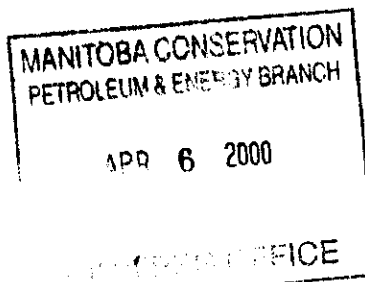


April 3, 2000



Chevron Canada Resources
500 - Fifth Avenue S.W.
Calgary, Alberta T2P 0L7
Phone (403) 234-5000
Fax (403) 234-5450

**TO: ALL WORKING INTEREST OWNERS
DALY UNIT NO. 1**
(Addressee List Attached)

JV Contracts Management

Ladies/Gentlemen:

Enclosed are copies of Schedules "A" and "B" to the agreement titled *Plan for Unit Operation Governing the Unitized Management Operation and Further Development of Daly Unit No. 1* for your records. The Schedules have been revised to reflect the transfer of Murphy Oil Company Ltd.'s entire interest to Tundra Oil and Gas Ltd., effective **April 1, 2000**.

If you have any questions, please give me a call at (403) 234-5884 or by e-mail at nfon@chevron.com.

Sincerely,

CHEVRON CANADA RESOURCES

A handwritten signature in black ink, appearing to read "Nancy Fontana".

Nancy Fontana
JV Contracts Representative

Encl. (2)

pc: Manitoba Ministry of Energy and Mines

Carmel Javos-Paike
Ann Busch
Barb McInnis
Brian Findlay
Lisa Talarico
Neil Wallace/Teresa DeMilliano
Glen Sveinson/Ty Hansen
Sheila Lynde
Gary Molnar

updater

DALY UNIT NO. 1
Schedule "A"

**TRACT NUMBERS AND THE PRIMA FACIE WORKING INTEREST OWNERS OF THE
TRACTS IN DALY UNIT NO. 1
AS OF APRIL 1, 2000**

<u>Tract Number</u>	<u>Working Interest Owner</u>	<u>Percentage Working Interest Ownership</u>
2-4	Chevron Canada Resources	100
12-3	Chevron Canada Resources	100
13-3	Chevron Canada Resources	100
9-4	Chevron Canada Resources	100
10-4	Chevron Canada Resources	100
15-4	Chevron Canada Resources	100
16-4	Chevron Canada Resources	100
1-9	Chevron Canada Resources	100
2-9	Chevron Canada Resources	100
3-9	Chevron Canada Resources	100
4-9	Chevron Canada Resources	100
5-9	Chevron Canada Resources	100
7-9	Chevron Canada Resources	100
8-9	Chevron Canada Resources	100
4-10	Chevron Canada Resources	100
5-10	Chevron Canada Resources	100
1-8	Chevron Canada Resources	100
10-32	Tundra Oil and Gas Ltd.	100
15-32	Tundra Oil and Gas Ltd.	100
16-32	Tundra Oil and Gas Ltd.	100

13-33	Tundra Oil and Gas Ltd.	100
3-5	Tundra Oil and Gas Ltd.	100
11-4	Chevron Canada Resources Sharon Oil Company Limited	92.73101 7.26899
12-4	Chevron Canada Resources Sharon Oil Company Limited	92.73101 7.26899
13-4	Chevron Canada Resources Sharon Oil Company Limited	92.73101 7.26899
14-4	Chevron Canada Resources Sharon Oil Company Limited	92.73101 7.26899
1-5	Chevron Canada Resources Sharon Oil Company Limited	92.73101 7.26899
2-5	Chevron Canada Resources Sharon Oil Company Limited	92.73101 7.26899
7-5	Chevron Canada Resources Sharon Oil Company Limited	92.73101 7.26899
8-5	Chevron Canada Resources Sharon Oil Company Limited	92.73101 7.26899
9-5	Chevron Canada Resources Sharon Oil Company Limited	92.73101 7.26899
10-5	Chevron Canada Resources Sharon Oil Company Limited	92.73101 7.26899
15-5	Chevron Canada Resources Sharon Oil Company Limited	92.73101 7.26899
16-5	Chevron Canada Resources Sharon Oil Company Limited	92.73101 7.26899
3-4	Chevron Canada Resources	100
4-4	Chevron Canada Resources	100
5-4	Chevron Canada Resources	100
6-4	Chevron Canada Resources	100

DALY UNIT NO. 1 WORKING INTEREST OWNERS	
Chevron Canada Resources Attention: Carmel Javos-Paike 500 – 5 th Avenue S.W. Calgary, Alberta T2P 0L7	
Sharon Oil Company Limited Attention: Joint Ventures 47 Lott Creek Hollow R.R. 10 Calgary, Alberta T3Z 3A9	Tundra Oil & Gas Ltd. Attention: Joint Ventures 1111 Lombard Place Winnipeg, Manitoba R3B 0X4

**DALY UNIT NO. 1
SCHEDULE "B"**

**PRIMA FACIE WORKING INTEREST OWNERS AND THEIR
PARTICIPATING INTERESTS IN
DALY UNIT NO. 1
AS OF APRIL 1, 2000**

Chevron Canada Resources	91.83909
Tundra Oil and Gas Ltd.	4.97925
Sharon Oil Company Limited	<u>3.18166</u>
	100.00000



Chevron

August 6, 1996

Chevron Canada Resources
500 Fifth Avenue S.W.
Calgary, Alberta
T2P 0L7
Phone (403) 234-5000
Fax (403) 234-5124

Eastern Business Unit

Mail Ballot No. 96-03
Increase Operator's Monetary Authority
Daly Unit No. 1

TO: ALL WORKING INTEREST OWNERS
DALY UNIT NO. 1

Owner approval is requested for a revision to Clause 7.04 of the Plan For Unit Operation Governing the Unitized Management Operation And Further Development Of Daly Unit No. 1 to increase the Operator's monetary authority limit from \$10,000.00 to \$60,000.00 for any single undertaking. Clause 7.04 would remain as is with the exception of replacing "Ten Thousand Dollars (\$10,000.00)" with "Sixty Thousand Dollars (\$60,000.00)".

It has been our experience that very few projects can be performed for under \$10,000.00. The change in monetary authority would mean less paperwork thus smaller more routine work could proceed more expeditiously to the benefit of all partners. Chevron will provide a monthly letter to partners advising of expenditures under \$60,000.00.

Please return a signed copy of the enclosed mail ballot to the attention of our Producing Records on or before August 26, 1996.

If you have any questions, please contact the undersigned at 234-5322 or Pam Dumont at 234-5599.

Yours truly,

for M.J. (Michael) Smith, Chairman
Operating Committee

/pd
Encl.

cc: The Oil and Natural Gas Conservation Board of Manitoba

C. Perryman D. Yellowlees/D. Lewis Producing Records

**Mail Ballot No. 96-03
Increase Operator's Monetary Authority
Daly Unit No. 1**

Chevron Canada Resources
500 - 5th Avenue S.W.
Calgary, Alberta
T2P 0L7

Attention: Producing Records
 (Fax 234-5306)

"BE IT RESOLVED, THAT Owners approve a revision to Clause 7.04 of the Plan For Unit Operation Governing the Unitized Management Operation and Further Development of Daly Unit No. 1 to increase Operator's monetary authority limit from \$10,000.00 to \$60,000.00."

APPROVED: _____ **DISAPPROVED:** _____

WORKING INTEREST OWNER: _____

DUE DATE: August 26, 1996

No reply is deemed affirmative.

Pan Cana Resources Ltd.

500 BOW VALLEY SQUARE 1, 202 - 8th AVENUE S.W., CALGARY, ALBERTA T2P 2W6

P.O. BOX 9237

TELEPHONE (403) 263-0143

TELEX 038-22796

1982 07 23

WORKING INTEREST OWNERS
DALY UNIT #1

Gentlemen:

Re: Succeeding Operator
Daly Unit #1
Virden Area, Manitoba


Please be advised that effective August 1, 1982 Pan Cana Resources Ltd. will be the Operator of Daly Unit #1. Pan Cana's representatives for this Unit will be:

Mr. Ed Chwyl	Chairman, Operating Committee
Mr. Lowell Jackson	Alternate Chairman

All correspondence regarding the Unit should be addressed to the letterhead address.

Yours very truly,

PAN CANA RESOURCES LTD.


Ed Chwyl
Chairman, Operating Committee
Daly Unit #1

EC/sk

cc: Mr. Ian Haugh - Manitoba Gov't
Mr. Clare Moster " "
Mr. Mal Anderson " "

DALY UNIT #1
WORKING INTEREST OWNERS
(Addressee List)

Chevron Standard Limited
500 Fifth Avenue S.W.
Calgary, Alberta
T2P 0L7

Attn: D.A. Zeeuwen

262-0595

Scurry-Rainbow Oil Limited
(Home Oil Company Limited)
2300 Home Oil Tower
324 Eighth Avenue S.W.
Calgary, Alberta
T2P 2Z5

A.G. Morison

232-7101

Rundle Petroleum Ltd.
#665 Gulf Canada Square
401 - 9th Avenue S.W.
Calgary, Alberta
T2P 3C5

Attn: R.F. Atkinson

263-7171

Murphy Oil Company Ltd.
800 Aquitaine Tower
540 Fifth Avenue S.W.
P.O. Box 2721
Calgary, Alberta
T2P 2M7

Attn: R.D. Friesen

262-2721

Sharon Oil Company Limited
P.O. Box 6930
Postal Station "D"
Calgary, Alberta
T2P 2G1

Attn: Danny W. Jennings

249-7788

Navajo Petroleum Ltd.
#665 Gulf Canada Square
401 - 9th Avenue S.W.
Calgary, Alberta
T2P 3C5

Attn: Norm W. Cuming

263-0143

→ I. HAUGH (for your info)

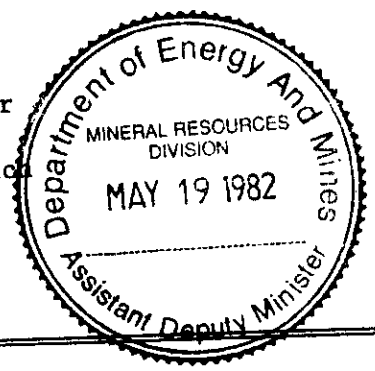
PS-1-25

MANIT^{BA}

Inter-Departmental Memo

To . Mal Anderson
Room 343, Legislative Bldg.
450 Broadway Ave.

Date May 19th, 1982
From H. Clare Moster
Director
Petroleum Branch



Telephone

Subject PAN CANA RESOURCES LTD.

Based on Manitoba's 1980 production statistics, Pan Cana Resources Ltd. (previously Pan Cana Industries Ltd.), owned 1.84% or 10 389.1 (65, 338 barrels) of the province's total oil production. Over 80% of this production was in Daly Unit No.1 and the remainder in Daly Unit No.3, Virden-Roselea Units No.1 & 3 and Routledge No.1.

Pan Cana operates none of it's production in Manitoba. However, in late 1981, with the Unit Operator in Daly Unit No.1 wishing to resign, Pan Cana has taken steps to have itself appointed as unit operator. It is being challenged for this position by Chevron Standard Limited.

Note: Sharon Oil Company Ltd. also has a minor direct interest in Daly Unit No.1 (6,226 barrels in 1980).

A handwritten signature in dark ink, appearing to read "H. Clare Moster".

H. Clare Moster

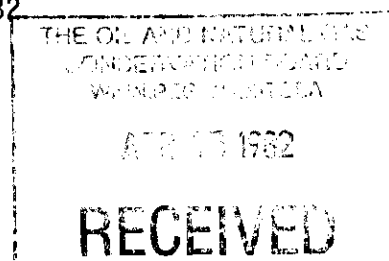
First Fold

RUNDLE PETROLEUMS LTD.

Suite #665, Gulf Canada Square
401 - 9th Avenue S.W.
Calgary, Alberta T2P 3C5
TELEPHONE: 263-7171

April 7, 1982

Chairman,
Oil and Natural Gas Conservation Board
Province of Manitoba
989 Century Street
Winnipeg, Manitoba
R3H 0W4




Gentlemen:

Further to our letter of October 19, 1981 where we requested guidance from your Board as to the resolution of the problem of selecting a new Unit Operator, we now wish to withdraw this request. A further meeting was held on April 5, 1982 and it has been decided that we will appoint an arbitrator to make a decision regarding this matter. As soon as any decision is made, we will inform your Board.

Yours very truly,

RUNDLE PETROLEUMS LTD.

RFA:vs
Encls.


R.F. Atkinson, Chairman
Daly Unit No. 1
Operating Committee

cc: All Working Interest Owners
Daly Unit No. 1
H.C. Moster
Dept. of Energy & Mines,
Winnipeg

x.c. - H. Clare Moster
April 14, 1982 - IH/ra

RUNDLE PETROLEUMS LTD.

Suite #665, Gulf Canada Square
401 - 9th Avenue S.W.
Calgary, Alberta T2P 3C5
TELEPHONE: 263-7171

October 19, 1981

Chairman,
Oil and Natural Gas Conservation Board
Province of Manitoba
989 Century Street
Winnipeg, Manitoba
R3H 0W4

Gentlemen:

Re: Daly Unit No. 1 Operator

Enclosed are the Minutes of the adjourned Daly Unit No. 1 Operating Committee Meeting of October 7, 1981. You will note that the vote for a new Unit Operator resulted in the following:

<u>For Chevron Standard Limited</u>		<u>Total</u>
Chevron Standard Limited	32.388980%	32.388980%
<u>For Pan Cana Resources Ltd.</u>		
Pan Cana Resources Ltd.	27.255350%	
Murphy Oil Company Ltd.	4.979250%	
Scurry-Rainbow Oil Limited	17.108940%	
Sharon Oil Company Limited	3.181660%	
Rundle Petroleum Ltd.	13.333330%	
Navajo Petroleum Ltd.	1.752490%	67.611020%
		<u>100.000000%</u>

Under Section 6.01 of The Plan, neither of these companies received the required 75% participation. It was decided that Rundle, as Unit Operator, would refer this matter to your board for further guidance. I have asked both Pan Cana and Chevron to make written submissions outlining their positions as to why they should be named the Unit Operator.

Yours very truly,
RUNDLE PETROLEUMS LTD.

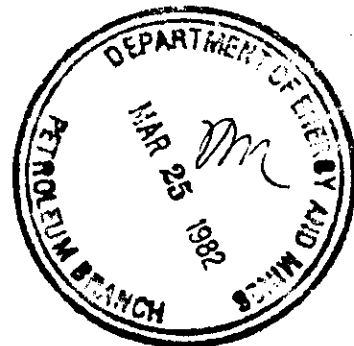
RFA:vs

cc: All Working Interest Owners
Daly Unit No. 1

R.F. Atkinson, Chairman
Daly Unit No. 1
Operating Committee

RUNDLE PETROLEUMS LTD.

Suite #665, Gulf Canada Square
401 - 9th Avenue S.W.
Calgary, Alberta T2P 3C5
TELEPHONE: 263-7171



March 23, 1982

TO: ALL WORKING INTEREST OWNERS
DALY UNIT NO. 1

DALY UNIT NO. 1 OPERATING COMMITTEE

A meeting of Daly Unit No. 1 Operating Committee will be held at #665, Gulf Canada Square, 401 - 9th Avenue S.W., Calgary, Alberta at 1:30 p.m., Monday, April 5, 1982. The following items will be discussed -

Agenda

- (1) Adoption of the October 7th, 1981 and the continuation on October 19, 1981 meeting
- (2) Mail Ballot review
- (3) *meets with 180 day notice of resignation requirement in U.A.* Selection of an operator for Daly Unit No. 1 effective May 1, 1982 according to Section 7.06, 7.07 and 7.09 of the "Plan for Unit Operation and Further Development of Daly Unit No. 1"
- (4) Authorizing and audit to take place under Section 7.08 of the "Plan"
- (5) Review operations of Daly Unit No. 1
- (6) Discuss expansion of Daly Unit No. 1 to include #6-10-10-28 and 15-5-10-28
- (7) Other business.

It would be appreciated if your company could be represented at this very important meeting.

Yours very truly,
RUNDLE PETROLEUMS LTD.

R. F. Atkinson
R.F. Atkinson, Chairman
Daly Unit No. 1
Operating Committee

RFA:vs
Encl. (3)

October 19, 1981

Chairman,
Oil and Natural Gas Conservation Board
Province of Manitoba
989 Century Street
Winnipeg, Manitoba
R3H 0W4

Gentlemen:

Re: Daly Unit No. 1 Operator

Rundle Petroleums Ltd. hereby gives notice of resignation as Unit Operator of Daly Unit No. 1, under Section 7.06 of The Plan for Unit Operation Governing the Unitized Management and Further Development of Daly Unit No. 1. It would be our preference to have a new unit operator named effective January 1, 1982, since the continuity of one operator for the full calendar year would then be in effect.

Yours very truly,

RUNDLE PETROLEUMS LTD.

RFA:vs

R.F. Atkinson, Chairman
Daly Unit No. 1
Operating Committee

cc: All Working Interest Owners
Daly Unit No. 1

.....working interest in the Unit Area.

Change of
Operator

7.06 Unit Operator:

- (a) Shall forthwith cease to act as Unit Operator in the event it should become bankrupt or insolvent, or make any general assignment for the benefit of creditors;
- (b) May be removed as Unit Operator by an affirmative vote of members of the Operating Committee representing Working Interest Owners, other than Unit Operator, who own at least eighty-five (85%) percent of the remaining Participating Interests;
- (c) May resign at any time upon one hundred and eighty (180) days' written notice to the Operating Committee and to the Board.

Release from
Duties

7.07 In the event of a removal or resignation of Unit Operator pursuant to paragraphs (b) or (c) of Section 7.06, Unit Operator shall be released from its duties and obligations hereunder at the hour of seven o'clock in the forenoon, Central Standard Time on the first day of the calendar month following the expiration of one hundred and eighty (180) days from the date of delivery of notice of such removal or resignation, or such earlier date as a successor Unit Operator shall have been designated by the Operating Committee, and shall have assumed the duties of Unit Operator.

Surrender of
Operating
Rights

7.08 At the effective time of the release from its duties of any Unit Operator, or upon the selection of a successor Unit Operator, the preceding Unit

Operator shall surrender possession of, and delivery to, the successor Unit Operator the exclusive charge, management and control of the development, operation and production of the Unitized Strata and all Unit Operated Wells, Unit Facilities, common funds in the possession of Unit Operator and all production, if any, which has not theretofore been delivered in kind, or sold, copies of all pertinent books of account and records of the unit operations and all documents, agreements and other papers relating thereto. Upon the transfer and delivery thereof, the preceding Unit Operator shall be released and discharged from and the successor Unit Operator shall assume all duties and obligations of Unit Operator hereunder except the unsatisfied duties and obligations of the preceding Unit Operator accrued prior to the effective time of the change of Unit Operator and for which the preceding Unit Operator shall, notwithstanding its release or discharge, continue to remain liable.

Selection of
Successor Unit
Operator

7.09 Forthwith upon the removal or resignation of Unit Operator, or at any time when there is no Unit Operator, the Operating Committee shall select a successor Unit Operator to take office contemporaneously with the effective time of the release from its duties of Unit Operator.

Audit

7.10 The Operating Committee shall cause an audit of the accounts of the preceding Unit Operator with respect to the operation and development of the Unit

file: Sen Cones
Daly Unit No. 1

x.c. to I. Haugh Mar. 26/82 - 1k

RUNDLE PETROLEUMS LTD.

Suite #665, Gulf Canada Square
401 - 9th Avenue S.W.
Calgary, Alberta T2P 3C5
TELEPHONE: 263-7171



March 23, 1982

TO: ALL WORKING INTEREST OWNERS
DALY UNIT NO. 1

DALY UNIT NO. 1 OPERATING COMMITTEE

A meeting of Daly Unit No. 1 Operating Committee will be held at #665, Gulf Canada Square, 401 - 9th Avenue S.W., Calgary, Alberta at 1:30 p.m., Monday, April 5, 1982. The following items will be discussed -

Agenda

- (1) Adoption of the October 7th, 1981 and the continuation on October 19, 1981 meeting
- (2) Mail Ballot review
- (3) Selection of an operator for Daly Unit No. 1 effective May 1, 1982 according to Section 7.06, 7.07 and 7.09 of the "Plan for Unit Operation and Further Development of Daly Unit No. 1"
- (4) Authorizing and audit to take place under Section 7.08 of the "Plan"
- (5) Review operations of Daly Unit No. 1
- (6) Discuss expansion of Daly Unit No. 1 to include #6-10-10-28 and 15-5-10-28
- (7) Other business.

*meets with 180 day
notice of resignation
requirement in U.A.*

It would be appreciated if your company could be represented at this very important meeting.

Yours very truly,
RUNDLE PETROLEUMS LTD.

R. F. Atkinson
R.F. Atkinson, Chairman
Daly Unit No. 1
Operating Committee

RFA:vs
Encl. (3)

October 19, 1981

Chairman,
Oil and Natural Gas Conservation Board
Province of Manitoba
989 Century Street
Winnipeg, Manitoba
R3H 0W4

Gentlemen:

Re: Daly Unit No. 1 Operator

Rundle Petroleums Ltd. hereby gives notice of resignation as Unit Operator of Daly Unit No. 1, under Section 7.06 of The Plan for Unit Operation Governing the Unitized Management and Further Development of Daly Unit No. 1. It would be our preference to have a new unit operator named effective January 1, 1982, since the continuity of one operator for the full calendar year would then be in effect.

Yours very truly,

RUNDLE PETROLEUMS LTD.

RFA:vs

R.F. Atkinson, Chairman
Daly Unit No. 1
Operating Committee

cc: All Working Interest Owners
Daly Unit No. 1

.....working interest in the Unit Area.

Change of
Operator

7.06 Unit Operator:

- (a) Shall forthwith cease to act as Unit Operator in the event it should become bankrupt or insolvent, or make any general assignment for the benefit of creditors;
- (b) May be removed as Unit Operator by an affirmative vote of members of the Operating Committee representing Working Interest Owners, other than Unit Operator, who own at least eighty-five (85%) percent of the remaining Participating Interests;
- (c) May resign at any time upon one hundred and eighty (180) days' written notice to the Operating Committee and to the Board.

Release from
Duties

7.07 In the event of a removal or resignation of Unit Operator pursuant to paragraphs (b) or (c) of Section 7.06, Unit Operator shall be released from its duties and obligations hereunder at the hour of seven o'clock in the forenoon, Central Standard Time on the first day of the calendar month following the expiration of one hundred and eighty (180) days from the date of delivery of notice of such removal or resignation, or such earlier date as a successor Unit Operator shall have been designated by the Operating Committee, and shall have assumed the duties of Unit Operator.

Surrender of
Operating
Rights

7.08 At the effective time of the release from its duties of any Unit Operator, or upon the selection of a successor Unit Operator, the preceding Unit

Operator shall surrender possession of, and delivery to, the successor Unit Operator the exclusive charge, management and control of the development, operation and production of the Unitized Strata and all Unit Operated Wells, Unit Facilities, common funds in the possession of Unit Operator and all production, if any, which has not theretofore been delivered in kind, or sold, copies of all pertinent books of account and records of the unit operations and all documents, agreements and other papers relating thereto. Upon the transfer and delivery thereof, the preceding Unit Operator shall be released and discharged from and the successor Unit Operator shall assume all duties and obligations of Unit Operator hereunder except the unsatisfied duties and obligations of the preceding Unit Operator accrued prior to the effective time of the change of Unit Operator and for which the preceding Unit Operator shall, notwithstanding its release or discharge, continue to remain liable.

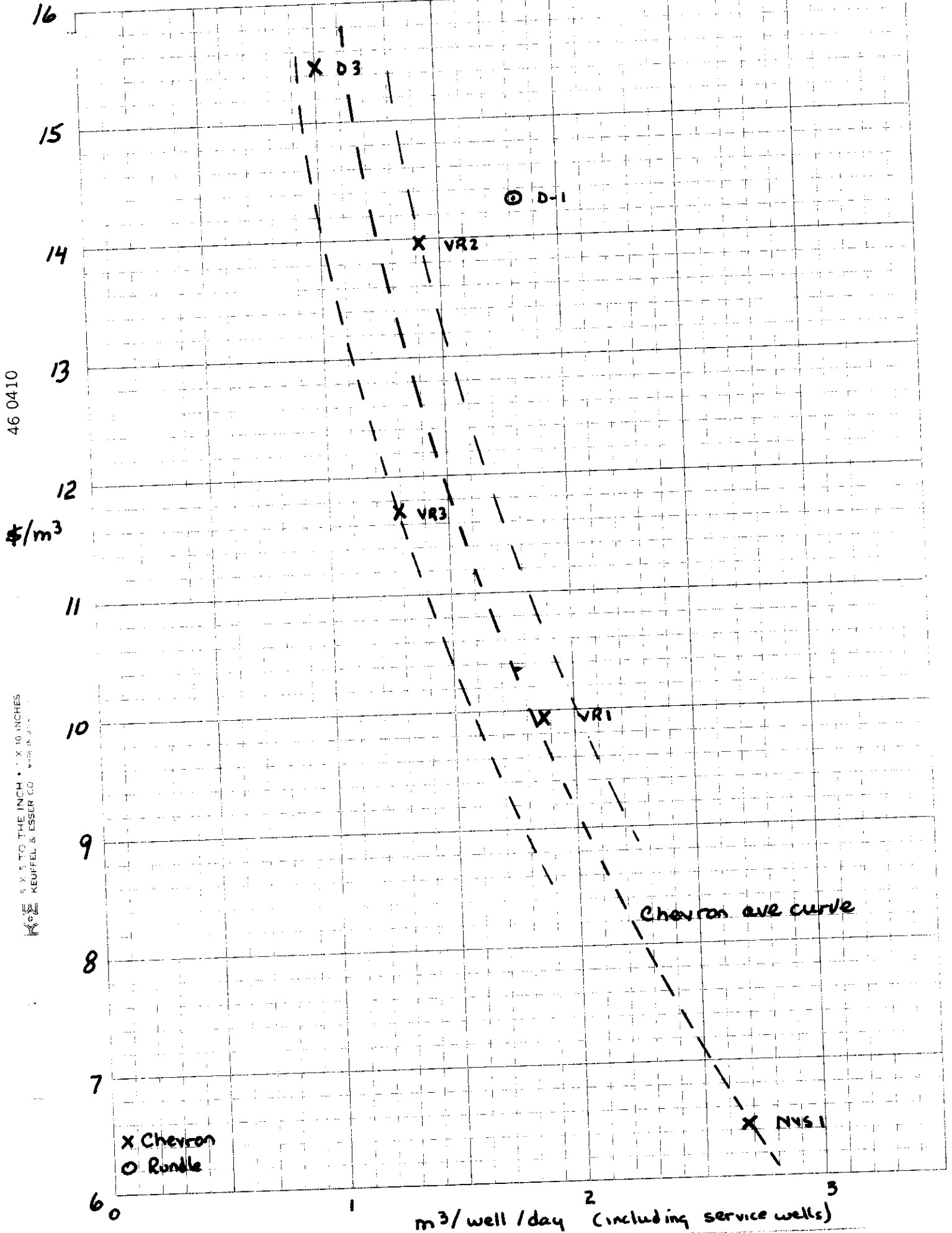
Selection of
Successor Unit
Operator

7.09 Forthwith upon the removal or resignation of Unit Operator, or at any time when there is no Unit Operator, the Operating Committee shall select a successor Unit Operator to take office contemporaneously with the effective time of the release from its duties of Unit Operator.

Audit

7.10 The Operating Committee shall cause an audit of the accounts of the preceding Unit Operator with respect to the operation and development of the Unit

SELECTED UNITS OPERATING COST VS WELL RATE



UNIT	$m^3/d/well$	$\$/m^3$
NVS1	2.69	6.45
VR1	1.87	9.95
VR2	1.41	13.98
VR3	1.29	11.72
D3	1.00	15.46
D1	1.80	14.32

- ① Both Chevron and PanCana average costs including all wells.
- ② Operating costs per meter of oil produced should be mainly a function of amount of facilities (i.e. wells required to produce oil. A plot of operating cost in $\$/m^3$ vs average well rate (including service wells) should provide a valid cost comparison. The plot attached shows that at Daly Unit No 1's production rate, Chevron could have operated the unit for $\$11.20/m^3$ (max of "Chevron range". The resultant saving would have been $\$97,000$ during 1980 or a savings of about 22%.
- ③ Although Chevron's numbers appear to be exaggerated, perhaps by inclusion of NVS #1, there is clearly a cost advantage to having Chevron operate Daly Unit 1 over Rundle. Pan Cana's performance is untested but is likely to be similar to Rundle's.
- ④ Chevron also has the advantage of having a larger experienced technical staff close at hand
- ⑤ On Pan Cana's side of the ledger are mainly intangibles.
 - keeping operators employed would presumably reduce the gov't's burden of supporting them
 - a different approach to field problems would provide a yardstick to judge Chevron's proposals by

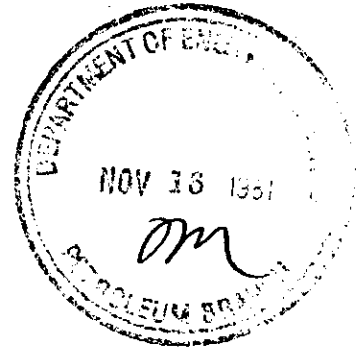
- more involvement in Manitoba could ~~trigger~~ result in Pan Cana becoming a developer.

SCURRY-RAINBOW OIL LIMITED

→ I. HAUGH
XC - PETROLEUM
→ Bob
file

November 9, 1981

Department of Energy & Mines
Mineral Resources Division
989 Century Street
Winnipeg, Manitoba
R3H 0W4



Attention: Chairman, Petroleum Branch

Re: Daly Unit No. 1, Operator

Dear Sir:

Scurry-Rainbow Oil Limited, as a major working interest owner of Daly Unit No. 1, requests that Pan Cana Resources Ltd. be named as Unit Operator upon the resignation of Rundle Petroleums Ltd.

It is Pan Cana's intent to retain Rundle's operating staff for Daly Unit No. 1 operations. Scurry feels that this continuity will result in a most efficient operation. Rundle has operated Daly Unit No. 1 to Scurry's satisfaction, and we are anxious to see this maintained. Scurry concurs with Pan Cana's comment that the salary of an extra field pumper is well worth the extra production he would be responsible for.

In Scurry's experience, most companies concentrate their efforts on their highest income properties. Since Daly Unit No. 1 is one of Pan Cana's most valuable fields, we are confident that they will strive for a optimized operation, more so than would a large company to whom the unit represents only a small income percentage.

Scurry also notes that it is to the Province of Manitoba's benefit to encourage as many companies as possible to operate in the province. This will advance the growth of the petroleum industry in Manitoba. Replacing Rundle with a company that has ongoing Manitoba operations would not accomplish this goal.

.../2

Because of our large interest in Daly Unit No. 1, Scurry is concerned about the selection of a successor unit operator, and hopes that your department will concede to Pan Cana's request to replace Rundle Petroleum Ltd. as operator.

Yours truly,

SCURRY-RAINBOW OIL LIMITED



A. G. Morison, P. Eng.
Manager, Joint Ventures

AM/AGM/pgr
Subject File
Day Files

Pan Cana Resources Ltd.

500 BOW VALLEY SQUARE 1, 202 - 6th AVENUE S.W., CALGARY, ALBERTA T2P 2W5

P.O. BOX 9237

TELEPHONE (403) 263-0143

TELEX 038-22796

1982 07 23

WORKING INTEREST OWNERS
DALY UNIT #1

Gentlemen:

Re: Succeeding Operator
Daly Unit #1
Virden Area, Manitoba

Please be advised that effective August 1, 1982 Pan Cana Resources Ltd. will be the Operator of Daly Unit #1. Pan Cana's representatives for this Unit will be:

Mr. Ed Chwyl
Mr. Lowell Jackson

Chairman, Operating Committee
Alternate Chairman

All correspondence regarding the Unit should be addressed to the letterhead address.

Yours very truly,

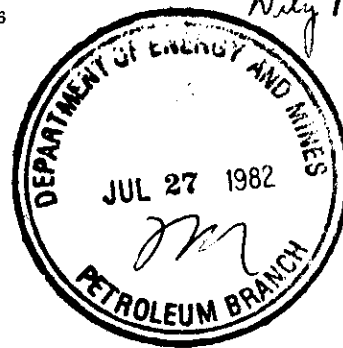
PAN CANA RESOURCES LTD.

Ed Chwyl
Ed Chwyl
Chairman, Operating Committee
Daly Unit #1

EC/sk

cc: Mr. Ian Haugh - Manitoba Gov't
Mr. Clare Moster " "
Mr. Mal Anderson " "

*changed cards
Sept 21/82 DC*



DALY UNIT #1
WORKING INTEREST OWNERS
(Addressee List)

Chevron Standard Limited
500 Fifth Avenue S.W.
Calgary, Alberta
T2P 0L7

Attn: D.A. Zeeuwen

262-0595

Scurry-Rainbow Oil Limited
(Home Oil Company Limited)
2300 Home Oil Tower
324 Eighth Avenue S.W.
Calgary, Alberta
T2P 2Z5

A.G. Morison

232-7101

Rundle Petroleum Ltd.
#665 Gulf Canada Square
401 - 9th Avenue S.W.
Calgary, Alberta
T2P 3C5

Attn: R.F. Atkinson

263-7171

Murphy Oil Company Ltd.
800 Aquitaine Tower
540 Fifth Avenue S.W.
P.O. Box 2721
Calgary, Alberta
T2P 2M7

Attn: R.D. Friesen

262-2721

Sharon Oil Company Limited
P.O. Box 6930
Postal Station "D"
Calgary, Alberta
T2P 2G1

Attn: Danny W. Jennings

249-7788

Navajo Petroleum Ltd.
#665 Gulf Canada Square
401 - 9th Avenue S.W.
Calgary, Alberta
T2P 3C5

Attn: Norm W. Cuning

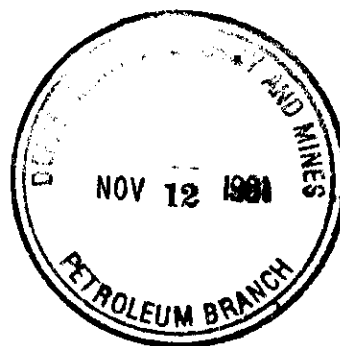
263-0143



Chevron Standard Limited

500 - Fifth Avenue S.W., Calgary, Alberta T2P 0L7

1981-11-09



Daly Unit No. 1 Operator

Manitoba Department of Energy and Mines
Mineral Resources Division
Petroleum Branch
989 Century Street
Winnipeg, Manitoba
R3H 0W4

Attention: Mr. H. C. Moster, Director

Gentlemen:

For your information, we attach hereto, a copy of a submission by Chevron Standard Limited relative to a replacement Operator for Daly Unit No. 1.

Yours very truly,

R. A. PARK
Production Manager

PP/db
Attach.



Chevron Standard Limited
500 - Fifth Avenue S.W., Calgary, Alberta T2P 0L7

1981-11-09

Daly Unit No. 1 Operator

Chairman
Oil and Natural Gas Conservation Board
Province of Manitoba
156 Legislative Building
Winnipeg, Manitoba
R3C 0V8

Dear Sir:

In accordance with a request by R. F. Atkinson, Chairman, Operating Committee, Daly Unit No. 1, Chevron Standard Limited hereby submits its position relative to Operator replacement for Daly Unit No. 1.

Chevron submits that at such time as Rundle Petroleum Ltd. is relieved of its duties as Operator of Daly Unit No. 1, Chevron Standard Limited should become the successor operator for the following reasons:

1. Chevron has the required expertise.
2. Chevron has a desirable organization in place.
3. By virtue of a major interest in the Unit, Chevron has a vested interest in the operations.
4. Chevron has demonstrated its efficiency of operation in the area.
5. Chevron's proposal for operation is very attractive in comparison to present operations.

Required Expertise

Chevron is the operator of most of the Units in Manitoba; some for almost twenty years. In addition, Chevron operates in excess of twenty unitized operations in Alberta varying in size from multimillion dollar per year operations to those with total annual operating costs of less than \$100 000. These operations have assisted in the development of the expertise required for the prudent operation of unitized properties. The expertise required is not only in the mechanical operation of wells, batteries, injection plants and other facilities, but also in the technical aspects of production and reservoir engineering, soil reclamation, corrosion protection, environmental matters and others. Our staff has a thorough knowledge of all applicable regulations and the experience in dealing with such regulations which is an operating necessity.

Chevron has developed a wealth of expertise in all areas and has the reputation in the industry of being a prudent operator. Chevron has never resigned an operatorship; nor has it ever been requested to resign by working interest owners.

Desirable Organization in Place

Chevron maintains, and has for many years maintained, a comprehensive full time staff housed in a modern area office in Virden. The resident area manager has a technical staff complement of six, an accounting support staff, two foremen, and a full complement of field operating and maintenance personnel. This local staff is provided for the day to day operations in the area; additional assistance, in any discipline, is readily available on very short notice.

Because this staff is available on an as-required basis to any of the Units operated by Chevron, in the area, all of the Units benefit from a more efficient operation.

Chevron has maintained a stable area staff for many years and will continue to do so in order to provide for the systematic depletion of the various existing Units and in the development of others in Manitoba.

Vested Interest

Chevron, with a major participating interest in the Unit has a vested interest in ensuring that the Unit is depleted in the most economic manner which will assure optimum recovery of reserves.

With Chevron's large combined operations base in the area; its expertise and organization, and its resultant reduced cost due to certain economies of scale, the economic production limit of wells will be lower than under current operations. A lower economic limit will permit the recovery of additional reserves for the benefit of the working interest owners and royalty interest owners alike.

Demonstrated Efficiency of Operation

Figures 1, 2 and 3 summarize a comparison of costs in Chevron operated unitized waterfloods with costs incurred in Daly Unit No. 1 for the years 1978 through 1980.

The costs summarized in Figure 1 represent the day to day costs incurred in the field in routine operation. In general, these costs are controlled by the on site field foreman. Costs that might be classed as "nonrecurring" field costs are added to the preceeding costs in Figure 2. Figure 3 includes all costs incurred by the Unit. The comparison of costs in each of the three figures is meaningful, however, it is suggested that those in Figure 1 are more so than the others since they are a direct measure of the day to day routine operating efficiency.

In each case, costs are shown based on oil production and on a well count basis. Both parameters are valid; however, it is suggested that the cost on a well count basis is more meaningful for comparison purposes.

It is suggested that the lower costs for Chevron operated units, displayed in the summaries, reflect the economies of scale available because of Chevron's large combined operations base in the area. It is unlikely that any operator who is involved only in the operation of Daly Unit No. 1 would have been able to do significantly better than the current operator has done, or is doing.

Chevron's Proposal

Chevron has formally submitted a proposal to the Working Interest Owners of the Unit to operate the Unit as a replacement for Rundle Petroleum Ltd. which is resigning its operatorship. Under the proposal, Chevron offered its expertise, organization and economy of scale in conducting Unit operations in accordance with the Plan. For so doing, Chevron proposed an administrative overhead charge of \$3 500/month under Section 26.07 (k)(iii)(a) of the Plan. Because it is firmly established in the area, Chevron would be in a position to take over the operation on very short notice. Any operating manpower requirements would be fulfilled by hiring locally.

While not submitted as a guarantee, it was suggested to the Working Interest Owners that direct field operating costs could be reduced by at least \$1 000 per month with Chevron as operator of the unit as compared to current operations. Based on 1980 costs as summarized on Figures 1, 2 and 3, the Daly Unit No. 1 costs averaged a minimum of \$2 000 per well per year higher than corresponding costs for any Chevron operated Unit. Inasmuch as there are 47 wells in Daly Unit No. 1, the indication is that under Chevron's operatorship the operating costs might have been reduced by at least \$94 000 during 1980.

To date, to our knowledge, a formal proposal to operate Daly Unit No. 1 has not been submitted. Should a proposal be submitted to the Board by any other Working Interest Owner, Chevron would appreciate an opportunity to review and comment upon such proposal to the Board.

Chevron submits that it is desirable to replace the resigning Operator with a Working Interest Owner that has the established organization, expertise and willingness to protect the interests of all Unit Working Interest and Royalty Interest Owners by the prudent and conscientious operation of the Unit. Chevron submits that it qualifies to be appointed successor Operator for Daly Unit No. 1.

Chevron is prepared to answer any questions related to this submission before or at a hearing, should one be deemed necessary.

Respectfully submitted,

A handwritten signature in dark ink, appearing to read 'R. A. Park', is written over the typed name.

R. A. PARK
Production Manager

Attachment

cc: Mr. I. Haugh, Deputy Chairman
Mr. J. F. Redgwell, Member

Working Interest Owners
Daly Unit No. 1

FIGURE 1

TOTAL FOREMAN COSTS (or TOTAL NORMAL FIELD COSTS)

<u>Chevron Operated Unitized Waterfloods</u>	<u>\$/m³ Oil Produced</u>			<u>\$/Well/Year</u>		
	<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>
North Virden Scallion Unit No. 1	2.73	4.07	4.50	3 052	4 233	4 392
Virden-Roselea Unit No. 1	5.05	6.43	6.08	3 614	4 578	4 145
Virden-Roselea Unit No. 2	5.63	7.12	8.12	3 176	3 882	4 157
Virden-Roselea Unit No. 3	5.67	6.58	6.77	2 893	3 233	3 185
Daly Unit No. 3	4.94	6.28	7.59	1 848	2 316	2 759
 TOTAL ABOVE	 3.76	 5.09	 5.49	 2 945	 3 788	 3 870
 <u>Non-Chevron Operated Unitized Waterflood</u>						
Daly Unit No. 1	9.29	7.63	10.20	5 074	5 508	6 766

Total Foreman Costs (or Total Normal Field Costs) include following cost items:

1. Well Pulling
2. Subsurface Technical Services
3. Subsurface Equipment Repairs
4. Company Labor
5. Contract Labor
6. Maintenance/Construction Contract Services
7. Lease Fuels
8. Utilities
9. Chemicals
10. Assisted Recoverable Materials
11. Materials, Supplies, Repair Costs
12. Transportation
13. Road/Location Maintenance
14. Other Normal - Direct
15. Other Normal - Distributed

FIGURE 2

TOTAL FIELD OPERATING COSTS (or TOTAL FIELD CONTROLLABLE COSTS)

<u>Chevron Operated Unitized Waterfloods</u>	<u>\$/m³ Oil Produced</u>			<u>\$/Well/Year</u>		
	<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>
North Virden Scallion Unit No. 1	3.06	4.57	5.04	3 422	4 754	4 922
Virden-Roselea Unit No. 1	5.95	6.85	7.23	4 265	4 880	4 928
Virden-Roselea Unit No. 2	6.15	7.58	10.34	3 471	4 137	5 294
Virden-Roselea Unit No. 3	6.50	6.75	7.99	3 320	3 320	3 757
Daly Unit No. 3	5.92	7.00	11.32	2 215	2 582	4 114
 TOTAL ABOVE	 4.29	 5.55	 6.55	 3 361	 4 133	 4 622
 <u>Non-Chevron Operated Unitized Waterflood</u>						
Daly Unit No. 1	9.66	8.45	11.86	5 274	6 098	7 851

Total Field Operating Costs (or Total Field Controllable Costs) include Total Foreman Costs (or Total Normal Field Costs) plus the following cost items:

1. Major Expense Jobs
2. Well Stimulation
3. Remedial and Redrill
4. Cost of Abandonments
5. Sundry Adjustments

FIGURE 3
TOTAL COSTS

<u>Chevron Operated Unitized Waterfloods</u>	<u>\$/m³ Oil Produced</u>			<u>\$/Well/Year</u>		
	<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>
North Virden Scallion Unit No. 1	4.65	5.94	6.45	5 198	6 172	6 302
Virden-Roselea Unit No. 1	8.31	9.34	9.95	5 952	6 651	6 783
Virden-Roselea Unit No. 2	9.32	11.14	13.98	5 255	6 078	7 157
Virden-Roselea Unit No. 3	9.45	10.13	11.72	4 825	4 981	5 515
Daly Unit No. 3	9.64	11.40	15.46	3 608	4 203	5 620
TOTAL ABOVE	6.40	7.70	8.80	5 018	5 728	6 208
 <u>Non-Chevron Operated Unitized Waterflood</u>						
Daly Unit No. 1	12.06	10.59	14.32	6 583	7 645	9 484

Total Costs include Total Field Operating Costs (or Total Field Controllable Costs) plus the following cost items:

1. Administrative Overhead
2. Lease Obligations
3. Taxes

COPY

November 6, 1981

Pan Cana Resources Ltd.,
500 Bow Valley Square 1,
202 - 6th Avenue S.W.,
Calgary, Alberta.
T2P 2W5

Attention: Mr. Ed Chwyl,
Vice President - Operations.

Dear Sirs:

Re: Daly Unit #1

This will acknowledge receipt of your submission dated November 2, 1981 to The Oil and Natural Gas Conservation Board relating to the successor operator for Daly Unit #1.

Yours sincerely,

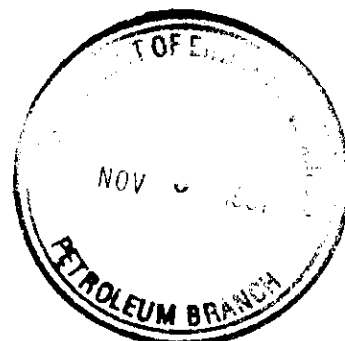
ORIGINAL SIGNED BY
IAN HAUGH

Ian Haugh,
Deputy Chairman.

IH/ra

cc: Mr. M. G. Anderson, Chairman
Mr. J. F. Radgwell, Member

bc: H. Clare Moster



Pan Cana Resources Ltd.

500 BOW VALLEY SQUARE 1, 202 - 6th AVENUE S.W., CALGARY, ALBERTA T2P 2W5

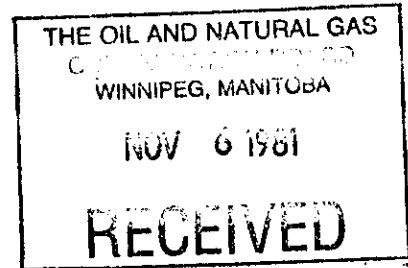
P.O. BOX 9237

TELEPHONE (403) 263-0143

TELEX 038-22796

ED CHWYL
VICE PRESIDENT - OPERATIONS

1981 11 02



Oil & Natural Gas Conservation Board
Province of Manitoba
989 Century Street
Winnipeg, Manitoba
R3H 0W4

Attention: Mr. P.E. Jarvis

Dear Sir:

Re: Successor Operator - Daly Unit #1

By letter dated October 19, 1981 Rundle Petroleum Ltd. formerly gave notice of resignation as Unit Operator of Daly Unit #1. Pan Cana Resources Ltd. and Chevron Standard Limited both expressed desire to become successor operator to Rundle Petroleum. At the Operating Committee Meeting held October 19, 1981 a vote by the Working Interest Owners resulted in 67.61% favouring Pan Cana Resources. Pursuant to Clause 6.01 of the Unit Agreement, Chevron, with their 32.39% interest in the Unit, were able to exercise a veto vote, thereby making the resolution of this significant matter totally unresolvable.

Pan Cana requests that the Oil & Natural Conservation Board appoint them as successor operator in the Daly Unit #1 for the following reasons:

1. A clear majority of Unit Owners has shown their preference for Pan Cana Resources Ltd. The only Working Interest Owner favouring Chevron Standard Limited is Chevron themselves.
2. The intent of a Clause such as 6.01 in the Operating Agreement is to ensure that one Working Interest Owner does not possess veto power.
3. Rundle has demonstrated an ability to operate the Daly Unit #1 efficiently. One reason is the fact that they employ three Operators two of which monitor the Unit operation on any given day. Pan Cana's intent would be to keep this status quo as opposed to Chevron's intent of reducing the field supervision by a minimum of one employee.

One of the least expensive investments that can be made in any oil operation is in the salaries of field pumpers. The cost of employing one additional pumper is very minor when compared to the amount of additional production he can actually generate. Increased production results in increased revenues for all concerned including the Manitoba Government whereas unemployment of skilled oilfield personnel is undoubtedly an unwanted burden.

4. Pan Cana Resources Ltd. is a small aggressive independent oil company with an estimated C.O.R. rating of 90% or more. Our personnel have demonstrated the ability to operate oil properties and to provide the support help required from geology, lease maintenance and cost accounting. We feel very confident in our ability to manage the Daly Unit #1 production at its most efficient level.
5. Pan Cana's Working Interest in the Unit is 27.26%, although this does not present the largest single owner in the Unit, it is a significant percentage. In fact, Daly Unit #1 represents Pan Cana's second largest revenue generator in Canada. We will obviously focus our attention on the operation of this Unit for the benefit of all participating parties.
6. Pan Cana Resources Ltd. can provide a different point of view to producing oil in the Virden, Manitoba area. Having another operator will be healthy for both the participants in the Daly Unit and to the Oil & Natural Gas Conservation Board.

Pan Cana Resources Ltd. regrets the necessity of having to approach the Oil & Natural Gas Conservation Board to resolve a problem which normally should be resolved within the participating parties. Since unanimity on succeeding operator cannot be reached, we respectfully request the Board's support of the majorities' desire that Pan Cana Resources Ltd. replace Rundle Petroleum Ltd. as operator of the subject Unit.

If you desire to discuss this matter further, please call Mr. Ed Chwyl at our Calgary office.

Yours very truly,

PAN CANA RESOURCES LTD.

Russell Jackson

for Ed Chwyl
Vice President - Operations

EC/sk

cc: W.I.O.'s (except Chevron)

x.c. - M. G. Anderson
J. F. Redgwell

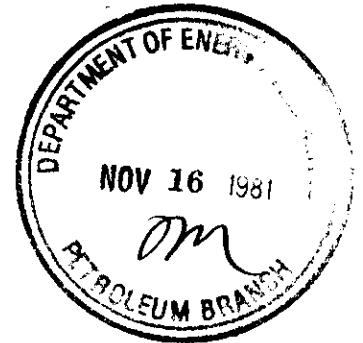
November 6, 1981 - ra

SCURRY-RAINBOW OIL LIMITED

→ I. HAUGH
XC - PETROLEUM

November 9, 1981

Department of Energy & Mines
Mineral Resources Division
989 Century Street
Winnipeg, Manitoba
R3H 0W4



Attention: Chairman, Petroleum Branch

Re: Daly Unit No. 1, Operator

Dear Sir:

Scurry-Rainbow Oil Limited, as a major working interest owner of Daly Unit No. 1, requests that Pan Cana Resources Ltd. be named as Unit Operator upon the resignation of Rundle Petroleums Ltd.

It is Pan Cana's intent to retain Rundle's operating staff for Daly Unit No. 1 operations. Scurry feels that this continuity will result in a most efficient operation. Rundle has operated Daly Unit No. 1 to Scurry's satisfaction, and we are anxious to see this maintained. Scurry concurs with Pan Cana's comment that the salary of an extra field pumper is well worth the extra production he would be responsible for.

In Scurry's experience, most companies concentrate their efforts on their highest income properties. Since Daly Unit No. 1 is one of Pan Cana's most valuable fields, we are confident that they will strive for a optimized operation, more so than would a large company to whom the unit represents only a small income percentage.

Scurry also notes that it is to the Province of Manitoba's benefit to encourage as many companies as possible to operate in the province. This will advance the growth of the petroleum industry in Manitoba. Replacing Rundle with a company that has ongoing Manitoba operations would not accomplish this goal.

.../2

- 2 -

Because of our large interest in Daly Unit No. 1, Scurry is concerned about the selection of a successor unit operator, and hopes that your department will concede to Pan Cana's request to replace Rundle Petroleums Ltd. as operator.

Yours truly,

SCURRY-RAINBOW OIL LIMITED

A handwritten signature in dark ink, appearing to read "A. G. Morison". The signature is fluid and cursive, with a large initial "A" and "M".

A. G. Morison, P. Eng.
Manager, Joint Ventures

AM/AGM/pgr
Subject File
Day Files

November 6, 1981

Pan Cana Resources Ltd.,
500 Bow Valley Square 1,
202 - 6th Avenue S.W.,
Calgary, Alberta.
T2P 2W5

Attention: Mr. Ed Chwyl,
Vice President - Operations.

Dear Sirs:

Re: Daly Unit #1

This will acknowledge receipt of your submission dated
November 2, 1981 to The Oil and Natural Gas Conservation Board
relating to the successor operator for Daly Unit #1.

Yours sincerely,


Ian Haugh,
Deputy Chairman.

IH/ra

cc: Mr. M. G. Anderson, Chairman
Mr. J. F. Radgwell, Member

bc: H. Clare Moster

Pan Cana Resources Ltd.

500 BOW VALLEY SQUARE 1, 202 - 8th AVENUE S.W., CALGARY, ALBERTA T2P 2W5

P.O. BOX 9237

TELEPHONE (403) 263-0143

TELEX 038-22796

ED CHWYL

VICE PRESIDENT - OPERATIONS

1981 11 02

THE OIL AND NATURAL GAS
CONSERVATION BOARD
WINNIPEG, MANITOBA

NOV 6 1981

RECEIVED

Oil & Natural Gas Conservation Board
Province of Manitoba
989 Century Street
Winnipeg, Manitoba
R3H 0W4

Attention: Mr. P.E. Jarvis

Dear Sir:

Re: Successor Operator - Daly Unit #1

By letter dated October 19, 1981 Rundle Petroleum Ltd. formerly gave notice of resignation as Unit Operator of Daly Unit #1. Pan Cana Resources Ltd. and Chevron Standard Limited both expressed desire to become successor operator to Rundle Petroleum. At the Operating Committee Meeting held October 19, 1981 a vote by the Working Interest Owners resulted in 67.61% favouring Pan Cana Resources. Pursuant to Clause 6.01 of the Unit Agreement, Chevron, with their 32.39% interest in the Unit, were able to exercise a veto vote, thereby making the resolution of this significant matter totally unresolvable.

Pan Cana requests that the Oil & Natural Conservation Board appoint them as successor operator in the Daly Unit #1 for the following reasons:

1. A clear majority of Unit Owners has shown their preference for Pan Cana Resources Ltd. The only Working Interest Owner favouring Chevron Standard Limited is Chevron themselves.
2. The intent of a Clause such as 6.01 in the Operating Agreement is to ensure that one Working Interest Owner does not possess veto power.
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4. Pan Cana Resources Ltd. is a small aggressive independent oil company with an estimated C.O.R. rating of 90% or more. Our personnel have demonstrated the ability to operate oil properties and to provide the support help required from geology, lease maintenance and cost accounting. We feel very confident in our ability to manage the Daly Unit #1 production at its most efficient level.
5. Pan Cana's Working Interest in the Unit is 27.26%, although this does not present the largest single owner in the Unit, it is a significant percentage. In fact, Daly Unit #1 represents Pan Cana's second largest revenue generator in Canada. We will obviously focus our attention on the operation of this Unit for the benefit of all participating parties.
6. Pan Cana Resources Ltd. can provide a different point of view to producing oil in the Virden, Manitoba area. Having another operator will be healthy for both the participants in the Daly Unit and to the Oil & Natural Gas Conservation Board.

Pan Cana Resources Ltd. regrets the necessity of having to approach the Oil & Natural Gas Conservation Board to resolve a problem which normally should be resolved within the participating parties. Since unanimity on succeeding operator cannot be reached, we respectfully request the Board's support of the majorities' desire that Pan Cana Resources Ltd. replace Rundle Petroleum Ltd. as operator of the subject Unit.

If you desire to discuss this matter further, please call Mr. Ed Chwyl at our Calgary office.

Yours very truly,

PAN CANA RESOURCES LTD.

Rowell Jackson
for Ed Chwyl
Vice President - Operations

EC/sk

cc: W.I.O.'s (except Chevron)

x.c. - M. G. Anderson
J. F. Redgwell

November 6, 1981 - ra

RUNDLE PETROLEUMS LTD.

Suite #665, Gulf Canada Square
401 - 9th Avenue S.W.
Calgary, Alberta T2P 3C5
TELEPHONE: 263-7171

November 6, 1981

The Oil and Natural Gas Conservation Board
156 Legislative Building
Winnipeg, Manitoba
R3C 0V8

Attention: Mr. Paul E. Jarvis,
Chairman

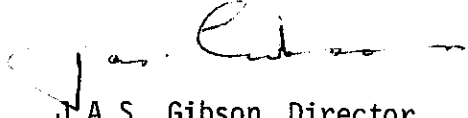
Gentlemen:

Re: Successor Operator - Daly Unit No. 1

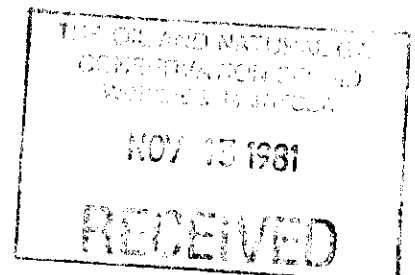
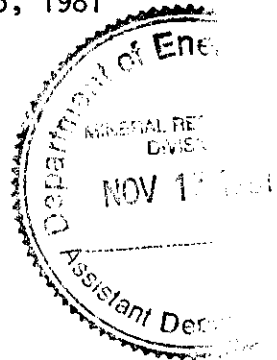
As a continuing Working Interest Owner in Daly Unit No. 1, we would respectfully request your Board give favourable consideration to naming Pan Cana Resources Ltd. successor Operator of the Unit. This request is in keeping with majority opinion of the Daly Unit No. 1 Working Interest Owners as expressed by their vote at a reconvened meeting held October 19, 1981.

Yours very truly,

RUNDLE PETROLEUMS LTD.


J.A.S. Gibson, Director

JASG:vs



NAVAJO PETROLEUMS LTD.

#665, Gulf Canada Square
401 - Ninth Avenue S.W.
Calgary, Alberta
T2P 3C5

THE OIL AND NATURAL GAS
CONSERVATION BOARD
WINNIPEG, MANITOBA

NOV 10 1981

RECEIVED

November 5, 1981

The Oil and Natural Gas Conservation Board
156 Legislative Building
Winnipeg, Manitoba
R3C 0V8

Attention: Mr. Paul E. Jarvis, Chairman

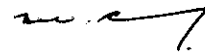
Dear Sir:

Re: Successor Operator - Daly Unit No. 1

As Representative for Navajo Petroleum Ltd., I hereby request the Board to favour the majority vote of the Working Interest Owners of Daly Unit No. 1 and appoint Pan Cana Resources Ltd. as successor Operator to Rundle Petroleum Ltd.

Yours very truly,

NAVAJO PETROLEUMS LTD.



N.W. Cuming, Secretary

NWC:vs



P.O. BOX 2721
CALGARY, ALBERTA
T2P 2M7
700 AQUITAINE TOWER
540 FIFTH AVENUE SOUTH WEST

November 4, 1981

Oil and Natural Gas Conservation Board
Province of Manitoba
989 Century Street
WINNIPEG, Manitoba
R3H 0W4

THE OIL AND NATURAL GAS
CONSERVATION BOARD
WINNIPEG, MANITOBA

NOV 13 1981

RECEIVED

ATTENTION: Mr. P. E. Jarvis

Dear Sir:

Re: Successor Operator - Daly Unit No. 1

This letter is to inform you that Murphy Oil Company Limited, which has a 4.97925 percent interest in the subject unit, is in favor of PanCana Resources Ltd. as Successor Operator to Rundle Petroleum Ltd.

Yours very truly,

MURPHY OIL COMPANY LIMITED

R. T. McLean
Vice-President, Production

MANIT^{BA}

Inter-Departmental Memo

Date October 30, 1981

To Dr. Ian Haugh
Assistant Deputy Minister
Mineral Resources Division
Dept. of Energy & Mines
989 Century Street

From J.F. Redgwell
Departmental Solicitor
Civil Litigation Branch
Dept. of Attorney-General
6th fl. - 425 Broadway
NOV 2 1981

Subject DALY UNIT NO. 1 -
CHANGE OF UNIT OPERATOR

Telephone 944-2839

The parties here are probably about to ask the Board to exercise its jurisdiction under s. 78(4) of The Mines Act to conduct a re-hearing of Unitization Order No. 11, and to make an amending order under s. 78(5) by which a new operator would be imposed upon the Unit.

As the powers of the Board appear to be limited to amendment of the original Order following a re-hearing, two problems arise:

1. In order that the original Order be amended, the Board must conduct a hearing. However, the parties propose to make written submissions only, presumably without attending any hearing. I think that we shall have to go through the hearing process, notwithstanding the wish of the parties, in order to ensure that any Amending Order is properly based. If they don't turn up, the Board could consider the written submissions and render a decision accordingly.
2. The Board will require guidance from the parties as to the form of the Amending Order. My view would be that s. 7.09 of the Unitization Plan might be amended to provide that upon failure of the Operating Committee to appoint a successor Unit Operator within ? days of removal/resignation/no Unit Operator, the Board could do so upon application of ?. However, the parties may have other proposals for the Board to consider.

Thus, the parties should probably be requested to indicate, in their written submission, the form/precise wording of whatever Order the Board is being called upon to make.

The Unitization Plan is enclosed.

x.c. - H. Clare Moster
November 3, 1981 - ra

JFR/em
Encl.

J.F. Redgwell

Brought
to
Pres's
attention
on Nov 5/81

First | Fold

October 23, 1981

The Oil and Natural Gas
Conservation Board

Paul E. Jarvis - Chairman
Dr. I. Naugh - Deputy Chairman
J. F. Redgwell - Member

H. Clare Mester
Director, Petroleum Branch

Change of Unit Operator - Baly Unit No. 1

Bessie Petroleum Ltd., current Unit Operator of Baly Unit No. 1, has given notice of its intention to resign as Unit Operator pursuant to Section 7.26 of The Plan for Unit Operations Concerning the Sustained Management and Further Development of Baly Unit No. 1 (letter to Board dated October 18, 1981). The Operating Committee for the Unit in a letter dated October 19, 1981 has referred to the Board an unresolved question with respect to the selection of a successor unit operator.

Background

Pursuant to Section 76 of The Mines Act, the Board passed Unitization Order No. 11 (BR 94/71) effective July 1, 1971.

The subject Order requires that Baly Unit No. 1 be established and operated in accordance with the Plan referred to above.

The Plan (Section 3.22) provides for the initial appointment of a Unit Operator. In a letter dated July 13, 1971 the Board was notified that the Operating Committee for Baly Unit No. 1 had appointed Bessie Petroleum Ltd. as Unit Operator with R. F. Ackinson to act as Chairman of the Committee.

In a letter dated September 14, 1981 all Working Interest Owners were notified of a meeting to be held October 7, 1981 with one of the items on the agenda being - (3) Discussion of replacement of Bessie as Unit Operator as Bessie wishes to resign from position.

A copy of the minutes for the meeting indicates that the vote held regarding the appointment of a new Unit Operator was:

Fox Cons Resources Ltd. - 4 parties with 45.52283% interest
Chevron Standard Limited - 3 parties with 54.47717% interest

It is rumored that the 2 parties that voted for Chevron were not aware prior to the vote that Fox Cons had an earnest desire to become Unit Operator.

As Section 6.01 of the Plan requires that for a vote to pass it must be supported by at least two Working Interest Owners owning at least 75% participating interest. Since this was not the case, the meeting was adjourned sine die.

The meeting was continued on October 19, 1981 at which time another vote for appointment of a new Unit Operator was held with the following results:

Pan Cana Resources Ltd. - 6 parties with 67.61102%

Chevron Standard Limited - itself with 32.38898%

As the new vote still did not satisfy the requirements of Section 6.01 of the Plan, the Operating Committee agreed to refer the matter to The Oil and Natural Gas Conservation Board and recommended that both Chevron and Pan Cana make written submissions direct to the Board setting out their reasons as to why they should be named operator.

Rundle Petroleum Ltd. has given notice to the Board of its intention to resign as per Section 7.06 (c) of the Plan with a preferred date of January 1, 1982 (to coincide with an end of calendar year).

Recommendation

That the Board seek legal advice as to what powers it may be able to exercise to settle this problem and the procedures to be followed. Therefore, on receipt of the written submissions by the two interested parties, it would be in a position to respond.

Original Signed by H. C. Moster

H. Clare Moster

HCM/1k

October 22, 1981

Rundle Petroleum Ltd.,
Suite #665, Gulf Canada Square,
401 - 9th Avenue S.W.,
Calgary, Alberta.
T2P 3C5

Attention: Mr. R. F. Atkinson,
Chairman,
Daly Unit No. 1
Operating Committee.

Dear Sirs:

Re: Daly Unit No. 1 Operator

This will acknowledge receipt of your letter of October 19, 1981, giving notice of the resignation of Rundle Petroleum Ltd. as Unit Operator of Daly Unit No. 1.

We have also received your letter of the same date with copies of minutes of the meeting of the Daly Unit No. 1 Operating Committee of October 7th, and the reconvened meeting of October 19th, 1981. It is noted that both Pan Cana Resources Ltd. and Chevron Standard Limited will be making written submissions to the Board.

Yours sincerely,

ORIGINAL SIGNED BY
IAN HAUGH

Ian Haugh,
Deputy Chairman.

IH/ra

cc: Mr. Paul E. Jarvis, Chairman
Mr. J. F. Redgwell, Member

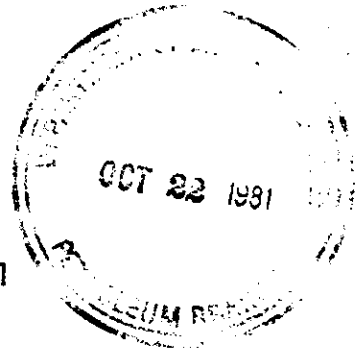
Pan Cana Resources Ltd.
Chevron Standard Limited.

bc: H. Clare Moster

RUNDLE PETROLEUMS LTD.

Suite #665, Gulf Canada Square
401 - 9th Avenue S.W.
Calgary, Alberta T2P 3C5
TELEPHONE: 263-7171

October 19, 1981



Chairman,
Oil and Natural Gas Conservation Board
Province of Manitoba
989 Century Street
Winnipeg, Manitoba
R3H 0W4

Gentlemen:

Re: Daly Unit No. 1 Operator

Enclosed are the Minutes of the adjourned Daly Unit No. 1 Operating Committee Meeting of October 7, 1981. You will note that the vote for a new Unit Operator resulted in the following:

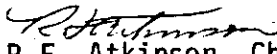
<u>For Chevron Standard Limited</u>		<u>Total</u>
Chevron Standard Limited	32.388980%	32.388980%
<u>For Pan Cana Resources Ltd.</u>		
Pan Cana Resources Ltd.	27.255350%	
Murphy Oil Company Ltd.	4.979250%	
Scurry-Rainbow Oil Limited	17.108940%	
Sharon Oil Company Limited	3.181660%	
Rundle Petroleums Ltd.	13.333330%	
Navajo Petroleums Ltd.	<u>1.752490%</u>	<u>67.611020%</u>
		<u>100.000000%</u>

Under Section 6.01 of The Plan, neither of these companies received the required 75% participation. It was decided that Rundle, as Unit Operator, would refer this matter to your board for further guidance. I have asked both Pan Cana and Chevron to make written submissions outlining their positions as to why they should be named the Unit Operator.

Yours very truly,
RUNDLE PETROLEUMS LTD.

RFA:vs

cc: All Working Interest Owners
Daly Unit No. 1


R.F. Atkinson, Chairman
Daly Unit No. 1
Operating Committee

RUNDLE PETROLEUMS LTD.

Suite #665, Gulf Canada Square
401 - 9th Avenue S.W.
Calgary, Alberta T2P 3C5
TELEPHONE: 263-7171

October 19, 1981

Chairman,
Oil and Natural Gas Conservation Board
Province of Manitoba
989 Century Street
Winnipeg, Manitoba
R3H 0W4

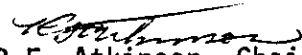
Gentlemen:

Re: Daly Unit No. 1 Operator

Rundle Petroleums Ltd. hereby gives notice of resignation as Unit Operator of Daly Unit No. 1, under Section 7.06 of The Plan for Unit Operation Governing the Unitized Management and Further Development of Daly Unit No. 1. It would be our preference to have a new unit operator named effective January 1, 1982, since the continuity of one operator for the full calendar year would then be in effect.

Yours very truly,

RUNDLE PETROLEUMS LTD.


R.F. Atkinson, Chairman
Daly Unit No. 1
Operating Committee

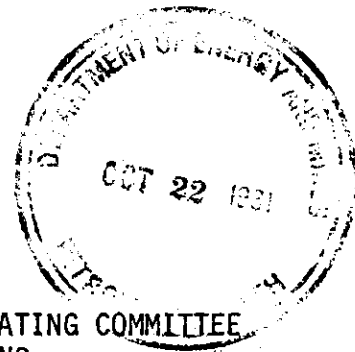
RFA:vs

cc: All Working Interest Owners
Daly Unit No. 1



RUNDLE PETROLEUMS LTD.

Suite #665, Gulf Canada Square
401 - 9th Avenue S.W.
Calgary, Alberta T2P 3C5
TELEPHONE: 263-7171



DALY UNIT NO. 1 OPERATING COMMITTEE
MINUTES OF THE MEETING
OCTOBER 19, 1981 CONTINUED FROM
OCTOBER 7, 1981

TO: ALL WORKING INTEREST OWNERS
DALY UNIT NO. 1

The Operating Committee Meeting of Daly Unit No. 1 of October 7, 1981 which was adjourned sine die was reconvened at 1:30 p.m., October 19, 1981 at #665 Gulf Canada Square, Calgary, Alberta with the following in attendance:

Representative

Anita Mathur
Ralph Atkinson
P. Pisio
S.N. Borowski
R.D. Friesen
Ed Chwyl
Lowell Jackson
J.A.S. Gibson
N.W. Cuming

Company

Scurry-Rainbow Oil Limited
Rundle Petroleum Ltd.
Chevron Standard Limited
Chevron Standard Limited
Murphy Oil Company Ltd.
Pan Cana Resources Ltd.
Pan Cana Resources Ltd.
Rundle Petroleum Ltd.
Navajo Petroleum Ltd.

Chairman of the meeting was Ralph Atkinson.

A Letter of Authority granted Pan Cana the right to vote on behalf of Sharon Oil Company Limited in their absence. (Letter attached to file copy of minutes.)

It was indicated by Chevron that based on the opinion of their company legal counsel, who were not present at the meeting, it was not necessary to again have nominations for Unit Operator.

Mr. Pisio on behalf of Chevron and Mr. Chwyl of Pan Cana made their respective presentations as to why their company should be selected as Operator of Daly Unit No. 1.

The Chairman then requested a vote of Working Interest Owners' preference as to who should be named the successor Operator to Rundle.

The results were as follows:

.....2

<u>For Chevron Standard Limited</u>		<u>Total</u>
Chevron Standard Limited	32.388980%	32.388980%
<u>For Pan Cana Resources Ltd.</u>		
Pan Cana Resources Ltd.	27.255350%	
Murphy Oil Company Ltd.	4.979250%	
Scurry-Rainbow Oil Limited	17.108940%	
Sharon Oil Company Limited	3.181660%	
Rundle Petroleums Ltd.	13.333330%	
Navajo Petroleums Ltd.	1.752490%	
	67.611020%	67.611020%
		<u>100.000000%</u>

Moved by Rundle, seconded by Murphy that the matter of Unit Operator of Daly Unit No. 1 be referred to the Oil and Natural Gas Conservation Board since the vote was not decisive under Section 6.01 of the Unit Plan. Carried unanimous.

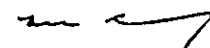
Recommendation:

It was recommended that Chevron and Pan Cana make written submissions direct to the Board setting out their reasons as to why they should be named Operator.

Moved by Pan Cana meeting adjourn 2:35 p.m.

Carried.

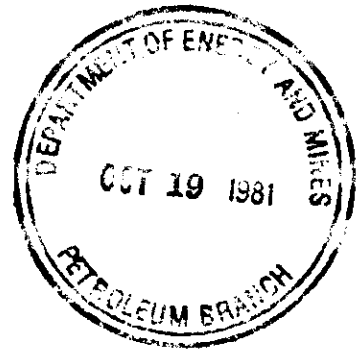
Respectfully submitted by



N.W. Cuming

RUNDLE PETROLEUMS LTD.

Suite #665, Gulf Canada Square
401 - 9th Avenue S.W.
Calgary, Alberta T2P 3C5
TELEPHONE: 263-7171

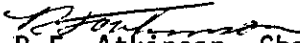


October 15, 1981

TO: ALL WORKING INTEREST OWNERS
DALY UNIT NO. 1

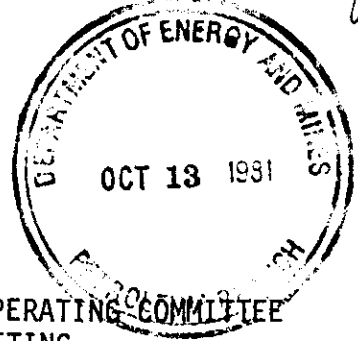
The October 7th meeting of Daly Unit No. 1 was adjourned sine die and will be reconvened at the office of Rundle Petroleums Ltd. at 1:30 p.m., Monday, October 19, 1981.

RFA:vs


R.F. Atkinson, Chairman
DALY UNIT NO. 1
Operating Committee

RUNDLE PETROLEUMS LTD.

Suite #665, Gulf Canada Square
401 - 9th Avenue S.W.
Calgary, Alberta T2P 3C5
TELEPHONE: 263-7171



DALY UNIT NO. 1 OPERATING COMMITTEE
MINUTES OF THE MEETING
OCTOBER 7, 1981

TO: ALL WORKING INTEREST OWNERS
DALY UNIT NO. 1

An Operator's Meeting of Daly Unit No. 1 was held on Wednesday, October 7, 1981 at 1:30 p.m. at 665 Gulf Canada Square, Calgary, Alberta, with the following in attendance:

Representative

Ralph Atkinson
J. Gibson
Dan Jennings
Lowell Jackson
Ed Chwyl
Ron Friesen
Anita Mathur
Dick Zeeuwen
P. Pizio
N. Cuming

Company

Rundle Petroleum Ltd.
Rundle Petroleum Ltd.
Sharon Oil Company Limited
Pan Cana Resources Ltd.
Pan Cana Resources Ltd.
Murphy Oil Company Ltd.
Scurry-Rainbow Oil Limited
Chevron Standard Limited
Chevron Standard Limited
Navajo Petroleum Ltd.

Chairman of the meeting was Ralph Atkinson.

Moved by Rundle, seconded by Chevron that the minutes of the last Operator's Meeting be adopted as read. Carried.

Moved by Pan Cana, seconded by Scurry that a review of Mail Ballots as circulated be approved. Carried.

Ralph Atkinson expressed the desire of Rundle to resign from the position as Unit Operator and asked the committee to consider a replacement.

Moved by Rundle, seconded by Sharon that Pan Cana be nominated for consideration as Unit Operator.

Moved by Murphy, seconded by Chevron that Chevron be nominated for consideration as Unit Operator.

Moved by Rundle, seconded by Pan Cana that nominations cease.

Presentations were made on behalf of Pan Cana by Ed Chwyl and for Chevron by Pete Pizio.

A vote by representatives resulted as follows:

<u>For Pan Cana</u>		<u>For Chevron</u>	
Pan Cana	27.255350%	Murphy	4.979250%
Sharon	3.181660	Chevron	32.388980
Navajo	1.752490	Scurry	17.108940
Rundle	<u>13.333330</u>		
	45.522830%		54.477170%

Under the Unit Plan, Part VI, Voting, Section 6.01, the results did not provide a clear majority and the two nominees agreed to reconsider their positions.

Rundle asked approval to raise unit administrative costs for which a mail ballot was not circulated.

Moved by Rundle, seconded by Chevron that administrative costs be increased from \$3,000 to \$3,333 per month effective April 1, 1981. Carried.

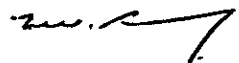
Moved by Rundle, seconded by Pan Cana that the Engineering Committee be instructed to investigate the feasibility to expand the unit to include Lsd. 11-5-10-28 and Lsd. 6-10-10-28. Carried.

Unit operations were briefly reviewed, particularly government directives relating to pits and casing leaks.

It was agreed to adjourn the meeting sine die at 3:20 p.m.

Respectfully submitted by

N.W. Cuming



Bob

RUNDLE PETROLEUMS LTD.

Suite #665, Gulf Canada Square
401 - 9th Avenue S.W.
Calgary, Alberta T2P 3C5
TELEPHONE: 263-7171



September 14, 1981

TO: ALL WORKING INTEREST OWNERS
DALY UNIT NO. 1

DALY UNIT NO. 1 OPERATING COMMITTEE

A meeting of Daly Unit No. 1 Operating Committee will be held at #665, Gulf Canada Square, 401 - 9th Avenue S.W., Calgary, Alberta at 1:30 p.m. on Wednesday, October 7, 1981. The following items will be discussed -

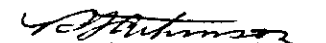
Agenda

- (1) Adoption of Minutes for April 17, 1978 meeting.
- (2) Mail Ballot review.
- (3) Discuss replacement of Rundle Petroleum Ltd. as Operator as Rundle wishes to resign from this position.
- (4) Discuss the administration costs for operation of Daly Unit No. 1.
- (5) Review the expansion of Daly Unit No. 1 to include Rundle-Scurry Daly 11-5-10-28 and Chevron Daly 6-10-10-28.
- (6) Review operations and performance of Daly Unit No. 1
- (7) Other business.

It would be appreciated if your company could be represented by your representative or alternate at this meeting.

XC - I. HAUGH
- VIRDEN OFFICE

RFA:vs


R.F. Atkinson, Chairman
DALY UNIT NO. 1
Operating Committee

RUNDLE PETROLEUMS LTD.

Suite #665, Gulf Canada Square
401 - 9th Avenue S.W.
Calgary, Alberta T2P 3C5
TELEPHONE: 263-7171

file
Daly Unit No. 1
- Working Interest Owners
- Schedule 1-8?

April 22, 1980

Department of Energy and Mines
Mineral Resources Division
Petroleum Branch
989 Century Street
Winnipeg, Manitoba
R3H 0W4

Attention: Mr. H. Clare Moster, P. Eng.
Director, Petroleum Branch

Dear Sir:

The following is an up-to-date list of Working
Interest Owners of Daly Unit No. 1.

Chevron Standard Limited	32.388980
Navajo Petroleums Ltd.	1.752490
Murphy Oil Company Ltd.	4.979250
Scurry-Rainbow Oil Limited	17.108940
*Pan Cana Resources Ltd.	27.255350
El Lobo Holdings Ltd.	3.181660
Rundle Petroleums Ltd.	<u>13.333330</u>

100.000000

* Formerly PanCana Industries Ltd.
(Name change effective February 14, 1980)

Yours very truly,

RUNDLE PETROLEUMS LTD.

R.F. Atkinson
R.F. Atkinson

RFA:vs
cc: All Working Interest Owners
Daly Unit No. 1



PETROLEUM AND NATURAL GAS RIGHTS CONVEYANCE

This Agreement made as of the 1st day of December, A.D. 1979,

BETWEEN:

EL LOBO HOLDINGS LTD., a body
corporate, incorporated under the
laws of the Province of Alberta,
having its head office in the
City of Calgary, in the Province
of Alberta,

(hereinafter referred to as "the Assignor")

OF THE FIRST PART

- and -

PANCANA INDUSTRIES LTD., a body
corporate, incorporated under the
laws of the Province of Alberta,
having its head office in the City
of Calgary, in the Province of
Alberta,

(hereinafter referred to as "the Assignee")

OF THE SECOND PART

WHEREAS the Assignor wishes to sell and assign and the Assignee
has agreed to purchase and acquire certain properties and rights
of the Assignor as described more particularly below:

NOW THEREFORE THIS AGREEMENT WITNESSETH THAT the Parties hereto
agree as follows:

1. INTERPRETATION

In this Conveyance, unless the context otherwise requires:

- (a) "Hydrocarbon Rights" means an undivided 7.268985% working interest in and to the rights, licences and privileges to explore for, drill for and /or take Hydrocarbons from the Said Lands;
- (b) "Hydrocarbons" means petroleum, natural gas and other related hydrocarbons (except coal), or any of them, insofar as the same are granted in the Leases;
- (c) "Leases" means those Freehold Petroleum and Natural Gas Leases described in Schedule "A" hereto, and includes all renewals or extensions thereof;
- (d) "Said Lands" means the lands described in Schedule "A" hereto;
- (e) "Unit Participation" means a 3.18166 percent participating interest in the Daly Unit No. 1, situate and lying in the Province of Manitoba, and a similar interest in all lands, leases, lease substances, wells, equipment, gathering systems, accounts and other matters or things covered by or associated with the aforesaid Unit;
- (f) "Miscellaneous Interests" means an undivided 7.268985 percent working interest in and to all property, assets

and rights (other than the Unit Participation) pertaining to the Hydrocarbon Rights, the Said Lands or the Leases and to which the Assignor was entitled at the Effective Time including, but not in limitation of the generality of the foregoing;

- (i) all contracts, agreements, documents, production, sales contracts and division orders relating to the Hydrocarbon Rights, the Said Lands or the Leases or any rights in relation thereto;
- (ii) all subsisting rights to enter upon, use and occupy the surface of any of the Said Lands;
- (iii) all oil and/or gas wells situate on the Said Lands and all casing therein;
- (iv) all petroleum, natural gas and related hydrocarbons in the course of production from the Said Lands, but not at the Effective Time beyond the point of delivery to the purchaser of production from the Said Lands; and,
- (v) all books, records, agreements, documents, geological and engineering reports and data which relate directly to the Hydrocarbon Rights, the Said Lands or the Leases.

- (g) "Sold Assets" means the Hydrocarbon Rights, the Unit Participation, the Said Lands, the Leases and the Miscellaneous Interests.
- (h) "Agreements" means any agreements or documents of title other than the Leases pursuant to which the Assignor holds an interest in the Hydrocarbon Rights, specifically including, but without limiting the generality of the foregoing, the Plan for Unit Operation Governing the Unitized Management Operation and Further Development of Daly Unit No. 1, dated October 20, 1970, and amended from time to time.

2. SALE AND CONVEYANCE

- (a) The Assignor hereby sells, assigns, transfers, conveys and sets over unto the Assignee, and the Assignee hereby purchases and accepts directly from the Assignor the above-specified undivided interests of the Assignor in and to the Sold Assets, for a consideration as set out below, the Assignee to have and to hold same, together with all benefit and advantage to be derived therefrom absolutely, subject to the respective terms and conditions of the Leases and the Agreements.
- (b) The consideration for the within assignment and conveyance shall be Two Hundred Thousand (\$200,000.00) Dollars, payable by the Assignee to the Assignor on or

before the 1st day of December, A.D. 1979, or such later date as is mutually agreeable to the Parties. In addition to the said consideration the Assignee shall also pay to the Assignor an amount of interest calculated at a rate of One (1%) percent per annum in excess of the prime lending rate of The Royal Bank of Canada on the entire consideration aforesaid, such interest to be calculated as and from the 1st day of November, A.D. 1979 to but not including the day on which the Assignor receives from the Assignee the said consideration in full. It is specifically acknowledged by the Assignor that the total of the consideration and interest aforesaid shall be reduced by an amount equal to the proceeds received by the Assignor attributable to the Sold Assets during the months of October and November, A.D. 1979.

3. EFFECTIVE TIME

- (a) This Conveyance shall be effective as of the hour of 8:00 o'clock in the forenoon, Mountain Daylight Time, on the 1st day of December, A.D. 1979, (hereinafter referred to as "the Effective Time"). The Assignee shall, from and after the Effective Time, be entitled to any and all rights of the Assignor in the Sold Assets, and to any and all production of the Hydrocarbons attributable to the Sold Assets, including the disposition thereof in the form of cash proceeds produced or sold on or after the Effective Time.

(b) All benefits and obligations of every kind or nature whatsoever (including, but without limiting the generality of the foregoing, the refund of deposits incidental to the obtaining of well licences, taxes, and other payments and obligations, contractual and otherwise) accruing, payable or paid in respect of the Sold Assets hereby assigned shall be apportioned between the Assignor and the Assignee as of the Effective Time and settled by payment to or by the Assignor and the Assignee, as the case may be, on or before the 1st day of January, A. D. 1980, or so soon thereafter as the Parties may agree. Notwithstanding the foregoing, there shall be no adjustment for any rentals payable under the Leases or any one of them, or Surface Leases or deposits pursuant to any agreements and which have theretofore been paid by the Assignor prior to the Effective Time. Provided further that there shall be no adjustment for any expenditures relating to the Sold Assets authorized by the Assignor prior to the time of closing, and the Assignor shall remain solely liable for such expenditures, unless same was approved by the Assignee at the request of the Assignor between the Effective Time and the Closing.

4. COVENANTS, REPRESENTATIONS AND WARRANTIES

The Assignor covenants with and represents and warrants to the Assignee that:

- (a) The Assignor will, from time to time on and after the date hereof, at the request and cost of the Assignee, but without further consideration, execute and deliver all such other and additional instruments, notices, releases, acquittances and other documents and shall do all such other acts and things as may be necessary more fully to assure the Sold Assets hereby assigned to the Assignee with full substitution and subrogation of the Assignee in and to all covenants and warranties by others heretofore given or made in respect of the Sold Assets hereby assigned.
- (b) Notwithstanding anything herein contained or any act of the Assignor, the Assignor now has good, valid and mercantile title to the Sold Assets; has good right, full power and absolute authority to bargain, sell, transfer and assign the Sold Assets hereby assigned for the purposes and in the manner aforesaid according to the true intent and meaning of these presents. The Assignor has done no act or thing whereby its title to the Sold Assets hereby assigned may be cancelled

or determined, nor has the Assignor encumbered or alienated the same or any interest therein save as herein set forth.

- (c) The Assignor and/or its agents and/or its predecessors-in-title or interest has (or has caused to be) complied with, performed, observed and satisfied all covenants, terms, conditions, obligations and liabilities whether express or implied which have arisen or may arise under the provisions of any Farmout Agreements, Operating Agreements, Option Agreements, Overriding Royalty Agreements, Participation Agreements, Carried Interest Agreements, P & NG Leases and Reservations, leases, contracts or any other agreements of any kind or nature whatsoever dealing with or related to the Sold Assets and, in particular, but without limiting the generality of the foregoing, that it has (or has caused to be) drilled all wells and paid all deposits and/or rentals and/or royalties within the time limited to keep the said P & NG Leases and Reservations, contracts or agreements in full force and effect.
- (d) It has (or has caused to be) done all acts and things required within the time limited to keep all options held by it as optionee, either directly or indirectly, in full force and effect.

- (e) Subject to the rents, covenants, conditions and stipulations in any agreements relating to the Sold Assets hereby assigned, reserved and contained and henceforth on the lessee's or holder's part thereunder to be paid, performed and observed, the Assignee may hold and enjoy the Sold Assets hereby assigned for the residue of the respective terms, if any, granted by any such Leases and/or agreements and all renewals or extensions thereof for its own use and benefit without any other person whomsoever lawfully claiming or to claim by, through or under the Assignor.
- (f) The Assignor hereby binds itself to warrant and defend, at its sole cost and expense, all and singular the Sold Assets hereby assigned unto the Assignee, its successors and assigns, against all persons whomsoever claiming or to claim the same or any part thereof or any interest therein, except as herein set forth by, through or under the Assignor.
- (g) The Assignor has complied with, performed, observed and satisfied all terms, conditions, obligations and liabilities which have heretofore arisen under the provisions of any of the Leases and any agreements relating to the Sold Assets.

- (h) There are no Authorizations for Expenditures pursuant to which expenditures are or may be made, nor any other financial commitments which are now outstanding or due, or hereafter may become due in respect of the Sold Assets or operations in respect thereof other than as specifically set forth in Schedule "A", or which the Assignee has been given written notice of by the Assignor.
- (i) The Assignor is not obligated, by virtue of a prepayment arrangement under any contract for the sale of Hydrocarbons and containing a "take or pay" or similar provision, to deliver Hydrocarbons produced from the Sold Assets at some future time without then or thereafter receiving full payment therefor. The Assignee further covenants that there are no agreements for the sale of production except as set forth in Schedule "A".
- (j) All ad valorem, property, production, severance and similar taxes and assessments based on or measured by the ownership of production of Hydrocarbons or the receipt of proceeds therefrom on the Sold Assets payable by the Assignor for 1979 and all prior years have been properly paid.
- (k) The Said Lands have been drilled, developed and operated in substantial accordance with all applicable laws,

all rules, regulations, orders and lawful directions of governmental agencies, and all of the terms and conditions of all agreements relative thereto.

- (l) The Assignor is not now nor will not be on the closing date a "non-resident person" within the meaning of Section 116 of the Income Tax Act of Canada (R.S.C. 1970-71 c.63) or, in the alternative, that the Assignor will produce at closing the required certificate under the aforesaid Section 116.
- (m) To the best of the Assignor's knowledge and belief, between the Effective Time and the closing, the Sold Assets have been developed, maintained and operated in a good and workmanlike manner and no operations for the drilling of any new wells or the redrilling of any existing wells have been undertaken after the Effective Time and prior to the closing without the prior written consent of the Assignee.
- (n) The Assignor has incurred no obligation or liability, contingent or otherwise, for brokers' or finders' fees in respect of this transaction for which the Assignee shall have any obligation or liability.

5. INDEMNITY

The Assignor shall continue to remain liable and indemnify

the Assignee from and against any liability, loss, costs, claims and damages arising out of any matter or thing relating to the Sold Assets hereby assigned occurring or arising prior to the Effective Time, and the Assignee shall indemnify the Assignor from and against similar liability, loss, costs, claims or damages arising subsequent to the Effective Time.

6. SUBROGATION

The parties hereto agree that the Assignor hereby conveys the Sold Assets unto the Assignee without warranty, save as in this Conveyance expressly set forth, but with full right of substitution and subrogation of the Assignee, as grantee, in and to all covenants and warranties by others heretofore given or made in respect of the Sold Assets or any part thereof.

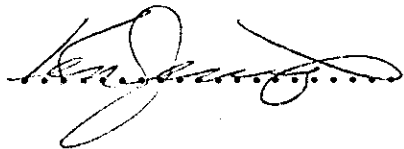
7. ENUREMENT

These presents shall enure to the benefit of and be binding upon the parties hereto and their respective successors and assigns.

IN WITNESS WHEREOF the parties hereto have caused to be hereunto affixed their respective corporate seals, attested by the hands

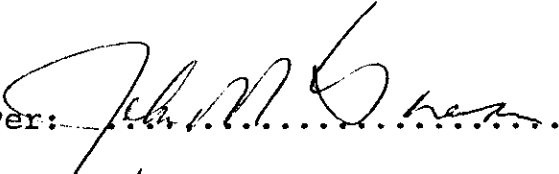
of their respective proper officers duly authorized in that
behalf, all as of the day and year first above written.


EL LOBO HOLDINGS LTD.

Per: .....

Per:

PANCANA INDUSTRIES LTD.

Per: .....

Per: .....

SCHEDULE "A"

Attached to and forming part of a Petroleum and Natural Gas Rights Conveyance dated the 1st day of December, A.D. 1979, between El Lobo Holdings Ltd. as Assignor and PanCana Industries Ltd. as Assignee.

- A. A 7.268985% undivided working interest in all Petroleum and Natural Gas and related Hydrocarbons, except coal and valuable stone, found within, upon or under the following lands and leases:

LANDS

1. The NW $\frac{1}{4}$ of Section 4, Township 10, Range 28, West of the Principle Meridian, in the Province of Manitoba, Dominion of Canada, containing 160 acres more or less.
2. The E $\frac{1}{2}$ of Section 5, Township 10, Range 28, West of the Principle Meridian, in the Province of Manitoba, containing 320 acres more or less.

LEASES

1. A Freehold Petroleum and Natural Gas Lease dated the 13th day of May, 1950, granted by Charles Cruickshank, as Lessor, and reserving unto the Lessor a 12.5% royalty.
2. A Freehold Petroleum and Natural Gas Lease dated the 20th day of May, 1950, granted by Alexander Eigler, as Lessor, and reserving unto the Lessor a 12.5% royalty.

Acquired and/or held under and by virtue of and/or subject to the following:

- i. the above mentioned Freehold Petroleum and Natural Gas Leases and Lessor's royalties as set out therein;
- ii. the assignment of the above-captioned Leases by Bandy Lee, Lessee under the said Leases, to Canadian Superior Oil of California, Ltd., both such assignments dated the 26th day of June, 1950, and both such assignments being for the entire leasehold interest originally granted;
- iii. an assignment dated the 31st day of December, 1969, made by Canadian Superior Oil of California, Ltd. as assignor to Rundle Petroleums Ltd. as assignee, such assignment conveying all of the right, title and interest in and to the said Leases by the assignor, such assignment being effective the 1st day of April, 1969. The assignment reserved a royalty of 5% of

gross production from the lands to the assignor, which royalty converted to a 25% net profits interest in favour of the assignor upon payout to the assignee;

- iv. an assignment dated the 31st day of December, A.D. 1969, made between Canadian Superior Oil of California, Ltd. as assignor and Rundle Petroleum Ltd. as assignee wherein the assignor conveyed all of the Lessee's interest in the surface leases, surface agreements, unregistered transfers and grants of right of user agreements appurtenant to the said lands (all of which are collectively referred to the "surface rights"), such assignment being effective as of the 1st day of April, 1969;
- v. by an assignment dated the 11th day of March, 1970, made between Rundle Petroleum Ltd. as assignor and Jenar Holdings Ltd. as assignee, the assignor conveyed to the assignee an undivided 65% interest in the Freehold Petroleum and Natural Gas Leases, the surface rights, and wells and well equipment situate on the lands. Said assignment makes provision that upon the assignee obtaining repayment in full of the purchase price of its interest in the properties, the working interest of the assignor shall, without further documentation or cost to the assignor, increase by 10% so that from and after the said payout, the participating interest of the parties shall be Jenar Holdings Ltd. 55% and Rundle Petroleum Ltd. 45%. The wells specifically assigned in the agreement are as follows:
 - Rundle Cruickshank Daly 11-4-10-28
 - Rundle Cruickshank Daly 12-4-10-28
 - Rundle Cruickshank Daly 13-4-10-28
 - Rundle Cruickshank Daly 14-4-10-28
 - Rundle Cruickshank Daly WIW 12-4-10-28
 - Rundle M & H Daly 1-5-10-28
 - Rundle M & H Daly 2-5-10-28
 - Rundle M & H Daly 7-5-10-28
 - Rundle M & H Daly 8-5-10-28
 - Rundle M & H Daly 9-5-10-28
 - Rundle M & H Daly 10-5-10-28
 - Rundle M & H Daly 16-5-10-28
- vi. A Plan For Unit Operation Governing The Unitized Management Operation And Further Development Of Daly Unit #1, which said unitization became effective on the 1st day of July, 1971.
- vii. A Certificate of Amalgamation dated June 28, 1972, amalgamating Jenar Holdings Ltd. and other companies

to form a new company called 3 Sons Investments Ltd.;

- viii. A Certificate of Amalgamation dated May 30, 1975, amalgamating 3 Sons Investments Ltd. with another company to form a company called PanCana Industries Ltd.
 - ix. Manitoba Regulation 172/78 wherein Daly Unit #1 was expanded to include the well known as Rundle M & H Daly 15-5-10-28, which well became part of the Daly Unit #1 effective the 1st day of September, 1978.
 - x. An assignment dated the 28th day of November, 1979, made by Rundle Petroleums Ltd. as assignor to El Lobo Holdings Ltd. as assignee, such assignment conveying unto the assignee an undivided 14.53797% undivided working interest in and to the lands and leases, and also conveying unto the assignee a 6.36332% participating interest in the Daly Unit #1.
- B. A 3.18166% participating interest in the Daly Unit #1 and in all lands, leases, lease substances, wells, equipment, gathering system, accounts and other matters or things covered by or associated with the aforesaid unit. Said Unit interest is subject to the above-mentioned 25% net profits interest payable to Canadian Superior Oil of California, Ltd. or its descendant-in-title.

April 21, 1940

Mr. J. Edgar Hoover, Director,
Federal Bureau of Investigation,
U. S. Department of Justice,
Washington, D. C.

Dear Mr. Hoover:

Thank you for

Re: No. 1

Receipt of your letter dated April 18, 1940 containing an up-to-date
listing of existing Internet cables is being sent to No. 1 is acknowledged.

In your memorandum number of April 13, 1940 of the 1940 Annual Program
Report is the subject matter.

Very respectfully,

Original to Mr. H. C. Motter

J. Edgar Hoover, Director,
Federal Bureau of Investigation,
U. S. Department of Justice,
Washington, D. C.

Very truly,
J. Edgar Hoover

RUNDLE PETROLEUMS LTD.

Suite #665, Gulf Canada Square
401 - 9th Avenue S.W.
Calgary, Alberta T2P 3C5
TELEPHONE: 263-7171

April 10, 1980

Department of Energy and Mines
Mineral Resources Division
Petroleum Branch
989 Century Street
Winnipeg, Manitoba
R3H 0W4

Attention: Mr. H. Clare Moster, P. Eng.
Director, Petroleum Branch

Dear Sir:

The following is an up-to-date list of Working
Interest Owners of Daly Unit No. 1.

Chevron Standard Limited	32.388980
Navajo Petroleum Ltd.	1.752490
Murphy Oil Company Ltd.	4.979250
Scurry-Rainbow Oil Limited	17.108940
PanCan Industries Ltd.	24.073690
El Lobo Holdings Ltd.	6.363320
Rundle Petroleum Ltd.	<u>13.333330</u>

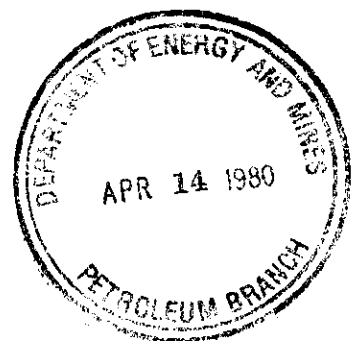
100.000000

Yours very truly,

RUNDLE PETROLEUMS LTD.


R.F. Atkinson

RFA:vs
cc: All Working Interest Owners
Daly Unit No. 1



March 22, 1960

Radio Corporation Ltd.
200, 201, 202, 203, 204, 205, 206, 207, 208, 209, 210, 211, 212, 213, 214, 215, 216, 217, 218, 219, 220, 221, 222, 223, 224, 225, 226, 227, 228, 229, 230, 231, 232, 233, 234, 235, 236, 237, 238, 239, 240, 241, 242, 243, 244, 245, 246, 247, 248, 249, 250, 251, 252, 253, 254, 255, 256, 257, 258, 259, 260, 261, 262, 263, 264, 265, 266, 267, 268, 269, 270, 271, 272, 273, 274, 275, 276, 277, 278, 279, 280, 281, 282, 283, 284, 285, 286, 287, 288, 289, 290, 291, 292, 293, 294, 295, 296, 297, 298, 299, 300, 301, 302, 303, 304, 305, 306, 307, 308, 309, 310, 311, 312, 313, 314, 315, 316, 317, 318, 319, 320, 321, 322, 323, 324, 325, 326, 327, 328, 329, 330, 331, 332, 333, 334, 335, 336, 337, 338, 339, 340, 341, 342, 343, 344, 345, 346, 347, 348, 349, 350, 351, 352, 353, 354, 355, 356, 357, 358, 359, 360, 361, 362, 363, 364, 365, 366, 367, 368, 369, 370, 371, 372, 373, 374, 375, 376, 377, 378, 379, 380, 381, 382, 383, 384, 385, 386, 387, 388, 389, 390, 391, 392, 393, 394, 395, 396, 397, 398, 399, 400, 401, 402, 403, 404, 405, 406, 407, 408, 409, 410, 411, 412, 413, 414, 415, 416, 417, 418, 419, 420, 421, 422, 423, 424, 425, 426, 427, 428, 429, 430, 431, 432, 433, 434, 435, 436, 437, 438, 439, 440, 441, 442, 443, 444, 445, 446, 447, 448, 449, 450, 451, 452, 453, 454, 455, 456, 457, 458, 459, 460, 461, 462, 463, 464, 465, 466, 467, 468, 469, 470, 471, 472, 473, 474, 475, 476, 477, 478, 479, 480, 481, 482, 483, 484, 485, 486, 487, 488, 489, 490, 491, 492, 493, 494, 495, 496, 497, 498, 499, 500, 501, 502, 503, 504, 505, 506, 507, 508, 509, 510, 511, 512, 513, 514, 515, 516, 517, 518, 519, 520, 521, 522, 523, 524, 525, 526, 527, 528, 529, 530, 531, 532, 533, 534, 535, 536, 537, 538, 539, 540, 541, 542, 543, 544, 545, 546, 547, 548, 549, 550, 551, 552, 553, 554, 555, 556, 557, 558, 559, 560, 561, 562, 563, 564, 565, 566, 567, 568, 569, 570, 571, 572, 573, 574, 575, 576, 577, 578, 579, 580, 581, 582, 583, 584, 585, 586, 587, 588, 589, 590, 591, 592, 593, 594, 595, 596, 597, 598, 599, 600, 601, 602, 603, 604, 605, 606, 607, 608, 609, 610, 611, 612, 613, 614, 615, 616, 617, 618, 619, 620, 621, 622, 623, 624, 625, 626, 627, 628, 629, 630, 631, 632, 633, 634, 635, 636, 637, 638, 639, 640, 641, 642, 643, 644, 645, 646, 647, 648, 649, 650, 651, 652, 653, 654, 655, 656, 657, 658, 659, 660, 661, 662, 663, 664, 665, 666, 667, 668, 669, 670, 671, 672, 673, 674, 675, 676, 677, 678, 679, 680, 681, 682, 683, 684, 685, 686, 687, 688, 689, 690, 691, 692, 693, 694, 695, 696, 697, 698, 699, 700, 701, 702, 703, 704, 705, 706, 707, 708, 709, 710, 711, 712, 713, 714, 715, 716, 717, 718, 719, 720, 721, 722, 723, 724, 725, 726, 727, 728, 729, 730, 731, 732, 733, 734, 735, 736, 737, 738, 739, 740, 741, 742, 743, 744, 745, 746, 747, 748, 749, 750, 751, 752, 753, 754, 755, 756, 757, 758, 759, 760, 761, 762, 763, 764, 765, 766, 767, 768, 769, 770, 771, 772, 773, 774, 775, 776, 777, 778, 779, 780, 781, 782, 783, 784, 785, 786, 787, 788, 789, 790, 791, 792, 793, 794, 795, 796, 797, 798, 799, 800, 801, 802, 803, 804, 805, 806, 807, 808, 809, 810, 811, 812, 813, 814, 815, 816, 817, 818, 819, 820, 821, 822, 823, 824, 825, 826, 827, 828, 829, 830, 831, 832, 833, 834, 835, 836, 837, 838, 839, 840, 841, 842, 843, 844, 845, 846, 847, 848, 849, 850, 851, 852, 853, 854, 855, 856, 857, 858, 859, 860, 861, 862, 863, 864, 865, 866, 867, 868, 869, 870, 871, 872, 873, 874, 875, 876, 877, 878, 879, 880, 881, 882, 883, 884, 885, 886, 887, 888, 889, 890, 891, 892, 893, 894, 895, 896, 897, 898, 899, 900, 901, 902, 903, 904, 905, 906, 907, 908, 909, 910, 911, 912, 913, 914, 915, 916, 917, 918, 919, 920, 921, 922, 923, 924, 925, 926, 927, 928, 929, 930, 931, 932, 933, 934, 935, 936, 937, 938, 939, 940, 941, 942, 943, 944, 945, 946, 947, 948, 949, 950, 951, 952, 953, 954, 955, 956, 957, 958, 959, 960, 961, 962, 963, 964, 965, 966, 967, 968, 969, 970, 971, 972, 973, 974, 975, 976, 977, 978, 979, 980, 981, 982, 983, 984, 985, 986, 987, 988, 989, 990, 991, 992, 993, 994, 995, 996, 997, 998, 999, 1000

Attention: Mr. E. F. Ashworth, Chairman
Daily Unit No. 1
Operating Committee

Dear Sirs:

Receipt of your letter of notification dated March 13, 1960 advising that
SI Radio-Exchange Ltd. purchased a 25% participating interest in
Daily Unit No. 1 is acknowledged.

We would appreciate receiving an up-to-date listing of the Working Interest
Owners in the subject Unit and their respective participating interests.

Yours sincerely,

Signed: R. C. Mosier

R. C. Mosier, P. Eng.,
Director, Petroleum Branch.

RM/ae

EL LOBO HOLDINGS LTD.
Box 6930, Postal Station "D"
Calgary, Alberta
T2P 2G1

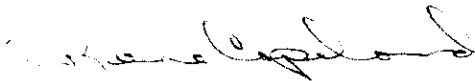
March 11, 1980

Department of Mines and Natural Resources
and Environment
Mineral Resources Division
Petroleum Branch
989 Century Street
Winnipeg, Manitoba
R3H 0W4

Dear Sirs:

Please be advised that effective October 1, 1979 El Lobo Holdings Ltd. purchased from Rundle Petroleums Ltd. an undivided interest in the Daly Unit No. 1.

Yours truly,



Mrs. Rene Copeland

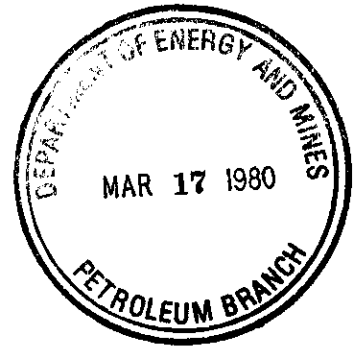
cc Mr. Ralph Atkinson
Rundle Petroleums Ltd.

Rundle - 42.12566%



RUNDLE PETROLEUMS LTD.

Suite #665, Gulf Canada Square
401 - 9th Avenue S.W.
Calgary, Alberta T2P 3C5
TELEPHONE: 263-7171



March 13, 1980

Department of Energy & Mines
Mines Branch
Petroleum Branch
989 Century Street
Winnipeg, Manitoba
R3H 0W4

Dear Sir:


Pursuant to Part XVI, Section 16.02 of the Plan for unit operation of Daly Unit No. 1, please accept this letter as notification that El Lobo Holdings Ltd. purchased 6.363320% participating interest in Daly Unit No. 1 from Rundle Petroleum Ltd. effective October 1, 1979. The participating interest of Rundle Petroleum Ltd. is now 13.333333%. El Lobo's participation is subject to all the terms and provisions of the Operating Agreement.

Yours very truly,

RUNDLE PETROLEUMS LTD.

RFA:vs
Encl.

cc: All Working Interest Owners
Daly Unit No. 1


R.F. Atkinson, Chairman
Daly Unit No. 1
Operating Committee

EL LOBO HOLDINGS LTD.
P. O. Box 6930
Postal Station "D"
Calgary, Alberta
T2P 2G1

November 28, 1979

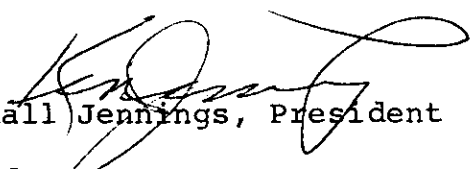
Mr. Ralph Atkinson
RUNDLE PETROLEUMS LTD.
Suite 665, Gulf Canada Square
401 Ninth Avenue S.W.
Calgary, Alberta
T2P 3C5

Dear Sir:

Re: Daly Unit #1 - Conveyance from
Rundle Petroleum Ltd. to
El Lobo Holdings Ltd.

Pursuant to Part XVI of The Plan For Unit Operation in respect to Daly Unit #1, please accept this letter as notice from El Lobo Holdings Ltd. that it has purchased a portion of the unit interest formerly belonging to Rundle Petroleum Ltd. We render this notice and a copy of the conveyancing document in aid of being recognized by the unit operator as owning an interest in said unit. Should there be any problem in this regard, please advise at your earliest convenience.

Yours truly,


Kendall Jennings, President

KJ:md

Enc.

PETROLEUM AND NATURAL GAS RIGHTS CONVEYANCE

This Agreement made as of the 28th day of November, A.D. 1979,

BETWEEN:

RUNDLE PETROLEUMS LTD., a body
corporate, incorporated under the
laws of the Province of Alberta,
having its head office in the
City of Calgary, in the Province
of Alberta,

(hereinafter referred to as "the Assignor")

OF THE FIRST PART

- and -

EL LOBO HOLDINGS LTD., a body
corporate, incorporated under the
laws of the Province of Alberta,
having its head office in the City
of Calgary, in the Province of
Alberta,

(hereinafter referred to as "the Assignee")

OF THE SECOND PART

WHEREAS the Assignor wishes to sell and assign and the Assignee
has agreed to purchase and acquire certain properties and rights
of the Assignor as described more particularly below:

NOW THEREFORE THIS AGREEMENT WITNESSETH THAT the Parties hereto
agree as follows:

1. INTERPRETATION

In this Conveyance, unless the context otherwise requires:

- (a) "Hydrocarbon Rights" means an undivided 14.53797% working interest in and to the rights, licences and privileges to explore for, drill for and /or take Hydrocarbons from the Said Lands;
- (b) "Hydrocarbons" means petroleum, natural gas and other related hydrocarbons (except coal), or any of them, insofar as the same are granted in the Leases;
- (c) "Leases" means those Freehold Petroleum and Natural Gas Leases described in Schedule "A" hereto, and includes all renewals or extensions thereof;
- (d) "Said Lands" means the lands described in Schedule "A" hereto;
- (e) "Unit Participation" means a 6.36332 percent participating interest in the Daly Unit No. 1, situate and lying in the Province of Manitoba, and a similar interest in all lands, leases, lease substances, wells, equipment, gathering systems, accounts and other matters or things covered by or associated with the aforesaid Unit;
- (f) "Miscellaneous Interests" means an undivided 14.53797 percent working interest in and to all property, assets

and rights (other than the Unit Participation) pertaining to the Hydrocarbon Rights, the Said Lands or the Leases and to which the Assignor was entitled at the Effective Time including, but not in limitation of the generality of the foregoing;

- (i) all contracts, agreements, documents, production, sales contracts and division orders relating to the Hydrocarbon Rights, the Said Lands or the Leases or any rights in relation thereto;
- (ii) all subsisting rights to enter upon, use and occupy the surface of any of the Said Lands;
- (iii) all oil and/or gas wells situate on the Said Lands and all casing therein;
- (iv) all petroleum, natural gas and related hydrocarbons in the course of production from the Said Lands, but not at the Effective Time beyond the point of delivery to the purchaser of production from the Said Lands; and,
- (v) all books, records, agreements, documents, geological and engineering reports and data which relate directly to the Hydrocarbon Rights, the Said Lands or the Leases.

- (g) "Sold Assets" means the Hydrocarbon Rights, the Unit Participation, the Said Lands, the Leases and the Miscellaneous Interests.
- (h) "Agreements" means any agreements or documents of title other than the Leases pursuant to which the Assignor holds an interest in the Hydrocarbon Rights, specifically including, but without limiting the generality of the foregoing, the Plan for Unit Operation Governing the Unitized Management Operation and Further Development of Daly Unit No. 1, dated October 20, 1970, and amended from time to time.

2. SALE AND CONVEYANCE

- (a) The Assignor hereby sells, assigns, transfers, conveys and sets over unto the Assignee, and the Assignee hereby purchases and accepts directly from the Assignor the above-specified undivided interests of the Assignor in and to the Sold Assets, for a consideration as set out below, the Assignee to have and to hold same, together with all benefit and advantage to be derived therefrom absolutely, subject to the respective terms and conditions of the Leases and the Agreements.
- (b) The consideration for the within assignment and conveyance shall be Four Hundred Thousand (\$400,000.00) Dollars, payable by the Assignee to the Assignor on or

before the 1st day of November, A.D. 1979, or such later date as is mutually agreeable to the Parties. In the event that the total consideration aforesaid is not paid on or before November 1, A.D. 1979, the Assignee shall also pay to the Assignor an amount of interest calculated at a rate of One (1%) percent per annum in excess of the prime lending rate of The Royal Bank of Canada on the entire balance of the purchase price unpaid as at the 1st day of November, A.D. 1979, such interest to be payable from said 1st day of November, A.D. 1979, until the whole of the purchase price is received by the Assignor.

3. EFFECTIVE TIME

- (a) This Conveyance shall be effective as of the hour of 8:00 o'clock in the forenoon, Mountain Daylight Time, on the 1st day of October, A.D. 1979, (hereinafter referred to as "the Effective Time"). The Assignee shall, from and after the Effective Time, be entitled to any and all rights of the Assignor in the Sold Assets, and to any and all production of the Hydrocarbons attributable to the Sold Assets, including the disposition thereof in the form of cash proceeds produced or sold on or after the Effective Time.

(b) All benefits and obligations of every kind or nature whatsoever (including, but without limiting the generality of the foregoing, the refund of deposits incidental to the obtaining of well licences, taxes, and other payments and obligations, contractual and otherwise) accruing, payable or paid in respect of the Sold Assets hereby assigned shall be apportioned between the Assignor and the Assignee as of the Effective Time and settled by payment to or by the Assignor and the Assignee, as the case may be, on or before the 1st day of December, A. D. 1979, or so soon thereafter as the Parties may agree. Notwithstanding the foregoing, there shall be no adjustment for any rentals payable under the Leases or any one of them, or Surface Leases or deposits pursuant to any agreements and which have theretofore been paid by the Assignor prior to the Effective Time. Provided further that there shall be no adjustment for any expenditures relating to the Sold Assets authorized by the Assignor prior to the time of closing, and the Assignor shall remain solely liable for such expenditures, unless same was approved by the Assignee at the request of the Assignor between the Effective Time and the Closing.

4. COVENANTS, REPRESENTATIONS AND WARRANTIES

The Assignor covenants with and represents and warrants to the Assignee that:

- (a) The Assignor will, from time to time on and after the date hereof, at the request and cost of the Assignee, but without further consideration, execute and deliver all such other and additional instruments, notices, releases, acquittances and other documents and shall do all such other acts and things as may be necessary more fully to assure the Sold Assets hereby assigned to the Assignee with full substitution and subrogation of the Assignee in and to all covenants and warranties by others heretofore given or made in respect of the Sold Assets hereby assigned.
- (b) Notwithstanding anything herein contained or any act of the Assignor, the Assignor now has good, valid and mercantile title to the Sold Assets; has good right, full power and absolute authority to bargain, sell, transfer and assign the Sold Assets hereby assigned for the purposes and in the manner aforesaid according to the true intent and meaning of these presents. The Assignor has done no act or thing whereby its title to the Sold Assets hereby assigned may be cancelled

or determined, nor has the Assignor encumbered or alienated the same or any interest therein save as herein set forth.

(c) The Assignor and/or its agents and/or its predecessors-in-title or interest has (or has caused to be) complied with, performed, observed and satisfied all covenants, terms, conditions, obligations and liabilities whether express or implied which have arisen or may arise under the provisions of any Farmout Agreements, Operating Agreements, Option Agreements, Overriding Royalty Agreements, Participation Agreements, Carried Interest Agreements, P & NG Leases and Reservations, leases, contracts or any other agreements of any kind or nature whatsoever dealing with or related to the Sold Assets and, in particular, but without limiting the generality of the foregoing, that it has (or has caused to be) drilled all wells and paid all deposits and/or rentals and/or royalties within the time limited to keep the said P & NG Leases and Reservations, contracts or agreements in full force and effect.

(d) It has (or has caused to be) done all acts and things required within the time limited to keep all options held by it as optionee, either directly or indirectly, in full force and effect.

- (e) Subject to the rents, covenants, conditions and stipulations in any agreements relating to the Sold Assets hereby assigned, reserved and contained and henceforth on the lessee's or holder's part thereunder to be paid, performed and observed, the Assignee may hold and enjoy the Sold Assets hereby assigned for the residue of the respective terms, if any, granted by any such Leases and/or agreements and all renewals or extensions thereof for its own use and benefit without any other person whomsoever lawfully claiming or to claim by, through or under the Assignor.
- (f) The Assignor hereby binds itself to warrant and defend, at its sole cost and expense, all and singular the Sold Assets hereby assigned unto the Assignee, its successors and assigns, against all persons whomsoever claiming or to claim the same or any part thereof or any interest therein, except as herein set forth by, through or under the Assignor.
- (g) The Assignor has complied with, performed, observed and satisfied all terms, conditions, obligations and liabilities which have heretofore arisen under the provisions of any of the Leases and any agreements relating to the Sold Assets.

- (h) There are no Authorizations for Expenditures pursuant to which expenditures are or may be made, nor any other financial commitments which are now outstanding or due, or hereafter may become due in respect of the Sold Assets or operations in respect thereof other than as specifically set forth in Schedule "A", or which the Assignee has been given written notice of by the Assignor.
- (i) The Assignor is not obligated, by virtue of a prepayment arrangement under any contract for the sale of Hydrocarbons and containing a "take or pay" or similar provision, to deliver Hydrocarbons produced from the Sold Assets at some future time without then or thereafter receiving full payment therefor. The Assignee further covenants that there are no agreements for the sale of production except as set forth in Schedule "A".
- (j) All ad valorem, property, production, severance and similar taxes and assessments based on or measured by the ownership of production of Hydrocarbons or the receipt of proceeds therefrom on the Sold Assets payable by the Assignor for 1979 and all prior years have been properly paid.
- (k) The Said Lands have been drilled, developed and operated in substantial accordance with all applicable laws,

all rules, regulations, orders and lawful directions of governmental agencies, and all of the terms and conditions of all agreements relative thereto.

- (l) The Assignor is not now nor will not be on the closing date a "non-resident person" within the meaning of Section 116 of the Income Tax Act of Canada (R.S.C. 1970-71 c.63) or, in the alternative, that the Assignor will produce at closing the required certificate under the aforesaid Section 116.
- (m) To the best of the Assignor's knowledge and belief, between the Effective Time and the closing, the Sold Assets have been developed, maintained and operated in a good and workmanlike manner and no operations for the drilling of any new wells or the redrilling of any existing wells have been undertaken after the Effective Time and prior to the closing without the prior written consent of the Assignee.
- (n) The Assignor has incurred no obligation or liability, contingent or otherwise, for brokers' or finders' fees in respect of this transaction for which the Assignee shall have any obligation or liability.

5. INDEMNITY

The Assignor shall continue to remain liable and indemnify

the Assignee from and against any liability, loss, costs, claims and damages arising out of any matter or thing relating to the Sold Assets hereby assigned occurring or arising prior to the Effective Time, and the Assignee shall indemnify the Assignor from and against similar liability, loss, costs, claims or damages arising subsequent to the Effective Time.

6. SUBROGATION

The parties hereto agree that the Assignor hereby conveys the Sold Assets unto the Assignee without warranty, save as in this Conveyance expressly set forth, but with full right of substitution and subrogation of the Assignee, as grantee, in and to all covenants and warranties by others heretofore given or made in respect of the Sold Assets or any part thereof.

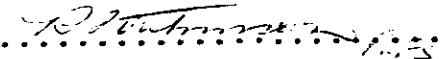
7. ENUREMENT


These presents shall enure to the benefit of and be binding upon the parties hereto and their respective successors and assigns.

IN WITNESS WHEREOF the parties hereto have caused to be hereunto affixed their respective corporate seals, attested by the hands

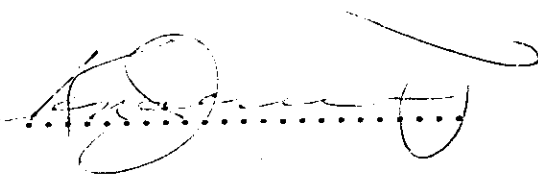
of their respective proper officers duly authorized in that
behalf, all as of the day and year first above written.

RUNDLE PETROLEUMS LTD.

Per: 

Per: 

EL LOBO HOLDINGS LTD.

Per: 

Per:

SCHEDULE "A"

Attached to and forming part of a Petroleum and Natural Gas Rights Conveyance dated the ~~10th~~ day of November, A.D. 1979, between Rundle Petroleum Ltd. as Assignor and El Lobo Holdings Ltd. as Assignee.

- A. A 14.53797% undivided working interest in all Petroleum and Natural Gas and related Hydrocarbons, except coal and valuable stone, found within, upon or under the following lands and leases:

LANDS

1. The NW $\frac{1}{4}$ of Section 4, Township 10, Range 28, West of the Principle Meridian, in the Province of Manitoba, Dominion of Canada, containing 160 acres more or less.
2. The E $\frac{1}{2}$ of Section 5, Township 10, Range 28, West of the Principle Meridian, in the Province of Manitoba, containing 320 acres more or less.

LEASES

1. A Freehold Petroleum and Natural Gas Lease dated the 13th day of May, 1950, granted by Charles Cruickshank, as Lessor, and reserving unto the Lessor a 12.5% royalty.
2. A Freehold Petroleum and Natural Gas Lease dated the 20th day of May, 1950, granted by Alexander Eigler, as Lessor, and reserving unto the Lessor a 12.5% royalty.

Acquired and/or held under and by virtue of and/or subject to the following:

- i. the above mentioned Freehold Petroleum and Natural Gas Leases and Lessor's royalties as set out therein;
- ii. the assignment of the above-captioned Leases by Bandy Lee, Lessee under the said Leases, to Canadian Superior Oil of California, Ltd., both such assignments dated the 26th day of June, 1950, and both such assignments being for the entire leasehold interest originally granted;
- iii. an assignment dated the 31st day of December, 1969, made by Canadian Superior Oil of California, Ltd. as assignor to Rundle Petroleum Ltd. as assignee, such assignment conveying all of the right, title and interest in and to the said Leases by the assignor, such assignment being effective the 1st day of April, 1969. The assignment reserved a royalty of 5% of

gross production from the lands to the assignor, which royalty converted to a 25% net profits interest in favour of the assignor upon payout to the assignee;

- iv. an assignment dated the 31st day of December, A.D. 1969, made between Canadian Superior Oil of California, Ltd. as assignor and Rundle Petroleum Ltd. as assignee wherein the assignor conveyed all of the Lessee's interest in the surface leases, surface agreements, unregistered transfers and grants of right of user agreements appurtenant to the said lands (all of which are collectively referred to the "surface rights"), such assignment being effective as of the 1st day of April, 1969;
- v. by an assignment dated the 11th day of March, 1970, made between Rundle Petroleum Ltd. as assignor and Jenar Holdings Ltd. as assignee, the assignor conveyed to the assignee an undivided 65% interest in the Freehold Petroleum and Natural Gas Leases, the surface rights, and wells and well equipment situate on the lands. Said assignment makes provision that upon the assignee obtaining repayment in full of the purchase price of its interest in the properties, the working interest of the assignor shall, without further documentation or cost to the assignor, increase by 10% so that from and after the said payout, the participating interest of the parties shall be Jenar Holdings Ltd. 55% and Rundle Petroleum Ltd. 45%. The wells specifically assigned in the agreement are as follows:
 - Rundle Cruickshank Daly 11-4-10-28
 - Rundle Cruickshank Daly 12-4-10-28
 - Rundle Cruickshank Daly 13-4-10-28
 - Rundle Cruickshank Daly 14-4-10-28
 - Rundle Cruickshank Daly WIW 12-4-10-28
 - Rundle M & H Daly 1-5-10-28
 - Rundle M & H Daly 2-5-10-28
 - Rundle M & H Daly 7-5-10-28
 - Rundle M & H Daly 8-5-10-28
 - Rundle M & H Daly 9-5-10-28
 - Rundle M & H Daly 10-5-10-28
 - Rundle M & H Daly 16-5-10-28
- vi. A Plan For Unit Operation Governing The Unitized Management Operation And Further Development Of Daly Unit #1, which said unitization became effective on the 1st day of July, 1971.
- vii. A Certificate of Amalgamation dated June 28, 1972, amalgamating Jenar Holdings Ltd. and other companies

to form a new company called 3 Sons Investments Ltd.;

viii. A Certificate of Amalgamation dated May 30, 1975, amalgamating 3 Sons Investments Ltd. with another company to form a company called PanCana Industries Ltd.

ix. Manitoba Regulation 172/78 wherein Daly Unit #1 was expanded to include the well known as Rundle M & H Daly 15-5-10-28, which well became part of the Daly Unit #1 effective the 1st day of September, 1978.

B. A 6.36332% participating interest in the Daly Unit #1 and in all lands, leases, lease substances, wells, equipment, gathering system, accounts and other matters or things covered by or associated with the aforesaid unit. Said Unit interest is subject to the above-mentioned 25% net profits interest payable to Canadian Superior Oil of California, Ltd. or its descendant-in-title.



DEPARTMENT OF MINES, RESOURCES
& ENVIRONMENTAL MANAGEMENT

September 22, 1978

Mineral Resources Division
Petroleum Branch
Telephone: (204) 633-9543
989 Century Street
Winnipeg, Manitoba
R3H 0W4

Rundle Petroleums Ltd.
Suite 1510, Bow Valley Square 2
205 - 5th Avenue S.W., Box 9002
Calgary, Alberta
T2P 2W4

Attention: Mr. J. A. S. Gibson

Dear Sir:

Re: Royalty Owner Consents to Cover
Daly Unit No. 1 Enlargement

Further to our letter dated August 28, 1978 we confirm receipt of the signed consent forms from the following royalty owners in the 15-5-10-28 WPM enlargement tract:

Miss Dawn DeAnza Holmes	Carnegie, Oklahoma
Canada Permanent Trust Company	Regina, Saskatchewan

We have now received signed consents from you covering 100% of the royalty owners interests in the enlargement tract.

Also enclosed herewith for your information is a copy of the transcript for the July 5, 1978 hearing.

As advised earlier this will confirm that Unitization Order No. 24 covering the subject enlargement to the Unit was made and passed by The Oil and Natural Gas Conservation Board on August 16, 1978 and approved by Order-in-Council No. 842/78. It is anticipated that the subject Order will appear in the September 30, 1978 issue of The Manitoba Gazette and we will advise you accordingly.

Also enclosed is a copy of The Oil and Natural Gas Conservation Board Order No. 66A as it appeared in The Manitoba Gazette issue dated September 23, 1978.

Yours sincerely,

H. C. Moster, P. Eng.,
Director, Petroleum Branch.

HCM/et
Encls.

b.c. J. S. Roper
Ian Haugh
J. F. Redgwell
Virden Office

Department of Mines, Resources
& Environmental Management
Mineral Resources Division

SEP 23 1978

ASSISTANT DEPUTY MINISTER



MANITOBA

ON MATTERS OF STATE

To His Honour the Lieutenant-Governor-in-Council

The undersigned, The Minister of Mines, Resources and Environmental Management..... submits for approval of Council a report setting forth that:

WHEREAS, subsection (3) of Section 76 of The Mines Act, being Chapter M160 of The Continuing Consolidation of The Statutes of Manitoba provides as follows:

"76(3) If the board is of the opinion that the operation of the pool, field, or part thereof, as a unit would prevent waste therein having regard

- (a) to the production and recovery of oil and gas;
- (b) to the gathering and processing of gas;
- (c) to the disposal of salt water produced;
- (d) to the rights to each owner to a reasonable opportunity of recovering or receiving the oil and gas in which he has an interest or the equivalent thereof without being required to drill unnecessary wells or to incur other unnecessary expenses therefor; and
- (e) to any other circumstance pertaining to the drilling for or production of oil and gas;

the board may, with the approval of the Lieutenant Governor in Council, order that the pool, field, or part thereof, be operated as a unit.";

AND WHEREAS, subsection (4) of Section 78 of the said Act provides as follows:

"78(4) Upon receiving an application from a working interest owner under subsection (2) or (3), the board shall hold a re-hearing of the matters covered in, or hold a hearing to consider amendments to, the order.";

AND WHEREAS, subsection (5) of Section 78 of the said Act provides as follows:

"78(5) After holding a re-hearing of the matters covered in an order, or a hearing to consider amendments to an order, the board may, subject to the approval of the Lieutenant Governor in Council, make an order amending the order in any way or revoking the order and substituting a further order therefor, or revoking the order without any substitution.";

AND WHEREAS, subsection (1) of Section 79 of the said Act provides as follows:

"79(1) Notwithstanding section 78, the unit operator of a unit area, or the working interest owners of a tract adjoining a unit area, may apply to the board at any time to add to the unit area tracts that adjoin the unit area and that, in the opinion of the board, are in the same pool or field as the unit area.";

AND WHEREAS, subsection (2) of Section 79 of the said Act provides as follows:

"79(2) Upon receiving an application under subsection (1), or upon its own motion, the board may hold a hearing to consider adding further tracts to the unit area.";

AND WHEREAS, subsection (3) of Section 79 of the said Act provides as follows:

"79(3) Upon holding a hearing under subsection (2), the board may, with the approval of the Lieutenant Governor in Council, order that tracts that adjoin a unit area and that, in the opinion of the board, are within the same pool or field, be added to the unit area.";

Copies to: Dr. I. Haugh
Clare Moster
Mr. J. Redgwell
Wm. Podolsky

/1e 78 Sept. C8

Department of Mines, Resources
& Environmental Development
Mineral Resources Division

SEP 11 1978

ASSISTANT DEPUTY MINISTER

AND WHEREAS, The Oil and Natural Gas Conservation Board, by its Unitization Order No. 11 dated June 17, 1971, pursuant to Subsection 76(3) of The Mines Act, ordered that part of the Daly Field be operated as a Unit, to be known as Daly Unit No. 1;

AND WHEREAS, the said Order was approved by the Lieutenant-Governor-in-Council by Order-in-Council No. 671/71, and filed under the Regulations Act as Manitoba Regulation 94/71;

AND WHEREAS, Rundle Petroleums Ltd., as the Unit Operator of Daly Unit No. 1, has applied to The Oil and Natural Gas Conservation Board pursuant to Subsection 79(1) of The Mines Act to have a certain tract adjoining the unit area added to the unit area, and pursuant to Section 78 of The Mines Act to make certain amendments to the above Order;

AND WHEREAS, The Oil and Natural Gas Conservation Board held a hearing on July 5, 1978 to consider the application by Rundle Petroleums Ltd.;

AND WHEREAS, The Oil and Natural Gas Conservation Board upon due consideration of the said application and testimony at the hearing and pursuant to Subsections 78(5) and 79(3) of The Mines Act has made Unitization Order No. 24, dated August 16, 1978, set out in the Schedule hereto, amending Unitization Order No. 11;

AND WHEREAS, it is deemed advisable to approve Unitization Order No. 24 of The Oil and Natural Gas Conservation Board set out in the Schedule hereto.

THEREFOR he, the Minister, recommends:

THAT, Unitization Order No. 24 of The Oil and Natural Gas Conservation Board, set out in the Schedule hereto be approved.

Signature

A. B. Rams

IN THE EXECUTIVE COUNCIL CHAMBER, WINNIPEG

Upon consideration of the foregoing report and recommendation Council advises that it be done as recommended.

6th September 1978

Date

Stetler

President of the Executive Council

AT GOVERNMENT HOUSE IN THE CITY OF WINNIPEG

Approved and Ordered this 6th day of September A.D. 1978

L. L. J. J.

Lieutenant-Governor



Chevron Standard Limited

400 - Fifth Ave. S.W., Calgary, Alberta T2P 0L7

R. A. Park
Manager - Production

May 14, 1976

Representative Change
Operating Committee
Daly Unit No. 1

The Oil and Natural Gas Conservation Board
Province of Manitoba
310 Legislative Building
Winnipeg, Manitoba
R3C 0V8

Attention: Mr. Jas. T. Cawley, Chairman

Gentlemen:

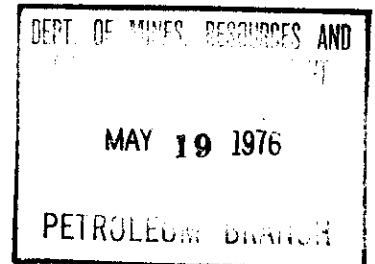
Please be advised that Chevron Standard Limited has changed their representatives on the Operating Committee for the Daly Unit No. 1, effective May 1, 1976, as follows:

Representative: D. M. Mahura

Alternates: G. S. MacMillan
D. R. Henderson

Yours very truly,

R. A. PARK

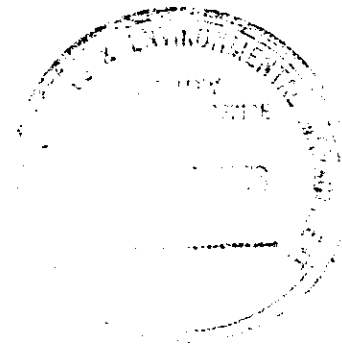


DRHenderson/mb

cc: Rundle Petroleums Ltd.
Attention: Mr. R. F. Atkinson

cc: J. S. Roper
I. Haugh
C. Moster

/ie 76 05 18



RUNDLE PETROLEUMS LTD.

400 ~~XXX~~ ROYALITE BUILDING
CALGARY 2, ALBERTA
Telephone 263-7171

July 13, 1971

Department of Mines & Natural Resources
Mines Branch
Oil & Gas Conservation Board
911 Norquay Building
401 York Avenue
Winnipeg 1, Manitoba

Attention: Chairman, Oil & Gas Conservation Board

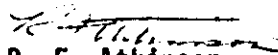
Dear Sir;

Re: Daly Unit #1

In accordance with Section 5.03, Part "C", an organization meeting of the Operating Committee for Daly Unit #1 was held on June 29, 1971 and Rundle Petroleum Ltd. was appointed Unit Operator. The representative of Rundle Petroleum Ltd. of the Operating Committee is R. F. Atkinson, and he will act as chairman at future operating committee meetings as directed.

Yours very truly,

RUNDLE PETROLEUMS LTD.


R. F. Atkinson

RFA:ft

~~W. Winston Mair~~

~~J. S. Roper~~

June 28, 1971

Mr. R. F. Atkinson, President
Rundle Petroleum Ltd.,
400 Royalite Building,
Calgary 2, Alberta.

Dear Mr. Atkinson:

Re: Daly Unit No. 1
Plan for Unit Operation

In accordance with Section 5.03 of the above Plan, the Board submits the following list of representatives as selected by the Working Interest Owners.


- | | |
|--|---|
| 1. Rundle Petroleum Ltd.
400 Royalite Building
Calgary 2, Alberta | Representative: R.F. Atkinson
Alternate: J.A.S. Gibson |
| 2. 3 Sons Investments Ltd.
P.O.Box 6207 - Station "D"
Calgary 2, Alberta | Representative: R.F. Atkinson |
| 3. Recovery Oils Ltd.
P.O.Box 779, Virden, Man. | Representative: H.B. Elder, Jr.
Alternate: J.W. Clarke |
| 4. Chevron Standard Limited
400 Fifth Avenue S.W.
Calgary 1, Alberta | Representative: A. Hamberg
Alternate: K.G. Pritchard |
| 5. Scurry-Rainbow Oil Limited
539 - 8th Avenue S.W.
Calgary 2, Alberta | Representative: B.R. Leeds
Alternate: D.H. Logan |

Mr. R. F. Atkinson - 2

6. M. P. Exploration Ltd.
700 - 5th Avenue S.W.
Calgary 2, Alberta

Representative: John R. McKay

Yours very truly,



J. S. Roper,
Deputy Chairman.

pmc

~~W. Winston Mair~~

~~J. S. Roper~~

June 28, 1971

Mr. R. F. Atkinson, President
Rundle Petroleum Ltd.,
400 Royalite Building,
Calgary 2, Alberta.

Dear Mr. Atkinson:

Re: Daly Unit No. 1
Plan for Unit Operation

In accordance with Section 5.03 of the above Plan, the Board submits the following list of representatives as selected by the Working Interest Owners.

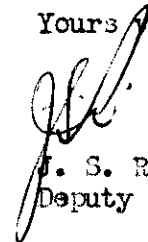
- | | |
|--|---|
| 1. Rundle Petroleum Ltd.
400 Royalite Building
Calgary 2, Alberta | Representative: R.F. Atkinson
Alternate: J.A.S. Gibson |
| 2. 3 Sons Investments Ltd.
P.O.Box 6207 - Station "D"
Calgary 2, Alberta | Representative: R.F. Atkinson |
| 3. Recovery Oils Ltd.
P.O.Box 779, Virdan, Man. | Representative: H.B. Elder, Jr.
Alternate: J.W. Clarke |
| 4. Chevron Standard Limited
400 Fifth Avenue S.W.
Calgary 1, Alberta | Representative: A. Hamberg
Alternate: K.G. Pritchard |
| 5. Scurry-Rainbow Oil Limited
539 - 8th Avenue S.W.
Calgary 2, Alberta | Representative: B.R. Leeds
Alternate: D.H. Logan |

Mr. R. F. Atkinson - 2

6. R. B. Exploration Ltd.
534 - 8th Avenue S.W.
Calgary 2, Alberta

Representative: John R. McKay

Yours very truly,



J. S. Roper,
Deputy Chairman.

FSG/h

SCURRY - RAINBOW OIL LIMITED

539 - 8TH AVENUE SOUTH WEST
CALGARY 2, ALBERTA

June 24th, 1971

The Oil and Natural Gas Conservation Board
WINNIPEG, Manitoba

Attention: The Chairman

Dear Sir:

Re: Proposed Daly Unit No. 1

Please be advised that Scurry-Rainbow Oil Limited nominates
the following representatives for the above Unit:

Representative: B. R. Leeds
Alternate: D. H. Logan

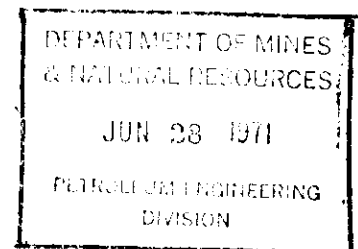
Yours, very truly,

SCURRY-RAINBOW OIL LIMITED


D. H. Logan
Production Manager

BRD/ljs

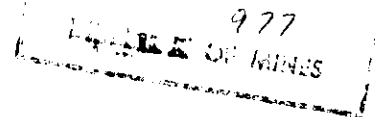
c.c. Ronnie Petrochem Ltd.



RUNDLE PETROLEUMS LTD.

400 ~~XXX~~ ROYALITE BUILDING
CALGARY 2, ALBERTA
Telephone 263-7171

June 24, 1971



Dept. of Mines & Natural Resources
Petroleum Engineering Division
911 Norquay Building
401 York Avenue
Winnipeg 1, Manitoba

Attention: Chairman

Dear Sir;

Re: Proposed Daly Unit #1

Rundle Petroleum Ltd., hereby appoints
the following as representatives to the operating committee
for the above named unit:

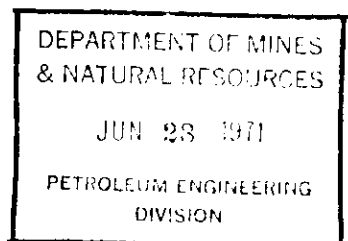
Representative - R. F. Atkinson
Alternate - J. A. S. Gibson

Yours very truly,

RUNDLE PETROLEUMS LTD.


R. F. Atkinson

RFA:ft



156

3 SONS INVESTMENTS LTD.
P. O. BOX 6207, STATION "D"
CALGARY 2, ALBERTA

980

Telephone 266-3025

June 24, 1971

The Chairman
Oil and Gas Conservation Board
911 Norquay Building
401 York Avenue
Winnipeg, Manitoba

Dear Sir:

Re: Proposed Daly Unit No. 1

3 Sons Investments Ltd. hereby appoints the following
as its representative to the Operating Committee for the above
named Unit.

Representative: Ralph F. Atkinson
 Rundle Petroleums Ltd.

Yours very truly,

Kendall Jennings
Kendall Jennings
President

cc: Mr. Ralph F. Atkinson
Rundle Petroleums Ltd.
4th Floor, Royalite Building
Calgary, Alberta

DEPARTMENT OF MINES
& NATURAL RESOURCES

JUN 23 1971

PETROLEUM ENGINEERING
DIVISION

RECOVERY OILS LTD.

P.O. BOX #779

VIRDEN, MANITOBA

978

June 24, 1971

Oil and Natural Gas Conservation Board,
Norquay Building
Winnipeg, Manitoba

Attention: Mr. W. Winston Mair, Chairman

Dear Sir:

Re: Daly Unit #1

Please be advised that the representative to the
Daly Unit #1 Operator's Committee for Recovery Oils Ltd. will
be H. B. Elder, Jr. with J. W. Clarke as an alternate.

Yours very truly,

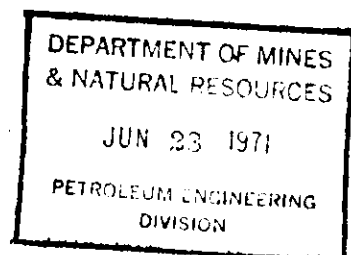
RECOVERY OILS LTD.

Per:



H. B. Elder, Jr.

HBE/dml





Chevron Standard Limited

400 Fifth Avenue S.W., Calgary 1, Alberta

June 24, 1971

Representative and Alternate
Designation - Operating Committee
Daly Unit No. 1

The Oil and Natural Gas Conservation Board
Department of Mines and Natural Resources
Province of Manitoba
Norquay Building
Winnipeg 1, Manitoba

Attention: Mr. W. Winston Mair, Chairman

Gentlemen:

Please be advised that Chevron Standard Limited's representative and alternate on the Daly Unit No. 1 Operating Committee will be:

Representative: Mr. A. Hamberg
Chevron Standard Limited
400 Fifth Avenue S.W.
Calgary 1, Alberta

Alternate: Mr. K. G. Pritchard
Chevron Standard Limited
400 Fifth Avenue S.W.
Calgary 1, Alberta

Yours very truly,

for K.G. Pritchard
J. G. TROWELL
Division Superintendent
Producing Department
Calgary Division

SNB/dmc

cc: Rundle Petroleum Ltd.

