Schedule as being included in the Assets: an abandoned, injection, water source or disposal well (including any such abandoned well that is reclamation certified or reclamation exempt).

1.02 Exclusion Of Assets

If a portion of the Assets is excluded from Closing because of: (i) the application of Clause 8.02 to Title Defects; (ii) the exercise of any Right of First Refusal by third parties; (iii) other provisions of the Agreement; or (iv) the written agreement of the Parties:

- (a) the terms “Assets”, “Facilities”, “Lands”, “Leases”, “Miscellaneous Interests”, “Petroleum and Natural Gas Rights” and “Tangibles” will be interpreted to reflect the exclusion of that portion of the Assets, and the Parties will proceed in a timely manner prior to Closing to amend the Head Agreement and the Schedules accordingly;
- (b) the amending agreement contemplated in the preceding Paragraph will modify the Base Purchase Price and the Purchase Price to reflect the value attributed to the Assets for which Closing does not occur, with a corresponding modification to the allocations of value among the classes of Assets under Clause 2.02, and, if requested by the Purchaser by notice to the Vendor, any Deposit held under Clause 2.03 will be adjusted accordingly; and
- (c) the adjustments made under Article 4.00 and any interest accruing under Clause 2.06 will be calculated accordingly.

1.03 References And Interpretation

Unless otherwise stated:

- (a) the references “hereunder”, “herein” and “hereof” refer to the provisions of this Property Transfer Procedure, and a reference to an Article, Clause, Subclause, Paragraph or Subparagraph herein refers to the specified provision of this Property Transfer Procedure;
- (b) the singular will be construed to include the plural and *vice versa*, and words that refer to a particular gender will include all genders;
- (c) the headings of Articles, Clauses and Subclauses and any other headings or indices are for reference only, and will not be used in interpreting any provision herein or as indicating that all provisions of this Property Transfer Procedure relating to a particular topic are found in that Article, Clause or Subclause;
- (d) a capitalized derivative or other variation of a defined term will have a corresponding meaning;
- (e) all references to “dollars” or “\$” refer to lawful currency of Canada, and all billings, payments and receipts will be made and recorded in Canadian currency;
- (f) a reference to “includes” or “including” is used to present some (but not necessarily all) examples of the matter for which the reference is used, and is not to be construed to limit the interpretation of that matter to only those examples;
- (g) a reference to a statute or similar legislative instrument includes all applicable Regulations, all subordinate or successor legislation in effect from time to time and all amendments thereto;
- (h) any reference to time means Mountain Standard Time or Mountain Daylight Time during the respective intervals in which each is in force;
- (i) a reference to “costs” and “expenses” excludes all payments made for taxes in the nature of GST/HST or any other value added, sales or transfer tax, insofar as they are refundable (by credit or otherwise) under the Regulations;
- (j) any reference to “days” refers to calendar days unless the reference is to Business Days, and if the phrase “within”, “at least” or “not later than” is used to refer to a specific number of days or Business Days, the day of receipt of the relevant notice will be excluded and the day of the relevant response or event will be included in determining the relevant time period. However, if the time for doing any act (including a response to a notice within a prescribed period) expires on a day that is not a Business Day, the time for doing that act will be extended to the next Business Day;

- (k) any reference to the "Vendor's entire disposed interest" means that interest of the Vendor being disposed of hereunder in the applicable Assets, but does not include any residual interest being retained after Closing by that Party in the Excluded Assets;
- (l) references to Assets or any subset thereof with respect to an Asset Exchange will refer to the interest of the applicable Transferor in the applicable Assets or subset thereof, as the context requires; and
- (m) this Clause will apply, *mutatis mutandis*, to the Head Agreement and the other Schedules.

1.04 Optional And Alternate Provisions

If the Parties have not made an election required hereunder for an optional or alternate term, that optional term or the first such alternate provision will apply as if it had been designated, except: (i) as provided in Clause 2.06 respecting the accrual of interest and Clause 6.02 respecting representations and warranties being made by the Vendor; and (ii) that the "will not" selection will apply with respect to a Deposit under Clause 2.03.

1.05 Interpretation If Types Of Assets Limited

If the Assets to which the Agreement pertains do not include both Petroleum and Natural Gas Rights and Tangibles, the provisions of this Property Transfer Procedure will be interpreted in the context of either the Petroleum and Natural Gas Rights or Tangibles, as the case may be, and the applicable Miscellaneous Interests.

1.06 Interpretation If Closing Does Not Occur

Each provision of the Agreement that presumes that the Purchaser has acquired the applicable Assets hereunder will be construed as having been contingent upon Closing having occurred.

1.07 Conflicts And Enforceability

- A. Conflicts Within Agreement-The applicable provision of the Head Agreement will prevail if there is a conflict between a provision of the Head Agreement and that of a Schedule (including this Property Transfer Procedure), the General Conveyance or a Specific Conveyance. The applicable provision of this Property Transfer Procedure will prevail if a provision of this Property Transfer Procedure conflicts with that of another Schedule, the General Conveyance or a Specific Conveyance, unless expressly stated in that other Schedule, the General Conveyance or that Specific Conveyance.
- B. Conflicts With Regulations Or Leases-The provisions of the Regulations or the applicable Lease will prevail if there is a conflict between any provision of the Agreement, the General Conveyance or a Specific Conveyance and the Regulations or a Lease, provided that: (i) the Parties recognize that the registered interests in the Leases may not correspond to the Vendor's interests in the applicable Lands; (ii) the allocation of responsibility for Losses and Liabilities will apply between the Parties, including the liability and indemnification provisions of Article 13.00; and (iii) the Regulations will prevail insofar as there is a conflict between the Regulations and the Leases.
- C. Severance And Enforceability-The applicable provisions (or portions thereof) of the Agreement will be deemed to be severed from the Agreement to the extent necessary, insofar as: (i) a conflict is not within the exceptions in Subclause 1.07B; or (ii) any provision of the Agreement is judicially determined to be unenforceable. Any such severed provision will be of no further force and effect, provided that the Parties will mutually attempt in good faith to negotiate a replacement provision that will secure the purposes of the original provision in a legally valid manner. The remainder of the Agreement will remain in full force and effect between the Parties in such event.

1.08 Vendor's Knowledge

The knowledge or awareness of the Vendor herein consists of the actual knowledge or awareness of its current officers and employees with management or supervisory responsibilities whose normal responsibilities relate to the matter in question. For these purposes, knowledge and awareness do not include the knowledge of any other person, any third party or constructive knowledge. For representations and warranties that are made to the Vendor's knowledge or awareness, the Vendor does not have any obligation to review its files or records, to make inquiry of any third parties or to review the files and records of any third party or Regulatory Authority.

1.09 Governing Law

The Agreement will be treated as a contract made in the Province of Alberta. The Agreement will be subject to and be interpreted and enforced in accordance with the laws in effect in the Province of Alberta, including the federal laws of Canada applicable therein, provided that this does not affect the Parties' obligations to comply with the Regulations applicable to any Assets located outside the Province of Alberta. Subject to the dispute resolution processes in Article 9.00, each Party accepts and attorns to the exclusive jurisdiction of the courts of the Province of Alberta in the Judicial District of Calgary and all courts of appeal therefrom with respect to the Agreement and any associated legal proceedings between the Parties.

1.10 Time Of Essence

Time is of the essence in the Agreement.

1.11 No Amendment Except In Writing

Except as otherwise provided herein, amendments to the Agreement must be in writing and executed by the Parties.

1.12 Waiver

- A. Waiver Must Be In Writing-Except as otherwise provided herein, no waiver by any Party of any application or breach (whether actual or anticipated) of any condition, representation, warranty or other provision of the Agreement will be effective, unless that waiver is expressed in writing under that Party's authority. Any waiver so given will extend only to the particular application or breach to which it pertains, and will not limit or affect any rights respecting any future application of that provision or any other or future breach, whether of a like or different character. A Party that fails to take any steps in respect of a breach or non-fulfillment of any provision of the Agreement by another Party will not be regarded as having waived its rights with respect to that matter, except insofar as the Agreement expressly provides that its rights are extinguished with respect to that matter because of its failure to exercise those rights by a specified time.
- B. Exercise Of Remedies-No failure of a Party to exercise any right or remedy will operate as a waiver thereof. A Party will not be precluded from exercising any right available to it at law, equity or by statute because of its exercise of any single or partial right, and a Party may exercise any such remedies independently or in combination.

1.13 Supersedes Earlier Agreements

The Agreement supersedes all other oral or written agreements, representations and understandings between the Parties about the Transaction and the Assets, and expresses the entire agreement of the Parties with respect to the Transaction and the Assets, except for: (i) the Title and Operating Documents; and (ii) any other such agreement, representation or understanding insofar as it is expressly stated in the Agreement to remain in effect between the Parties.

1.14 Legal Rules Of Construction

The Agreement has been negotiated by each Party with the opportunity to obtain legal representation. Any rule of construction to the effect that any ambiguities are to be resolved against the drafting Party will not apply to the construction or interpretation of the Agreement.

1.15 Modifications To 2017 CAPL Property Transfer Procedure

This Property Transfer Procedure is in the 2017 form of CAPL Property Transfer Procedure published by the Canadian Association of Petroleum Landmen. It is modified only by filling in the blanks and making the elections required herein and by those changes specifically identified: (i) herein by underlining or strikethrough text; (ii) in the Head Agreement; or (iii) in a Schedule of elections and amendments. Each modification hereof that has not been specifically identified in this manner will be deemed to be inoperative, and the 2017 CAPL Property Transfer Procedure will apply as if that modification had not been made.

2.00 ACQUISITION AND DISPOSITION

2.01 Disposition And Acquisition

The Vendor agrees to dispose of the Assets to the Purchaser, and the Purchaser agrees to acquire them from the Vendor on the terms and conditions set forth in this Agreement.

2.02 Base Purchase Price And Tax Allocation

The Base Purchase Price is \$_____. The Parties hereby agree to allocate the Base Purchase Price amongst the Assets, as applicable, as follows:

- | | | |
|-----|----------------------------------|---|
| (a) | Petroleum and Natural Gas Rights | 80% |
| (b) | Tangibles | 20% minus the value attributed to the Miscellaneous Interests |
| (c) | Miscellaneous Interests | \$10.00. |

The Parties will report the Transaction for all federal, provincial and local tax purposes in a manner consistent with the allocation referred to in this Clause.

2.03 Receipt And Handling Of Deposit

This optional Clause will ____/will not ____ (Specify) apply herein.

The Vendor acknowledges receipt from the Purchaser, on the day of execution of this Agreement, of a deposit of 10% of the Base Purchase Price paid by certified cheque, bank draft or wire transfer. The Vendor will hold the Deposit in trust on behalf of the Purchaser, but the Vendor will not be required to hold the Deposit in a special trust account. If Closing occurs, the Vendor will apply the Deposit to the Purchase Price. If Closing does not occur, the Vendor will promptly return the Deposit to the Purchaser with simple interest thereon calculated at the Prime Rate plus one percent per annum from the time of its receipt by the Vendor to the date of its return to the Purchaser, subject to the respective rights of the Parties under Article 12.00 in the event of default.

2.04 Determination Of Purchase Price And Form Of Payment

A. Adjustments To Base Purchase Price-The Purchase Price for the Assets is the amount resulting from the following calculation:

- (a) the Base Purchase Price;
- (b) plus or minus, as applicable, the amount of any modifications resulting from the exclusion of certain Assets from the Transaction under Clause 1.02 and any other modification to the Purchase Price otherwise agreed by the Parties;

- (c) plus or minus the applicable net adjustments resulting from the operation of Article 4.00, provided that any apportionment made thereunder that is not contained in the interim or final accounting referenced in Subclause 4.02A will not cause an adjustment to the Purchase Price; and
- (d) plus the Interest Amount, if applicable, under Clause 2.06.

The Purchaser will pay that calculated amount, less any Deposit, and any taxes payable under Clause 2.05 to the Vendor at Closing.

- B. Environmental Liabilities Taken Into Account-Each Party confirms that the Purchaser's assumption of responsibility for Environmental Liabilities, including the Abandonment and Reclamation Obligations, and the Vendor's release of responsibility therefor has been taken into account in determining the Purchase Price.
- C. Form Of Payment-Unless otherwise agreed, the Purchaser will pay all amounts payable under the Head Agreement and this Article by certified cheque, bank draft or wire transfer. However, the Purchaser must pay any such amount by wire transfer if required by the rules of Canada's financial clearing system. In such event, the Vendor will notify the Purchaser, at least three Business Days prior to the Closing Time (or such other time when that payment is required), of the account designated by the Vendor for receipt of that amount.

2.05 GST/HST And Other Sales Taxes

- A. Handling Of GST/HST-The GST/HST applicable to the disposition of the Assets will be handled on the basis outlined in Alternate _____ below (Specify 1 or 2). The Business GST/HST Registration Numbers of the Parties are _____.

Alternate 1 (General)

Subject to any application of the reverse collection mechanism applicable to certain real property conveyances, the Purchaser will remit the applicable GST/HST to the Vendor at Closing. The Vendor will remit such GST/HST to the applicable governmental authority in the manner and within the time constraints stipulated in Part IX of the Excise Tax Act ("ETA"), or as stipulated in successor or parallel legislation that might arise from time to time. If the reverse collection mechanism applies, the Purchaser will comply with all of its obligations and entitlements under the ETA.

Alternate 2 (Joint Section 167 Election)

The Purchaser and Vendor will make a joint election under section 167 of the ETA so that GST/HST will not be payable on the transfer of the Assets. The Parties will both execute the relevant GST/HST form for Closing to effect that election. The Purchaser will file that form with its GST/HST return for the reporting period in which Closing occurs. It will provide the Vendor with such supporting documentation as the Vendor may reasonably request in order to confirm that such election has been made and properly filed. The Purchaser will indemnify, hold harmless and defend the Vendor for the Vendor's Losses and Liabilities pertaining to any failure of the Purchaser to file that election or any failure in its acceptance by applicable governmental authorities.

- B. Handling Of Sales Taxes-At Closing, the Purchaser will remit any provincial sales taxes pertaining to its acquisition of the Assets to the applicable Regulatory Authority in the required manner, or will provide appropriate purchase exemption certificates, if applicable. The Purchaser will indemnify, hold harmless and defend the Vendor for the Vendor's Losses and Liabilities pertaining to any failure of the Purchaser to remit those taxes as required.
- C. Reassessment-If the amount of the GST/HST or any provincial sales tax payable hereunder is adjusted as a result of any reassessment by the applicable Regulatory Authority, the Purchaser will indemnify, hold harmless and defend the Vendor against any such applicable adjustment to GST/HST or provincial taxes and any associated interest and penalties (excluding income taxes), and all such amounts, including any applicable refund, will be for the Purchaser's account. However, the Parties will cooperate to ensure that all reasonable

steps are taken to minimize the net impact of any such taxes and the corresponding penalties and interest.

- D. GST/HST Amounts Payable Under Section 182 Of ETA-Notwithstanding any other provision of this Agreement, if any amount is payable by a Party as a result of a breach, modification or termination of this Agreement in circumstances in which section 182 of the ETA applies to any of that amount, the amount payable for GST/HST will be increased by an amount equal to the applicable GST/HST rate multiplied by the applicable portion of the amount otherwise payable and the applicable payor will pay that increased amount.

2.06 Interest Accrual

Interest will accrue on the Base Purchase Price (less the Deposit), plus or minus the net amount of the modifications and adjustments made at Closing under Clause 1.02 and Paragraph 4.02A(a), on the basis provided in this Clause if Alternate 1 or 2 is selected. Any such interest accrual will result in a corresponding increase to the Purchase Price and, subject to Clause 1.05, the amount allocated to the Petroleum and Natural Gas Rights. Any interest accruing under this Clause will be calculated on a daily basis, but will not be compounded. Interest will not accrue under this Clause if neither Alternate is selected. Alternate ____/ Neither Alternate 1 nor 2 ____ will apply (Specify) in this Clause.

Alternate 1 (Accrual From Effective Date)

Interest at Prime Rate plus one percent per annum will accrue to the Vendor on the adjusted Purchase Price during the Interim Period, provided that the interest accrual for the period after the Vendor's receipt of a Deposit will be based on the adjusted Purchase Price, less the Deposit.

Alternate 2 (Accrual From Scheduled Closing Date)

If Closing is delayed, interest at Prime Rate plus one percent per annum will accrue to the Vendor on the adjusted Purchase Price, less any Deposit, for the period between the Scheduled Closing Date and the date Closing occurs.

Notwithstanding the preceding portion of this Clause and the Alternate that has been selected, interest will not accrue for the applicable period, insofar as the Vendor waives that interest accrual or Closing is delayed: (i) to provide the Vendor with the opportunity to attempt to address any Title Defects or other title deficiencies, including any delay contemplated under Subclause 8.02F if certain title deficiencies are remedied by the Vendor after Closing; (ii) due to the conduct of an arbitration under Article 9.00; or (iii) for any other reason solely attributable to the Vendor.

3.00 CLOSING

3.01 Place Of Closing

Unless otherwise agreed, Closing will occur at the Closing Time at the office of the Vendor identified in its address for service in Clause 15.02.

3.02 Effective Date Of Transfer

Subject to the handling of net production income or loss during the Interim Period prescribed by Clause 4.03 and the Vendor's obligations to the Purchaser with respect to the maintenance of the Assets during the Interim Period under Article 5.00 (including those relating to insurance), the transfer of the Assets from the Vendor to the Purchaser and the assumption of the benefits and obligations associated with the Assets by the Purchaser will be effective as of the Effective Date, provided that Closing occurs. As between the Parties, possession of the Assets will pass to the Purchaser at Closing.

3.03 Deliveries At Closing

- A. Deliveries By The Vendor-Subject to the handling of Specific Conveyances prescribed by Clauses 3.05, 3.06 and 3.07, the Vendor will deliver to the Purchaser at the Closing Time:

- (a) a General Conveyance, which has been prepared and executed by the Vendor;

- (b) all required Specific Conveyances, prepared and executed by the Vendor, except insofar as the Vendor is permitted to deliver the Specific Conveyances at a later date under the Head Agreement or as agreed in writing by the Purchaser;
 - (c) copies of all waivers and exercises of Rights of First Refusal received by the Vendor respecting the disposition of the Assets to the Purchaser;
 - (d) the Representations and Warranties Certificate executed on behalf of the Vendor, if required by the Agreement; and
 - (e) those other documents as are specifically required under the Agreement or as may be reasonably requested by the Purchaser upon reasonable notice to the Vendor, including: (i) any agreements required from the Vendor under the definition of Surface Rights for surface access to the Assets because of the Vendor's retention of surface access for its other operations; and (ii) registrable discharges of all Security Interests or a "no interest" letter that is satisfactory to the Purchaser, acting reasonably, from the financial institution(s) or other third parties holding those Security Interests, if requested by the Purchaser under Paragraph 10.02(c).
- B. Deliveries By The Purchaser-Subject to the handling of Specific Conveyances prescribed by Clauses 3.05, 3.06 and 3.07, the Purchaser will deliver to the Vendor at the Closing Time:
- (a) payment of any amount owing at Closing by the Purchaser under the Agreement;
 - (b) a General Conveyance duly executed by the Purchaser;
 - (c) the Representations and Warranties Certificate executed on behalf of the Purchaser, if required by the Agreement;
 - (d) copies of Specific Conveyances that have been executed by it; and
 - (e) those other documents as may be specifically required under the Agreement.

3.04 Delivery Of Files

- A. Vendor's Delivery Of Files-Unless otherwise agreed by the Parties, the Vendor will deliver to the Purchaser, in an organized form and at the Vendor's expense, the Vendor's records, files, reports, data and documents constituting the Miscellaneous Interests within 10 Business Days after Closing. Insofar as those materials relate directly to assets in which the Vendor retains an interest, the Vendor may retain the original of those materials and provide a photocopy of them to the Purchaser. The Vendor may retain a photocopy or scanned copy of any original materials delivered to the Purchaser under this Subclause.
- B. Vendor's Right Of Access To File Materials-The Vendor may, at its sole expense, obtain from the Purchaser, for a period of 72 months after the Closing Time, copies or photocopies of the materials delivered to the Purchaser under the preceding Subclause insofar only as: (i) those materials are reasonably required by the Vendor, including as reasonably required for audits or claims by third parties; and (ii) those materials are still in the possession of the Purchaser. If the Purchaser disposes of any of the Assets during that period to a third party, the Purchaser will take reasonable steps to enable the Vendor to have continued reasonable access to those materials for those purposes for the remainder of that period, provided that the Purchaser will not be required to retain copies of those materials after any such disposition by it.

3.05 Distribution Of Specific Conveyances

Alternate _____ (Specify 1 or 2) will apply in this Clause, provided that the Vendor will reimburse the Purchaser for all registration fees incurred by the Purchaser in registering any discharges for Security Interests provided to the Purchaser as a condition to Closing under Paragraph 10.02(c).

Alternate 1 (Vendor To Distribute Specific Conveyances)

Except as otherwise agreed by the Parties, the Vendor will retain the required number of original copies of the Specific Conveyances and other documents delivered under Subclause 3.03A, and will promptly distribute them to third parties or register them on behalf of the Purchaser after Closing, insofar as they are normally distributed or registered. The Vendor will deliver to the Purchaser proof of registration of the applicable Specific Conveyances in a timely manner. The Purchaser will reimburse the Vendor for all transfer and registration fees incurred by the Vendor in registering those Specific Conveyances and other documents.

Alternate 2 (Purchaser To Distribute Specific Conveyances)

Except as otherwise agreed by the Parties, the Purchaser will, after Closing, promptly distribute to third parties or register the Specific Conveyances and other documents delivered under Subclause 3.03A, insofar as they are normally distributed or registered. The Purchaser will deliver to the Vendor proof of registration of the applicable Specific Conveyances in a timely manner. The Purchaser will bear all costs in distributing or registering those Specific Conveyances and other documents.

3.06 Electronic Transfers And Rentals

- A. Submission And Acceptance-Notwithstanding the distribution of Specific Conveyances contemplated in Clause 3.05 (but subject to the handling of the electronic transfers prescribed under Clause 3.07), this Clause applies insofar as required under the Regulations to effect an electronic transfer of the Vendor's registered interest in any Leases, Surface Rights or Wells or Tangibles on the basis contemplated in the Agreement, insofar as that registered interest is being assigned hereunder. The Vendor will submit electronic transfers for the Purchaser's approval under the process prescribed by the Regulations for any such Leases, Surface Rights or Wells or Tangibles within two Business Days following Closing. The Purchaser will confirm its acceptance of that interest within one Business Day after receipt of notification of that proposed transfer in that transfer system.
- B. Handling If Pending Rentals-Notwithstanding the preceding Subclause, this Subclause applies if there are any Leases or Surface Rights for which the Vendor is the payor of rentals and other similar land maintenance payments for which those amounts are payable in the calendar month in which Closing occurs and the next two calendar months. Insofar as requested by the Purchaser, by notice to the Vendor prior to Closing, the Parties will defer processing the transfers relating to the applicable Leases or Surface Rights until such date after the applicable payment date(s) as the Purchaser may reasonably request.

3.07 Pipeline Records And Associated Licence Transfers

- A. Deferral Of Transfer Of Certain Licences-Notwithstanding anything to the contrary in Clauses 3.05 and 3.06, if the Purchaser is required to be in possession of Pipeline Records pursuant to the Regulations prior to the submission of a transfer or application for transfer from the Vendor to the Purchaser of the licenses for the Tangibles to which those Pipeline Records pertain, the responsible Party may defer the submission of that transfer or application to a time not later than 10 Business Days following the Vendor's delivery of those Pipeline Records to the Purchaser under Subclause 3.04A.
- B. Deficiencies In Pipeline Records-Provided that Closing occurs, Alternate ___ below (Specify 1, 2 or 3) will apply in this Clause:

Alternate 1 (Purchaser Responsible For Deficiencies)

The Purchaser will be liable to and, in addition, indemnify, hold harmless and defend the Vendor against all Losses and Liabilities as a result of any Pipeline Records deficiencies, including financial responsibility for performance of any engineering assessments required to be conducted under the Regulations as a result of any Pipeline Records deficiencies.

Alternate 2 (Vendor Responsible For Deficiencies)

The Vendor will be liable to and, in addition, indemnify, hold harmless and defend the Purchaser against all Losses and Liabilities as a result of any Pipeline Records deficiencies for which the Purchaser provides written notice with reasonable particulars of those deficiencies to the Vendor within six months following Closing. That obligation includes

financial responsibility for performance of any engineering assessments required to be conducted under the Regulations as a result of any such Pipeline Records deficiencies. Insofar as the Purchaser fails to provide such a notice to the Vendor within that period, the Purchaser will be responsible for the applicable Pipeline Records deficiencies on the same basis as provided in Alternate 1 of this Subclause.

Alternate 3 (Responsibility For Deficiencies As Provided In Head Agreement)

The Parties will share responsibility on the basis provided in the Head Agreement for any Pipeline Records deficiencies for which the which the Purchaser provides written notice with reasonable particulars of those deficiencies to the Vendor within six months following Closing. That obligation includes financial responsibility for performance of any engineering assessments required to be conducted under the Regulations as a result of any such Pipeline Records deficiencies. Insofar as the Purchaser fails to provide such a notice to the Vendor within that period, the Purchaser will be responsible for the applicable Pipeline Records deficiencies on the same basis as provided in Alternate 1 of this Subclause.

4.00 ADJUSTMENTS

4.01 Benefits And Obligations To Be Apportioned

Except as otherwise provided herein, the Parties will apportion all benefits and obligations of every kind and nature relating to the Assets, including capital expenditures, maintenance costs, development costs, operating costs, royalties, property taxes, proceeds from the sale of production, fees paid or received for use of applicable production handling infrastructure, accounts receivable, gas cost allowances (or similar cost allowances) and incentives accruing to operations under the Regulations. The Parties will make that apportionment on an accrual basis as of the Effective Date using established accounting practices in the oil and gas industry. Notwithstanding the generality of the foregoing, the following principles will apply to adjustments made under this Article:

- (a) all costs incurred in connection with work performed or goods and services provided in respect of the Assets will be deemed to have accrued as of the date the work was performed or the goods or services provided, regardless of the time those costs became payable;
- (b) advances, cash calls and deposits made by the Vendor under the Title and Operating Documents or the Regulations for operations respecting the Assets will be adjusted as a credit to the Vendor, insofar as costs and expenses relating to them have not accrued or been incurred as of the Closing Time, and any such remaining advances, cash calls and deposits will be transferred to, and be for the benefit of, the Purchaser;
- (c) advances, cash calls and deposits received by the Vendor from third parties for operations pertaining to the Assets will be handled as required under the applicable Title and Operating Documents, insofar as costs and expenses relating to them have not accrued or been incurred as of the Closing Time, and any such advances, cash calls and deposits transferred to the Purchaser will be as trustee on behalf of the applicable third parties on the basis provided in the associated Title and Operating Documents;
- (d) Subject to the handling of rentals and any similar payments under Clause 5.05 in the transitional period after Closing, this optional Paragraph will ___/will not ___ (Specify) apply:

surface and mineral lease rentals and any similar payments made by the Vendor to preserve any of the Leases or any Surface Rights will be apportioned on a per diem basis as of the Effective Date;
- (e) all taxes, other than income taxes and any taxes based on the volume of produced Petroleum Substances, will be apportioned on a *per diem* basis as of the Effective Date;
- (f) the proceeds from all Petroleum Substances produced after the Effective Date will be for the benefit of the Purchaser, with those proceeds calculated using a Market Price, unless otherwise provided specifically in the Agreement or agreed by the Parties;

- (g) all Petroleum Substances produced as of the Effective Date, but not delivered to the purchaser thereof, including Petroleum Substances in storage, will not comprise part of the Assets, provided that, except to the extent otherwise agreed specifically in the Agreement, sludge at the bottom of any storage tanks and sulphur comprising part of a base pad or storage block, if any, will form part of the Assets. The value of any such sulphur inventory forming part of the Assets will be calculated as of the Effective Date, and that calculated amount will be part of the Base Purchase Price, with a separate tax allocation for product inventory. Petroleum Substances not comprising part of the Assets will remain the property of the Vendor, and the proceeds from any sale thereof by the Purchaser will be calculated using a Market Price and will accrue to the Vendor, with sales of those Petroleum Substances deemed to occur on a "first in, first out" basis;
- (h) the Vendor will not be required to make any adjustments in favour of the Purchaser with respect to any overhead amounts accruing to the Vendor, as operator, from any third parties under any of the Title and Operating Documents during the Interim Period and for any transitional period contemplated in Clause 5.04, insofar as the Vendor continues to act as operator of any of the Assets under the applicable Title and Operating Documents;
- (i) there will be no adjustments for royalty tax credits or other similar incentives that accrue to a Party because of financial or organizational attributes specific to it, other than gas cost allowances (or similar cost allowances);
- (j) a Thirteenth Month Adjustment for a period that includes months before and after the Effective Date will be apportioned on a *per diem* basis to reflect expenses, revenues and throughput volumes for the respective periods of the Parties' ownership of the Assets, provided that the methodology used in the applicable Title and Operating Documents to calculate a Thirteenth Month Adjustment will apply, *mutatis mutandis*, to any such adjustment between those periods, as if each such period is an annual period, if there is a material variance between the throughput or unit operating costs during those periods;
- (k) there will be no interest payable on adjustments, except: (i) insofar as provided for in Clause 2.06; and (ii) insofar as a Party fails to pay to the other Party the applicable amount owing to that other Party by the prescribed time under Paragraph 5.04(c); and
- (l) any dispute respecting adjustments will be resolved under Article 9.00.

4.02 Adjustments To Accounts

A. Adjustment Statements-Subject to the handling of disputes contemplated in Paragraph 4.01(l) and Subclauses B and C of this Clause, adjustments between the Vendor and the Purchaser under the Agreement will be effected as follows:

- (a) unless otherwise agreed by the Parties, the Vendor will provide the Purchaser with an interim statement setting forth in reasonable detail the adjustments proposed to be made at Closing not later than three Business Days prior to the Closing Time, based on the Vendor's good faith estimate of the costs and expenses paid by the Vendor prior to Closing, the revenues received by the Vendor prior to Closing and other relevant information available to the Vendor at that time; and
- (b) within the six month period after the Closing Time, the Vendor will prepare, on the basis of information available at that time and with input from the Purchaser, a written final statement of all adjustments and payments to be made under the Agreement, with the net amount thereof to be remitted by the Party required to make payment within 30 days after receipt of that statement, without prejudice to the other rights of that Party under the Agreement to verify that amount.

The Vendor will provide reasonable assistance to the Purchaser to assist it to verify the amounts set forth in a statement delivered to the Purchaser under this Subclause.

B. Audit Rights-Notwithstanding the preceding Subclause, each Party will have the right, following Closing, but not later than six months after the distribution of the final statement of

adjustments by the Vendor under Paragraph 4.02A(b), to examine, copy and audit the records of the other relative to the Assets for the purposes of effecting or verifying adjustments required under this Article, provided that this period will be extended insofar as is reasonably required to enable the Purchaser to verify any further adjustments contemplated under Subclause 4.02C. The auditing Party will, upon reasonable notice, conduct that audit at its sole expense during normal business hours at the offices of the audited Party or at such other premises at which those records are maintained. Any claims of discrepancies disclosed by that audit for a potential adjustment of at least \$10,000 will be made in writing to the audited Party within two months after the completion of that audit. That Party will respond in writing to any such claims within six months after the receipt of notice of those claims. The Parties will resolve any outstanding claims of discrepancies through the dispute resolution provisions of Article 9.00 insofar as they are not resolved within two months after that response.

- C. Possible Further Adjustments-This Subclause applies notwithstanding the adjustments contemplated in Subclause 4.02A, the audit process contemplated under Subclause 4.02B and the periods prescribed by Subclause 6.05A and Clause 13.01 for the Vendor's responsibility for breaches of representations and warranties made by it under Article 6.00. Further adjustments on the basis indicated in this Article will be made as and when those items arise if notice requesting that adjustment, including reasonable particulars thereof, has been given by a Party to the other Party within 30 days after receipt of a Thirteenth Month Adjustment or a completed and agreed to audit or other report and the need for that adjustment arises from:
- (a) a Thirteenth Month Adjustment, operator error adjustments or errors established by joint venture audits within 36 months after the Closing Time; or
 - (b) errors established by an audit or other review of lessor royalty payments that is conducted under the Regulations or Leases within 60 months after the Closing Time or such later time as may be prescribed by the Regulations.
- D. Audit Periods Before Effective Date-Nothing in this Article will restrict or otherwise interfere with any audit rights or obligations that the Vendor may have under any of the Title and Operating Documents prior to the Effective Date. Any adjustments under any such audit will be for the Vendor's account, insofar as they relate to a period prior to the Effective Date. Each Party will keep the other reasonably informed in a timely manner about the progress on handling prior audits, and each Party will offer such reasonable assistance as may be reasonably required to ensure that prior audits are resolved on a timely basis.
- E. Extension Under Limitations Act-Subject to the dispute resolution processes of Article 9.00 and the timing restrictions in this Article 4.00, the Parties agree that the period for seeking a remedial order under section 3(1)(a) of the *Limitations Act* (Alberta) for all claims that may arise under this Article 4.00 respecting adjustments and audits is extended until two years after expiry of the time the Agreement or the applicable Title and Operating Documents permitted the applicable audit to be performed.

4.03 Adjustment For Income Tax - Interim Period Income

The net production income or loss (i.e., gross revenues less operating costs, lessor royalties and other direct costs) that accrues in respect of the Assets in the Interim Period will belong to, or be a loss of, the Vendor. That amount will be adjusted for income taxes at the rate of ____%. The net production income or loss, as adjusted for income taxes, provided for in this Article will constitute a decrease or increase to the Purchase Price and, subject to Clause 1.05 if the Assets do not include Petroleum and Natural Gas Rights, to the amount allocated to the Petroleum and Natural Gas Rights.

4.04 Notification Of Receipt Of Funds Accruing To Vendor

The Purchaser will promptly notify and remit to the Vendor any payment or adjustment received by the Purchaser with respect to the Assets and relating to a period prior to the Effective Date. The Purchaser will hold any such payment or adjustment in trust for the Vendor until such time as the

Purchaser accounts to the Vendor for any such payment or adjustment, provided that this obligation does not require the Purchaser to hold any such funds being held by it on behalf of the Vendor in a separate trust account or otherwise to segregate those funds.

5.00 MAINTENANCE OF BUSINESS

5.01 Assets To Be Maintained In Proper Manner

Subject to the Agreement, the Leases and the other Title and Operating Documents, the Vendor will, during the Interim Period and insofar as the nature of its interest permits:

- (a) maintain the Assets in a proper and prudent manner in accordance with good oil field practice and the material requirements of the Regulations, with such consultation with the Purchaser as is prescribed by Clause 5.03 or is otherwise then reasonably appropriate;
- (b) pay or cause to be paid when due all costs, expenses and other amounts payable in respect of the Assets during the Interim Period; and
- (c) comply with all of its obligations respecting the Assets under the Title and Operating Documents.

For the purpose of this Article 5.00, the Vendor has authority to make an expenditure with respect to a new obligation or commitment respecting the Assets for which the Vendor's share of that expenditure is reasonably estimated not to exceed \$50,000, even if the Vendor's share of that expenditure ultimately exceeds that amount. The Vendor will promptly give notice, in reasonable detail, to the Purchaser upon the Vendor becoming aware of any damage to the Tangibles of the type contemplated in the condition to Closing in Paragraph 10.02(a) that there be no substantial damage to the Tangibles.

5.02 Obligations For Insurance

- A. Vendor's Insurance Obligations-During the Interim Period, the Vendor will maintain any insurance policies that are in its name or for its benefit respecting the Assets. Unless otherwise specified herein or in the Head Agreement, the Vendor will not be required to obtain additional insurance respecting the Assets during the Interim Period, except insofar as that insurance is required to be maintained under the Regulations or the Title and Operating Documents. The Vendor will remain the beneficiary under all such policies of insurance, and, except as otherwise provided in Subclause 5.02B or as otherwise agreed by the Parties, the Purchaser will not be entitled to any proceeds of settlement thereunder.
- B. Insurable Event Occurs-This Subclause is contingent on Closing occurring and is notwithstanding the Purchaser's acquisition of the Assets as of the Effective Date. This Subclause applies to the handling of any insurance proceeds recoverable under any insurance policies contemplated in Subclause 5.02A respecting the Vendor's interest in the Assets due to an event that occurs, or Losses and Liabilities that otherwise accrue, during the Interim Period, including: (i) any applicable damage to the Assets; (ii) any Environmental Liabilities respecting the Assets; or (iii) any other event respecting the Assets that results in a third party claim. Insofar as this Subclause applies, the Vendor will assign to the Purchaser in a timely manner after the later of Closing or the recovery of those insurance proceeds, all of the Vendor's rights in and to any such insurance proceeds relating to the Assets, provided that this assignment of insurance proceeds will not exceed the amount of the applicable Losses and Liabilities suffered by the Purchaser.
- C. Obligations After Closing-Except insofar as otherwise required under any of the Title And Operating Documents, as provided in the Agreement or as agreed in writing by the Parties, the Purchaser will be responsible for maintaining its own policies of insurance respecting the interests acquired by it from the Vendor in the Assets at Closing.

5.03 Commitments During Interim Period

A. Vendor Notifications-During the Interim Period, the Vendor will promptly provide to the Purchaser copies of all AFEs, notices and mail ballots the Vendor receives respecting the Assets. The Vendor will not, without the prior written consent of the Purchaser, which consent may not be unreasonably withheld or delayed:

- (a) assume any new obligation or commitment respecting the Assets, if the Vendor's share of the associated expenditure is reasonably estimated to exceed \$50,000, except: (i) for amounts that it is committed to expend or is deemed to authorize under the Title and Operating Documents without its specific authorization or approval; or (ii) insofar as the Vendor reasonably determines that those expenditures or actions are necessary for the protection of life, property or the environment or otherwise to address an actual or imminent emergency, provided that it will promptly notify the Purchaser of any such expenditure or actions;
- (b) sell, transfer or otherwise dispose of any of the Assets, except for: (i) sales of production of Petroleum Substances reasonably made by the Vendor in the ordinary course of business under sales arrangements permitted herein; or (ii) insofar as is required to comply with any Right of First Refusal;
- (c) surrender or abandon any of the Assets, provided that, subject to the general obligation of the Vendor to maintain the Assets and consult with the Purchaser under Clause 5.01, this Paragraph does not apply to any reversion of Lands under the Leases due to their expiry in accordance with the applicable Leases;
- (d) terminate any of the Title and Operating Documents, amend any of them (other than for processing of assignments by third parties in the ordinary course of business), enter into any new agreement respecting the Assets or vote on any mail ballot or other similar notice issued under the Title and Operating Documents;
- (e) subject to Clause 5.01, Paragraph 5.03A(a) and Subclause 5.03B, propose or initiate the exercise of any option arising as a result of the ownership of the Assets (including rights under area of mutual interest provisions and any Right of First Refusal) or propose or initiate any operations with respect to the Assets that have not been commenced or committed to by the Vendor as of the Effective Date, if that exercise or option would result in an obligation of the Purchaser after the Effective Date or a material adverse effect on the value of any of the Assets; or
- (f) other than for Permitted Encumbrances, grant a Security Interest or any encumbrance with respect to any of the Assets.

Nothing in this Subclause, however, limits the Vendor's ability to pay, on behalf of the Purchaser, amounts owing with respect to any pending expenditures identified in a Schedule, as contemplated in the Vendor's representation in Paragraph 6.02(h) respecting authorized expenditures and any other amounts authorized to be expended on behalf of the Purchaser under this Article.

B. Elections During Interim Period-If an operation or the exercise of any option respecting the Assets is proposed in circumstances that would require the written consent of the Purchaser under Subclause 5.03A (the "Proposal"):

- (a) the Vendor will promptly give notice of the Proposal to the Purchaser, including with that notice supporting information in sufficient detail to enable the Purchaser to have a reasonable understanding of the nature, schedule and cost of the Proposal, insofar as the applicable Title and Operating Documents do not prohibit the disclosure of that supporting information by the Vendor to the Purchaser, provided that this does not require the Vendor to disclose any of its proprietary interpretations respecting that Proposal;

- (b) the Purchaser will advise the Vendor, by notice, not later than two Business Days prior to the time the Vendor is required to make its election for the Proposal to the applicable third parties, if the Purchaser wishes the Vendor to exercise its rights on behalf of the Purchaser, provided that: (i) this period will be reduced to 12 hours if the period within which the Vendor is required to reply is 48 hours or less; and (ii) failure to make an election within the applicable period will be deemed to be the Purchaser's election not to participate in the Proposal;
 - (c) the Vendor will notify the applicable third parties of the Purchaser's election for the Proposal within the period during which the Vendor may respond to it;
 - (d) any termination or alteration of the Vendor's interest in the Assets resulting from an election by the Purchaser not to participate in a Proposal will be a Permitted Encumbrance; and
 - (e) the Vendor may require the Purchaser to advance or otherwise secure any costs to be incurred by the Vendor on behalf of the Purchaser under this Subclause in such manner as may be reasonably appropriate in the circumstances.
- C. Vendor Not Obligated To Propose Operations-The Purchaser may not, without the written consent of the Vendor, request the Vendor to propose the conduct of any operation respecting the Assets during the Interim Period, except insofar as provided in the Head Agreement or this Article.
- D. Vendor May Refuse To Follow Certain Instructions-Notwithstanding any other provision of this Clause, the Vendor may refuse to follow instructions of the Purchaser that it reasonably believes to be unlawful, unethical or in conflict with the Regulations or any of the Title and Operating Documents by providing notice to that effect to the Purchaser in a timely manner. The Vendor will identify in any such notice the basis for that conclusion in reasonable detail.

5.04 Post-Closing Transitional Maintenance Of Assets

Following Closing and insofar as the Purchaser must be recognized by third parties under the Title and Operating Documents or otherwise recognized as the owner of any of the Assets, the Vendor will hold the applicable interests acquired by the Purchaser on its behalf as a bare trustee. The following will apply to the applicable interests and Assets until that recognition has been effected:

- (a) the provisions of Clause 5.03 will continue to apply, *mutatis mutandis*, except insofar as otherwise provided in this Clause;
- (b) the Vendor will forthwith provide to the Purchaser all AFEs, notices, mail ballots, specific information and other documents the Vendor receives respecting the Assets, and will respond to such AFEs, notices, mail ballots, information and other documents pursuant to the written instruction of the Purchaser, if received on a timely basis;
- (c) the Vendor will deliver to the Purchaser, on a monthly basis, in a manner consistent with the Vendor's internal accounting processes and the adjustment provisions of Article 4.00, all revenues, proceeds and other benefits received by the Vendor respecting the Assets and accruing to the Purchaser hereunder, less the share of the applicable lessor royalties, operating costs, treating, gathering, processing and product transportation expenses and those other costs and expenses directly relating to the Assets and the production of Petroleum Substances, provided that:
 - (i) the Vendor may not recover any administrative costs and expenses it incurs as a result of the performance of its obligations under this Article, except as provided: (i) in Paragraph 4.01(h) with respect to certain overhead recoveries accruing to the Vendor as operator under any of the Title and Operating Documents; (ii) elsewhere in the Agreement; or (iii) otherwise by agreement of the Parties;
 - (ii) any net amount owing to the Vendor under this Paragraph will be paid by the Purchaser within 30 days after receipt of the Vendor's invoice therefor;

- (iii) any amount not paid by a Party within the prescribed period may, at the option of the other Party, accrue interest under Clause 12.02; and
- (d) insofar as not already adjusted for under the preceding Paragraph: (i) the Purchaser will forward to the Vendor, within the period prescribed by the applicable Title and Operating Documents, any cash call advances, operating fund payments or other amounts required to be paid thereunder; (ii) the Vendor will hold any such amounts in trust on behalf of the Purchaser (without obligation to hold any such funds in a separate trust account or otherwise to segregate those funds); and (iii) the Vendor will pay those amounts in a timely manner to the applicable third parties; and
- (e) subject to the handling of Specific Conveyances prescribed by Clauses 3.05, 3.06 and 3.07, the Vendor will, on behalf of the Purchaser, deliver all such agreements, notices and other documents as the Purchaser may reasonably request to effect its ownership of the Assets.

5.05 Payment Of Rentals By Vendor

This Clause applies insofar as: (i) the Vendor is responsible for payment of rentals, delay payments, shut-in payments and similar payments to the applicable grantor or lessor with respect to any of the Leases or the Surface Rights to maintain them in good standing; and (ii) any such payments are payable before the end of the second calendar month after the calendar month in which Closing occurs. Insofar as requested by the Purchaser, by notice to the Vendor prior to Closing, the Vendor will make all such applicable payments on behalf the Purchaser. It will include those amounts in the interim statement of adjustments under Paragraph 4.02A(a), in a monthly accounting under Paragraph 5.04(c) or in the final statement of adjustments under Paragraph 4.02A(b), as applicable.

5.06 Production Accounting During Month In Which Closing Occurs

The Vendor will be responsible for production accounting with respect to the Assets for production obtained during the calendar month in which Closing occurs. The Purchaser will assume responsibility for production accounting with respect to the Assets for production obtained as of the first day of the calendar month following the calendar month in which Closing occurs. If the Purchaser is operating the applicable Assets during any portion of a calendar month for which the Vendor is responsible for production accounting, the Purchaser will provide the Vendor with all production data reasonably required by the Vendor to perform its obligations under this Clause.

5.07 Transfer Of Incidental Obligations To Third Parties

This Clause applies if the Vendor holds an interest for the benefit of a third party in the same properties as comprise the Assets and the Vendor is disposing of its entire interest in the applicable Assets to the Purchaser hereunder. The Parties will cooperate in transferring any such obligations of the Vendor to the Purchaser as of the Closing Time, insofar as is permitted by the contractual obligations of the Vendor to that third party. Nothing in this Clause, however, will operate to release the Vendor from any obligations to that third party that had accrued prior to the Closing Time.

5.08 Vendor Acting On Behalf Of Purchaser For Maintenance Of Assets

- A. Purchaser's Ratification Of Actions-Provided Closing occurs and insofar as the Vendor maintains the Assets and takes actions on behalf of the Purchaser in compliance with the obligations under this Article, it will be deemed to have been acting on behalf of the Purchaser hereunder. The Purchaser ratifies all actions taken, or refrained from being taken, by the Vendor under this Article in that capacity, with the intention that all such actions will be deemed to be those of the Purchaser, except insofar as the Vendor's actions under this Article constitute Gross Negligence or Wilful Misconduct of the Vendor, any of its Affiliates or the respective directors, officers, agents or employees of the Vendor or any of its Affiliates.
- B. Indemnification Obligations Of Purchaser-The Purchaser will be liable to and, in addition, indemnify, hold harmless and defend the Vendor, its Affiliates and the respective directors, officers, agents and employees of the Vendor and its Affiliates against all of their Losses and Liabilities as a result of maintaining the Assets or exercising other rights on behalf of the Purchaser under this Article, insofar as those Losses and Liabilities are not a direct result of

the Gross Negligence or Wilful Misconduct of the Vendor, any of its Affiliates or the respective directors, officers, agents or employees of the Vendor or any of its Affiliates.

6.00 REPRESENTATIONS AND WARRANTIES OF PARTIES

6.01 Mutual Representations And Warranties

Subject to the consents, approvals and waivers contemplated in the Agreement, each of the Vendor and the Purchaser represents and warrants to the other that:

- (a) **Standing:** It is duly organized, validly subsisting, registered and authorized to carry on business in the jurisdiction(s) in which the Assets are located and in the jurisdiction in which it is constated;
- (b) **Requisite Authority:** It has the requisite capacity, power and authority to execute the Agreement and all other agreements and documents to be executed by it, or on its behalf, hereunder and to perform its obligations hereunder;
- (c) **No Conflict:** The execution and delivery of the Agreement and the completion of the transfer of the Assets hereunder are not and will not, in any material respect, be in breach of, or in conflict with:
 - (i) any provision of the charter, by-laws, partnership agreement (if applicable), other constating documents or other governing documents of that Party;
 - (ii) the Regulations or any court order or judgment applicable to that Party or the Assets; or
 - (iii) any material agreement, instrument, permit or authority to which it is a party or by which it is bound;
- (d) **Execution And Enforceability:** It has taken all actions necessary to authorize the execution and delivery of the Agreement and all other documents to be executed by it hereunder, and, as of the Closing Time, that Party will have taken all actions necessary to authorize and complete the transfer of the Assets hereunder. The Agreement has been validly executed and delivered by that Party, and the Agreement and all other documents executed and delivered on behalf of that Party hereunder constitute binding obligations of that Party enforceable in accordance with their respective terms and conditions, subject to the qualification that such enforceability may be subject to:
 - (i) bankruptcy, insolvency, fraudulent preference, reorganization or other Regulations affecting creditors' rights generally; and
 - (ii) general principles of equity (regardless of whether such enforceability is considered in a proceeding at equity or law); and
- (e) **No Finders' Fees:** It has not incurred any obligation or liability, contingent or otherwise, for brokers' or finders' fees for the Transaction for which the other Party will have any responsibility; and
- (f) **No Material Change In Existence:** It does not have any present plan or intention to cease to remain in existence.

6.02 Vendor's Representations And Warranties

The optional Paragraphs in this Clause will only apply herein if indicated to apply by so indicating with a "Yes" in the applicable blank in the margin. An optional Paragraph for which the blank is not populated or for which it is populated by a "No" or "N/A" will be of no effect in the Agreement.

The Vendor represents and warrants to the Purchaser that:

- _____ (a) **Residency For Tax Purposes:** It is not a non-resident of Canada within the meaning of the Income Tax Act (Canada);
- _____ (b) **Lawsuits And Claims:** Except as identified in a Schedule, to the Vendor's knowledge, there are no unsatisfied judgments or claims, proceedings, actions, lawsuits or administrative proceedings in existence or threatened with respect to the Vendor, the Assets or its interest therein, and, to the Vendor's knowledge, no particular circumstance exists that it reasonably believes will give rise to such a claim, proceeding, action or lawsuit that would have a material adverse effect on the aggregate value of the Assets;
- _____ (c) **No Default Notices:** Except as identified in a Schedule, the Vendor has not received any notice of default under the Regulations or the Title and Operating Documents or any notice alleging its default thereunder, which default remains outstanding or unsatisfied;
- _____ (d) **Compliance With Title And Operating Documents:** To the Vendor's knowledge, there has been no act or omission whereby it is, or would be, in default under the Regulations in effect at the relevant time or any of the Title and Operating Documents, which default would reasonably be expected to have a material adverse effect on the total value of the Assets;
- _____ (e) **Payment Of Royalties And Taxes:** To the Vendor's knowledge, all rentals, royalties and all *ad valorem*, property, production, severance and similar taxes and assessments based on, or measured by, its ownership of the Assets, the production of Petroleum Substances from the Lands or the receipt of proceeds therefrom that are payable by it and that accrued prior to the Effective Date and for all prior years have been properly paid in the manner prescribed by the Leases and the Regulations, or will be so paid when due;
- _____ (f) **Encumbrances And Rights Of First Refusal:** The Vendor does not warrant its title to the Assets, but does warrant that, except for the Permitted Encumbrances, its interest in the Assets is free and clear of any and all liens, mortgages, pledges, claims, options, Rights of First Refusal, encumbrances, overriding royalties, net profits interests or other burdens that were created by, through or under the Vendor (or of which the Vendor has knowledge) and for which the Purchaser will be responsible after Closing;
- _____ (g) **No Reduction:** Except for the Permitted Encumbrances, the Vendor's interests in the Assets are not subject to reduction, by farmout, reference to payout of a Well or otherwise, through any right or interest granted by, through or under it or of which it has knowledge;
- _____ (h) **Authorized Expenditures:** Except: (i) as identified in a Schedule; (ii) as may be authorized under Article 5.00; or (iii) as are operating costs incurred in the ordinary course of business, there are no outstanding AFEs or other outstanding financial commitments respecting the Assets under which expenditures reasonably expected to exceed \$50,000 are or may be required by the Purchaser as a result of the acquisition of the Assets or in respect of which any amount is outstanding as of the Effective Date;
- _____ (i) **Sale Agreements:** Except as identified in a Schedule, the Petroleum and Natural Gas Rights are not subject to any agreement for which the Purchaser will be required to assume responsibility after Closing: (i) for the sale of Petroleum Substances that cannot be terminated, without penalty, on notice of 31 days or less; (ii) that includes "take or pay" or similar provisions; or (iii) for gas balancing;
- _____ (j) **Production Handling Agreements:** There are no Title and Operating Documents that are processing agreements, transportation agreements, disposal agreements or other production handling agreements respecting the Assets for which the Purchaser will be required to assume responsibility after Closing, except for: (i) any such Title and Operating Documents identified as such on a Schedule; and (ii) any such agreement that can be terminated on notice of 31 days or less without early termination penalty or other cost;
- _____ (k) **Environmental Matters:** Except as identified in a Schedule, to the Vendor's knowledge, it has not received and is not aware of:

- (i) any order or directive under the Regulations that relates to Abandonment and Reclamation Obligations, other Environmental Liabilities or environmental compliance matters under the Regulations, if that order or directive has not been complied with or otherwise satisfied in all material respects by the Closing Time;
- (ii) any demand or notice issued under the Regulations for the breach of any environmental, health or safety laws applicable to the Assets, including any Regulations respecting the release, use, storage, treatment, transportation or disposition of environmental contaminants, which demand or notice remains outstanding as of the Closing Time; or
- (iii) any particular existing circumstance respecting health, safety or the environment that it reasonably believes to be material and a reportable event under the Regulations;

_____ (l) **Operations And Compliance With Regulations:** Except as identified in a Schedule, to the Vendor's knowledge with respect to any Assets operated by it as of the Effective Date, it has not received (and does not have knowledge of) any notice of the occurrence of a material violation of the Regulations or any notice under the Regulations requiring work, repairs, construction or other capital expenditures with respect to the Assets for which the share of costs applicable to the Vendor's interest is reasonably expected to exceed \$100,000, and it is not aware that any material violation is occurring or has occurred (including failure to maintain any required permits or licences), which violation remains outstanding as of the Closing Time;

_____ (m) **Condition Of Wells:** To the Vendor's knowledge with respect to any Assets operated by it as of the Effective Date, each Well located on the applicable Lands, whether producing, shut-in, injection, disposal or otherwise, has been drilled and, if completed, completed and operated in accordance with generally accepted oil and gas field practices and the material requirements of the Regulations as they existed at the relevant time;

_____ (n) **Abandonment Of Wells:** To the Vendor's knowledge with respect to any Assets operated by it as of the Effective Date:

- (i) each Well located on the applicable Lands that has been abandoned has been plugged and abandoned, and the wellsite therefor is either properly restored or in the process of being properly restored, in accordance with generally accepted oil and gas field practices and the material requirements of the Regulations as they existed at the relevant time; and
- (ii) except as identified on a Schedule, it has not received notice under the Regulations to abandon any Well that was not abandoned as of the Effective Date;

_____ (o) **Condition Of Tangibles:** To the Vendor's knowledge with respect to any Assets operated by it as of the Effective Date, the Tangibles have been constructed, installed, maintained and operated in accordance with generally accepted oil and gas field practices and the material requirements of the Regulations as they existed at the relevant time;

_____ (p) **Provision Of Documents:** To the Vendor's knowledge, it will have made available to the Purchaser: (i) prior to Closing and in a manner materially consistent with the expectations outlined in Clause 8.01 if Article 8.00 has been selected to apply; or (ii) prior to execution of the Agreement and in a manner materially consistent with any due diligence process conducted by the Purchaser, as applicable, all of the Title and Operating Documents in the Vendor's possession that are relevant to the Vendor's title to the Petroleum and Natural Gas Rights and those additional Title and Operating Documents and other files, documents and materials comprising the Miscellaneous Interests that are reasonably required by the Purchaser to satisfy any conditions included for its benefit under Clause 10.02 or that have otherwise been reasonably requested by the Purchaser in conjunction with the Transaction;

_____ (q) **Well And Tangibles Transfers:** Subject to any application of Paragraph 10.01(e) respecting the submission by the Vendor of any security deposit required to be submitted by it under

the Regulations, the Vendor has a Licence Rating whereby it is eligible under the Regulations to transfer the applicable licence or approval for any Well or Tangibles operated by it for which it is intended that the Purchaser will become operator after Closing;

- _____(r) **Records Relating To Operated Tangibles:** The Vendor has collected, maintained and retained all Pipeline Records and other records relating to Tangibles operated by it as required under the Regulations, and it has or will have provided all such records to the Purchaser by the date the licence transfer for the applicable Tangibles is to be effective;
- _____(s) **Regulatory Production Penalties:** To the Vendor's knowledge, each Well that has been drilled for the purpose of producing Petroleum Substances has been drilled at a location for which an off-target production penalty is not applicable under the Regulations, except as identified in a Schedule;
- _____(t) **Regulatory Production Allowables:** To the Vendor's knowledge and except as identified in a Schedule: (i) no notice has been received under the Regulations that a Well has been produced in excess of regulatory production allowables; and (ii) there is no pending change thereto, other than as may generally be applicable under the Regulations;
- _____(u) **Area Of Mutual Interest Or Area Of Exclusion:** Except as identified in a Schedule, none of the Title and Operating Documents includes, or is otherwise subject to, an area of mutual interest or an area of exclusion that remains in effect as of the Effective Date;
- _____(v) **No Notice Of Offset Obligations:** Except as identified in a Schedule, the Vendor has not received any notice from, or on behalf of, the applicable lessor that any of the Leases is subject to an offset obligation, including an unsatisfied obligation to drill a well or surrender rights or an obligation to pay compensatory royalties;
- _____(w) **No Commitment To Deliver:** Except as provided in Clause 1401 of a standard form 1990 CAPL Operating Procedure forming part of any of the Title and Operating Documents or as identified in a Schedule, none of the Title and Operating Documents includes a commitment to deliver production from any Lands to particular Tangibles or any third party owned facilities, including any such commitment that requires the Vendor to pay a "take or pay" fee for use of those Tangibles or other facilities that exceeds their actual use by the Vendor;
- _____(x) **Not A Disposition Of Substantially All Vendor's Assets:** The Vendor is not disposing of all or substantially all of its assets through the Transaction;
- _____(y) **Leased Vehicles, Equipment And Premises:** None of the Tangibles or any motorized vehicles or field office included in the Assets are leased or rented, except as identified on a Schedule;
- _____(z) **No Removal Of Assets:** Other than for any excess inventory of materials (such as tubing and casing): (i) temporarily stored at the location of the Assets; (ii) owned solely by the Vendor (or otherwise not held jointly for the account of the Vendor and the third parties owning the applicable Well); and (iii) that was not being used for operations respecting the Assets at or after the Effective Date, the Vendor has not removed any other tangible depreciable property and assets from the location of the Assets after the Effective Date;
- _____(aa) **Quiet Enjoyment:** Subject at all times to: (i) the Vendor's other representations and warranties made under this Article; (ii) the Permitted Encumbrances; (iii) Title Defects waived (or deemed to be waived) by the Purchaser under Article 8.00; and (iv) the satisfaction of the obligations required to maintain the Leases in good standing by the applicable lessees, the Purchaser may, for the remainder of the term of the Leases, take possession of and use the Assets for its own use and benefit without any interruption by the Vendor or any other person claiming by, through or under the Vendor; and
- _____(bb) **Additional Representations:** The Vendor makes those additional representations and warranties that are specified as such in the Head Agreement, which are deemed to be made under this Clause for all purposes hereunder.

6.03 No Additional Representations Or Warranties By Vendor

- A. Qualifications To Vendor's Representations-Each representation or warranty of the Vendor made under Clause 6.01 or 6.02 will be qualified on the basis set forth in this Subclause. Any matter, event or circumstance that would constitute or give rise to a breach thereof in the absence of this Subclause will be excepted from that representation or warranty, insofar as that matter, event or circumstance was expressly disclosed in the Agreement.
- B. Assets Acquired On "As Is, Where Is" Basis-This Subclause is subject to Subclause 6.03A. Except as set forth in Clauses 6.01 and 6.02: (i) the Vendor makes no representations or warranties to the Purchaser; and (ii) the Purchaser acknowledges that it is acquiring the Assets on an "as is, where is" basis, without representation and warranty and without reliance on any information provided to the Purchaser or its representatives by the Vendor or its representatives, whether oral or in writing. In particular, except as expressly set forth in Clauses 6.01 and 6.02, the Vendor otherwise negates any representations or warranties, whether contained in any information, memorandum or otherwise, with respect to:
- (a) any data or information supplied by the Vendor or its representatives in connection with the Assets, the Agreement or the Transaction, whether provided in any data room materials or otherwise, including any engineering, geological, geophysical or other interpretations or economic evaluations respecting the Assets;
 - (b) the quality, quantity or recoverability of Petroleum Substances relating to the Assets;
 - (c) the value of the Assets or the future cash flow therefrom; and
 - (d) the quality, condition, serviceability, fitness or marketability of the Tangibles and Wells or their suitability for use for any purpose.
- C. Responsibility For Due Diligence-This Subclause is subject always to: (i) the Vendor's representations and warranties under Clauses 6.01 and 6.02, as qualified in Subclause 6.03A; and (ii) Clause 6.05 relating to the survival of representations and warranties. The Purchaser confirms, as of the Closing Time, that:
- (a) it will have made its own independent investigation, analysis and evaluation of the Vendor's interest in the Assets and the related Title and Operating Documents, including a review of the Vendor's title thereto, and will have relied on its own investigation, analysis and evaluation of the Vendor's title thereto;
 - (b) it has been provided with the right and opportunity to conduct its own due diligence and site inspections of the Assets and the related records held by the Vendor with respect to any Abandonment and Reclamation Obligations and other Environmental Liabilities, and will have relied on its own investigation, analysis, evaluation and inspection as to its assessment of the environmental condition of the Assets;
 - (c) it has not relied on any data, information or advice from the Vendor or its representatives with respect to any of the matters specifically enumerated in this Clause in connection with the acquisition of the Assets under the Agreement;
 - (d) in determining the Purchase Price, it took into account its assumption of the Abandonment and Reclamation Obligations and other Environmental Liabilities relating to the Assets on the basis set forth in the Agreement and the corresponding release of the Vendor's responsibility therefor; and
 - (e) it has relied (and will continue to rely) solely upon its own engineering and other evaluations, projections, assessments and inspections relating to the Assets and their condition, quantum and value.
- D. Discharge By Purchaser-Except for the representations and warranties in Clauses 6.01 and 6.02, or in the event of fraud, the Purchaser forever releases and discharges the Vendor, its Affiliates and the respective directors, officers, contractors, agents and employees of the

Vendor and each of its Affiliates from any Losses and Liabilities of the Purchaser and its assigns and successors, as a result of the use or reliance upon advice, information and materials pertaining to the Assets delivered or made available to the Purchaser by the Vendor, any of its Affiliates or the respective directors, officers, contractors, agents or employees of the Vendor or any of its Affiliates prior to or under the Agreement, including any evaluations, projections, reports and interpretive or non-factual materials prepared by or for the Vendor, or otherwise in its possession.

6.04 Purchaser's Representations And Warranties

The Purchaser represents and warrants to the Vendor that:

- (a) **Investment Canada Act:** The Purchaser is not a “non-Canadian” for the purposes of the *Investment Canada Act* (Canada) or, if the Purchaser is a “non-Canadian”, the Purchaser will comply with the requirements of that Act to the extent, if any, that the Transaction is reviewable or subject to notification requirements or conditions thereunder;
- (b) **No Lawsuits Or Claims:** There are no material unsatisfied claims, proceedings, actions, lawsuits or administrative proceedings in existence or threatened against the Purchaser that may materially and adversely affect the Purchaser’s ability to complete the Transaction;
- (c) **Acquiring As Principal:** The Purchaser is acquiring the Assets as principal and not on behalf of any third party;
- (d) **Well And Tangibles Transfers:** Subject to any application of Paragraph 10.01(e) respecting the submission by the Purchaser of any security deposit required required to be submitted by it under the Regulations, the Purchaser has a Licence Rating whereby it is eligible under the Regulations to accept the transfer of the applicable licence or approval for any Well or Tangibles for which it is intended to replace the Vendor as operator after Closing;
- (e) **Financial Capacity:** Subject to any condition to Closing respecting financing under Paragraph 10.02(d), it has sufficient cash, available lines of credit or other sources of immediately available funds to enable it to make payment of all amounts to be paid by it hereunder at Closing and to perform any other financial commitments being assumed by it with respect to the Vendor under the Agreement; and
- (f) **Additional Representations:** The Purchaser makes those additional representations and warranties, if any, that are specified as such in the Head Agreement, which are deemed to be made under this Clause for all purposes hereunder.

6.05 Survival Of Representations And Warranties

- A. Representations And Warranties To Survive Closing-Each Party acknowledges that the other may rely on the representations and warranties made by that Party under Clauses 6.01, 6.02 and 6.04. Those representations and warranties were true on the Effective Date and at execution of the Agreement and will be true at the Closing Time, and will continue in full force and effect and survive the Closing Time for a period of one year, for the benefit of the Party for which they were made.
- B. Claims For Breach-This Subclause is notwithstanding the preceding Subclause, but subject to the Vendor’s responsibility under Subclause 4.02C for any adjustments required thereunder after expiry of the period described in Subclause 6.05A. In the absence of fraud, no claim or action may be commenced for a breach of any representation or warranty under this Article or Article 13.00, unless, within the period prescribed in the preceding Subclause, written notice specifying the breach of the particular representation or warranty in reasonable detail has been provided to the Party that made that representation or warranty. Each Party waives any rights it may have at law or otherwise to commence a claim or action for a breach of a representation or warranty after that period in the absence of such a notice.
- C. Reliance-Nothing in this Clause, Article 13.00 relating to liability and indemnification or any other provision of the Agreement will preclude a Party that made a representation or

warranty under this Article 6.00 from offering as a possible defence that, prior to Closing, the other Party was aware of the matter, event or circumstance that forms the basis of its claim for breach of a representation or warranty and that it chose to proceed with Closing, notwithstanding that matter, event or circumstance.

- D. Parties Confirm Intention To Limit Liability-Subject to the exceptions provided herein with respect to any claims for fraud, the Parties confirm that the time periods in this Clause and Article 13.00 with respect to claims for the breach of any representation and warranty are intended by the Parties as a limitation of liability that represents a fair and equitable allocation of the risks and liabilities that each Party has agreed to assume in connection with the Transaction, and that this is not an agreement within the meaning of subsection 7(2) of the *Limitations Act* (Alberta).

7.00 THIRD PARTY RIGHTS AND CONSENTS

7.01 Rights Of First Refusal And Consents

- A. Service Of Required Notices-If any portion of the Assets is subject to a Right of First Refusal, the Vendor will promptly serve all required notices after execution of the Agreement. Each such notice will include a request for a waiver of any Right of First Refusal.
- B. Right Of First Refusal Values-The Purchaser will supply to the Vendor, in good faith and on a reasonable basis, the value or allocation proposed by the Purchaser for any of the Assets for which a Right of First Refusal notice is required under this Clause and the applicable Title and Operating Documents within three Business Days after the later of delivery to the Purchaser of: (i) the Agreement for execution by the Purchaser; or (ii) a list of each Right of First Refusal and the applicable Lands or Facilities to which it pertains and the applicable election period if that information was not included in a Schedule to the Agreement. The Parties will consult with respect to that value or allocation as appropriate in the circumstances. The Vendor will use the agreed upon value or allocation for the purposes of this Clause, provided that any dispute between the Parties with respect to that value or allocation will be resolved under Article 9.00.

This optional sentence will ____/will not ____ (Specify) apply: *Notwithstanding the preceding portion of this Subclause, the Purchaser will indemnify, hold harmless and defend the Vendor, its Affiliates and the respective directors, officers, agents and employees of the Vendor and its Affiliates against all of their Losses and Liabilities arising out of the allocations provided by the Purchaser in respect of each Right of First Refusal Notice to be provided pursuant to this Subclause if any such allocation is challenged by a third party under Subclause 7.01C.*

- C. Challenge By Third Party-The Vendor will promptly notify the Purchaser if a third party challenges the validity of a Right of First Refusal notice, including: (i) the value specified in a Right of First Refusal notice; (ii) the number of days within which a recipient may elect to exercise a Right of Refusal or the manner in which those days have been calculated; or (iii) the application of an exemption to the Right of First Refusal under the applicable Title and Operating Documents. In such event, the Parties will consult as appropriate in the circumstances about the manner in which they will address that challenge.
- D. Exercise Of Right Of First Refusal-Insofar as any third party elects to exercise any Right of First Refusal, the Vendor will promptly notify the Purchaser of that exercise, in which case the Purchaser will proceed only with the acquisition of those interests in the Assets to which those exercised third party Rights of First Refusal do not directly pertain. The value and description of the Assets will be amended under Clause 1.02, and, subject to any application of Subclause 7.01E and the other provisions of the Agreement, the Parties will proceed with Closing for those unaffected Assets, with a resultant adjustment of accounts.
- E. Termination-This optional Subclause will _____ / will not _____ (Specify) apply herein.

The Purchaser may, by notice to the Vendor prior to the Closing Time, terminate the Agreement if the value of the Assets deleted from the Assets through the exercise of Rights of First Refusal by third parties is 50% or more of the Base Purchase Price, calculated using the right of first refusal values contemplated in Subclause 7.01B.

- F. Consents-If the disposition herein requires the consent or approval of a third party under the Title and Operating Documents, the Vendor will serve all required notices in accordance with normal oil and gas industry practice, provided that the Purchaser may, by notice not later than five Business Days after execution of the Agreement, request the Vendor to serve any such notice promptly if the applicable consent requirement is other than for a consent that may not be unreasonably withheld.

8.00 PURCHASER'S REVIEW

This optional Article 8.00 will ____/will not ____ (Specify) apply herein. If it is not selected to apply, the Parties agree that:

- (a) Clause 8.01 will apply, *mutatis mutandis*, to any due diligence review conducted by the Purchaser prior to execution of the Agreement with respect to the respective duties of the Parties for the conduct of any such due diligence review and any Losses and Liabilities accruing as a consequence of any such due diligence review; and
- (b) Subclause 8.02D will apply, *mutatis mutandis*, to the Purchaser's acquisition of the Assets at Closing following any such due diligence review and any related identification of its concerns to the Vendor with respect to title to any of the Assets, with the deletion of the phrase "that were identified by the Purchaser in the notice issued under Subclause 8.02A" therefrom.

Except to the extent provided in Paragraphs (a) and (b) above, no provision of Article 8.00 will have any application if the Parties select that Article 8.00 will not apply to the Agreement.

8.01 Vendor To Provide Access

Upon reasonable prior notice by the Purchaser to the Vendor, the Vendor will, subject to the Regulations, the Title and Operating Documents, any other existing contracts or other restrictions and the confidentiality obligations under Article 16.00, provide the Purchaser and its representatives:

- (a) with reasonable access to the Vendor's records, files and documents constituting the Miscellaneous Interests at the Vendor's office during normal business hours, for the purpose of the Purchaser's review of the Assets and the Vendor's title thereto, including the Title and Operating Documents, provided that: (i) the Purchaser may not copy or photograph any such records, files and documents without the Vendor's consent; and (ii) the Vendor may exclude from the Title and Operating Documents commercial or business terms that do not affect the Assets and any documents then subject to legal privilege; and
- (b) with a reasonable opportunity to inspect the field location of the Assets during normal business hours, while accompanied by a representative of the Vendor reasonably designated by it, at the Purchaser's sole cost, risk and expense, insofar as the Vendor can reasonably provide that access. However, the Purchaser may not, without the Vendor's consent, take any samples during that inspection, including water and soil samples.

The Purchaser will ensure that its representatives visiting the Vendor's offices or the location of any of the Assets under this Clause comply with any reasonable requirements of the Vendor or the operator of the inspected Assets, as applicable, including any site requirements respecting health, safety and environment. The liability and indemnification obligations in Clause 13.02 will apply, *mutatis mutandis*, to any Losses and Liabilities accruing due to the acts or omissions of the Purchaser and its representatives relating to the access provided under this Clause.

8.02 Title Review And Title Defects

- A. Notification Of Any Title Defects-The Purchaser will conduct its review of the Vendor's title to the Assets with reasonable diligence. Not later than seven Business Days prior to the

Scheduled Closing Date (or such other date as the Parties may agree in writing), the Purchaser will give the Vendor notice of the Purchaser's Title Defects. It will specify in that notice: (i) those Title Defects in reasonable detail and the Purchaser's relative priority for rectification; (ii) the Assets directly affected thereby ("the Affected Assets"); (iii) any material agreements or documents related to the Title Defects that appeared to be missing; and (iv) the Purchaser's reasonable requirements for the curing of those Title Defects. The Vendor will diligently make reasonable efforts to cure those Title Defects not later than three Business Days prior to the Scheduled Closing Date.

B. Election Respecting Title Defects-Alternate ____ (Specify 1 or 2) will apply in this Subclause.

Alternate 1 (Delay Closing, Waive Or Terminate Agreement)

Insofar as the Title Defects described in the notice in the preceding Subclause have not been cured to the Purchaser's reasonable satisfaction, it may elect, by notice to the Vendor at least two Business Days before the Scheduled Closing Date, to:

- (a) *delay the Closing Time to such later date as is agreed by the Parties, to provide the Vendor with additional time to cure the remaining Title Defects, at which time this Subclause will again apply to any then uncured Title Defects;*
- (b) *waive the uncured Title Defects and proceed with Closing; or*
- (c) *terminate the Agreement, in which case Clause 18.05 will apply to that termination.*

Alternate 2 (Elections Dependent On Value Threshold)

Insofar as the Title Defects described in the notice in the preceding Subclause have not been cured to the Purchaser's reasonable satisfaction, it will, not later than two Business Days before the Scheduled Closing Date, give the Vendor notice of the Title Defects that the Purchaser is not prepared to waive. It will include in that notice the bona fide value it reasonably attributed to each affected interest, having regard to such factors as the likelihood that the applicable Title Defect will manifest itself and the Purchaser's reasonable requirements for its remedy. The Parties will proceed with Closing, without adjustment to the Base Purchase Price due to those uncured Title Defects, unless the total value reasonably attributed to them by the Purchaser in that notice exceeds 10% of the Base Purchase Price. If the total value so attributed to those uncured Title Defects exceeds that amount, it may elect, by notice to the Vendor not later than two Business Days before the Scheduled Closing Date, to:

- (a) *delay the Closing Time to such later date as is agreed by the Parties, to provide the Vendor with additional time to cure the remaining Title Defects, at which time this Subclause will again apply to any then uncured Title Defects;*
- (b) *waive the uncured Title Defects and proceed with Closing;*
- (c) *proceed with Closing for only those Assets not directly affected by the applicable uncured Title Defects, in which case the value and description of the Assets will be amended under Clause 1.02 and accounts adjusted accordingly insofar as that value is above that 10% threshold, provided that the Vendor may, by notice to the Purchaser: (i) delay Closing by three Business Days; and (ii) at or prior to that delayed Closing Time, terminate the Agreement if the Purchaser has made this election and attributed a value of 25% or more of the Base Purchase Price to the applicable Affected Assets in its notice of Title Defects; or*
- (d) *subject to the application of Subclause 8.02G if the Vendor does not agree with the value attributed to the Affected Assets by the Purchaser in its notice of Title Defects, terminate the Agreement if the total attributed value of the Affected Assets for which the Title Defects remain uncured is 25% or more of the Base Purchase Price.*

C. Deemed Election-Failure of the Purchaser to make an election under this Clause on or before the Closing Time will be deemed to be an election under Paragraph 8.02B(b).

- D. Title Defects And Closing-Upon Closing, the Purchaser will be deemed to have waived permanently all Title Defects pertaining to the acquired Assets that were identified by the Purchaser in the notice issued under Subclause 8.02A. However, this Subclause will not limit the Purchaser's rights with respect to other Title Defects respecting the acquired Assets that are subsequently discovered by the Purchaser, insofar only as those Title Defects are a result of the breach of the Vendor's obligations under Clause 5.03 with respect to material commitments during the Interim Period or, subject to the limitations in Clauses 6.03 and 13.01 on survival of certain of the Vendor's obligations, in breach of the Vendor's representations and warranties under Article 6.00.
- E. Exclusion Of Affected Assets And Closing-This Subclause applies if: (i) Alternate 2 has been selected to apply in Subclause 8.02B; (ii) the Purchaser elects to proceed with Closing under Paragraph (c) thereof; and (iii) the Vendor does not terminate the Agreement thereunder. In such event, the Base Purchase Price for Closing will exclude the value attributed to the Affected Assets by the Purchaser under Subclause 8.02B or such other value as the Parties may agree. Insofar as the Parties have not agreed on the value of the Affected Assets, they will determine that value, as of the Effective Date, under the dispute resolution process in Article 9.00, provided that this value will not exceed the value so attributed to those Affected Assets by the Purchaser. The Parties will promptly adjust accounts accordingly after a determination of the value of the Affected Assets under Article 9.00.
- F. Title Defects Remedied After Closing-This Subclause applies if: (i) Alternate 2 has been selected to apply in Subclause 8.02B; (ii) Closing proceeds under Paragraph (c) thereof; and (iii) within 30 days after the Closing Time for the Assets for which Closing had occurred, the Vendor cures or rectifies uncured Title Defects to the reasonable satisfaction of the Purchaser for any of the Affected Assets for which Closing did not occur. In such event, the Vendor may, by notice to the Purchaser within that period, require it to proceed to acquire those Affected Assets, subject to any obligation of the Vendor to comply at that time with any applicable Right of First Refusal under the Title and Operating Documents. The Agreement will apply, *mutatis mutandis*, to that acquisition, as of the Effective Date, and the Parties will complete a new agreement in the form of the Agreement with respect to any such acquisition. The Base Purchase Price for those Affected Assets will be the amount of the reduction in the Purchase Price applicable to the exclusion of those Affected Assets from Closing, subject to the adjustments provided in Article 4.00 and any interest accrual under Clause 2.06, if selected, commencing from the date that the Vendor serves its notice under this Subclause. The Purchase Price for those Affected Assets will be payable by the Purchaser at the Closing Time for the disposition of those Affected Assets, but in no event later than 45 days after the Closing Time hereunder.
- G. Termination Election If Vendor Disputes Value-This Subclause applies if: (i) Alternate 2 has been selected to apply in Subclause 8.02B; (ii) the Purchaser elects to terminate the Agreement under Paragraph (d) thereof; and (iii) the Vendor does not agree with the value allocated by the Purchaser to the Affected Assets for which the Title Defects remain uncured. In such event, the Vendor may, by notice to the Purchaser within two Business Days after the Purchaser's notice to terminate the Agreement, require the applicable values to be determined under the dispute resolution process in Article 9.00. If the Vendor serves that notice, the Parties will be deemed to have agreed to delay the Closing Time until two Business Days after the determination of value of the Affected Assets under Article 9.00, at which point Subclause 8.02B will again apply using the values so determined, subject to any obligation of the Vendor to comply at that time with any applicable Right of First Refusal under the Title and Operating Documents.

9.00 DISPUTE RESOLUTION

9.01 Consultation And Negotiation In Good Faith

The Parties will attempt to resolve any dispute between them arising hereunder through consultation and negotiation in good faith.

9.02 Arbitration Proceedings

A Party that wishes to pursue further proceedings for a dispute that was not resolved through negotiation must refer it to binding arbitration for final resolution if it pertains to one or more of:

- (a) the degree to which it is reasonable for the Vendor to exclude rights from the Surface Rights for its other operations under the definition of Surface Rights in Clause 1.01;
- (b) any adjustment under Article 4.00;
- (c) the value or allocation for a Right of First Refusal notice under Subclause 7.01B; or
- (d) if required under Clause 8.02, the value of Assets for which any Title Defects remain uncured thereunder.

Each Party to the dispute will have a fair opportunity to participate in the preparation of the description of the mandate to be provided to the arbitrator and to present its perspective on the issue(s) in dispute during the arbitration process. Unless otherwise agreed, any such arbitration (and any other arbitration the Parties agree to conduct hereunder) will be conducted in Calgary, Alberta in a timely manner by a single arbitrator under the "ADRIC Arbitration Rules" of the ADR Institute of Canada Inc. (or any replacement for them), in conjunction with the *Arbitration Act* (Alberta). Except as otherwise provided in this Clause, a Party may commence a court action for any other dispute.

9.03 Limitation Periods And Interim Relief

- A. *Suspension Of Limitation Periods*-For the purpose of determining any applicable limitation periods (and provided the Regulations permit an extension thereof), all limitation periods pertaining to a particular dispute will be suspended for an arbitration, from the time: (i) a Party issues a notice to arbitrate under Clause 9.02 for a matter specified in any of the enumerated Paragraphs thereof; or (ii) the Parties otherwise agree in writing to arbitrate that dispute, as applicable, until 45 days after termination of the arbitration under the Regulations and the associated processes governing that arbitration, or such later date as may be agreed by the applicable Parties. Subject to the preceding sentence, each Party waives all rights it may have to assert the expiry of any such limitation period during that time as a defence or bar in any civil proceeding for that dispute.
- B. *Interim Relief*-Notwithstanding anything to the contrary in this Article, a Party may, at any time it believes it necessary to protect its interest while attempting to resolve a dispute under this Article, seek interim or provisional relief, in the form of a temporary restraining order, preliminary injunction or other interim equitable relief respecting that dispute.

10.00 CONDITIONS TO CLOSING

10.01 Conditions For Benefit Of Each Party

The obligation of a Party to complete the Transaction is subject to the following conditions precedent that have been included for the mutual benefit of the Parties:

- (a) **Required Approvals:** Any Required Approvals will have been obtained;
- (b) **Rights Of First Refusal:** All Rights of First Refusal will have been exercised, been waived or lapsed by the effluxion of time at or prior to the Closing Time;
- (c) **Compliance:** The other Party will have complied in all material respects with its obligations under the Agreement to be performed or complied with at or prior to the Closing Time;
- (d) **Representations And Warranties Correct:** The representations and warranties made by the other Party under Article 6.00 were true and correct in all material respects as of the Effective Date, the execution of the Agreement and the Closing Time, except for those changes thereto that necessarily arise as the result of the operation of the provisions of the

Agreement, and, if required by the Agreement, the other Party will have delivered a Representations and Warranties Certificate to that effect at Closing;

- (e) **Required Regulatory Deposits:** If a Party reasonably anticipates, based on the Regulations or its Licence Rating as of the Closing Time, that a deposit will be required from it under the Regulations to effect the approval of any licence transfers for any of the Wells or Tangibles, it will have provided the other Party with reasonable evidence that it has deposited the amount required or estimated to be required, as applicable, with that Party's lawyer or such other nominee of that Party as is acceptable to that other Party, with an irrevocable direction to pay that amount to the appropriate Regulatory Authority promptly after Closing;
- (f) **No Action Or Proceeding:** No third party claim that would materially and adversely affect the Assets is or will be pending before any court or Regulatory Agency seeking to restrain or prohibit the Transaction; and
- (g) **Additional Conditions:** Any additional conditions precedent for the mutual benefit of the Parties that are specified as such in the Head Agreement, which are deemed to be made under this Clause for all purposes hereunder.

10.02 Conditions For Benefit Of Purchaser

The obligation of the Purchaser to complete the acquisition hereunder is subject to the following conditions precedent that have been included for its sole benefit:

- (a) **No Substantial Damage:** Except as consented to in writing by the Purchaser, no substantial unrepaired damage or physical alteration of the Tangibles will have occurred between the earlier of the Effective Date or the date of the Agreement, as applicable, and the Closing Time which would materially and adversely affect the value of the Assets;
- (b) **Delivery Of Conveyance Documents:** The Vendor will have delivered to the Purchaser a General Conveyance and those other documents and materials described in Subclause 3.03A that are to be provided to the Purchaser at Closing;
- (c) **Discharge Of Security Interests:** If requested by the Purchaser, by notice to the Vendor a reasonable time prior to the Closing Time, the Vendor will have delivered to the Purchaser, at no cost to the Purchaser, registrable discharges of all Security Interests or a "no interest" letter that is satisfactory to the Purchaser, acting reasonably, from the financial institution(s) or other third parties holding those Security Interests; and
- (d) **Additional Conditions:** Any additional conditions precedent for the benefit of the Purchaser that are specified as such in the Head Agreement, which are deemed to be made under this Clause for all purposes hereunder.

10.03 Conditions For Benefit Of Vendor

The obligation of the Vendor to complete the disposition hereunder is subject to the following conditions precedent that have been included for its sole benefit:

- (a) **Required Payment:** The Purchaser will have tendered to the Vendor in the prescribed manner all amounts required to be paid by the Purchaser hereunder at or prior to the Closing Time, as applicable;
- (b) **Delivery Of Conveyance Documents:** The Purchaser will have delivered to the Vendor copies of a General Conveyance and, insofar as provided to the Purchaser for execution for Closing under Subclause 3.03A, the Specific Conveyances executed by the Purchaser; and
- (c) **Additional Conditions:** Any additional conditions precedent for the benefit of the Vendor that are specified as such in the Head Agreement, which are deemed to be made under this Clause for all purposes hereunder.

10.04 Waiver Of Conditions Precedent

The Party for the benefit of which any condition precedent has been included may waive it, in whole or in part, by notice to the other Party. However, neither Party may waive the existence or operation of any Right of First Refusal or any condition that has been included respecting Required Approvals.

10.05 Failure To Satisfy Conditions

- A. Right To Terminate Agreement-If any condition precedent in Clause 10.01, 10.02 or 10.03 has not been satisfied at or before the Closing Time and it has not been waived under Clause 10.04 by the Party for the benefit of which it was included, that Party may terminate the Agreement by notice to the other Party. In such event, Closing will not proceed, and the Parties will be released from all further obligations hereunder, except for: (i) the handling of any Deposit under Article 12.00 because Closing did not occur; (ii) the confidentiality obligations under Article 16.00; and (iii) any liability for breach of Clause 10.06.
- B. No Right To Terminate Agreement After Closing-A Party may not terminate the Agreement after Closing for the other Party's failure to satisfy a condition precedent. Any remedies after Closing for the failure to satisfy such a condition will be limited to damages, if applicable.
- C. Deemed Satisfaction Of Certain Conditions-Notwithstanding the preceding Subclauses of this Clause, but subject to Clause 10.04, each additional condition precedent included in the Head Agreement under Paragraph 10.01(g), 10.02(d) or 10.03(c), if any, that is to be satisfied on or before a specified time prior to the Closing Time will be deemed to have been met or waived, unless the Party for the benefit of which it exists notifies the other Party prior to that time that the condition has not been met.

10.06 Parties To Exercise Diligence With Respect To Conditions

Each Party will proceed in good faith and use reasonable efforts with respect to all matters within its control to satisfy the conditions referred to in Clauses 10.01, 10.02 and 10.03. A Party that fails to comply with its obligations under this Clause with respect to a particular condition may not rely on the failure to satisfy that condition as a basis for the termination of the Agreement under Clause 10.05.

11.00 OPERATORSHIP

11.01 Operatorship And Third Parties

Nothing in the Agreement will be interpreted as an assignment of the Vendor's rights as operator of any of the Assets under the Title and Operating Documents or as any assurance by the Vendor that the Purchaser will be able to serve as operator for any of the Assets thereunder at or after Closing. The Vendor will take such steps with third parties under the Title and Operating Documents as are reasonably appropriate to enable the Purchaser to be substituted for the Vendor for those Assets then operated by the Vendor.

11.02 Signs And Notifications

After Closing, the Vendor and Purchaser will coordinate the removal of any signs that indicate the Vendor's ownership or operation of the Assets. It will be the Purchaser's responsibility to erect or install any signs that may be required by the Regulations to indicate that the Purchaser is the owner or operator of the Assets. The Purchaser will complete any such replacement of signs within 60 days after the Closing Time, and the Vendor may proceed with the replacement of those signs at the Purchaser's expense, insofar as they are not replaced by that time. It will also be the Purchaser's responsibility to notify suppliers, contractors, governmental agencies, gas transporters and other affected third parties of its interest in the Assets as soon as practicable (but in no event longer than 60 days) after the Closing Time.

11.03 Identification And Removal Of Vendor's Excess Inventory

Prior to Closing, the Vendor will identify to the Purchaser any excess inventory of materials described in Paragraph (o) of the definition of Excluded Assets. Unless otherwise agreed in writing by the Purchaser, the Vendor will remove that excess inventory within 45 days after Closing.

12.00 FAILURE TO CLOSE AND DEFAULT

12.01 Remedies Of Injured Party

If a Party (the "Defaulting Party") fails to comply with an obligation under the Agreement and Closing does not occur as a result, the other Party (the "Injured Party") may, by notice to the Defaulting Party, elect:

- (a) to continue to treat the Agreement as binding and enforceable;
- (b) to treat the Agreement as terminated because of the Defaulting Party's failure to fulfil its obligations and, if the Injured Party so decides and subject to Article 9.00, pursue a claim for damages, provided that any Deposit and interest accrued thereon under Clause 2.03 will be:
 - (i) returned to the Purchaser if the Purchaser is the Injured Party; or
 - (ii) retained in trust by the Vendor's solicitors until the resolution of the dispute if the Vendor is the Injured Party or there is a dispute as to which Party is the Injured Party, in which case those amounts will be applied towards satisfaction of the damages or promptly returned to the Purchaser, as applicable, in due course; or
- (c) if there is a Deposit, to treat the Agreement as terminated by reason of the non-fulfilment of the obligations of the Defaulting Party and to limit the Injured Party's remedy for that default to the handling of the Deposit on the basis set forth in this Paragraph (c). If the Defaulting Party is the Purchaser, the Deposit and the interest accrued thereon will be forfeited to the Vendor as a genuine pre-estimate of liquidated damages and not as a penalty, having regard to the Base Purchase Price, the amount of time between the date of the Agreement and the Scheduled Closing Date (or any extension thereto agreed upon in writing), the risk that the Vendor may not be able to enter into another transaction respecting the Assets for similar consideration in a timely manner and the time and expense of the Vendor's efforts to complete the Transaction. If the Defaulting Party is the Vendor, the Deposit and the interest accrued thereon under Clause 2.03 will be refunded to the Purchaser forthwith. If the Injured Party elects to proceed under this Paragraph, it will be deemed to have waived all other remedies that may otherwise have been available to it at law or equity for that default, subject to any application of Subclause 2.05D to any required adjustment for GST/HST.

However, the Injured Party will be deemed to treat the Agreement as binding and enforceable until it elects, by notice to the Defaulting Party, to apply Paragraph (b) or, if applicable, (c) of this Clause.

12.02 Interest Accrues On Amounts Owing

Subject to Subclause 8.02E, any amount owing to a Party by the other Party hereunder after Closing and remaining unpaid will bear interest, compounded and computed monthly at the rate of two percent per annum above the Prime Rate, from the day that amount was due to be paid until the day it is paid, regardless of whether prior notice of the accrual of interest hereunder has been given.

13.00 LIABILITY AND INDEMNIFICATION

13.01 Responsibility Of Vendor

- A. Vendor's Responsibility-This Clause 13.01 is subject to: (i) the Vendor's responsibility for its Gross Negligence or Wilful Misconduct under Clause 5.08 with respect to the manner in which it has maintained the Assets on behalf of the Purchaser; (ii) the Vendor's responsibility for fraud with respect to the representations and warranties made by it and any other information provided by it to the Purchaser hereunder, as contemplated in Clause 6.05; (iii)

the limitations on Losses and Liabilities for which the Vendor may be responsible under Clause 13.03; and (iv) the potential responsibility of the Vendor for certain Environmental Liabilities under Subclause 13.04B. Provided Closing has occurred, the Vendor will:

- (a) be liable to the Purchaser for its Losses and Liabilities; and, in addition
- (b) indemnify, hold harmless and defend the Purchaser, its Affiliates and the directors, officers, and employees of the Purchaser and its Affiliates from and against all Losses and Liabilities;

as a direct result of the Vendor's breach, on or prior to the Closing Time, of any of the representations and warranties of the Vendor under the Agreement, except any Losses and Liabilities insofar as they are caused by a breach of the Purchaser's representations or warranties under Article 6.00 or by the Gross Negligence or Wilful Misconduct of the Purchaser, any of its Affiliates, the respective directors, officers, agents, employees of the Purchaser or any of its Affiliates or any assign of the Purchaser.

- B. No Extension Of Remedies-The responsibility prescribed by the preceding Subclause is not a title warranty, and does not create: (i) an extension of any representation or warranty made by the Vendor under Clauses 6.01 and 6.02; (ii) an additional remedy for the Vendor's breach thereof; or (iii) any extension of the Purchaser's rights under Clause 8.02 with respect to Title Defects.
- C. Period To Initiate Claim-Subject only to Subclause 4.02C and in the absence of fraud, no claim or action may be commenced by the Purchaser under this Clause, unless, within one year after the Closing Time, the Purchaser has provided written notice describing the claim in reasonable detail to the Vendor. The Purchaser hereby waives any rights it may have at law or otherwise to commence such a claim or action after that period in the absence of such a notice.

13.02 Responsibility Of Purchaser

This Clause is subject to: (i) the Vendor's responsibility for its Gross Negligence or Wilful Misconduct under Clause 5.08 with respect to the manner in which it has maintained the Assets on behalf of the Purchaser; and (ii) the Vendor's responsibility for fraud with respect to the representations and warranties made by it and any other information provided by it to the Purchaser hereunder, as contemplated in Clause 6.05. Provided Closing has occurred, the Purchaser will:

- (a) be liable to the Vendor for its Losses and Liabilities; and, in addition
- (b) indemnify, hold harmless and defend the Vendor, its Affiliates and the directors, officers and employees of the Vendor and its Affiliates from and against all Losses and Liabilities;

as a direct result of any matter attributable to the Assets and occurring or accruing on or subsequent to the Effective Date, except any Losses and Liabilities insofar as they are caused by a breach of the Vendor's representations or warranties under Article 6.00 or by the Gross Negligence or Wilful Misconduct of the Vendor, its Affiliates or the directors, officers or employees of the Vendor or any of its Affiliates. The responsibility prescribed by this Clause, however, does not provide an extension of any representation or warranty made by the Purchaser under Clauses 6.01 and 6.04 or an additional remedy for the Purchaser's breach thereof.

13.03 Limit On Responsibility For Losses And Liabilities

- A. Limitation On Vendor's Responsibility-The Vendor's total liabilities and indemnities to the Purchaser under the Agreement, including any claims relating to any breaches of the representations and warranties made by the Vendor under Article 6.00, will not exceed the Purchase Price, as adjusted under Clause 4.02, except insofar as due to fraud.
- B. Minimum Claim Amount-No claim will be made against a Party by the other Party under the Agreement unless the total Losses and Liabilities alleged by the Party making the claim exceed \$25,000. If the Parties agree, or a court determines, that those Losses and Liabilities

exceed that amount, the Party responsible for those Losses and Liabilities will be responsible for them for that claim only insofar as they exceed that amount.

13.04 Assets Acquired On "As Is" Basis

- A. Acknowledgements By Purchaser-Notwithstanding the previous provisions of this Article, the Purchaser acknowledges that it is acquiring the Assets on an "as is" basis, as of the Effective Date. The Purchaser acknowledges that: (i) it is familiar with the condition of the Assets, including the past and present use of the Petroleum and Natural Gas Rights and the Tangibles; (ii) the Vendor has provided the Purchaser with a reasonable opportunity to inspect the Assets under Clause 8.01 if Article 8.00 was selected to apply or prior to execution of the Agreement if Article 8.00 was not selected to apply; and (iii) the Purchaser is not relying upon any representation or warranty of the Vendor as to the condition, environmental or otherwise, of the Assets, except as is specifically made under Clause 6.02.
- B. Purchaser's Assumption Of Environmental Liabilities-Provided Closing has occurred and subject to any responsibility specifically retained by the Vendor under Subclause 13.04D or otherwise under the Agreement, the Purchaser will:
- (a) be solely liable and responsible to the Vendor for its Losses and Liabilities; and, in addition
 - (b) indemnify, hold harmless and defend the Vendor, its Affiliates and the directors, officers and employees of the Vendor and its Affiliates from and against all Losses and Liabilities;
- as a direct result of any matter attributable to any Abandonment and Reclamation Obligations and other Environmental Liabilities pertaining to the acquired Assets, regardless of the date from which they may have accrued and without regard to their cause or causes. In addition, the Vendor will also retain those other rights and remedies available to it under the Regulations, under the common law or otherwise with respect to any claim it may have against the Purchaser with respect to those Losses and Liabilities.
- C. Purchaser's Release Of Vendor-Except as otherwise provided specifically in the Agreement, the Purchaser hereby releases the Vendor from any claims it may have against the Vendor with respect to all Abandonment and Reclamation Obligations and other Environmental Liabilities with respect to the acquired Assets under the Regulations, at common law or otherwise, including the right to name the Vendor as a third party under any action commenced against the Purchaser.
- D. Vendor Responsibility For Representations And Fraud-Nothing in this Clause 13.04 will operate to limit any representation or warranty made by the Vendor under Clause 6.02 with respect to the environmental condition of the Assets or to affect the Purchaser's right to make a claim against the Vendor for the breach thereof hereunder or for fraud, subject to any time restrictions prescribed by Clause 6.05 or 13.01.

13.05 Notice Of Claims

- A. Notification Of Claim-If a claim is asserted by a third party after Closing in circumstances that may give rise to an indemnity under this Article, the Party against which that claim is asserted must give notice thereof to the other Party as soon as is reasonably possible, including with that notice reasonable details about that claim. The Parties will consult about that claim and in determining if that claim and any legal proceedings relating thereto should be resisted, compromised or settled.
- B. Sharing Of Information-A Party must make available to the other Party all information in its possession or to which it has access that may be relevant to a claim described in Subclause 13.05A, excluding any communications or correspondence that are subject to legal privilege. The Purchaser must provide the Vendor with access to the Assets to which that claim relates insofar as is reasonably necessary in connection with that claim. No such claim for

indemnity will apply if the claim is settled or compromised without the written consent of the indemnifying Party, which consent may not be unreasonably withheld or delayed.

13.06 Substitution And Subrogation

Insofar as is possible, each Party will have full rights of substitution and subrogation in and to all representations and warranties by others previously given or made respecting the Assets.

14.00 ASSIGNMENT

14.01 Assignments Before Closing

Prior to Closing, neither Party may assign any interest in or under the Agreement or to the Assets without the prior written consent of the other Party (which consent may be withheld in its sole discretion), except insofar as may be required by the Vendor: (i) to comply with its obligations respecting any Right of First Refusal; (ii) because of any earning or payout recovery under the Title and Operating Documents and included in the Permitted Encumbrances; (iii) as a result of any changes in the Vendor's interest in the Assets due to the operation of Clause 5.03 with respect to the maintenance of the Assets during the Interim Period; or (iv) to address deficiencies in the Vendor's title to the Assets, such as recognition under the Title and Operating Documents of any interest held by the Vendor on behalf of a third party.

14.02 Assignments By Purchaser After Closing

No assignment, transfer or other disposition of any of the Assets by the Purchaser after Closing will relieve it from its obligations to the Vendor under the Agreement, provided that this Clause will not preclude the Vendor from pursuing any such assignee of the Purchaser for performance of those obligations.

15.00 NOTICES

15.01 Service Of Notice

This Clause is subject to Clause 15.02 with respect to a change in a Party's address for service. Whether or not stipulated herein, each notice and notification required or permitted hereunder must be in writing and served on a Party at its current address for service under Clause 15.02 by:

- (a) delivering the notice to a Party personally or by private courier. A notice so served will be deemed to be received by that Party when actually delivered, if that delivery is during normal business hours on any Business Day. If a notice is not delivered on a Business Day or is delivered after those business hours, it will be deemed to have been received at the beginning of the first Business Day after the time of the delivery; or
- (b) by facsimile or other electronic medium, if included in its address for service. A notice served by facsimile will be deemed to be received when actually received by that Party, if received during normal business hours on any Business Day, or at the beginning of the next Business Day if receipt is after those normal business hours. A notice served by other electronic medium is presumed to be received: (i) when the notice or notification enters the recipient Party's information system and becomes capable of being retrieved and processed by that Party if those events occur during normal business hours on any Business Day; or (ii) at the beginning of the next Business Day if those events are after those business hours.

15.02 Addresses For Service

The Parties' initial addresses for service of notices hereunder are:

A Party may change its address for service by notifying each other Party, and each Party will notify each other Party of any such changed address for service in a timely manner. Notwithstanding the requirements of Clause 15.01, a Party may change its address for service by mailing that notice to each other Party's address for service. Any such changed address for service will thereafter be effective for all purposes of the Agreement. Unless otherwise agreed in writing, no Party may select as an address for service under this Clause an address that does not permit delivery of a notice under Paragraph 15.01(a) to a civic address of that Party.

16.00 CONFIDENTIALITY AND USE OF INFORMATION

16.01 Purchaser's Obligation To Maintain Information Confidential

- A. Obligations Before Closing-Until Closing, the Purchaser will use information obtained by it hereunder only for the purpose of the Transaction. Subject to Subclause 16.01C for information in the public domain, it will take such measures respecting internal security and access to information as are appropriate to keep that information confidential from third parties, except insofar as the Vendor has agreed to its release or the Purchaser discloses it:
- (a) as required by the Regulations applicable to it, provided that: (i) it will request any confidentiality protection permitted thereunder; (ii) it will use reasonable efforts not to disclose the identity of the Vendor; and (iii) any such disclosure beyond that required by those Regulations is subject to the requirements of Article 17.00 for public announcements;
 - (b) to its Affiliates and the employees, contractors, officers and directors of the Purchaser and its Affiliates insofar only as is reasonably appropriate for the completion of the Transaction, provided that: (i) the Purchaser is responsible for ensuring that each such Affiliate, employee, contractor, officer and director maintains the disclosed information confidential under this Article; and (ii) it will be liable to, and, in addition, will indemnify, hold harmless and defend the Vendor from and against any Losses and Liabilities it suffers because of the failure of any such Affiliate, employee, contractor, officer or director to maintain that information confidential;
 - (c) insofar only as is reasonably appropriate for the completion of the Transaction, to its lenders, legal counsel, auditors, underwriters, financial and other professional advisors and credit rating agencies, provided that: (i) the Purchaser is responsible for ensuring that each such applicable third party takes such measures with respect to internal security and access to information as are appropriate to ensure that no such information will be disclosed by it to any other third party or used by it for other than the contemplated purpose; and (ii) the Purchaser will be liable to, and, in addition, will indemnify, hold harmless and defend the Vendor from and against any Losses and Liabilities it suffers because of the failure of any of those lenders, legal counsel, auditors, underwriters, financial and other professional advisors and credit rating agencies to maintain that information confidential; or
 - (d) insofar as is required by any legal or administrative proceedings or because of any order of a court or any Regulatory Authority binding on it, provided that it will promptly notify the Vendor of any such anticipated disclosure and that the Purchaser will request any confidentiality protection permitted thereunder.
- B. Confidentiality Obligations After Closing-Upon Closing, the Purchaser's right to use or disclose the information obtained by it hereunder from the Vendor with respect to the Assets will be subject only to: (i) any applicable Title and Operating Documents; and (ii) except insofar only as required or permitted for a public announcement under Article 17.00, a continuing obligation after Closing to maintain confidential information about the commercial terms of this Agreement. However, the Purchaser will continue to treat as confidential under this Clause 16.01 any additional information obtained by it from the Vendor hereunder that does not relate to the Assets, including any information respecting interests for which Closing did not occur because those interests were excluded from the Assets under Clause

1.02. Subject to Subclause 16.01C, the Purchaser will not use any such information without the Vendor's prior written consent.

- C. Obligation Does Not Apply To Information In Public Domain-Notwithstanding the preceding Subclauses of this Clause, the confidentiality obligation in this Clause will not apply to information insofar as it is in the public domain, provided that specific items of information will not be considered to be in the public domain only because more general information is in the public domain. For this purpose, information is in the public domain insofar as it:
- (a) is or becomes publicly available through no act or omission of the Purchaser or its Affiliates, directors, officers, employees, contractors or advisors in breach of this Article;
 - (b) is already in possession of the Purchaser, or any of its Affiliates, under the Title and Operating Documents or without prior restriction on disclosure;
 - (c) is subsequently obtained lawfully by Purchaser from a third party which, after reasonable inquiry, the Purchaser does not reasonably believe is obligated to the Vendor to maintain that information confidential; or
 - (d) can be demonstrated by the Purchaser as having been independently developed by the Purchaser or any of its Affiliates without reference to the information required to be kept confidential hereunder.

16.02 Vendor's Confidentiality Obligation To Purchaser

The Vendor may disclose information pertaining to the Transaction, the Agreement and the Purchaser's identity, insofar only as is required to enable it to fulfil its obligations under the Agreement, including those pertaining to Rights of First Refusal and other third party rights under Article 7.00. Except as provided in Article 17.00 with respect to certain public announcements, the obligations in Subclause 16.01A will otherwise apply, *mutatis mutandis*, to the Vendor before Closing and in the two-year period following Closing with respect to the commercial terms of this Transaction.

17.00 PUBLIC ANNOUNCEMENTS

17.01 Parties To Discuss Public Announcements

- A. Party To Provide Draft-Except insofar as is provided in this Clause, Article 16.00 respecting confidentiality and the use of information or elsewhere in the Agreement, a Party proposing to make a public announcement or release under this Clause will provide the other Party, by notice, with a draft of it for its comment not later than two Business Days before the proposed disclosure to the public. The proposed disclosure is subject to the other Party's prior approval, which approval may not be unreasonably withheld. A Party that fails to object to that disclosure, by notice to the other Party within that period, will be deemed to approve it. A Party that issues such a notice will specify the nature of its objection in reasonable detail and any suggested modifications to the proposed public announcement or release.
- B. Regulatory And Securities Requirements-Except as otherwise provided in this Clause, Article 16.00 and elsewhere in the Agreement, any Party may make a public announcement or release under this Article about the Transaction, including disclosure in an annual report or other periodic report or presentation to shareholders or the public. Notwithstanding Subclause 17.01A (but subject to the restrictions herein about use of another Party's name or trademark, unless otherwise required under the Regulations), a Party is not prohibited from making any such public announcement or release before expiry of the time prescribed by Subclause 17.01A, insofar only as required by the Regulations, securities laws or stock exchange requirements applicable to it.

18.00 MISCELLANEOUS PROVISIONS

18.01 No Merger

The covenants, representations, warranties, liabilities and indemnities in the Agreement will survive Closing, subject to the limitations expressly set forth in the Agreement, including those relating to liability and indemnification under Article 13.00. They will be deemed to apply to the General Conveyance, the Specific Conveyances and all other instruments conveying any of the Assets from the Vendor to the Purchaser. They will not merge with any of those documents, notwithstanding the terms of those documents and any rule of law, equity or statute to the contrary, and all such rules are hereby waived.

18.02 Further Assurances

At the Closing Time and thereafter as may be necessary, each Party will, on a timely basis and without further consideration, complete such other documents and take such other actions as may be reasonably required to fulfil its obligations under the Agreement. However, except as may otherwise be addressed specifically in the Agreement, the Vendor will not be obligated to sign any certificate or otherwise make any other affirmation in connection with any prospectus or other disclosure or securities' filing that Purchaser may be obligated, or otherwise wish, to issue or file.

18.03 Use Of Name

Subject to Articles 16.00 and 17.00 for permitted disclosures of information and public announcements and except as otherwise expressly provided hereunder, no Party may use the name or trademark of another Party in connection with the financing of the Transaction or any other activities of the Party, the sale of any securities or the formation or promotion of any enterprise, without first obtaining that other Party's prior written consent in each instance. A Party may refuse its consent to any such request in its sole discretion.

18.04 Protection Of Personal Information

The Parties recognize that there might be disclosure under the Agreement of information about an identifiable individual that is personal in nature and is not otherwise publicly available from sources that have no obligation of confidentiality or non-disclosure. Each Party will ensure that it and each of its employees, contractors, agents, officers, directors and Affiliates that have access to information associated with the Transaction will comply with all Regulations and other applicable privacy laws that govern any such personal information that is disclosed or obtained in connection with the Agreement or the Transaction. Each Party will limit the use, collection and disclosure of that personal information, if any, to those purposes that relate to the Agreement and the Transaction, and will otherwise limit disclosure of any such personal information to such disclosure as is required by the Regulations. Each Party will use appropriate security measures to protect against accidental or inappropriate disclosure of all such personal information, including direction to its representatives to protect and safeguard any such personal information to which they obtain access hereunder.

18.05 Results Of Termination

- A. Release From Certain Obligations-If the Agreement is terminated prior to Closing, the Parties will be released from all obligations under the Agreement, except for those relating to: (i) default under Article 12.00; (ii) the handling of information under Articles 16.00 and 17.00; and (iii) any representation, warranty or other obligation breached prior to that termination.
- B. Return Of Certain Materials And Amounts-If the Agreement is terminated prior to Closing:
 - (a) the Purchaser will promptly return to the Vendor or destroy all materials delivered to it by the Vendor hereunder and all copies, summaries or extracts of them that may have been made by or for the Purchaser (including any such materials relating to the personal information described in Clause 18.04), and, upon request in writing from the Vendor, the Purchaser will provide notice to the Vendor confirming, after reasonable inquiry, that this has been done; and

- (b) subject to any application of Article 12.00 due to the default or alleged default of the Purchaser, the Vendor will promptly return to the Purchaser any Deposit and the interest accrued thereon under Clause 2.03.

For the purposes of Paragraph (a) of this Subclause, materials delivered to the Purchaser by the Vendor and stored by the Purchaser in electronic format will be deemed to be destroyed when deleted by the Purchaser, provided that the Purchaser may retain copies of these materials only insofar as they: (i) were presented to obtain any required approvals for a possible Transaction and are being retained only for legal or corporate governance purposes; or (ii) are incidentally stored in its automatically generated system backups and archives, as long as no attempt is made by the Purchaser to retrieve them after termination of the Agreement.

18.06 Enurement

Subject to the provisions hereof, the Agreement will enure to the benefit of the Parties and their respective trustees, receivers, receiver-managers, successors and permitted assigns.

18.07 Electronic Signatures And Specific Conveyances

- A. Exclusions From This Clause-The authority in this Clause does not apply to Specific Conveyances that create or transfer interests in land, guarantees, negotiable instruments, documents of title and other documents excluded at the applicable time under section 7 of the *Electronic Transactions Act* (Alberta) or other comparable Regulations that apply.
- B. Potential Use Of Electronic Signatures-Except as provided in the preceding Subclause, a Party may execute any of the Specific Conveyances prepared to effect the Transaction through use of an electronic signature. A Party that intends to execute any of the Specific Conveyances through use of an electronic signature will provide the other Party with a copy of a sample electronic signature of its applicable representative(s), including with that electronic signature the name and title of each such representative.
- C. Electronic Signature Is Binding-The electronic signature of a Party's representative satisfying the requirements in the preceding Subclause that appears on a Specific Conveyance will be sufficient to cause the applicable Specific Conveyance to be a valid and binding obligation of the Party represented by that individual, without need for an original signature on that Specific Conveyance, and will be of the same legal effect and validity as an original signature evidencing execution by that Party.
- D. Used Solely For Specific Conveyances-The Parties will receive and use any electronic signature provided under this Clause solely for the purpose of embedding it into the applicable Specific Conveyances and for no other purpose whatsoever. A Party that receives an electronic signature of a representative of the other Party will ensure that it removes that electronic signature from its records in a timely manner following Closing, such that it cannot be used by that Party for any other purpose.

18.08 Waivers For Saskatchewan

- A. Waiver Of The Land Contracts (Actions) Act-The *Land Contracts (Actions) Act* (Saskatchewan) will have no application to any action, as defined therein, with respect to the Agreement.
- B. Waiver Of The Limitation Of Civil Rights Act-The *Limitation of Civil Rights Act* (Saskatchewan) will have no application to the Agreement, or any mortgage, charge or other security for the payment of money made, given or created by this Agreement, or any agreement or instrument renewing or extending or collateral to the Agreement, or the rights, powers or remedies of the Vendor under the Agreement.

This is Schedule “___” to the Agreement dated _____, between

GENERAL CONVEYANCE

(_____) Area, (Province)

This General Conveyance made this _____ day of _____, ____.

BETWEEN:

(hereinafter called the “Vendor”)

- and -

(hereinafter called the “Purchaser”)

Whereas the Vendor has agreed to convey an interest in the Assets to the Purchaser and the Purchaser has agreed to acquire an interest in the Assets in accordance with that certain agreement dated the ____ day of _____, _____ between the Vendor and the Purchaser (hereinafter referred to as “the Agreement”);

And Whereas all of the conditions precedent to the obligations of the Vendor and the Purchaser to complete the Transaction have either been fulfilled or waived in the manner provided in the Agreement;

In consideration of the premises hereto and the covenants and agreements hereinafter set forth and contained, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

1. **Definitions**

In this General Conveyance, the definitions provided for in the Head Agreement and in the Property Transfer Procedure included as a Schedule to the Agreement are adopted by reference in this General Conveyance.

2. **Conveyance**

The Vendor, for the consideration provided for in the Agreement, the receipt and sufficiency of which is acknowledged by the Vendor, hereby sells, assigns, transfers and conveys to the Purchaser, and the Purchaser hereby acquires from the Vendor, all of the right, title, estate and interest of the Vendor (whether absolute or contingent, legal or beneficial) in and to the Assets, to have and to hold the same, together with all benefit and advantage to be derived therefrom, absolutely, subject to the terms of the Agreement, the Permitted Encumbrances and compliance with the terms of the Title and Operating Documents.

3. **Effective Date**

The transfer of the Assets from the Vendor to the Purchaser and the assumption of the benefits and obligations associated with the Assets by the Purchaser will be effective as of the Effective Date, notwithstanding that possession of the Assets did not pass to the Purchaser until the date hereof.

4. **Subordinate Document**

This General Conveyance is executed and delivered by the Parties under the Agreement for the purposes of the provisions of the Agreement, and the terms hereof are to be read in conjunction with the terms of the Agreement. The covenants, representations, warranties and indemnities contained

in the Agreement are incorporated herein as fully and effectively as if they were set out herein, and there will not be any merger of any covenant, representation, warranty or indemnity contained in the Agreement by virtue of the execution and delivery hereof, notwithstanding any rule of law, equity or statute to the contrary. The Agreement will prevail if there is a conflict between the provisions of the Agreement and this General Conveyance.

5. Governing Law

This General Conveyance will be treated as a contract made in the Province of Alberta. This General Conveyance will be subject to and be interpreted and enforced in accordance with the laws in effect in the Province of Alberta, including the federal laws of Canada applicable therein, provided that this does not affect the Parties' obligations to comply with the Regulations applicable to any Assets located outside the Province of Alberta. Subject to any application of the dispute resolution processes in Article 9.00 of the Agreement, each Party accepts and attorns to the exclusive jurisdiction of the courts of the Province of Alberta in the Judicial District of Calgary and all courts of appeal therefrom with respect to this General Conveyance and any associated legal proceedings between the Parties.

6. Enurement

This General Conveyance enures to the benefit of and binds upon the Parties and their respective trustees, receivers, receiver-managers, successors and permitted assigns.

7. Further Assurances

Each Party will, after the date of this General Conveyance, on a timely basis and without further consideration, complete such other documents and take such other actions as may be reasonably required to carry out the terms of this General Conveyance.

8. Counterpart Execution

This Agreement may be executed in counterpart. When each Party has executed a counterpart, all counterparts taken together will constitute one and the same Agreement.

IN WITNESS WHEREOF the Parties have duly executed this General Conveyance as of the date above.

(VENDOR'S NAME)

(PURCHASER'S NAME)

Per: _____

Per: _____

Per: _____

Per: _____

Note: The Parties would need to modify the Vendor and Purchaser references to Transferor and Transferee references for an Asset Exchange.