

UNIT AGREEMENT
DALY UNIT NO. 4

TABLE OF CONTENTS

ARTICLE I
DEFINITIONS

101.	Definitions	1
------	-----------------------	---

ARTICLE II
EXHIBITS

201.	Exhibits	3
202.	Exhibits Correct	3
203.	Correction of Exhibits	3
204.	Effective Time	3
205.	Supplying of Exhibits	4
206.	Form of Revised or Corrected Exhibits	4

ARTICLE III
UNITIZATION AND EFFECT

301.	Unitization	4
302.	Personal Property Excepted	4
303.	Continuation of Leases	5
304.	Leases Amended	5
305.	Ratification of Leases	5
306.	Effect of Unitization on Titles	5
307.	Name	5

ARTICLE IV
AUTHORITY TO WORKING INTEREST OWNERS

401.	Operations	6
402.	Delegation	6
403.	Vote of Working Interest Owners	6

ARTICLE V
INCLUSION AND QUALIFICATION OF TRACTS

501.	Tracts Included on Effective Date	6
502.	Qualification of Tracts	6
503.	Revision of Exhibits	7

ARTICLE VI
TRACT PARTICIPATION

601.	Tract Participation	8
------	-------------------------------	---

ARTICLE VII
ALLOCATION OF UNITIZED SUBSTANCES PRODUCED

701.	Allocation to Tracts	8
702.	Distribution Within Tract	8
703.	Calculation of Royalty	8
704.	Taking Unitized Substances in Kind	9
705.	Failure to Take in Kind	9
706.	Royalty on Outside Substances	10

ARTICLE VIII
USE, LOSS AND STORAGE OF UNITIZED SUBSTANCES

801.	Use or Loss	10
802.	Storage	10

ARTICLE IX
ENLARGEMENT OF UNIT AREA

901.	Application for Lateral Enlargement	10
902.	Adjustment of Tract Participations	11
903.	Exhibits	11
904.	Effective Time of Enlargement	11
905.	No Retroactive Adjustment	12

ARTICLE X
DISPUTES

1001.	Disputes	12
-------	--------------------	----

ARTICLE XI
APPROVAL OF TITLES

1101.	Titles Committee	13
1102.	Approval of Titles by Working Interest Owners	13
1103.	Subsequent Failure of Title	13
1104.	Revision of Exhibits	14

ARTICLE XII
TRANSFER OF INTEREST

1201.	Disposition	14
-------	-----------------------	----

ARTICLE XIII
IN GENERAL

1301.	Execution in Counterpart	15
1302.	Dual Capacity	15
1303.	Subsequent Execution	15
1304.	No Partnership	15
1305.	Force Majeure	15
1306.	Taxes	16
1307.	Right of Redemption	16
1308.	Interpretation	16
1309.	Number and Gender	16
1310.	Time	16
1311.	Compliance with Legislation	17

ARTICLE XIV
EFFECTIVE DATE

1401.	Effective Date	17
1402.	Notice of Effective Date	17
1403.	Release of Parties	17

ARTICLE XV
TERM

1501.	Effect of Execution and Delivery	17
1502.	Termination	18
1503.	Salvaging Equipment upon Termination	18
1504.	Notice to Royalty Owners	18
	Execution Page	18
	EXHIBIT "A"	
	EXHIBIT "B"	
	EXHIBIT "C"	

UNIT AGREEMENT
DALY UNIT NO. 4

WHEREAS the Parties own Royalty Interests and Working Interests, or either of them, in the Unitized Zone;

AND WHEREAS the Parties desire that the Unitized Zone be developed, produced and operated as a unit, all as hereinafter provided;

NOW THEREFORE in consideration of the covenants herein contained, the Parties agree as follows:

ARTICLE I
DEFINITIONS

101. Definitions

In this agreement:

- (a) "Conservation Board" means The Oil and Natural Gas Conservation Board of the Province of Manitoba;
- (b) "Effective Date" means the time and date referred to in Article XIV;
- (c) "Lease" means an instrument granting a Working Interest in the Unitized Zone;
- (d) "Outside Substances" means any substances initially obtained from any source other than the Unitized Zone or any Unitized Substances with respect to which royalty has been paid;
- (e) "Party" means a person who is bound by this agreement;
- (f) "Petroleum Substances" means petroleum, natural gas and other hydrocarbons (except coal) or any of them, and all substances associated therewith;
- (g) "Royalty Interest" means any interest other than a Working Interest in Petroleum Substances, or the proceeds from the sale thereof, produced from the Lodgepole Formation but does

not include the interest of a person as a purchaser of Petroleum Substances after production;

- (h) "Royalty Owner" means a Party owning a Royalty Interest;
- (i) "Spacing Unit" means the area allocated to a well by the Conservation Board with respect to the Lodgepole Formation for the purpose of drilling for or producing Petroleum Substances;
- (j) "Tract" means a parcel of land described and given a Tract number in Exhibit "A";
- (k) "Tract Participation" means the percentage allotted to a Tract and set forth in Exhibit "A";
- (l) "Unit Area" means the lands described in Exhibit "A" and shown outlined on Exhibit "B";
- (m) "Unit Operator" means the person who is so designated under the Unit Operating Agreement;
- (n) "Unit Operating Agreement" means the agreement entitled "Unit Operating Agreement - Daly Unit No. 4" entered into by the Working Interest Owners;
- (o) "Unitized Zone" means the Lodgepole Formation within the Unit Area;
- (p) "Unitized Substances" means Petroleum Substances in or obtained from the Unitized Zone;
- (q) "Working Interest" means any right to produce and dispose of Petroleum Substances from the Lodgepole Formation including an interest chargeable with any costs of drilling for, recovery of and disposal of Petroleum Substances therefrom;
- (r) "Working Interest Owner" means a Party owning a Working Interest;
- (s) "Minister" means the member of the Executive Council charged by the Lieutenant Governor in Council with the administration of The Mines Act;
- (t) "Lodgepole Formation" means the formation of Mississippian age exemplified by the geological section occurring between the sonic log depths of 718 metres and 816 metres, as

measured from the Kelly Bushing at Resman Jorex Daly
7-35-9-28 WPM and shown on Exhibit "C".

ARTICLE II
EXHIBITS

201. Exhibits

The following exhibits are attached to and incorporated in this agreement:

- (a) Exhibit "A" which numbers and describes each Tract and sets forth its Tract Participation, the names of the owners of the Working Interest and their respective shares of the Working Interest, together with the names of the Royalty Owners and their respective shares of the Royalty Interest;
- (b) Exhibit "B" which is a Tract map of the Unit Area;
- (c) Exhibit "C" which is a copy of a portion of the sonic log referred to in subclause 101(t) hereof.

202. Exhibits Correct

Each exhibit shall be deemed conclusively to be correct to the effective time of a revision or correction thereof as herein provided.

203. Correction of Exhibits

If any mistake or mechanical error occurs in an exhibit, Unit Operator may, or upon request of the Working Interest Owners shall, prepare a corrected exhibit but the data used in establishing Tract Participations shall not be re-evaluated.

204. Effective Time

Any corrected exhibit prepared on or before the Effective Date or within ninety (90) days thereafter shall be effective on the Effective Date. Any corrected exhibit prepared after the said ninety

(90) days shall be effective at 8:00 a.m. on the first day of the calendar month next following its preparation or on such other date as is determined by the Working Interest Owners.

205. Supplying of Exhibits

Each time that an exhibit is revised or corrected pursuant to this agreement, Unit Operator shall supply the Conservation Board and the Department of Energy and Mines, Manitoba with one (1) copy each and shall supply each Working Interest Owner with the number of copies of the exhibit it requests. Each Working Interest Owner shall supply each of its Royalty Owners, excepting the Crown, with a copy thereof.

206. Form of Revised or Corrected Exhibits

Exhibits that are revised or corrected shall show the effective time of the revision or correction and shall be numbered consecutively.

ARTICLE III
UNITIZATION AND EFFECT

301. Unitization

On and after the Effective Date the interest of each Royalty Owner and of each Working Interest Owner in the Unitized Substances and in the Unitized Zone are hereby unitized, as if the Unitized Zone had been included in a single lease executed by the Royalty Owners, as lessors, in favour of the Working Interest Owners, as lessees, and as if the lease had been subject to this agreement.

302. Personal Property Excepted

All lease and well equipment heretofore or hereafter placed by any of the Working Interest Owners on lands comprised in the Unit Area shall be deemed conclusively to be and shall remain personal property belonging to and may be removed by the Working Interest Owners. The Working Interest Owners' rights and interest therein are

set forth in the Unit Operating Agreement.

303. Continuation of Leases

All operations conducted with respect to the Unitized Zone or production of Unitized Substances shall, except for the purpose of calculating payments to Royalty Owners, be deemed conclusively to be operations upon or production from all of the Unitized Zone in each Tract, and such operations or production shall continue in force and effect each Lease and any other agreement or instrument relating to the Unitized Zone or Unitized Substances as if such operations had been conducted on and a well was producing from each Tract or Spacing Unit, or portion thereof, in the Unit Area.

304. Leases Amended

Each Lease and any other agreement or instrument relating to the Unitized Zone or Unitized Substances is hereby amended only to the extent necessary to make it conform to this agreement.

305. Ratification of Leases

Except for a Lease in respect of which a court action has been commenced and is pending on the Effective Date, each Royalty Owner hereby ratifies and confirms any Lease, as amended by this agreement, to which it is a party and agrees that no default exists with respect thereto and that any such Lease is in effect as of the Effective Date.

306. Effect of Unitization on Titles

Nothing herein shall be construed as a transfer or exchange of any interest in the Leases, Tracts or Unitized Zone, or in the Unitized Substances before production thereof.

307. Name

The name of the unit hereby constituted is "Daly Unit No. 4".

ARTICLE IV
AUTHORITY TO WORKING INTEREST OWNERS

401. Operations

The Working Interest Owners are hereby granted the right to develop and operate the Unitized Zone without regard to the provisions of the leases or the boundary lines of the Tracts or Spacing Units in such manner and by such means and methods as the Working Interest Owners consider necessary and proper and, without limiting the generality of the foregoing, the right to inject any substance or combination of substances into the Unitized Zone and convert and use as injection wells any wells now existing or hereafter drilled into the Unitized Zone.

402. Delegation

The Working Interest Owners may delegate to Unit Operator any of the rights and powers herein or otherwise granted to them.

403. Vote of Working Interest Owners

Any matter to be determined under this agreement by the Working Interest Owners may be determined by vote of the parties to the Unit Operating Agreement as prescribed therein.

ARTICLE V
INCLUSION AND QUALIFICATION OF TRACTS

501. Tracts Included on Effective Date

The Tracts included in the Unit Area as of the Effective Date are those Tracts which are qualified under clause 502:

- (a) before the Effective Date; or
- (b) on or within ninety (90) days after the Effective Date.

502. Qualification of Tracts

A Tract is qualified for inclusion in the Unit Area when its title has been approved by the Working Interest Owners under clause

1102 and when:

- (a) owners of one hundred percent (100%) of the Working Interest therein have become Parties and parties to the Unit Operating Agreement and owners of one hundred percent (100%) of the Royalty Interest therein have become Parties; or
- (b) owners of one hundred percent (100%) of the Working Interest therein have become Parties and parties to the Unit Operating Agreement and owners of less than one hundred percent (100%) of the Royalty Interest therein have become Parties, and such owners of Working Interests agree, if required by the other Working Interest Owners, to indemnify the other Working Interest Owners in a form and manner satisfactory to them for any loss or damages that may be suffered by such other Working Interest Owners in respect of claims and demands that, because of the inclusion of the Tract in the Unit Area, may be made by those owners of Royalty Interests in the Tract who have not become Parties; or
- (c) owners of Working Interests therein have agreed with the owners of Working Interests then Parties and parties to the Unit Operating Agreement as to the basis on which the Tract shall become qualified, where the Tract cannot be qualified pursuant to subclause (a) or (b) of this clause.

503. Revision of Exhibits

Within one hundred and twenty (120) days after the Effective Date the exhibits shall be revised, if necessary, to set out only those Tracts included in the Unit Area under this Article. The revised Exhibit "A" shall set forth the Tract Participations of the Tracts recalculated on the same basis and using the same data as that used in the calculation of Tract Participations in the original Exhibit "A" and so that their summation is one hundred percent (100%). The exhibits as so revised shall be effective as of the Effective Date.

ARTICLE VI
TRACT PARTICIPATION

601. Tract Participation

Each Tract has a Tract Participation as shown on Exhibit "A".

ARTICLE VII
ALLOCATION OF UNITIZED SUBSTANCES PRODUCED

701. Allocation to Tracts

Subject to clauses 801 and 802 the Unitized Substances when produced shall be allocated to the Tracts in accordance with their Tract Participations. The amount of Unitized Substances allocated to each Tract, and only that amount, regardless of whether it be more or less than the amount of actual production of Unitized Substances from the well or wells, if any, on the Tract, shall be deemed conclusively to have been produced from the Tract.

702. Distribution Within Tract

The Unitized Substances allocated to a Tract shall be distributed by the Working Interest Owners thereof among, or accounted for to, the Parties entitled to share in production from the Tract in the same manner, the same proportions, and upon the same conditions as they would have participated and shared in the production from the Tract, or in the proceeds from the sale thereof, had the Unitized Substances allocated to the Tract been actually produced therefrom by the Working Interest Owners.

703. Calculation of Royalty

The Working Interest Owners of each Tract shall calculate royalty on Unitized Substances allocated to the Tract at the applicable rate under the Lease, other agreement or instrument relating to the Tract. The Royalty Owners of each Tract agree to accept payment of royalty so calculated in satisfaction of the obligation of a Working Interest Owner to make royalty payments on Unitized Substances under

the Lease agreement or other instrument covering such Tract; but a lessee under a Lease shall not be relieved from making payment of royalty to its lessor if payment is not made by the Working Interest Owner as aforesaid. In calculating royalty on residue gas, sulphur and fluid hydrocarbons, or any of them, obtained by processing Unitized Substances, other than crude oil, by compression, absorption or other plant extraction or stabilization, proper allowances shall be made for costs, expenses and charges, including a reasonable return on investment, incurred in or attributable to gathering and processing the Unitized Substances.

704. Taking Unitized Substances in Kind

The Unitized Substances allocated to a Tract shall be delivered in kind at the time and place of production to the Working Interest Owners entitled thereto who may, if there is no interference with unit operations, construct, maintain and operate in the Unit Area all necessary facilities for taking delivery in kind. Any extra expenditures incurred by Unit Operator to deliver in kind to one or more, but less than all, Working Interest Owners, any portion of the Unitized Substances, shall be paid by the Working Interest Owner or Owners for whom the expenditures are incurred.

705. Failure to Take in Kind

To the extent that a Party entitled to take in kind any of the Unitized Substances fails to take or otherwise dispose of them at the time and place of production, then so long as such failure continues, Unit Operator, as agent and for the account and at the expense of such Party may sell, store, inject or otherwise dispose of them. Where there is a sale the net proceeds remaining from the sale shall be paid to the Party. Unit Operator may contract for the sale thereof only for the minimum term obtainable which in no event shall exceed one (1) year. When Unit Operator has so contracted, the Party may take its share of the Unitized Substances in kind upon the expiration of the current sales contract.

706. Royalty on Outside Substances

If an Outside Substance is injected into the Unitized Zone, the first like substance contained in the Unitized Substances subsequently produced and sold or used other than for operations hereunder shall be deemed conclusively to be an Outside Substance until a quantity equal to the quantity of the Outside Substance injected into the Unitized Zone is recovered. No royalty shall be payable on any substance which is deemed conclusively to be an Outside Substance.

ARTICLE VIII

USE, LOSS AND STORAGE OF UNITIZED SUBSTANCES

801. Use or Loss

The Working Interest Owners may use as much of the Unitized Substances, other than crude oil, as they deem necessary for the operations and development of the Unitized Zone including, but not limited to, the injection thereof into the Unitized Zone and in the operation of any plant or plants handling Unitized Substances. Unitized Substances so used or injected and Unitized Substances lost shall be excluded in allocating Unitized Substances to Tracts, and no royalty or other payment shall be payable in respect thereof.

802. Storage

The Working Interest Owners are hereby granted the right to inject Unitized Substances into the Unitized Zone for storage. Unitized Substances so injected shall be excluded in allocating Unitized Substances to Tracts, and no royalty or other payment shall be payable in respect thereof until they are recovered from storage and sold or used for operations other than operations hereunder.

ARTICLE IX

ENLARGEMENT OF UNIT AREA

901. Application for Lateral Enlargement

After the expiry of ninety (90) days from the Effective Date,

if an owner of a Working Interest in lands in the vicinity of the Unit Area indicated to be potentially productive of Petroleum Substances from the Lodgepole Formation makes application therefor, the Working Interest Owners may, upon such terms and conditions as they may determine, approve the admission of the lands into the Unit Area. If the lands qualify under clause 502, the Unit Area shall be enlarged to include them. Even though an owner of a Royalty Interest or of a Working Interest in lands approved hereunder for admission into the Unit Area is a Party, the lands shall not qualify for inclusion in the Unit Area unless the owner again executes and delivers a counterpart of this agreement to Unit Operator or the lands otherwise qualify pursuant to subclause (b) or (c) of clause 502.

902. Adjustment of Tract Participations

The Tract Participation of each Tract added pursuant to clause 901 shall be determined by the Working Interest Owners. The Tract Participations shall then be adjusted so that:

- (a) the ratios of the Tract Participations of Tracts shown on Exhibit "A" immediately prior to the enlargement remain the same to each other; and
- (b) the total of the Tract Participations for all Tracts of the enlarged Unit Area and Unitized Zone is one hundred percent (100%).

903. Exhibits

Unit Operator shall revise Exhibits "A" and "B" as required by the enlargement.

904. Effective Time of Enlargement

An enlargement pursuant to clause 901 and an adjustment of Tract Participations under this Article shall become effective at 8:00 a.m. on the first day of the first calendar month following approval of admission under clause 901, Tract qualification under clause 502 and approval of the Conservation Board.

905. No Retroactive Adjustment

There shall never be any retroactive adjustment of the allocation of Unitized Substances by reason of an enlargement under this Article.

ARTICLE X
DISPUTES

1001. Disputes

If the title or right of a Party to receive in kind all or any portion of the Unitized Substances allocated to a Tract, or any share of the proceeds from the sale thereof is in dispute, the Party concerned shall forthwith give notice thereof to Unit Operator. If Unit Operator is so notified or if Unit Operator is directed to do so by the Working Interest Owners in the event that it is otherwise informed of the dispute, Unit Operator shall withhold and sell the portion of Unitized Substances the title or right to which is in dispute, and hold in trust the proceeds from the sale thereof in an interest bearing trust account until:

- (a) the Party concerned furnishes security in a form and manner satisfactory to the Working Interest Owners for the proper accounting thereof to the rightful owner or owners if the title or right of the Party shall fail in whole or in part, whereupon the proceeds shall be paid to the Party; or
- (b) the title or right thereto is established by a final judgment of a Court or otherwise to the satisfaction of the Working Interest Owners whereupon such proceeds shall be paid to the person rightfully entitled.

If Unit Operator does not comply with this clause because it is not notified of a dispute by a Party concerned, that Party hereby agrees to indemnify and save harmless Unit Operator from any loss or damage suffered because of anything done or omitted to be done by Unit Operator because it was not notified.

ARTICLE XI
APPROVAL OF TITLES

1101. Titles Committee

The Working Interest Owners shall appoint a titles committee which shall investigate the ownership of all Tracts. Each Working Interest Owner shall submit to the titles committee such title data and information as the titles committee may reasonably require from time to time. The titles committee shall report the result of its investigation to the Working Interest Owners specifying the titles to Tracts which it unanimously recommends for approval.

1102. Approval of Titles by Working Interest Owners

The Working Interest Owners may approve:

- (a) the titles of Working Interest Owners to Tracts which have been unanimously recommended for approval by the titles committee; and
- (b) the titles of Working Interest Owners to Tracts which have not been unanimously recommended for approval by the titles committee but with respect to which such Working Interest Owners have agreed to indemnify the other Working Interest Owners, in a form and manner satisfactory to them, from loss or damage that may be suffered by them in respect of claims and demands made because of subsequent failure of the Working Interest Owners' title.

Notwithstanding the foregoing, the Working Interest Owners may approve any title that has not been unanimously recommended for approval by the titles committee.

1103. Subsequent Failure of Title

If the title of a Working Interest Owner to a Tract fails, the Tract shall be excluded from this agreement and the Unit Operating Agreement as of 8:00 a.m. on the first day of the calendar month in which the failure of title is finally determined unless:

- (a) any other Party is held or declared to own the title in which event that Party shall be bound by this agreement and the Unit Operating Agreement in respect of the Tract; or
- (b) by the last day of the next following calendar month the Tract qualifies for inclusion in the Unit Area pursuant to clause 502.

1104. Revision of Exhibits

Unit Operator shall revise the exhibits to reflect any change in ownership in or exclusion from this agreement of a Tract pursuant to clause 1103. Where a Tract is excluded, the Tract Participations of the other Tracts shall each be increased, without changing their ratios to each other, so that their summation is one hundred percent (100%). The revised exhibits shall be effective as of 8:00 a.m. on the first day of the calendar month in which the failure of title referred to in clause 1103 is finally determined.

ARTICLE XII
TRANSFER OF INTEREST

1201. Disposition

In this clause "disposition" means a sale, assignment, transfer, lease, sublease, conveyance, parting with possession, or any transaction of a similar nature, whether by trust or otherwise. A disposition of an interest owned by a Party in a Tract shall cover the whole or an undivided interest in the Party's interest in such Tract. A disposition shall not be binding on Unit Operator until the acquiring parties who are not Parties have executed and delivered to Unit Operator counterparts of this agreement, and the parties thereto have each given notice thereof to Unit Operator. Unit Operator shall revise the exhibits to reflect each disposition of an interest in a Tract and the revised exhibits shall be effective as of 8:00 a.m. on the first day of the calendar month next following the calendar month in which the notice is received by Unit Operator.

ARTICLE XIII
IN GENERAL

1301. Execution in Counterpart

This agreement may be executed in separate counterparts and all the executed counterparts together shall constitute one agreement. Execution of this agreement by the Minister shall be on behalf of the Crown only as owner of Royalty Interest.

1302. Dual Capacity

If a Party owns a Working Interest and a Royalty Interest, its execution of this agreement shall constitute execution in both capacities.

1303. Subsequent Execution

An owner of an interest in a Tract who has not become a Party as of the date the Tract was included in the Unit Area under Article V or IX, may become a Party with respect to that interest only on such terms and conditions as may be prescribed by the Working Interest Owners.

1304. No Partnership

The duties and obligations of the Parties shall be separate and not joint or collective. Nothing contained in this agreement shall be construed to create a partnership or association.

1305. Force Majeure

Neither Unit Operator nor any Party shall be deemed to be in default with respect to non-performance of its obligations hereunder, other than financial, if and so long as its non-performance is due, in whole or in part, to any cause beyond its reasonable control, but lack of funds shall not be a cause beyond a Party's reasonable control. The performance of such obligations shall begin or be resumed within a reasonable time after such cause has been removed. Neither this agreement nor any Lease or any other agreement or instrument relating

to the Unitized Zone or Unitized Substances shall terminate by reason of suspension of unit operations for the cause set forth in this clause.

1306. Taxes

Each Party shall be separately liable to the extent of its ownership for all taxes on Unitized Substances and with respect to the production or sale of Unitized Substances. A Working Interest Owner may, at any time and from time to time, pay said taxes on behalf of its Royalty Owner and deduct the amount of the payment from the Royalty Owner's royalty. Those taxes with respect to the production or sale of Unitized Substances shall be adjusted so that they are borne as if the basis of taxation was the allocation of Unitized Substances hereunder.

1307. Right of Redemption

A Working Interest Owner may, at any time and from time to time, with full rights of subrogation, redeem for its Royalty Owner any agreement for sale, mortgage, or other lien or encumbrance of any kind or nature affecting any interest in the Unit Area in the event of default of payment by the Royalty Owner and deduct the amount of any payment made hereunder from the Royalty Owner's royalty.

1308. Interpretation

The clause headings in this agreement shall not be considered in interpreting the text.

1309. Number and Gender

In this agreement words importing the singular include the plural and vice versa; words importing the masculine gender include the feminine and vice versa; and words importing persons include firms or corporations and vice versa.

1310. Time

In this agreement all times are "official times" as defined in The Official Time Act of the Province of Manitoba.

1311. Compliance with Legislation

The provisions of The Mines Act and regulations thereunder, as amended from time to time, take precedence over this agreement.

ARTICLE XIV
EFFECTIVE DATE

1401. Effective Date

The unitization provided for herein shall become effective at 8:00 a.m. official time of the first day of the first calendar month following the date of the Unit Operator receiving written approval of the agreement from the Conservation Board.

1402. Notice of Effective Date

As soon as possible after the Effective Date Unit Operator shall notify all Working Interest Owners, the Conservation Board and the Department of Energy and Mines of Manitoba of the Effective Date and of the Tracts qualified as of the Effective Date, and each Working Interest Owner shall advise each of its Royalty Owners of the Effective Date.

1403. Release of Parties

This agreement shall cease to bind the Parties if the unitization provided for herein has not become effective on or before the first day of April, 1988.

ARTICLE XV
TERM

1501. Effect of Execution and Delivery

Subject to clause 1403, this agreement is binding upon a person who executes and delivers a counterpart thereof to Unit Operator, and that person is bound by this agreement as of the time of such delivery. This agreement inures to the benefit of and is binding upon the heirs, executors, administrators, successors and assigns of

the Parties, but if a proposed Tract is not included in the Unit Area under Article V, the parties owning interest therein shall be completely released from the agreement with respect to it upon the expiration of ninety (90) days after the Effective Date.

1502. Termination

This agreement terminates ninety (90) days after all wells for the production of Unitized Substances in the Unit Area have been abandoned, plugged or disposed of or upon the termination of the Unit Operating Agreement, and thereafter the Parties shall be governed by the terms and provisions of their Leases and other agreements or instruments relating to the Unitized Zone or Unitized Substances.

1503. Salvaging Equipment upon Termination


The Royalty Owners grant the Working Interest Owners the right for a period of six (6) months after termination of this agreement to salvage, sell, distribute or otherwise dispose of the personal property and facilities used in connection with unit operations.

1504. Notice to Royalty Owners

The Working Interest Owners shall give notice in accordance with their Leases to their respective Royalty Owners of the termination of this agreement within thirty (30) days thereafter.

IN WITNESS WHEREOF the Parties have executed this agreement each on the date shown below.

Date: MAR 07 1988



Minister of Energy and Mines

Province of Manitoba

AFFIDAVIT OF EXECUTION

C A N A D A)
PROVINCE OF)
TO WIT:)

I, _____ of the _____ of _____
in the Province of _____, _____,
make oath and say:

1. THAT I was personally present and did see _____
who is personally known to me to be the person(s) named therein, duly sign,
seal and execute the same for the purposes therein named.

2. THAT the same was executed at _____, in the Province of _____ and that I am the subscribing witness thereto.

3. THAT I know the said _____ and he (or she) is (or they are each) in my belief of the full age of eighteen years.

SWORN BEFORE ME at the _____)
)
of _____ in the Province)
)
of _____ this _____)
)
day of _____, A.D. 198___.)
)
)
)

A Commissioner for Oaths in and for
the Province of

DOWER AFFIDAVIT

C A N A D A)
)
PROVINCE OF)
)
TO WIT:)

I, _____ of the _____ of _____
in the Province of _____, _____,
make oath and say: (Occupation)

1. THAT I am a party to the within instrument.

2. THAT I am not married.

OR

THAT neither myself nor my spouse have resided on the within mentioned
land at any time since our marriage.

SWORN BEFORE ME at the _____)
)
of _____ in the Province)
)
of _____ this _____)
)
day of _____, A.D. 198__)
)
)
)

A Commissioner for Oaths in and for
the Province of _____

CONSENT OF SPOUSE

I, _____, being married to the above named _____, do hereby give my consent to the disposition of our homestead, made in this instrument, and I have executed this document for the purpose of giving up my life estate and other dower rights in the said property given to me by The Dower Act to the extent necessary to give effect to the said disposition.

(Signature of Spouse)

CERTIFICATE OF ACKNOWLEDGEMENT OF SPOUSE

1. This document was acknowledged before me by _____
_____ apart from her husband (or his wife).
2. _____ acknowledged to me that she (or he)
 - (a) is aware of the nature of the disposition (or agreement),
 - (b) is aware that The Dower Act gives her (or him) a life estate in the homestead and the right to prevent disposition of the homestead by withholding consent,
 - (c) consents to the disposition (or agreement) for the purpose of giving up the life estate and other dower rights in the homestead given to her (or him) by The Dower Act to the extent necessary to give effect to the said disposition (or agreement),
 - (d) is executing the document freely and voluntarily without any compulsion on the part of her husband (or his wife).

DATED at _____, in the Province of _____.
this _____ day of _____, A.D. 198__.

(Title of Officiating Officer)

EXHIBIT "A"

ATTACHED TO AND MADE PART OF AN AGREEMENT ENTITLED
"UNIT AGREEMENT - DALY UNIT NO. 4"

Tract Number	Land Description (Lsd.)	Working Interest		Royalty Interest		Tract Participation (%)
		Owner	Share (%)	Owner	Share (%)	
1.	2-25-9-28 WPM	Chevron	7.5000	A. Williams	18.75	1.3374
		C & T	33.7500	S. Lowdon	18.75	
		Resman	33.7500	C. Lowdon	18.75	
		Trilogy	25.0000*	G. Lowdon	18.75	
				Trilogy	25.00*	
2.	3-25-9-28 WPM	Chevron	7.5000	A. Williams	6.25	1.1680
		C & T	33.7500	S. Lowdon	6.25	
		Resman	33.7500	C. Lowdon	6.25	
		Trilogy	25.0000*	G. Lowdon	6.25	
				Can. Perm. Trilogy	50.00 25.00*	
3.	6-25-9-28 WPM	Chevron	37.5000	A. Williams	6.25	4.0389
		C & T	18.7500	S. Lowdon	6.25	
		Resman	18.7500	C. Lowdon	6.25	
		Trilogy	25.0000*	G. Lowdon	6.25	
				Can. Perm. Trilogy	50.00 25.00*	

* Trilogy's interest is a 25% fee simple interest.

Tract Number	Land Description (Lsd.)	Working Interest Owner Share (%)	Royalty Interest Owner Share (%)	Tract Participation (%)
4.	7-25-9-28 WPM	Chevron C & T Resman Trilogy	7.5000 33.7500 33.7500 25.0000* 18.75 18.75 18.75 18.75 25.00*	2.2537
5.	10-25-9-28 WPM	Chevron C & T Resman Trilogy	7.5000 33.7500 33.7500 25.0000* 18.75 18.75 18.75 18.785 25.00*	2.3706
6.	11-25-9-28 WPM	Chevron C & T Resman Trilogy	7.5000 33.7500 33.7500 25.0000* 12.50 12.50 12.50 12.50 25.00 25.00*	1.8817
7.	12-25-9-28 WPM	Chevron C & T Resman Trilogy	7.5000 33.7500 33.7500 25.0000* 12.50 12.50 12.50 12.50 25.00 25.00*	1.1367
8.	13-25-9-28 WPM	Chevron C & T Resman Trilogy	7.5000 33.7500 33.7500 25.0000* 12.50 12.50 12.50 12.50 25.00 25.00*	1.3559

* Trilogy's interest is a 25% fee simple interest.

<u>Tract Number</u>	<u>Land Description (Lsd.)</u>	<u>Working Interest Owner</u>	<u>Share (%)</u>	<u>Royalty Interest Owner</u>	<u>Share (%)</u>	<u>Tract Participation (%)</u>
9.	9-26-9-28 WPM	Chevron C & T Resman	10.0000 45.0000 45.0000	M. Wilson H. Kilford	25.00 75.00	1.5831
10.	10-26-9-28 WPM	Chevron C & T Resman	10.0000 45.0000 45.0000	M. Wilson H. Kilford	25.00 75.00	0.7633
11.	15-26-9-28 WPM	Chevron C & T Resman	10.0000 45.0000 45.0000	M. Wilson H. Kilford	25.00 75.00	3.1364
12.	16-26-9-28 WPM	Chevron C & T Resman	10.0000 45.0000 45.0000	M. Wilson H. Kilford	25.00 75.00	1.5516
13.	7-27-9-28 WPM	Chevron C & T Resman	10.0000 45.0000 45.0000	66529	100.00	0.7106
14.	8-27-9-28 WPM	Chevron C & T Resman	10.0000 45.0000 45.0000	66529	100.00	1.3118
15.	9-27-9-28 WPM	Chevron C & T Resman	10.0000 45.0000 45.0000	C. Lowdon) S. Lowdon) Lowdon Res.)	100.00	2.6160
16.	10-27-9-28 WPM	Chevron C & T Resman	10.0000 45.0000 45.0000	C. Lowdon) S. Lowdon) Lowdon Res.)	100.00	0.9003

Tract Number	Land Description (Lsd.)	Working Interest		Royalty Interest		Tract Participation (%)
		Owner	Share (%)	Owner	Share (%)	
17.	11-27-9-28 WPM	Chevron C & T Resman	10.0000 45.0000 45.0000	D. Gerrard C. Lowdon) S. Lowdon) Lowdon Res.)	25.00 75.00	2.3579
18.	14-27-9-28 WPM	Chevron C & T Resman	10.0000 45.0000 45.0000	D. Gerrard C. Lowdon) S. Lowdon) Lowdon Res.)	25.00 75.00	1.0621
19.	15-27-9-28 WPM	Chevron C & T Resman	50.0000 25.0000 25.0000	C. Lowdon) S. Lowdon) Lowdon Res.)	100.00	4.4339
20.	16-27-9-28 WPM	Chevron C & T Resman	50.0000 25.0000 25.0000	C. Lowdon) S. Lowdon) Lowdon Res.)	100.00	3.8545
21.	1-34-9-28 WPM	C & T Resman	50.0000 50.0000	Univ. Man.	100.00	1.9595
22.	2-34-9-28 WPM	C & T Resman	50.0000 50.0000	Univ. Man.	100.00	3.1721
23.	3-34-9-28 WPM	Chevron	100.0000	L.K.& L.M. Heaman	100.00	1.4284
24.	6-34-9-28 WPM	Chevron	100.0000	L.K.& L.M. Heaman	100.00	1.4069
25.	7-34-9-28 WPM	C & T Resman	50.0000 50.0000	Univ. Man.	100.00	4.0155

<u>Tract Number</u>	<u>Land Description (Lsd.)</u>	<u>Working Interest Owner Share (%)</u>	<u>Royalty Interest Owner Share (%)</u>	<u>Tract Participation (%)</u>
26.	8-34-9-28 WPM	C & T Resman 50.0000 50.0000	Univ. Man. 100.00	0.9585
27.	9-34-9-28 WPM	C & T Resman 50.0000 50.0000	O. Gray Can. Perm. 75.00 25.00	1.5346
28.	1-35-9-28 WPM	Chevron C & T Resman Trilogy 8.1250 39.6875 39.6875 12.5000	S. Lowdon R. Perry G. R. Lowdon A. Williams C. Lowdon Trilogy 12.50 25.00 12.50 12.50 12.50 25.00	1.3025
29.	2-35-9-28 WPM	Chevron C & T Resman Trilogy 8.1250 39.6875 39.6875 12.5000	S. Lowdon R. Perry G. R. Lowdon A. Williams C. Lowdon Trilogy 12.50 25.00 12.50 12.50 12.50 25.00	1.5115
30.	3-35-9-28 WPM	Chevron C & T Resman Trilogy 8.1250 39.6875 39.6875 12.5000	Can. Perm. C. Lowdon A. Williams G. R. Lowdon S. Lowdon Trilogy 50.00 6.25 6.25 6.25 6.25 25.00	1.8059
31.	4-35-9-28 WPM	Chevron C & T Resman Trilogy 8.1250 39.6875 39.6875 12.5000	Can. Perm. C. Lowdon A. Williams G. R. Lowdon S. Lowdon Trilogy 50.00 6.25 6.25 6.25 6.25 25.00	1.9967

Tract Number	Land Description (Lsd.)	Working Interest		Royalty Interest		Tract Participation (%)
		Owner	Share (%)	Owner	Share (%)	
32.	5-35-9-28 WPM	Chevron C & T Resman Trilogy	8.1250 39.6875 39.6875 12.5000	Can. Perm. C. Lowdon A. Williams G. R. Lowdon S. Lowdon Trilogy	50.00 6.25 6.25 6.25 6.25 25.00	1.4578
33.	6-35-9-28 WPM	Chevron C & T Resman Trilogy	40.6250 23.4375 23.4375 12.5000	Can. Perm. C. Lowdon A. Williams G. R. Lowdon S. Lowdon Trilogy	50.00 6.25 6.25 6.25 6.25 25.00	2.6398
34.	7-35-9-28 WPM	Chevron C & T Resman Trilogy	8.1250 39.6875 39.6875 12.5000	S. Lowdon R. Perry G. R. Lowdon A. Williams C. Lowdon Trilogy	12.50 25.00 12.50 12.50 12.50 25.00	0.9247
35.	8-35-9-28 WPM	Chevron C & T Resman Trilogy	8.1250 39.6875 39.6875 12.5000	S. Lowdon R. Perry G. R. Lowdon A. Williams C. Lowdon Trilogy	12.50 25.00 12.50 12.50 12.50 25.00	1.4059
36.	9-35-9-28 WPM	Chevron C & T Resman Trilogy	8.1250 39.6875 39.6875 12.5000	S. Lowdon R. Perry G. R. Lowdon A. Williams C. Lowdon Trilogy	12.50 25.00 12.50 12.50 12.50 25.00	1.4571

<u>Tract Number</u>	<u>Land Description (Lsd.)</u>	<u>Working Interest Owner Share (%)</u>	<u>Royalty Interest Owner Share (%)</u>	<u>Tract Participation (%)</u>
37.	10-35-9-28 WPM	Chevron C & T Resman Trilogy	S. Lowdon R. Perry G. R. Lowdon A. Williams C. Lowdon Trilogy	1.6650
38.	11-35-9-28 WPM	Chevron C & T Resman Trilogy	S. Lowdon R. Perry G. R. Lowdon A. Williams C. Lowdon Trilogy	1.3520
39.	12-35-9-28 WPM	Chevron C & T Resman Trilogy	S. Lowdon R. Perry G. R. Lowdon A. Williams C. Lowdon Trilogy	0.6360
40.	13-35-9-28 WPM	Chevron C & T Resman Trilogy	S. Lowdon R. Perry G. R. Lowdon A. Williams C. Lowdon Trilogy	1.7474
41.	14-35-9-28 WPM	Chevron C & T Resman Trilogy	S. Lowdon R. Perry G. R. Lowdon A. Williams C. Lowdon Trilogy	1.7175

<u>Tract Number</u>	<u>Land Description (Lsd.)</u>	<u>Working Interest Owner Share (%)</u>	<u>Royalty Interest Owner Share (%)</u>	<u>Tract Participation (%)</u>
42.	15-35-9-28 WPM	Chevron C & T Resman Trilogy 40.6250 23.4375 23.4375 12.5000	S. Lowdon R. Perry G. R. Lowdon A. Williams C. Lowdon Trilogy 12.50 25.00 12.50 12.50 12.50 25.00	2.3622
43.	16-35-9-28 WPM	Chevron C & T Resman Trilogy 8.1250 39.6875 39.6875 12.5000	S. Lowdon R. Perry G. R. Lowdon A. Williams C. Lowdon Trilogy 12.50 25.00 12.50 12.50 12.50 25.00	1.7928
44.	5-36-9-28 WPM	Chevron C & T Resman 10.0000 45.0000 45.0000	H. Shoemaker J. Clarke Can. Perm. 25.00 50.00 25.00	0.7998
45.	11-36-9-28 WPM	Chevron C & T Resman 10.0000 45.0000 45.0000	Man. Crown 100.00	1.4468
46.	12-36-9-28 WPM	Chevron C & T Resman 10.0000 45.0000 45.0000	Man. Crown. 100.00	2.4447
47.	13-36-9-28 WPM	Chevron C & T Resman 10.0000 45.0000 45.0000	Man. Crown. 100.00	1.7449
48.	4-1-10-28 WPM	Chevron C & T Resman 10.0000 45.0000 45.0000	C. Williams 100.00	2.2665

<u>Tract Number</u>	<u>Land Description (Lsd.)</u>	<u>Working Interest Owner Share (%)</u>	<u>Royalty Interest Owner Share (%)</u>	<u>Tract Participation (%)</u>
49.	1-2-10-28 WPM	Chevron C & T Resman 50.0000 25.0000 25.0000	C. Williams 100.00	3.0975
50.	2-2-10-28 WPM	Chevron C & T Resman 50.0000 25.0000 25.0000	C. Williams 100.00	4.4347
51.	3-2-10-28 WPM	Chevron C & T Resman 10.0000 45.0000 45.0000	G. Hasket 100.00	2.1108
52.	4-2-10-28 WPM	Chevron C & T Resman 10.0000 45.0000 45.0000	G. Hasket 100.00	1.5796

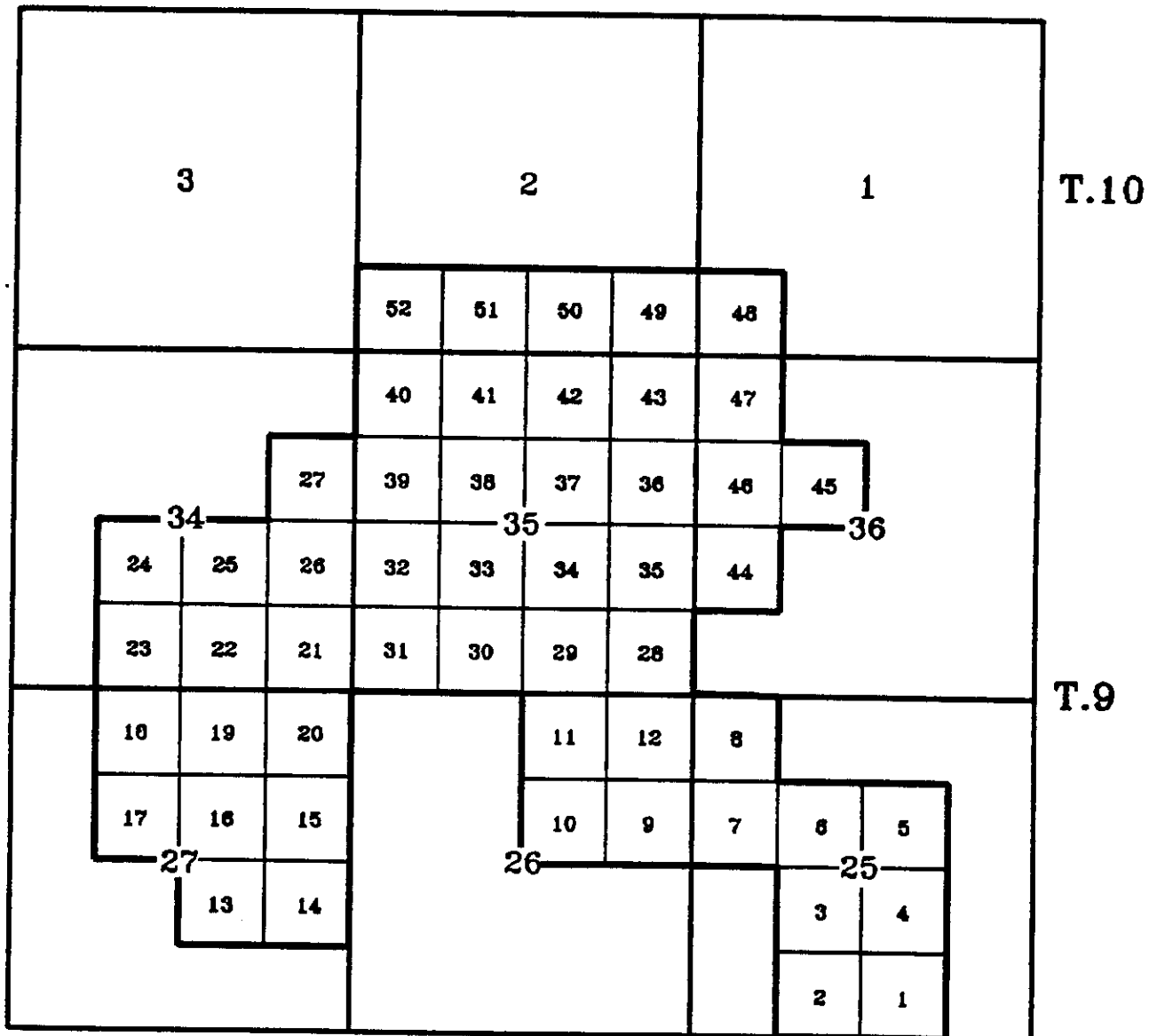
EXHIBIT "A"
ATTACHED TO AND MADE PART OF AN AGREEMENT ENTITLED
"UNIT AGREEMENT - DALY UNIT NO. 4"

Abbreviations

Chevron	Chevron Canada Resources Limited
C & T	C & T Resources Ltd.
Resman	Resman Oil and Gas Ltd.
Trilogy	Trilogy Resource Corporation
A. Williams	Alva M. Williams
S. Lowdon	Stewart H. Lowdon
C. Lowdon	Clifford Lowdon
G. Lowdon	Georgina M. Lowdon
Can. Perm.	Canada Permanent Trust
M. Wildon	Marion D. Wilson
H. Kilford	Henry G. Kilford
66529	66529 Manitoba Ltd.
Lowdon Res.	Lowdon Resources Ltd.
D. Gerrard	David G. Gerrard
Univ. Man.	University of Manitoba
O. Gray	Orma J. Gray
R. Perry	Richard T. Perry
G.R. Lowdon	Glen R. Lowdon
H. Shoemaker	Harold H. Shoemaker
J. Clarke	John W. Clarke
Man. Crown	Her Majesty the Queen in Right of the Province of Manitoba.
C. Williams	Cecil J. Williams
G. Hasket	Gerald B. Hasket
L.K.& L.M. Heaman	L. K. Heaman and L. M. Heaman

EXHIBIT 'B'

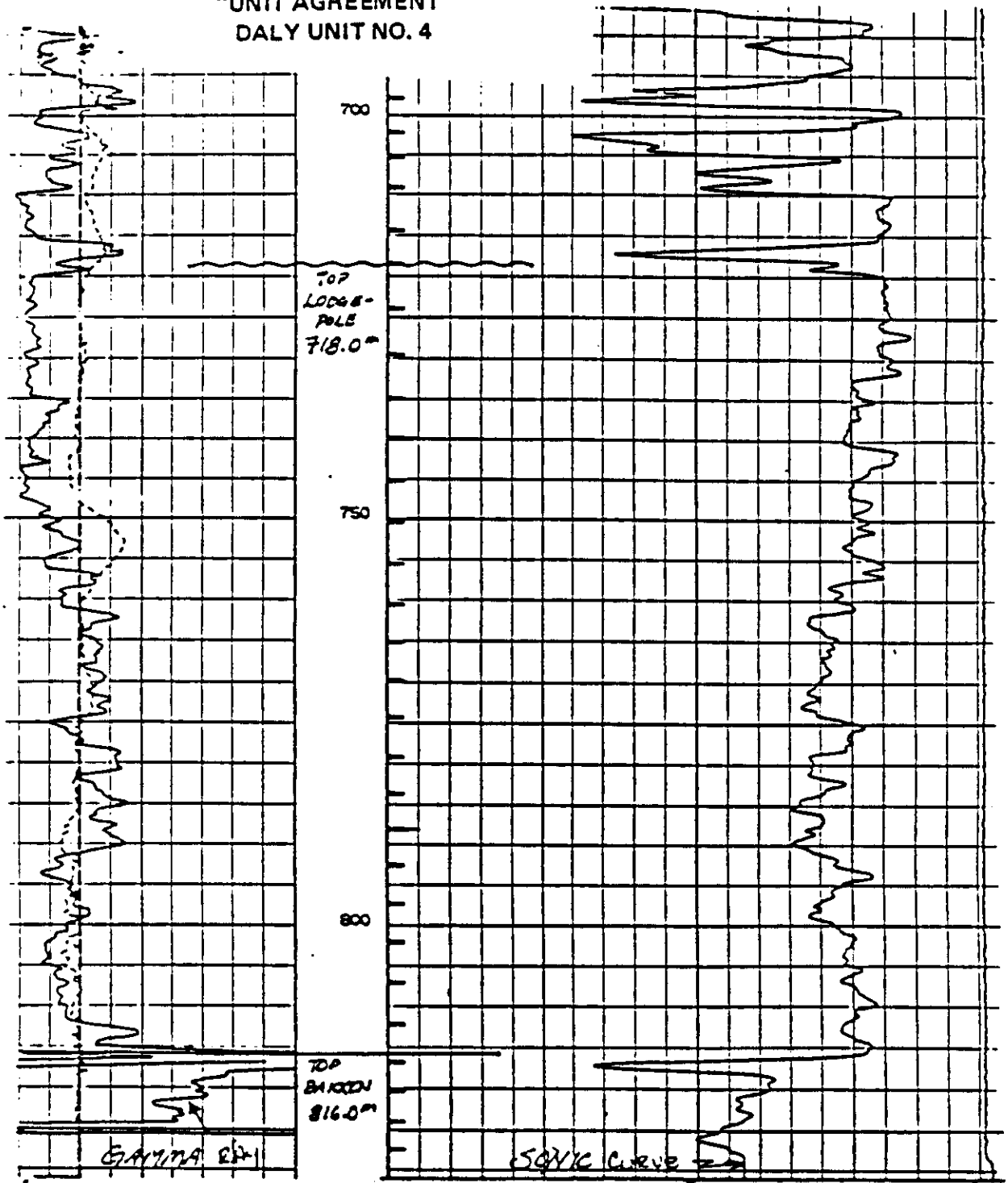
ATTACHED TO AND MADE PART OF
AN AGREEMENT ENTITLED
"UNIT AGREEMENT DALY UNIT NO. 4"



R.28WPM

EFFECTIVE AS OF
THE EFFECTIVE DATE

EXHIBIT 'C'
ATTACHED TO AND MADE PART OF AN
AGREEMENT ENTITLED
"UNIT AGREEMENT"
DALY UNIT NO. 4



PORTION OF SONIC LOG RECORDED AT WELL
RESMAN JOREX DALY 7-35-9-28 WPM
KELLY BUSHING 501.5 M
EFFECTIVE AS OF THE EFFECTIVE DATE

DALY UNIT NO. 4
UNIT OPERATING AGREEMENT

TABLE OF CONTENTS

ARTICLE I
DEFINITIONS

101.	Definitions	1
------	-----------------------	---

ARTICLE II
CONFIRMATION OF UNIT AGREEMENT

201.	Confirmation of Unit Agreement	2
------	--	---

ARTICLE III
EXHIBITS

301.	Exhibits Incorporated	3
302.	Exhibits Attached	3
304.	Conflicts	3
305.	Supply of Exhibits	3

ARTICLE IV
SUPERVISION AND CONTROL OF UNIT OPERATIONS

401.	Operating Committee	4
402.	Chairman	4
403.	Meetings	4
404.	Voting Procedure	4
405.	Initial Voting Interest	6
406.	Minutes	7
407.	Parties Bound by Voting	7

ARTICLE V
RIGHTS AND POWERS OF THE OPERATING COMMITTEE

501.	Rights and Powers of the Operating Committee	7
------	--	---

ARTICLE VI
INDIVIDUAL RIGHTS AND PRIVILEGES OF THE PARTIES

601.	Reservation of Rights	7
602.	Specific Rights	8

ARTICLE VII
UNIT OPERATOR

701.	Unit Operator	8
702.	Resignation or Removal	8
703.	Designation of Successor	9
704.	Takeover by Successor	9
705.	Audit Upon Change of Unit Operator	9
706.	No Assignment of Operating Rights	10

ARTICLE VIII
PERFORMANCE BY UNIT OPERATOR

801.	Status	10
802.	Rights, Powers, Duties and Obligations	10
803.	Employees	11
804.	Expenditures	12

ARTICLE IX
LIABILITY AND OBLIGATIONS

901.	Liability of Unit Operator	12
902.	Taxes, Rentals and Royalties	12

ARTICLE X
UNIT FACILITIES

1001.	Delivery of Unit Wells and Facilities	13
1002.	Delivery of Records	13
1003.	Testing of Unit Wells	14

1004.	Adequacy of Wellsite and Other Operating Equipment . .	14
1005.	Exclusion of 8-34-9-28 Well	14
1006.	Representation and Indemnity	14
1007.	Agreements for Use of Facilities	15

ARTICLE XI
ADJUSTMENT OF INVESTMENT

1101.	Value of Unit Wells and Salt Water Disposal Facility	15
1102.	Inventory and Evaluation	15
1103.	Investment Adjustment	16
1104.	General Facilities	16
1105.	Ownership of Unit Facilities	16
1106.	Adjustment on Failure of Title	16
1107.	Pre-Unit Costs	16

ARTICLE XII
COSTS OF UNIT OPERATIONS

1201.	Basis of Charges to Parties	17
1202.	Forecasts	17
1203.	Advance Billings for Capital Items	17
1204.	Operating Fund	18
1205.	Regular Billings	18
1206.	Commingling of Funds	18
1207.	Unit Operator's Remedies	18
1208.	Contributions by Parties	19

ARTICLE XIII
OIL IN LEASE TANKAGE AND OVERPRODUCTION
AS OF THE EFFECTIVE DATE

1301.	Gauge of Merchantable Oil	20
-------	-------------------------------------	----

1302.	Overproduction	20
1303.	No Allowance for Underproduction	20

ARTICLE XIV
SURFACE RIGHTS

1401.	Submission of List to Unit Operator	21
1402.	Surface Rights Required for Unit Operations	21
1403.	Surface Rights Jointly Used	21
1404.	Assignment of Surface Rights	22
1405.	Surface Rights No Longer Required	22
1406.	Surface Rights held in Fee Simple	22
1407.	Acquisition of Additional Surface Rights	23
1408.	Sharing of Surface Rights	23

ARTICLE XV
ABANDONMENT OF WELLS

1501.	Rights of Former Owners	23
1502.	Abandonment of Wells	24
1503.	Surface Clean-up	24

ARTICLE XVI
TERM OF AGREEMENT

1601.	Term	24
-------	----------------	----

ARTICLE XVII
COMMENCEMENT DATE

1701.	Commencement Date	24
-------	-----------------------------	----

ARTICLE XVIII
ABANDONMENT OF OPERATIONS

1801.	Right to Operate	25
1802.	Salvaging Wells	25

1803.	Cost of Salvaging	25
-------	-----------------------------	----

ARTICLE XIV
GENERAL

1901.	Affects Working Interest Only	26
1902.	Execution Without Prejudice	26
1903.	Lien on or Assignment of Production	26
1904.	No Partitioning	26
1905.	No Surrender without Consent	26
1906.	Waivers	27
1907.	Suits	27
1908.	Further Assurances	27
1909.	Restriction on Dispositions	27
1910.	United States Internal Revenue Provision	27
1911.	Notices and Communications	28
1912.	Inuring Clause	28
1913.	Execution in Counterpart	28
	Execution Page	28

EXHIBIT "D"
EXHIBIT "E"
EXHIBIT "F"
EXHIBIT "G"

UNIT OPERATING AGREEMENT

DALY UNIT NO. 4

WHEREAS the Parties own Working Interests in the Unitized Zone and desire to conduct Unit Operations;

NOW THEREFORE in consideration of the covenants herein contained, the Parties agree as follows:

ARTICLE I
DEFINITIONS

101. Definitions

Unless otherwise defined herein, the definitions in the Unit Agreement are adopted. In addition, in this agreement:

- (a) "Affiliate" means, with respect to a Party:
 - (i) a corporation which it controls, or
 - (ii) a corporation or person by which it is controlled; or
 - (iii) a corporation which is controlled by the same corporation or person as controls the Party;
 - (iv) a partnership in which the Party is a general partner and has a partnership interest of fifty percent (50%) or more.

For purposes herein, "controls" or "controlled" means control in fact, whether directly through the ownership of shares, or indirectly through a trust, a contract, the ownership of shares of any other body corporate, or otherwise. Affiliates shall be deemed conclusively to be one Party only;

- (b) "Commencement Date" means the time and date referred to in Article XVII;
- (c) "for the Joint Account" means for the benefit and risk and at the expense of the Parties in accordance with their Unit Participations;

- (d) "Operating Committee" means the committee comprised of the duly authorized representatives of each of the Parties established pursuant to Article IV;
- (e) "Party" means a person who is bound by this agreement;
- (f) "Pipelines" means all flowlines, group lines or test lines acquired for the Joint Account;
- (g) "Salt Water Disposal Facility" means salt water disposal well 1C-35-9-28 WPM and associated flowline and facilities acquired for the Joint Account;
- (h) "Unit Agreement" means the agreement entitled "Unit Agreement, Daly Unit No. 4";
- (i) "Unit Facilities" means all real and personal property of every kind, nature and description (excepting Unitized Substances, the Unitized Zone, rental equipment and Unit Operator's solely owned equipment) in the possession of Unit Operator pursuant to this agreement;
- (j) "Unit Operations" means any operations authorized and provided for in the Unit Agreement and this agreement, or either of them, for or in respect of the development and operation of the Unitized Zone for the production of Unitized Substances;
- (k) "Unit Participation" of a Party means the sum of the Party's share of Tract Participations as set forth in Exhibit "D";
- (l) "Unit Well" means a well listed in Exhibit "E" and any well drilled or acquired for the Joint Account.

ARTICLE II

CONFIRMATION OF UNIT AGREEMENT

201. Confirmation of Unit Agreement

The Unit Agreement is ratified and confirmed. In the event of any conflict between the Unit Agreement and this agreement, the Unit Agreement shall prevail. With respect to all matters not specifically provided for in this agreement, the relative provisions of the Unit Agreement shall apply, mutatis mutandis.

ARTICLE III
EXHIBITS

301. Exhibits Incorporated

Exhibits "A", "B" and "C" of the Unit Agreement are incorporated in this agreement by this reference.

302. Exhibits Attached

The following exhibits are attached to and incorporated in this agreement:

- (a) Exhibit "D" which is a list of the Parties and their respective Unit Participations;
- (b) Exhibit "E" which is a list of the Unit Wells;
- (c) Exhibit "F" which is the Accounting Procedure;
- (d) Exhibit "G" which is the Insurance Requirements.

303. Revisions and Corrections

Whenever Exhibits "A" and "B" are revised or corrected, corresponding revisions or corrections of Exhibits "D" and "E" shall be made with concurrent effect. Exhibit "E" shall also be revised as required to reflect additions or deletions of Unit Wells.

304. Conflicts

If a provision of Exhibit "F" conflicts with a provision in the body hereof, the latter shall prevail.

305. Supply of Exhibits

Each time that an exhibit is revised or corrected pursuant to this agreement, Unit Operator shall supply each Party with the number of copies of the exhibit it requires. Revised exhibits shall include the effective date of the revision or correction and shall be numbered consecutively.

ARTICLE IV
SUPERVISION AND CONTROL OF UNIT OPERATIONS

401. Operating Committee

The Parties shall supervise and control Unit Operations through an Operating Committee composed of their duly appointed representatives. Each Party shall, as soon as possible, notify Unit Operator of the name and address of its representative and one or more alternate representatives who are authorized to represent and bind the Party with respect to Unit Operations. A Party may change any of its representatives from time to time by notice to Unit Operator. Two (2) or more Parties may appoint the same person as their representative who shall cast a separate vote for each of his principals.

402. Chairman

The representative of Unit Operator shall be Chairman of the Operating Committee.

403. Meetings

The Operating Committee shall hold meetings whenever called by Unit Operator, or if there is no Unit Operator, by Parties having Unit Participations totalling five percent (5%) or more. Unit Operator may call meetings at any time on its own motion, and shall call meetings whenever requested to do so by Parties having Unit Participations totalling five percent (5%) or more. Unless the representatives of all Parties in writing waive their right to notice, at least ten (10) days' notice of each meeting shall be given to the Parties, with an agenda attached. Reasonable details of matters on the agenda involving proposed expenditures and enlargements of the Unit Area shall be given. Matters not on the agenda may be voted upon only if the representatives of all Parties, whether or not present at the meeting, unanimously agree.

404. Voting Procedure

The representatives of the Parties shall determine all

matters properly coming before the Operating Committee as follows:

- (a) Voting Interest. Except as otherwise provided in this clause and clause 405, in voting on any matter each Party shall have a voting interest equal to its Unit Participation;
- (b) Vote Required - Generally. Except as otherwise provided in this agreement, the Operating Committee shall determine matters by the affirmative vote of three (3) or more Parties having voting interests totalling seventy percent (70%) or more.
- (c) Vote Required - Special Matters.
 - (i) Removal of Unit Operator. Unit Operator may be removed by the affirmative vote of two (2) or more Parties having voting interests totalling ninety percent (90%) of more of the total voting interests of all the Parties excepting Unit Operator and its Affiliates, but for the purposes hereof subclause (e) of this clause shall not apply;
 - (ii) Qualification of Tracts. Matters in respect of the qualification of Tracts for inclusion in the Unit Area shall be determined by the affirmative vote of two (2) or more Parties having voting interests totalling eighty percent (80%) or more.
 - (iii) Enlargement of Unit Area. Matters in respect of the enlargement of the Unit Area shall be determined by the affirmative vote of two (2) or more Parties having voting interests totalling ninety percent (90%) or more.
 - (iv) Amendment or Replacement of Exhibits "F" and "G". Exhibits "F" and "G" may be amended or replaced by the affirmative vote of Parties having voting interests totalling ninety percent (90%) or more but if a Party having a voting interest of ten percent (10%) or more is the only one voting negatively, the motion shall be carried even though the voting interests of the Parties voting affirmatively total less than ninety percent (90%).

- (v) Termination. The Unit Agreement, pursuant to the provisions thereof, and this agreement, may be terminated by the affirmative vote of Parties having voting interests totalling ninety percent (90%) or more but for the purposes hereof, subclause (e) of this clause shall not apply.
- (d) Vote by Notice
 - (i) A Party not represented at a meeting may vote on any matter on the agenda by prior notice to Unit Operator;
 - (ii) Unit Operator may submit any matter, with reasonable details of any proposed expenditure or enlargement of the Unit Area, to each Party by mail ballot notice. Each Party shall, by notice, cast its vote with Unit Operator within fifteen (15) days from the date of receipt of the mail ballot notice. Such vote shall be binding unless Unit Operator calls a meeting or is requested to call a meeting pursuant to clause 403 within five (5) days from the receipt of mail ballot notice. Unit Operator shall promptly notify each Party of the result of a vote hereunder.
- (e) Failure to Vote. A Party who does not vote on any matter shall be deemed conclusively to have voted affirmatively, but in recording the vote in the minutes, the Party shall be shown as having been present and abstained, been absent, or failed to vote pursuant to a mail ballot notice, as the case may be.
- (f) Affiliates. In determining the number of Parties having voted or deemed to have voted on any matter hereunder, Affiliates shall be conclusively deemed to be one Party only.

405. Initial Voting Interest

Each Party shall, during the period from the Commencement Date until ninety (90) days after the Effective Date, be deemed conclusively to have a voting interest equal to the proportion,

expressed as a percentage, that its Unit Participation bears to the combined Unit Participations of the Parties, as set forth in Exhibit "D".

406. Minutes

Unit Operator shall keep minutes of the proceedings of each meeting of the Operating Committee and a copy thereof shall be forwarded to each Party. The minutes shall include the names of the representatives present, the Parties they represent and any formal action taken by the Operating Committee. Minutes shall be deemed to be correct as distributed unless notice of errors or omissions is received by Unit Operator within thirty (30) days after the date the minutes are deemed to have been received by the Parties.

407. Parties Bound by Voting

A determination of a matter by the voting of Parties in accordance with this agreement shall be binding upon all the Parties.

ARTICLE V

RIGHTS AND POWERS OF THE OPERATING COMMITTEE

501. Rights and Powers of the Operating Committee

The Operating Committee shall have and exercise all the rights and powers granted to the Working Interest Owners by the Unit Agreement, except to the extent that certain of the said rights and powers are by this agreement specifically delegated to Unit Operator to be exercised by Unit Operator subject to the orders, directions and limitations given or imposed by the Operating Committee.

ARTICLE VI

INDIVIDUAL RIGHTS AND PRIVILEGES OF THE PARTIES

601. Reservation of Rights

Except as otherwise provided in this agreement or the Unit

Agreement, each Party reserves to itself all of its rights, powers, authorities and privileges.

602. Specific Rights

Each Party shall have:

- (a) at all reasonable times upon notice to Unit Operator, the right to inspect all records and data pertaining to Unit Operations in the possession of Unit Operator and the right of access to the Unit Area, at the Party's sole risk and expense, to inspect Unit Operations and the Unit Facilities;
- (b) the right to conduct operations on its Tracts for the discovery and production of Petroleum Substances other than Unitized Substances on condition that the Party shall protect the Unitized Zone and prevent interference with Unit Operations. Each Party who exercises this right agrees to indemnify all other Parties against all actions, suits, claims, costs, loss, liability, damages and expenses that may be brought against or suffered by them as a result of anything done pursuant or relative to the exercising of such right.

ARTICLE VII
UNIT OPERATOR

701. Unit Operator

The Parties hereby designate Chevron Canada Resources Limited as initial Unit Operator and Chevron Canada Resources Limited hereby accepts such designation.

702. Resignation or Removal

Unit Operator may resign at any time by giving ninety (90) days' notice to the Operating Committee. Unit Operator may be removed by a vote of the Operating Committee. A Unit Operator who resigns or is removed shall continue to have all rights, powers, duties and obligations as Unit Operator hereunder until 8:00 a.m. on the first day

of the month immediately following the month in which the said period of ninety (90) days expires or until a designated successor Unit Operator has taken over Unit Operations, whichever is the sooner. If Unit Operator becomes bankrupt or insolvent or ceases to be a Working Interest Owner it shall thereupon cease to be Unit Operator.

703. Designation of Successor

If Unit Operator resigns or is removed or ceases to be Unit Operator, a successor Unit Operator shall forthwith be designated by the Operating Committee. In the event of the removal of Unit Operator, in voting for a successor, the departing Unit Operator may not vote to succeed itself or vote for an Affiliate.

704. Takeover by Successor

Upon the effective time of a resignation, removal or cessation, the departing Unit Operator shall turn over to its successor, or if no successor has been designated, to the Parties or to any one of them on behalf of all, control and possession of all Unit Facilities, unit production on hand, documents, books, records and accounts (or copies thereof) pertaining to the performance of its functions as Unit Operator, together with all monies held by it in its capacity as Unit Operator. Upon the transfer and delivery thereof, the departing Unit Operator shall be released and discharged from, and the successor Unit Operator shall assume, all duties and obligations of Unit Operator except the unsatisfied duties and obligations of the departing Unit Operator accrued prior to the effective time of change of Unit Operator and for which the departing Unit Operator shall, notwithstanding its release or discharge, continue to remain liable. If the title to any real property included in the Unit Facilities is held in its name, it shall continue to hold such property in trust for the Parties unless otherwise directed by the Operating Committee.

705. Audit Upon Change of Unit Operator

Within sixty (60) days of the effective time of a Unit Operator's resignation, removal or cessation as Unit Operator, the

Operating Committee shall cause an audit to be made of the records of the Joint Account maintained by the departing Unit Operator, the cost of which shall be charged to the Joint Account.

706. No Assignment of Operating Rights

Except in the case of an assignment to an Affiliate, the assignment of any or all of the Unit Operator's Working Interest through any means shall not include the assignment of operating rights or obligations unless authorized by the Operating Committee under this agreement.

ARTICLE VIII
PERFORMANCE BY UNIT OPERATOR

801. Status

Unit Operator shall, in addition to its rights, powers, duties and obligations as Unit Operator, have all the rights, powers, duties and obligations of a Party.

802. Rights, Powers, Duties and Obligations

Subject to this agreement and the Unit Agreement and to any orders, directions and limitations given or imposed by the Operating Committee, or by regulatory bodies having jurisdiction, Unit Operator shall conduct or cause to be conducted all Unit Operations. Without limiting the generality of the foregoing, Unit Operator shall:

- (a) make all necessary reports relating to Unit Operations to the appropriate governmental agency;
- (b) keep in Canada true and correct books, accounts and records of the Unit Operations and furnish to each Party on or before the twenty-fifth (25th) day of each calendar month a statement of the amount of Unitized Substances produced and the sales and inventory of such production in the preceding calendar month and such other data and information as the Operating Committee may require;
- (c) provide the Parties with timely statements of financial results on a monthly basis and remit net proceeds of

production received for the account of the Parties promptly on completion of those monthly statements;

- (d) furnish to each Party such reports of Unit Operations as the Operating Committee may direct and consult with the Operating Committee and keep the Parties advised of all matters arising in connection with Unit Operations which Unit Operator considers important;
- (e) conduct all Unit Operations in a good and workmanlike manner, in accordance with good oil and gas field practices and in accordance with all applicable laws, orders, rules and regulations;
- (f) keep the Leases, the Unit Area and the Unit Facilities free from all liens and encumbrances resulting or arising from Unit Operations, except liens being contested in good faith;
- (g) comply and require its contractors to comply with The Workers Compensation Act and carry and require its contractors to carry, with respect to Unit Operations, such liability insurance for the benefit of the Parties as set forth in Exhibit "G", but this shall not prevent a Party from procuring and maintaining at its sole cost and expense and for its sole benefit such insurance on Unit Facilities as it shall determine provided that Party's insurance policy contains a waiver of subrogation in favour of the Parties; and
- (h) let contracts for portions of Unit Operations on a competitive basis, but Unit Operator may use its own facilities and equipment for such operations and charge for usage thereof in accordance with paragraph 207 of Exhibit "F".

In the absence of any specific instructions from the Operating Committee, Unit Operator shall conduct, or cause to be conducted, such Unit Operations as would a prudent operator under the same or similar circumstances.

803. Employees

The number, selection, hours of labour and remuneration of employees used by Unit Operator in conducting Unit Operations shall be

determined by Unit Operator. Such employees shall be the employees solely of Unit Operator.

804. Expenditures

Unit Operator shall not make or incur any expenditure for the Joint Account, other than an expenditure allowed by an approved forecast, without the prior approval of the Operating Committee except as provided for in paragraph 218 of the Exhibit "F".

ARTICLE IX
LIABILITY AND OBLIGATIONS

901. Liability of Unit Operator

Unit Operator shall not be liable to the other Parties for any loss or damage suffered by the Parties resulting or arising from Unit Operations except when and to the extent that such loss or damage results from the gross negligence or wilful or wanton misconduct of Unit Operator, its servants, agents or employees. Each Party, in the proportion of its Unit Participation, indemnifies and agrees to hold harmless Unit Operator against any claim of, or liability to, any third person resulting from acts or omissions of Unit Operator, its servants, agents or employees, in respect of Unit Operations, except when and to the extent that such claim or liability results from the gross negligence or wilful or wanton misconduct of Unit Operator, its servants, agents or employees. For the purposes of this clause, an act or omission of Unit Operator, its servants, agents or employees, shall not be deemed gross negligence or wilful or wanton misconduct if such act or omission is done or omitted pursuant to the instructions of, or with the concurrence of, the Operating Committee.

902. Taxes, Rentals and Royalties

Each Party shall pay or be responsible for the payment of all taxes (other than taxes on Unit Facilities which shall be paid by Unit Operator for the Joint Account), rentals and royalties applicable to the Party's Working Interest in the respective Tracts and shall

indemnify and save harmless all other Parties from all claims, suits, loss, costs, expenses and damages paid or incurred by them as a result of its failure to do so.

ARTICLE X
UNIT FACILITIES

1001. Delivery of Unit Wells and Facilities

Upon the Effective Date each Party shall deliver to Unit Operator the exclusive use and possession of such Party's interest in:

- (a) all Unit Wells together with all casing therein;
- (b) Pipelines and Salt Water Disposal Facility;
- (c) all tubing, wellsite and other operating equipment used in the operation of the Unit Wells which the Operating Committee determines is necessary or desirable for conducting Unit Operations, except warehouses, lease houses, camps, office buildings and automobiles and other service equipment; and
- (d) all roads associated with Unit Operations.

Unit Wells being delivered to the Unit Operator must be electrified and tied-in to a battery or group flowline used in Unit Operations. If, within ninety (90) days after the Effective Date, Unit Operator determines that a Unit Well is not electrified or tied-in to a battery or group flowline used in Unit Operations, the Party delivering it shall bear the entire cost and risk of providing and installing the necessary equipment. The Party shall authorize Unit Operator to provide and install the necessary equipment on its behalf, and all costs incurred by Unit Operator hereunder shall be deemed conclusively to be amounts owing by the Party for the Joint Account, within the meaning of Article XII.

1002. Delivery of Records

Upon the Effective Date each Party shall deliver to Unit Operator copies of all records and information pertaining to Unit Wells, and any other pertinent information and records requested by Unit Operator.

1003. Testing of Unit Wells

If, by a test conducted by Unit Operator within ninety (90) days after the Effective Date or the effective time of a unit enlargement, any Unit Well is found by Unit Operator not to be in sound working condition, the Party delivering it shall bear the entire cost and risk of putting it in sound working condition. The Party shall authorize Unit Operator to carry out the remedial work on its behalf and all costs incurred by Unit Operator hereunder shall be deemed conclusively to be amounts owing by the Party within the meaning of Article XII. If a Party disagrees with Unit Operator's finding that a well is not in sound working condition, the Party may submit the matter to the Operating Committee which may overrule the Operator's finding by a vote confirming that the well is in sound working condition.

1004. Adequacy of Wellsite and Other Operating Equipment

If, within ninety (90) days after the Effective Date, Unit Operator determines that a Unit Well does not have adequate access roads, wellsite and other operating equipment, the Party delivering it shall bear the entire cost and risk of providing and installing adequate access roads, wellsite and other operating equipment. The Party shall authorize Unit Operator to provide and install the necessary equipment on its behalf and all costs incurred by Unit Operator hereunder shall be deemed conclusively to be amounts owing by the Party within the meaning of Article XII. If a Party disagrees with Unit Operator's finding that a well does not have adequate access roads, wellsite and other operating equipment, the Party may submit the matter to the Operating Committee which may overrule the Operator's finding by a vote confirming that the well has adequate access roads, wellsite and other operating equipment.

1005. Exclusion of 8-34-9-28 Well

The well 8-34-9-28 WPM shall be excluded from the provisions of Clauses 1003 and 1004.

1006. Representation and Indemnity

Each Party represents that the Unit Facilities which it delivers pursuant to clause 1001 are free and clear of any liens, charges, encumbrances, suits or actions of whatsoever kind or nature, and each Party indemnifies and agrees to hold harmless the other

Parties from any and all liability, loss, cost or damage sustained by them and resulting from failure of or deficiencies in its title to the Unit Facilities which it so delivers.

1007. Agreements for Use of Facilities

With the prior approval of the Operating Committee, Unit Operator may enter into agreements with any person to operate facilities other than Unit Facilities or for the use or joint use by any person of any Unit Facilities, or for the use or joint use by Unit Operator of any facilities owned by any person, and all costs and expenses recovered or incurred pursuant to said agreements shall be for the Joint Account.

ARTICLE XI
ADJUSTMENT OF INVESTMENT

1101. Value of Unit Wells and Salt Water Disposal Facility

- (a) Each Unit Well, including casing but excluding Controllable Material, shall be deemed conclusively to have a value of Twenty-four Thousand Dollars (\$24,000.00), with the exception of the well 8-34-9-28 WPM which shall be deemed to have no value.
- (b) The Salt Water Disposal Facility, Pipelines, batteries and satellites shall be equalized based on original cost.

1102. Inventory and Evaluation

The Operating Committee shall appoint an inventory committee which shall take a physical inventory and make an evaluation of the Controllable Material for each Unit Well and other Unit Facilities. Each Party shall, upon request by the inventory committee, submit promptly a detailed statement of all Controllable Material on each Unit Well and a detailed statement of all Controllable Material for other Unit Facilities. The inventory committee shall price the Controllable Material at its current New Price adjusted for condition as of the

Effective Date. A report of its inventory and evaluation shall be made to the Operating Committee.

1103. Investment Adjustment

Upon approval by the Operating Committee of the report of the inventory committee, each Party shall be credited with the value of its interests in the Unit Wells and other Unit Facilities as determined in clause 1102 and charged with an amount equal to the total value of all Unit Wells and other Unit Facilities times each Party's Unit Participation. If the charge against any Party is greater than the amount credited to it, the resulting net charge shall be payable by that Party to the Unit Operator. If the credit to any Party is greater than the amount charged against it, the resulting net credit shall be paid to the Party by the Unit Operator out of the funds received from other Parties in settlement of net charges against them.

1104. General Facilities

With the approval of the Operating Committee, Unit Operator may acquire warehouses, warehouse stocks, lease houses, camps, office buildings and automobiles and other service equipment necessary for Unit Operations.

1105. Ownership of Unit Facilities

Each Party shall own an undivided interest in the Unit Facilities that is equal to its Unit Participation.

1106. Adjustment on Failure of Title

The Operating Committee shall determine whether and the amount of any compensation that shall be payable by the other Parties to a Party whose title to a Tract fails for such Party's undivided interest so lost in the Unit Facilities.

1107. Pre-Unit Costs

With the approval of the Operating Committee any or all costs and expenses incurred prior to the Effective Date that are directly

related to effecting unitization hereunder shall be for the Joint Account.

ARTICLE XII
COSTS OF UNIT OPERATIONS

1201. Basis of Charges to Parties

Except as otherwise provided in this agreement, Unit Operator initially shall pay and discharge all costs and expenses incurred for the Joint Account. The Parties shall reimburse Unit Operator for all such costs and expenses in proportion to their respective Unit Participations. All charges, credits and accounting for costs and expenses shall be in accordance with Exhibit "F".

1202. Forecasts

As soon as practicable after the Effective Date, Unit Operator shall submit to the Operating Committee a forecast of proposed expenditures for Unit Operations for the remainder of the calendar year, and on or before the last day of each October thereafter shall submit to the Operating Committee such a forecast for the succeeding calendar year. Forecasts shall set forth the proposed expenditures by quarterly periods, showing the capital items separately. The Operating Committee may approve a forecast or any portion thereof or it may conditionally approve any proposed expenditure or it may instruct Unit Operator to revise a forecast or any portion thereof. A copy of each forecast and revised forecast shall be promptly furnished to each Party. Approval of a forecast shall constitute an approval of all expenditures therein except capital expenditures in excess of the limit provided for in Paragraph 218 of Exhibit "F" for any single undertaking.

1203. Advance Billings for Capital Items

Unit Operator may submit to each Party on or before the fifteenth (15th) day of any calendar month a reasonably detailed estimate of approved capital items for the succeeding calendar month

with a request for payment in advance. Within thirty (30) days or by the fifteenth (15th) day of the month for which the advance is requested, whichever is later, after receipt of such request each Party shall pay Unit Operator its share thereof. Unit Operator's monthly billings shall reflect credit for any advances, and any differences between actual costs and expenses and amounts advanced will be adjusted as required.

1204. Operating Fund

Unit Operator may, by notice, require the Parties to advance for an operating fund their respective proportions of one-twelfth of the expenditures, other than expenditures for capital items, proposed for a calendar year in an approved forecast. After the establishment of the operating fund, each Party shall remit its share of actual costs and expenses in accordance with clause 1205, thus maintaining the operating fund intact. The amount of the operating fund may be increased or decreased at the direction of the Operating Committee, who shall review the matter annually or whenever requested by a Party. If under this agreement, revenues are received and distributed to the Parties by the Unit Operator through a net billing, the Unit Operator shall not request advances for operating funds from the Parties.

1205. Regular Billings

Unit Operator shall bill each Party on or before the last day of each month for its share of charges recorded during the preceding calendar month in accordance with Exhibit "F". Each Party shall pay all such bills within thirty (30) days after receipt.

1206. Commingling of Funds

Unit Operator may commingle funds received by it hereunder with its own funds and with other funds in its possession.

1207. Unit Operator's Remedies

If a Party fails to pay when due a bill rendered by Unit Operator, Unit Operator may give the Party a notice of nonpayment.

After receipt of such notice, the amount unpaid as set forth in the notice shall at Unit Operator's discretion bear interest at the prime rate then in effect in the principal chartered bank used by the Unit Operator plus two percent (2%) per annum, which interest shall be for Unit Operator's sole account, unless the costs and expenses for which the bill was submitted were met by the other Parties pursuant to clause 1208 hereof, in which event the interest shall be for the accounts of the Parties so contributing. Further, Unit Operator may, after notice of non-payment without limiting Unit Operator's other rights at law, exercise any or all of the following remedies:

- (a) set off against the amount unpaid, sums due or accruing to the Party from Unit Operator hereunder;
- (b) by notice accompanied by an executed copy of this agreement to any purchaser of the defaulting Party's share of production, require such purchaser to pay to Unit Operator the proceeds of such production which shall be applied towards payment of the amount unpaid and Unit Operator is hereby constituted irrevocably the attorney of the Party for the purpose of executing the instruments necessary to effect an assignment of such proceeds.

Books and records kept by Unit Operator with respect to Unit Operations shall constitute conclusive proof of the existence or nonexistence of any default, subject, however, to all rights of inspection, verification and audit provided in this agreement. The exercise of the rights granted in this clause shall not relieve a defaulting Party from its obligations to pay royalty currently, as provided elsewhere in this agreement.

1208. Contributions by Parties

If Unit Operator has not received full payment of a Party's share of the costs and expenses of Unit Operations within three (3) months following the date when payment was due, each of the Parties shall, upon being billed therefor by Unit Operator, contribute a fraction of the unpaid amount, excluding interest thereon, having as its numerator the Party's Unit Participation and as its denominator the

aggregate of the Unit Participations of all of the Parties exclusive of the Unit Participation of the defaulting Party, and thereupon each Party so contributing shall be proportionately subrogated to Unit Operator's rights pursuant to clause 1207.

ARTICLE XIII
OIL IN LEASE TANKAGE AND OVERPRODUCTION
AS OF THE EFFECTIVE DATE

1301. Gauge of Merchantable Oil

Unit Operator shall gauge all lease and other tanks delivered to it to ascertain the amount of merchantable oil in them as of the Effective Date. If any well producing into them has made more than its cumulative allowable production of oil from the proposed Unitized Zone as set by the Conservation Board, the amount of such overproduction then in the tanks shall be deemed to be Unitized Substances produced after the Effective Date. Except as aforesaid, the oil in the tanks shall remain at the risk of and be the property of the persons owning it prior to the Effective Date, and upon request shall be delivered in kind to them, or in the absence of their request, shall be sold by Unit Operator for their account. For the purpose of this clause, "merchantable oil" shall mean crude oil above the base of the sale line outlet or one foot from the tank bottom, whichever is lower.

1302. Overproduction

If any overproduction of oil from the proposed Unitized Zone has been sold by a Party prior to the Effective Date, such Party shall pay to Unit Operator for the Joint Account, the gross proceeds thereof less any royalty paid or payable thereon.

1303. No Allowance for Underproduction

No allowance shall be made to a Party for any underproduction of oil prior to the Effective Date.

ARTICLE XIV
SURFACE RIGHTS

1401. Submission of List to Unit Operator

As soon as reasonably possible after executing this agreement, each Party shall submit to Unit Operator a list of all easements, rights-of-way, surface leases, rights of entry and other surface rights which it holds in connection with its operations in the proposed Unit Area, together with particulars thereof including rentals payable, if any.

1402. Surface Rights Required for Unit Operations

Unit Operator shall, as soon as practicable after the receipt of each of the aforesaid lists, advise in writing the Party submitting the list which, if any, of its listed surface rights will be required for Unit Operations. Subject to the other provisions of this Article, each Party shall continue to hold the surface rights so required and pay the applicable rentals and bill Unit Operator for the amount of rentals applicable to periods subsequent to the Effective Date. Unit Operator shall reimburse each Party for rentals so paid and the amounts thereof shall be for the Joint Account. Notwithstanding the foregoing, each Party holding surface rights required for Unit Operations may, at any time at its election, assign such surface rights to Unit Operator in accordance with clause 1404.

1403. Surface Rights Jointly Used

Where there is a well or wells on a Tract in addition to a Unit Well, and surface rights are being used for production jointly from one or more of such other wells and the Unit Well, the rentals applicable to the surface rights shall be divided equally between the wells with respect to which the surface rights are being jointly used, and Unit Operator shall only be billed for the portion of such rentals which is applicable to the production of Unitized Substances from the Unit Well. For the purpose of this clause, a well producing

selectively from more than one formation shall be considered a separate well for each respective formation.

1404. Assignment of Surface Rights

Unit Operator may require that any surface rights which are being used solely for Unit Operations be assigned to it. Any such assignment shall, however, contain an express reservation to the assignor of the right at any time upon request to use the assigned surface rights jointly with Unit Operator on the basis provided in clause 1403. When the assigned surface rights are no longer required, Unit Operator shall so notify the assignor who may require Unit Operator to re-assign the surface rights to the assignor. The provisions of clause 1405 shall apply, mutatis mutandis, in respect of any surface rights which are the subject of a notice given under this clause.

1405. Surface Rights No Longer Required

Unit Operator may notify a Party that its surface rights or any of them are no longer required for Unit Operations, but any such notice shall be given at least sixty (60) days prior to the date on which notice of surrender must be given to the surface owner or the accrual of a rental obligation, whichever is sooner. Unit Operator shall clean up the surface to the satisfaction of any governmental body having jurisdiction and to the reasonable satisfaction of the owner and occupier thereof. After giving such notice Unit Operator shall be relieved of its responsibility and liability with respect to the surface rights except any obligations already accrued, and shall be denied all benefit with respect to the surface rights, and shall thereafter be held harmless by the Party holding them from responsibility and liability as to the surface rights, which shall not thereafter be subject to this agreement.

1406. Surface Rights held in Fee Simple

Subject to any prior grant thereof, Unit Operator may use for Unit Operations any surface rights held in fee simple by a Party upon

payment to the Party of a rental commensurate with rentals paid for other surface rights in the Unit Area.

1407. Acquisition of Additional Surface Rights

Unit Operator may acquire such additional surface rights as it deems necessary or desirable for Unit Operations.

1408. Sharing of Surface Rights

Notwithstanding the provisions of clause 1007, Unit Operator may enter into agreements with any person for the sharing of any surface rights and all costs and expenses recovered or incurred by Unit Operator pursuant to such agreements shall be for the Joint Account.

ARTICLE XV
ABANDONMENT OF WELLS

1501. Rights of Former Owners

If the Operating Committee decides to plug and abandon permanently any Unit Well, Unit Operator shall give notice of this decision to the Party owning the Working Interest in the Tract upon which the well is located. The Party may elect by notice to Unit Operator within sixty (60) days, or forty-eight (48) hours if a drilling rig is in place, of receipt of notice, to take over and own the well and deepen or plug it back to a formation other than the Unitized Zone. Within ten (10) days after the Party has so elected it shall pay to Unit Operator for the Joint Account the fair net salvage value of the production casing and equipment in and on the well, as estimated and fixed by the Operating Committee. Unit Operator shall seal off the Unitized Zone in the well before handing it over to the Party and thereupon Unit Operator shall be relieved of its responsibility and liability with respect to the well, except any obligations already accrued, and shall be denied all benefit with respect to the well and shall thereafter be held harmless by the Party so electing from responsibility and liability as to the well, which shall not thereafter be subject to this agreement.

1502. Abandonment of Wells

If the Party receiving a notice pursuant to clause 1501 does not elect to take over the Unit Well proposed for abandonment, Unit Operator shall abandon the Unit Well in accordance with applicable laws and regulations and the cost of such abandonment shall be for the Joint Account.

1503. Surface Clean-up

Upon the abandonment of any well in the Unit Area, Unit Operator or the Party abandoning the well shall clean up the surface at the wellsite to the satisfaction of any governmental body having jurisdiction and to the reasonable satisfaction of the owner and occupier thereof.

ARTICLE XVI
TERM OF AGREEMENT

1601. Term

This agreement is binding upon a person who executes and delivers a counterpart thereof to Unit Operator, and that person is bound by this agreement as of the time of such delivery. Subject to Article XVII, this agreement shall remain in full force and effect while Unitized Substances are produced or are capable of being produced from the Unitized Zone in paying quantities and thereafter until all Unit Wells have been plugged and abandoned, and the Unit Facilities have been salvaged and the accounts between the Parties have been settled. Notwithstanding anything herein contained, this agreement may be terminated by the vote provided for in clause 404 (c) (v).

ARTICLE XVII
COMMENCEMENT DATE

1701. Commencement Date

Although this agreement is binding upon a person from the time that person executes and delivers a counterpart thereof to Unit

Operator, the Commencement Date for actions to be taken by the Parties to carry out the purposes of this agreement in accordance with its provisions shall be at 8:00 a.m. on the day next following the day when Unit Operator is satisfied that owners of Working Interests having Unit Participations totalling one hundred percent (100%), as set forth in the original Exhibit "D", have become Parties. Unit Operator shall notify the Parties thereof. If the unitization provided for in the Unit Agreement has not become effective within the time limited therein, this agreement shall thereupon terminate. If this agreement so terminates, all expenditures made in anticipation of the unitization becoming effective shall be borne by the Parties in the proportion that the voting interest of each bears to the combined voting interests of all the Parties.

ARTICLE XVIII ABANDONMENT OF OPERATIONS

1801. Right to Operate

The owner of the Working Interest in a Tract desiring to take over and continue to operate a well located thereon may, upon the termination of this agreement, do so by paying Unit Operator for the Joint Account, the fair net salvage value of the casing and equipment in and on the well as estimated and fixed by the Operating Committee, and by agreeing to plug the well when it is finally abandoned.

1802. Salvaging Wells

With respect to all wells not taken over for continued operations pursuant to clause 1801, Unit Operator shall, for the Joint Account, salvage as much of the casing and equipment in or on such wells as can economically and reasonably be salvaged, and cause the wells to be properly plugged and abandoned.

1803. Cost of Salvaging

The cost of salvaging, liquidation or other distribution of

assets and properties used in Unit Operations shall be for the Joint Account.

ARTICLE XIV

GENERAL

1901. Affects Working Interest Only

This agreement affects the Working Interests of the Parties. Any Royalty Interest is governed solely by the Unit Agreement.

1902. Execution Without Prejudice

The execution of this agreement by Parties who claim title to any interest in the Unit Area shall not constitute a waiver of any such claim, but any Party who succeeds to the title to a Working Interest in a Tract shall be bound by this agreement with respect to such Working Interest.

1903. Lien on or Assignment of Production

If any interest of a Party in a Tract or Unitized Substances or the proceeds or value thereof is subject to a lien, assignment of production or other encumbrance, the owner or holder of such lien, assignment or encumbrance, by consenting to this agreement in writing, agrees that such lien, assignment or encumbrance shall, from the Effective Date continue in effect, but shall apply only to such interest as the same is amended, modified and affected by this agreement and the Unit Agreement, and shall be subject to such agreements as to the Party and such interest.

1904. No Partitioning

A Party shall not resort to any action for partition or sale in lieu of partition of the Unit Facilities or any lands affected by this agreement.

1905. No Surrender without Consent

A Party shall not surrender its Working Interest in a Tract

without the prior consent of the Operating Committee.

1906. Waivers

A waiver of any breach of a provision of this agreement shall not be binding upon a Party unless it is in writing and signed and such waiver shall not affect a Party's rights with respect to any other or future breach whether of a similar or different nature.

1907. Suits

A Party who is sued on an alleged cause of action arising out of Unit Operations shall forthwith notify every other Party.

1908. Further Assurances

Each Party shall from time to time and at all times do all such further acts and execute and deliver all such further deeds and documents as required in order fully to perform and carry out this agreement.

1909. Restriction on Dispositions

A Party shall not make any disposition of a Working Interest which does not include a corresponding interest in the Unit Facilities. No Working Interest shall be owned apart from a corresponding interest in the Unit Facilities and vice versa.

1910. United States Internal Revenue Provision

The Parties hereto agree that if for purposes of the United States Internal Revenue Code of 1954 this agreement or the relationship established thereby constitutes a partnership, as defined in Section 761(a) of the said Code, each of the Parties hereto who is entitled under the said Section 761(a) to elect, hereby elects to have the said partnership excluded from the application of Subchapter K of Chapter 1 of Subtitle A of the said Code, or such portion thereof as the Secretary of the Treasury of the United States or his delegate shall permit by election to be excluded therefrom. The Unit Operator is authorized to execute such election on behalf of the Parties who are

entitled to make such election and to file the election with the proper United States government office or agency, and Unit Operator is further authorized and directed to execute and file such additional and further evidence of such election as may be required; provided that if Unit Operator is not subject to the said Code with respect to the Unit Area, the obligation of Unit Operator under this clause shall be carried out by the Party hereto who is subject to the said Code with respect to the Unit Area and who holds the greatest Working Interest.

1911. Notices and Communications

All notices or communications hereunder shall be in writing and in lieu of personal service may be given or made by prepaid telecommunication or by mailing in a sealed and properly addressed envelope with postage prepaid. Notices or communications shall be deemed to have been received twelve (12) hours after the sending thereof in the case of a telecommunication, and ninety-six (96) hours after the date of mailing in the case of mailing, in either case excluding Saturdays, Sundays and statutory holidays. The address appearing below the execution of each Party shall be the address to which notices and communications to it shall be directed. A Party may change its address by notice to Unit Operator. Upon request Unit Operator shall furnish to any Party the address for service of any other Party.

1912. Inuring Clause

This agreement shall inure to the benefit of and be binding upon the Parties and their respective heirs, executors, administrators, successors and assigns.

1913. Execution in Counterpart

This agreement may be executed in separate counterparts and

all the executed counterparts together shall constitute one agreement.

IN WITNESS WHEREOF the Parties have executed this agreement
each on the date shown opposite its execution hereof.

Date: _____

Address for Service: _____

EXECUTION PAGE

UNIT OPERATING AGREEMENT - DALY UNIT NO. 4

EXHIBIT "D"
ATTACHED TO AND MADE PART OF AN AGREEMENT ENTITLED
"UNIT OPERATING AGREEMENT
DALY UNIT NO. 4"

PARTIES AND UNIT PARTICIPATIONS

<u>Company</u>	<u>Percent Unit Participation (%)</u>
Chevron Canada Resources Limited	20.8076
C & T Resources Ltd.	36.0424
Resman Oil and Gas Ltd.	36.0424
Trilogy Resource Corporation	7.1076
	<hr/>
	100.0000

Effective as of the
Effective Date

EXHIBIT "E"
ATTACHED TO AND MADE PART OF AN AGREEMENT ENTITLED
"UNIT OPERATING AGREEMENT"
DALY UNIT NO. 4"

LIST OF UNIT WELLS

<u>Well Name</u>	<u>Location</u>
Resman Jorex Trilogy Daly 2-25-9-28	2-25-9-28 WPM
Resman et al Daly 3-25-9-28	3-25-9-28-WPM
Resman et al Daly 6-25-9-28	6-25-9-28-WPM
Resman et al Daly 7-25-9-28	7-25-9-28-WPM
Resman et al Daly 10-25-9-28	10-25-9-28-WPM
Res Jorex Trilogy Daly 11-25-9-28	11-25-9-28-WPM
Resman Jorex Daly 12-25-9-28	12-25-9-28-WPM
Resman Jorex Daly 13-25-9-28	13-25-9-28-WPM
Resman Jorex Daly 9-26-9-28	9-26-9-28-WPM
Resman Jorex Daly 10-26-9-28	10-26-9-28-WPM
Resman Jorex Daly 15-26-9-28	15-26-9-28-WPM
Resman Jorex Daly 16-26-9-28	16-26-9-28-WPM
Resman Jorex Daly 7-27-9-28	7-27-9-28-WPM
Resman Jorex Daly 8-27-9-28	8-27-9-28-WPM
Resman Jorex Daly 9-27-9-28	9-27-9-28-WPM
Resman et al Daly 10-27-9-28	10-27-9-28-WPM
Res Jorex Daly 11-27-9-28	11-27-9-28-WPM
Resman Jorex Daly 14-27-9-28	14-27-9-28-WPM
Resman Jorex Daly 15-27-9-28	15-27-9-28-WPM
Resman Jorex Daly 16-27-9-28	16-27-9-28-WPM
Resman Jorex Daly 1-34-9-28	1-34-9-28-WPM
Resman Jorex Daly 2-34-9-28	2-34-9-28-WPM
Chevron Daly 3-34-9-28	3-34-9-28 WPM
Chevron Daly 6-34-9-28	6-34-9-28 WPM
Resman Jorex Daly 7-34-9-28	7-34-9-28-WPM
Consolidated Daly 8-34-9-28	8-34-9-28-WPM
Resman Jorex Daly 9-34-9-28	9-34-9-28 WPM
Resman Jorex et al Daly 1-35-9-28	1-35-9-28 WPM
Resman Jorex et al Daly 2-35-9-28	2-35-9-28 WPM
Resman Jorex et al Daly 3-35-9-28	3-35-9-28 WPM
Resman Jorex et al Daly 4-35-9-28	4-35-9-28 WPM
Res Jorex et al Daly 5-35-9-28	5-35-9-28 WPM
Resman Jorex Daly 6-35-9-28	6-35-9-28 WPM
Res Jorex Daly 7-35-9-28	7-35-9-28 WPM
Resman Jorex et al Daly 8-35-9-28	8-35-9-28 WPM
Resman Jorex et al Daly 9-35-9-28	9-35-9-28 WPM
Resman Jorex Daly 10-35-9-28	10-35-9-28 WPM
Resman Jorex Daly 11-35-9-28	11-35-9-28 WPM
Res Jorex et al Daly 12-35-9-28	12-35-9-28 WPM

<u>Well Name</u>	<u>Location</u>
Resman Jorex Daly 13-35-9-28	13-35-9-28 WPM
Resman Jorex Daly 14-35-9-28	14-35-9-28 WPM
Resman Jorex Daly 15-35-9-28	15-35-9-28 WPM
Res Jorex Daly 16-35-9-28	16-35-9-28 WPM
Resman et al Daly 5-36-9-28	5-36-9-28 WPM
Resman Jorex Daly Prov 11-36-9-28	11-36-9-28 WPM
Resman Jorex Daly Prov 12-36-9-28	12-36-9-28 WPM
Resman Jorex Daly Prov 13-36-9-28	13-36-9-28 WPM
Res Jorex Daly 4-1-10-28	4-1-10-28 WPM
Resman Jorex Daly 1-2-10-28	1-2-10-28 WPM
Resman Jorex Daly 2-2-10-28	2-2-10-28 WPM
Resman Jorex Daly 3-2-10-28	3-2-10-28 WPM
Resman Jorex Daly 4-2-10-28	4-2-10-28 WPM

Effective as of the
Effective Date

EXHIBIT "F"
ATTACHED TO AND MADE PART OF AN AGREEMENT ENTITLED
"UNIT OPERATING AGREEMENT
DALY UNIT NO. 4"

ACCOUNTING PROCEDURE

PART I

GENERAL PROVISIONS

101. Definitions

The definitions of the Unit Operating Agreement, Daly Unit No. 4 (hereinafter called "the Agreement"), are adopted for the purpose of this Accounting Procedure. In addition, in this Accounting Procedure, unless the context otherwise requires:

- (a) "Completion Costs" means all monies expended in preparing a Unit Well for the taking of production up to and including the initial installation of tubing and the wellhead in and on a well but does not include Equipping Costs.
- (b) "Construction Project" means any construction or installation undertaken for the Joint Account, including each subsequent addition thereto or alteration thereof and Equipping Costs of a Unit Well, but does not include Drilling. For purposes of Clause 302, each addition, alteration or replacement hereunder will be considered as a separate Construction Project except that multiple projects of a similar nature being constructed under a single program will be consolidated as a single Construction Project.
- (c) "Controllable Material" means Material which at the time is so classified in the Controllable Material Price Catalogue as most recently recommended by the Petroleum Accountants Society of Western Canada.

- (d) "Drilling" means the use of a rig and crew for the drilling, completing, production testing, capping, plugging and abandoning, deepening, plugging-back, redrilling or reconditioning of a Unit Well (except routine cleanout and pump or rod pulling operation) or conversion of a well to a source, injection, observation or producing well and includes Completion Costs but not Equipping Costs.
- (e) "Equipping Costs" of a Unit Well means all monies expended, beyond Completion Costs, to acquire and install equipment required to produce Unitized Substances from the Unit Well including the pump (or other artificial life equipment), the acquisition and installation of flow lines and production tankage serving the Unit Well and where necessary a heater, dehydrator or other facility for the initial treatment of the Unitized Substances to prepare such production for transport to market, but specifically excluding costs incurred beyond the point of entry into a gathering system, plant or other common facility which is or will be operated pursuant to a separate agreement.
- (f) "First Level Field Supervisor" means the employee whose primary function is the direct field supervision of other employees and/or contract labour directly employed in a field operating capacity.
- (g) "Joint Account" means the account showing the charges paid and credits received as a result of the Unit Operations and which are to be shared by the Parties in accordance with the terms of the Agreement.
- (h) "Material" means the equipment, machinery and supplies acquired for the Joint Account and classified as follows:
 - (i) Condition "A" means that which is new;
 - (ii) Condition "B" means that which has been used but is suitable for its original function without reconditioning;
 - (iii) Condition "C" means that which has been used and would be suitable for its original function after

reconditioning or that which cannot be reconditioned for, but has a limited service in, its original function;

- (iv) Condition "D" means that which is not suitable for its original function but is usable for another function;
- (v) Condition "E" means that which is junk.

- (i) "New Price" means the current price of Condition "A" Material at the nearest reputable supply store where such Material is available or at the nearest receiving point to which such Material could be delivered, whichever is closer to the Unit Area. Tubular goods 50.8 mm (2 inches) in diameter and over shall be priced on a carload basis. Any cash discount that may be allowed by dealer shall not be deducted in determining New Price.
- (j) "Technical Employee" means the employee having special and specific engineering, geological or other professional skills such as, but not limited to engineers, geologists, geophysicists, technologists and landmen whose primary function is the handling of specific operating conditions and problems for the benefit of Unit Operations.

102. Records

Unit Operator shall maintain detailed records of Controllable Material in such a manner as to enable an effective reconciliation of any physical inventory with the Joint Account. Additions of such items will be accounted for as additional capital expenditure. Retirements of such items will be accounted for as reductions of capital expenditures. Replacements may be expensed.

103. Bills

Unit Operator shall bill each Party on or before the last day of each month for its proportionate share of the Joint Account for the preceding month. Such bills will be accompanied by statements which identify the authority for expenditure, or lease, or facility, and all charges and credits, summarized by appropriate classifications of

investment and expense. Items of Controllable Material and unusual charges and credits shall be identified and described in detail.

104. Payments

Bills shall be paid in accordance with clause 1205 of the Agreement.

105. Advances

The Parties shall pay, in accordance with clauses 1203 and 1204 of the Agreement, any advances required by Unit Operator thereunder.

106. Right to Protest or Question Bills

A Party may protest or question the correctness of a bill, notwithstanding the payment of it, if such protest or question is made in writing to Unit Operator within twenty-six (26) months following the end of the calendar year in which the bill was presented. If a Party does not protest or question within the time limited, the bill shall be deemed conclusively to be correct for all purposes. The provisions of this paragraph shall not prevent adjustments resulting from physical inventory of Material as provided for in Part V of this Accounting Procedure.

107. Audits

Any Party, upon notice in writing to Unit Operator and all other Parties, shall have the right to audit Unit Operator's accounts and records maintained for the Joint Account for any calendar year within the twenty-four (24) month period next following the end of such calendar year. Where two or more Parties desire to conduct such audits, they shall make every reasonable effort to conduct joint or simultaneous audits in a manner which will result in a minimum of inconvenience to Unit Operator. The cost of audits shall be borne by all Parties, except Unit Operator. Any claims of discrepancies disclosed by such audit shall be made in writing to Unit Operator within two (2) months of the completion of such audit.

Unit Operator shall respond to any claims of discrepancies within six (6) months of receipt of such claims. If Unit Operator is unable to respond to the claims during the six month period, one extension of three (3) months may be presented by Unit Operator to the Parties for approval in accordance with Clause 404 (b) of the Agreement. Claims unanswered after the above six month period and/or additional three month extension, shall be credited forthwith to the Joint account as originally submitted, until such claims of discrepancies are resolved.

PART II
CHARGES

Unit Operator may charge the Joint Account with the cost of the following items:

201. Rentals and Other Payments

Rentals, renewal fees and other payments that are required to maintain the interest of the Parties in the Unit Area or Unit Facilities.

202. Labour

- (a) (i) Salaries and wages of Unit Operator's field employees directly employed at the Unit Area or on the site of the Unit Facilities in conduct of Unit Operations;
- (ii) Salaries of First Level Field Supervisors in the field;
- (iii) Salaries and wages of Technical Employees directly employed at the Unit Area or on the site of the Unit Facilities in conduct of Unit Operations;
- (iv) Salaries and wages of Technical Employees who are either temporarily or permanently assigned to and directly employed off the site of the Unit Area or Unit Facilities may be charged with the prior approval of the Operating Committee. Charges for such Technical Employees shall be limited to that portion of the

salaries and wages attributable to and actually devoted to Unit Operations.

(v) Earned or compensatory time off relating to the above wage or salary categories.

(b) Unit Operator's costs of holiday, vacation, sickness and disability benefits and other customary allowances paid to employees whose salaries and wages are for the Joint Account. Costs under this paragraph 202 (b) shall be charged by a "percentage assessment" on the amount of salaries and wages chargeable to the Joint Account. The rate shall be based on the Unit Operator's cost experience.

203. Employee Benefits

Unit Operator's costs with respect to employees whose salaries and wages are chargeable under paragraph 202 by a percentage assessment:

(a) Compulsory:

Expenditures or contributions made pursuant to assessments imposed by governmental authority which are applicable to Unit Operator's salaries and wages for the Joint Account.

(b) Non-Compulsory:

Established plans for employee's group life insurance, hospitalization, company pension, retirement, stock purchase, thrift, bonus and other benefit plans of a like nature, applicable to Unit Operator's labour for the Joint Account under subclauses 202 (a) and (b), shall be chargeable at Unit Operator's actual cost not to exceed twenty percent (20%) of such labour cost.

204. Travel and Moving

(a) Costs of personnel transfers (excluding commissions, mortgage and interest payments and any loss on the sale of real estate) and personal expenses for the required staffing of the Unit Area and Unit Facilities, and subsequent replacements when such replacements are not for the primary

benefit of the Unit Operator.

- (b) Costs of travelling and personal expenses to and from and within the Unit Area and Unit Facilities for those employees whose salaries and wages are chargeable to the Joint Account.

205. Material

Material purchased or furnished by Unit Operator for use in Unit Operations as provided under Part IV including transportation cost thereof. So far as it is reasonably practicable and consistent with efficient and economical operation, only such Material shall be purchased for or transferred to the Unit Facilities as may be required for the conduct of the Unit Operations.

206. Services

- (a) Services relative to the Unit Operations incurred under contracts entered into by Unit Operator with contractors, or as agreed by the Parties.
- (b) Utilities and other services procured from outside sources including transportation costs thereof.
- (c) Professional consultant services shall not be for the Joint Account unless approved by the Operating Committee, except services provided for geological wellsite work and supervision of drilling operations.

207. Unit Operator's Facilities and Equipment

- (a) Unit Operator may charge for use of Unit Operator's own facilities and equipment at rates, not exceeding those available in the immediate area for available like facilities and equipment, commensurate with the cost of ownership and operation thereof, including depreciation and interest on the depreciated investment. The annual interest rate on investment shall not exceed the prime bank rate of the principal bank in Canada used by Unit Operator plus one percent (1%) determined at the beginning of each calendar year.

- (b) In lieu of the foregoing rates, Unit Operator may charge for use of its own facilities and equipment, except automotive equipment, at the commercial rates available in the immediate area, less twenty percent (20%).
- (c) Unit Operator may charge operating costs for Unit Operator's owned or leased automotive equipment used in Unit Operations. Costs shall be charged on a kilometrage (mileage), hourly or other equitable basis, based on the Unit Operator's actual cost experience.
- (d) When requested to do so, Unit Operator shall inform the Parties in advance of the rates to be charged.

208. Replacement or Repairs

Costs of replacement or repairs to the Unit Facilities made necessary because of damages or losses incurred by fire, flood, storm, theft, accident or other causes for which the Unit Operator is not liable. Unit Operator shall furnish the Parties with written notice of damages or losses incurred, as soon as practicable after the damage or loss has been discovered.

209. Surface Rights and Legal Services

Acquisition or renewal of surface rights and periodic rentals and related legal services for such title work. Fees and related expenses associated with other legal services may be charged only with the approval of the Operating Committee.

210. Taxes

Taxes paid for the Joint Account.

211. Insurance

Premiums paid for insurance that Unit Operator is required to carry for the Joint Account.

212. Communications

Communication equipment located on or serving the Unit Area

or the Unit Facilities and outgoing communications incurred by Unit Operator directly from the Unit Area or Unit Facilities. Other communication services as agreed upon by the Operating Committee.

213. Camp and Housing

Operation and maintenance of all necessary camp and housing facilities for, and boarding of, employees whose salaries and wages are for the Joint Account; provided that the charges for Unit Operator's own facilities shall be commensurate with the costs of ownership and operation thereof, including depreciation and interest on depreciated investment, less any revenue therefrom. The annual interest rate on investment shall not exceed the prime bank rate of the principal bank in Canada used by Unit Operator plus one percent (1%) determined at the beginning of each year. When operations in addition to Unit Operations are served by these facilities, the charge for such facilities shall be apportioned among all such operations on an equitable basis.

214. Central Production Control

- (a) Automated field and central production control facilities owned or leased by Unit Operator including employee costs for maintenance and operation of the central production control system and related computer facilities serving the Unit Operations shall be allocated to each operation served on an equitable basis.
- (b) Electronic/computerized gas chart reading and other computer usage shall not be charged to the Joint Account without the prior approval of the Operating Committee.

215. Ecological and Environmental

Requirements, whether statutory or otherwise, relating to the ecology or environment of the Unit Area. Costs of related studies shall be subject to the approval of the Operating Committee.

216. Engineering and Design

With the prior approval of the Operating Committee, design of Construction Projects shall be for the Joint Account including the salaries and expenses of Unit Operator's employees directly engaged in design work.

217. Warehouse Handling

- (a) If a warehouse is not maintained as a Unit Facility, Unit Operator may, with respect to Material delivered from its warehouse, charge:
 - (i) two and one-half percent (2-1/2%) of the cost of tubular goods, 50.8 mm (two inches) in diameter and over, and each other item of Material having a New Price in excess of \$5,000.00; and
 - (ii) five percent (5%) of the cost of all other Material delivered from its warehouse.
- (b) If a warehouse is maintained as a Unit Facility, Unit Operator may charge only the actual costs thereof.

218. Limits of Expenditures

Unit Operator may make or incur the following expenditures for the Joint Account, in addition to expenditures allowed by an approved forecast, without the prior approval of the Operating Committee:

- (a) an expenditure for any single undertaking, the total estimated cost of which is not in excess of Twenty-five Thousand Dollars (\$25,000.00);
- (b) expenditures which it deems necessary in emergencies to protect lives or property, but if it makes any said expenditure it promptly shall advise the Parties; and
- (c) expenditures not in excess of Ten Thousand Dollars (\$10,000.00) for full settlement of each damage claim resulting or arising from Unit Operations, other than those claims for which insurance has been provided in Exhibit "G". Unit Operator will furnish notice of damage or loss to each

Party as soon as possible after notice of damage or loss has been received by Unit Operator.

219. Other Costs

Costs, as approved by the Operating Committee, for which provision is not made elsewhere in this Accounting Procedure.

PART III

OVERHEAD

301. Definitions

In this Part III:

- (a) "Cost" means total expenditures described in PART II (excluding those expenditures referred to in Paragraph 201 and expenses of litigation, judgements, settlement of claims, salvage credits for Material retired and the value of injected substances purchased for enhanced recovery) incurred in conducting Unit Operations.
- (b) "Overhead" means the cost to Unit Operator of salaries, wages, employee benefits and all other expenses of employees and the cost of maintaining and operating all offices, camps, housing and other facilities that are not Unit Facilities, other than those costs covered in Part II hereof.
- (c) "Producing Well" means a Unit Well that in a calendar month:
 - (i) is capable of economic production of Unitized Substances and has an allowable assigned thereto but not including wells shut-in for three (3) consecutive months; or
 - (ii) is connected to a source, injection, disposal system or to a permanent gas sales outlet; or
 - (iii) is used as an observation well in the Unitized Zone; provided that a well that is Drilling during the entire month or is permanently shut in and waiting abandonment,

shall not be considered a Producing Well, and a well completed in and producing selectively from more than one zone shall be considered a separate Producing Well for each such zone (two or more zones that are commingled shall be counted as a single zone); and provided further that a source, injection or disposal well or a well connected to a permanent gas sales outlet which is shut in for three consecutive months shall not be considered a Producing Well.

302. Overhead Rates

Notwithstanding that the actual costs may be greater or less, Unit Operator shall charge the Joint Account for Overhead as follows:

- (a) for each Drilling Well:
 - (i) three percent (3%) of the first \$50,000.00 of Cost; plus
 - (ii) two percent (2%) of the next \$100,000.00 of Cost; plus
 - (iii) one percent (1%) of Cost exceeding \$150,000.00.
- (b) for each Construction Project:
 - (i) five percent (5%) of the first \$50,000.00 of Cost; plus
 - (ii) three percent (3%) of the next \$100,000.00 of Cost; plus
 - (iii) one percent (1%) of Cost exceeding \$150,000.00.
- (c) for each Producing Well \$150.00 per month.

PART IV

PRICING OF JOINT MATERIAL PURCHASES, TRANSFERS AND DISPOSITIONS

401. Material

Unit Operator shall make proper and timely charges and credits for all Material movements affecting the Unit Facilities. Unit Operator shall provide all required Material; however, at Unit Operator's option, such Material may be supplied by another Party. Unit Operator shall make timely disposition of idle and/or surplus

Material either through sale to Unit Operator or any other Party, division in kind, or sale to outsiders. Unit Operator may purchase, but shall be under no obligation to purchase, the interests of the other Parties in surplus Material. All sales of surplus Material, the New Price of which is greater than Ten Thousand Dollars (\$10,000.00) shall be subject to approval by the Operating Committee. All other disposals of Material shall be at the discretion of the Unit Operator provided that any sales to the Parties or any of them shall be priced in accordance with Paragraph 403. The proceeds of sales of Material shall be for the Joint Account.

402. Purchases

Material purchased shall be charged at the price paid by Unit Operator after deduction of all discounts received. Credit for Material returned to vendor shall be for the Joint Account when adjustment has been received by the Unit Operator. Unit Operator shall purchase for, or transfer to, the Unit Area or Unit Facilities only such Material as is required for immediate use.

403. Transfers and Dispositions

Material furnished to the Unit Area and Material transferred from the Unit Area or disposed of by the Unit Operator, unless otherwise agreed to by the Operating Committee, shall be priced on the following basis exclusive of cash discounts:

(a) New Material (Condition "A")

Condition "A" Material, including tubular goods, shall be priced at the New Price in effect on date of movement.

(b) Good Used Material (Condition "B")

- (i) Condition "B" Material moved to the Unit Area at seventy-five percent (75%) of New Price;
- (ii) Condition "B" Material moved from the Unit Area
- at seventy-five percent (75%) of New Price if Material was originally for the Joint Account as Condition "A" Material; or

- at sixty-five percent (65%) of New Price if Material was originally for the Joint Account as Condition "B" Material at seventy-five percent (75%) of New Price.

(c) Other Used Material (Condition "C", "D" or "E")

- (i) Condition "C" Material shall be priced at fifty percent (50%) of New Price;
- (ii) Condition "D" Material shall be priced at a value commensurate with its use or at prevailing prices;
- (iii) Condition "E" Material moved from the Unit Area shall be priced at the best price currently available.

Notwithstanding the Material condition, the Operating Committee may approve a price for Material not in accordance with the foregoing.

404. Premium Prices

Unit Operator may, with the approval of the Operating Committee, charge the direct cost and expense incurred in procuring Material that is not readily obtainable because of causes over which Unit Operator has no control, in making it suitable for use and in transporting it to the Unit Area.

405. Transportation of Material

Unit Operator may, for transporting Material supplied by Unit Operator, charge the actual cost of transportation to or from the Unit Area or the estimated cost of transporting such Material from the closer of the nearest reputable supply store or receiving point, whichever is the lesser, but no charge shall be made for transporting Material from the Unit Area to other properties belonging to the Unit Operator without the approval of the Operating Committee.

PART V
INVENTORIES

501. Inventories by Unit Operator or Committee

Unit Operator shall conduct inventories that are required hereunder unless an inventory committee is appointed by the Operating Committee for the purpose.

502. Notice of Inventory

Unit Operator shall give each Party notice that a periodic inventory will be conducted at least sixty (60) days before an inventory will begin. Each Party may elect to be represented during the taking of an inventory.

503. Frequency of Inventory and Expense

A periodic inventory shall be conducted by the Unit Operator at least once in every five (5) years, or whenever the Operating Committee so directs. The costs of conducting periodic inventories of Joint Account Controllable Material shall be charged to the Joint Account. Costs shall be determined in the same manner as audit costs that are generally accepted by the industry. The costs of conducting inventories initiated at more frequent intervals by the Unit Operator shall be borne by the Unit Operator.

504. Reconciliation of Inventory

A reconciliation of the physical inventory with the Joint Account records shall be made by Unit Operator and approved by the Parties conducting the physical inventory. Unit Operator shall submit a list of overages and shortages to the Parties and shall make adjustments to the Joint Account records to reflect the physical inventory.

505. Special Inventories

Each Party shall have the right at any time to request in writing the taking of a special inventory of Controllable Material which shall be commenced within sixty (60) days of receipt of the

written notice. Such Party shall be entitled to be represented at the taking of the special inventory.

All expenses incurred by the Unit Operator in conducting the special inventory, including reconciliation if requested, shall be borne by the requesting Party.

EXHIBIT "G"

ATTACHED TO AND MADE PART OF AN AGREEMENT ENTITLED
"UNIT OPERATING AGREEMENT
DALY UNIT NO. 4"

INSURANCE

In respect of Unit Operations, the Unit Operator shall comply with the requirements of all Unemployment Insurance and Workers' Compensation legislation and, without in any way limiting the obligations or liabilities of the Unit Operator, the Unit Operator shall, prior to the commencement of such operations, comply with the following insurance provisions:

- (a) The Unit Operator shall, prior to the commencement of Unit Operations, hold or cause to be held with a reputable insurance company or companies, and thereafter maintain or cause to be maintained for the Joint Account and benefit of the Parties hereto, the insurance hereinafter set forth. The insurance required pursuant to this subclause shall be primary and shall be as follows:
 - (i) Automobile Liability Insurance covering all motor vehicles or snowcraft and all terrain vehicles, owned or non-owned, operated and/or licensed by the Unit Operator and used in Unit Operations with an inclusive bodily injury, death and property damage limit of One Million Dollars (\$1,000,000.00) per accident.
 - (ii) Comprehensive General Liability Insurance with an inclusive bodily injury, death and property damage limit of One Million Dollars (\$1,000,000.00) per occurrence and, without restricting the generality of the foregoing provisions of this subclause, such coverage shall include, but not be

limited to, Contractual Liability, Employer's Liability, Contractors' Protective Liability and Products and Completed Operations Liability.

- (iii) Aircraft Liability Insurance covering all aircraft, owned or non-owned, operated and/or licensed by the Unit Operator and used in the Unit Operations with an inclusive bodily injury, death and property damage limit of Five Million Dollars (\$5,000,000.00) per occurrence.
- (b) Where required amounts of insurance are insufficient to cover the total amount of a loss, or required insurance policies contain a deductible; or where any loss or expense is otherwise not covered or recovered from any required insurance policy, whether intended or expected to be covered, recovered or not, such loss or expense or amounts not recoverable shall be for the Joint Account.
- (c) Each Party shall be responsible for insuring its own interest with respect to physical damage to property, loss of income and any insurance other than that referred to in subclause (a). Such policies of insurance shall provide waivers on the part of insurers of all rights, by subrogation or otherwise, against the other Parties and their employees.
- (d) Unit Operator shall furnish the other Parties written notice of damages or losses incurred as soon as practicable after the damage or loss has been discovered. Unit Operator shall provide the other Parties with such assistance and materials required to substantiate such damages or losses for the purposes of the other Parties' insurance coverages.
- (e) The Unit Operator shall use every reasonable effort to have its contractors and subcontractors:
 - (i) comply with Unemployment Insurance and Workers' Compensation legislation and all other similar regulations and legislation

applicable to workers employed by them; and

- (ii) carry such insurance in such amounts as the Unit Operator deems necessary.
- (f) Upon the direction of the Operating Committee the Unit Operator shall itself, or cause the contractor to, carry and place in force, prior to the commencement of any facility construction, "All Risk" Course of Construction Insurance covering loss or damage to the facility in course of construction, including all machinery, materials, and supplies, on the premises of the facility or in transit thereto and intended to become part of the finished facility, and while there awaiting erection or installation and during erection or installation, testing and until:
 - (i) the facility is mechanically complete as a whole;
 - (ii) the facility is being operated by the Unit Operator; and
 - (iii) the facility has been operating for a period of not less than thirty (30) days.

Such insurance shall include the Parties, contractors and subcontractors as named insured as their respective interests may appear, and the amount of insurance shall be for the total completed value of the work.

- (g) If so requested by any Party, Unit Operator shall furnish evidence of compliance with the foregoing insurance provisions.
- (h) Each Party waives any and every right of subrogation against Unit Operator arising out of, or in any way connected with, the insurance coverage provided for in, or required by, this Exhibit "G".

Effective as of the
Effective Date

DALY UNIT NO. 4
UNIT OPERATING AGREEMENT

TABLE OF CONTENTS

ARTICLE I
DEFINITIONS

101.	Definitions	1
------	-----------------------	---

ARTICLE II
CONFIRMATION OF UNIT AGREEMENT

201.	Confirmation of Unit Agreement	2
------	--	---

ARTICLE III
EXHIBITS

301.	Exhibits Incorporated	3
302.	Exhibits Attached	3
304.	Conflicts	3
305.	Supply of Exhibits	3

ARTICLE IV
SUPERVISION AND CONTROL OF UNIT OPERATIONS

401.	Operating Committee	4
402.	Chairman	4
403.	Meetings	4
404.	Voting Procedure	4
405.	Initial Voting Interest	6
406.	Minutes	7
407.	Parties Bound by Voting	7

ARTICLE V
RIGHTS AND POWERS OF THE OPERATING COMMITTEE

501.	Rights and Powers of the Operating Committee	7
------	--	---

Current with
execution pages.

ARTICLE VI
INDIVIDUAL RIGHTS AND PRIVILEGES OF THE PARTIES

601.	Reservation of Rights	7
602.	Specific Rights	8

ARTICLE VII
UNIT OPERATOR

701.	Unit Operator	8
702.	Resignation or Removal	8
703.	Designation of Successor	9
704.	Takeover by Successor	9
705.	Audit Upon Change of Unit Operator	9
706.	No Assignment of Operating Rights	10

ARTICLE VIII
PERFORMANCE BY UNIT OPERATOR

801.	Status	10
802.	Rights, Powers, Duties and Obligations	10
803.	Employees	11
804.	Expenditures	12

ARTICLE IX
LIABILITY AND OBLIGATIONS

901.	Liability of Unit Operator	12
902.	Taxes, Rentals and Royalties	12

ARTICLE X
UNIT FACILITIES

1001.	Delivery of Unit Wells and Facilities	13
1002.	Delivery of Records	13
1003.	Testing of Unit Wells	14

1302.	Overproduction	20
1303.	No Allowance for Underproduction	20

ARTICLE XIV
SURFACE RIGHTS

1401.	Submission of List to Unit Operator	21
1402.	Surface Rights Required for Unit Operations	21
1403.	Surface Rights Jointly Used	21
1404.	Assignment of Surface Rights	22
1405.	Surface Rights No Longer Required	22
1406.	Surface Rights held in Fee Simple	22
1407.	Acquisition of Additional Surface Rights	23
1408.	Sharing of Surface Rights	23

ARTICLE XV
ABANDONMENT OF WELLS

1501.	Rights of Former Owners	23
1502.	Abandonment of Wells	24
1503.	Surface Clean-up	24

ARTICLE XVI
TERM OF AGREEMENT

1601.	Term	24
-------	----------------	----

ARTICLE XVII
COMMENCEMENT DATE

1701.	Commencement Date	24
-------	-----------------------------	----

ARTICLE XVIII
ABANDONMENT OF OPERATIONS

1801.	Right to Operate	25
1802.	Salvaging Wells	25

1803.	Cost of Salvaging	25
-------	-----------------------------	----

ARTICLE XIV
GENERAL

1901.	Affects Working Interest Only	26
1902.	Execution Without Prejudice	26
1903.	Lien on or Assignment of Production	26
1904.	No Partitioning	26
1905.	No Surrender without Consent	26
1906.	Waivers	27
1907.	Suits	27
1908.	Further Assurances	27
1909.	Restriction on Dispositions	27
1910.	United States Internal Revenue Provision	27
1911.	Notices and Communications	28
1912.	Inuring Clause	28
1913.	Execution in Counterpart	28
	Execution Page	28

EXHIBIT "D"
EXHIBIT "E"
EXHIBIT "F"
EXHIBIT "G"

UNIT OPERATING AGREEMENT

DALY UNIT NO. 4

WHEREAS the Parties own Working Interests in the Unitized Zone and desire to conduct Unit Operations;

NOW THEREFORE in consideration of the covenants herein contained, the Parties agree as follows:

ARTICLE I
DEFINITIONS

101. Definitions

Unless otherwise defined herein, the definitions in the Unit Agreement are adopted. In addition, in this agreement:

- (a) "Affiliate" means, with respect to a Party:
 - (i) a corporation which it controls, or
 - (ii) a corporation or person by which it is controlled; or
 - (iii) a corporation which is controlled by the same corporation or person as controls the Party;
 - (iv) a partnership in which the Party is a general partner and has a partnership interest of fifty percent (50%) or more.

For purposes herein, "controls" or "controlled" means control in fact, whether directly through the ownership of shares, or indirectly through a trust, a contract, the ownership of shares of any other body corporate, or otherwise. Affiliates shall be deemed conclusively to be one Party only;

- (b) "Commencement Date" means the time and date referred to in Article XVII;
- (c) "for the Joint Account" means for the benefit and risk and at the expense of the Parties in accordance with their Unit Participations;

- (d) "Operating Committee" means the committee comprised of the duly authorized representatives of each of the Parties established pursuant to Article IV;
- (e) "Party" means a person who is bound by this agreement;
- (f) "Pipelines" means all flowlines, group lines or test lines acquired for the Joint Account;
- (g) "Salt Water Disposal Facility" means salt water disposal well 1C-35-9-28 WPM and associated flowline and facilities acquired for the Joint Account;
- (h) "Unit Agreement" means the agreement entitled "Unit Agreement, Daly Unit No. 4";
- (i) "Unit Facilities" means all real and personal property of every kind, nature and description (excepting Unitized Substances, the Unitized Zone, rental equipment and Unit Operator's solely owned equipment) in the possession of Unit Operator pursuant to this agreement;
- (j) "Unit Operations" means any operations authorized and provided for in the Unit Agreement and this agreement, or either of them, for or in respect of the development and operation of the Unitized Zone for the production of Unitized Substances;
- (k) "Unit Participation" of a Party means the sum of the Party's share of Tract Participations as set forth in Exhibit "D";
- (l) "Unit Well" means a well listed in Exhibit "E" and any well drilled or acquired for the Joint Account.

ARTICLE II
CONFIRMATION OF UNIT AGREEMENT

201. Confirmation of Unit Agreement

The Unit Agreement is ratified and confirmed. In the event of any conflict between the Unit Agreement and this agreement, the Unit Agreement shall prevail. With respect to all matters not specifically provided for in this agreement, the relative provisions of the Unit Agreement shall apply, mutatis mutandis.

ARTICLE III
EXHIBITS

301. Exhibits Incorporated

Exhibits "A", "B" and "C" of the Unit Agreement are incorporated in this agreement by this reference.

302. Exhibits Attached

The following exhibits are attached to and incorporated in this agreement:

- (a) Exhibit "D" which is a list of the Parties and their respective Unit Participations;
- (b) Exhibit "E" which is a list of the Unit Wells;
- (c) Exhibit "F" which is the Accounting Procedure;
- (d) Exhibit "G" which is the Insurance Requirements.

303. Revisions and Corrections

Whenever Exhibits "A" and "B" are revised or corrected, corresponding revisions or corrections of Exhibits "D" and "E" shall be made with concurrent effect. Exhibit "E" shall also be revised as required to reflect additions or deletions of Unit Wells.

304. Conflicts

If a provision of Exhibit "F" conflicts with a provision in the body hereof, the latter shall prevail.

305. Supply of Exhibits

Each time that an exhibit is revised or corrected pursuant to this agreement, Unit Operator shall supply each Party with the number of copies of the exhibit it requires. Revised exhibits shall include the effective date of the revision or correction and shall be numbered consecutively.

ARTICLE IV
SUPERVISION AND CONTROL OF UNIT OPERATIONS

401. Operating Committee

The Parties shall supervise and control Unit Operations through an Operating Committee composed of their duly appointed representatives. Each Party shall, as soon as possible, notify Unit Operator of the name and address of its representative and one or more alternate representatives who are authorized to represent and bind the Party with respect to Unit Operations. A Party may change any of its representatives from time to time by notice to Unit Operator. Two (2) or more Parties may appoint the same person as their representative who shall cast a separate vote for each of his principals.

402. Chairman

The representative of Unit Operator shall be Chairman of the Operating Committee.

403. Meetings

The Operating Committee shall hold meetings whenever called by Unit Operator, or if there is no Unit Operator, by Parties having Unit Participations totalling five percent (5%) or more. Unit Operator may call meetings at any time on its own motion, and shall call meetings whenever requested to do so by Parties having Unit Participations totalling five percent (5%) or more. Unless the representatives of all Parties in writing waive their right to notice, at least ten (10) days' notice of each meeting shall be given to the Parties, with an agenda attached. Reasonable details of matters on the agenda involving proposed expenditures and enlargements of the Unit Area shall be given. Matters not on the agenda may be voted upon only if the representatives of all Parties, whether or not present at the meeting, unanimously agree.

404. Voting Procedure

The representatives of the Parties shall determine all

matters properly coming before the Operating Committee as follows:

- (a) Voting Interest. Except as otherwise provided in this clause and clause 405, in voting on any matter each Party shall have a voting interest equal to its Unit Participation;
- (b) Vote Required - Generally. Except as otherwise provided in this agreement, the Operating Committee shall determine matters by the affirmative vote of three (3) or more Parties having voting interests totalling seventy percent (70%) or more.
- (c) Vote Required - Special Matters.
 - (i) Removal of Unit Operator. Unit Operator may be removed by the affirmative vote of two (2) or more Parties having voting interests totalling ninety percent (90%) of more of the total voting interests of all the Parties excepting Unit Operator and its Affiliates, but for the purposes hereof subclause (e) of this clause shall not apply;
 - (ii) Qualification of Tracts. Matters in respect of the qualification of Tracts for inclusion in the Unit Area shall be determined by the affirmative vote of two (2) or more Parties having voting interests totalling eighty percent (80%) or more.
 - (iii) Enlargement of Unit Area. Matters in respect of the enlargement of the Unit Area shall be determined by the affirmative vote of two (2) or more Parties having voting interests totalling ninety percent (90%) or more.
 - (iv) Amendment or Replacement of Exhibits "F" and "G". Exhibits "F" and "G" may be amended or replaced by the affirmative vote of Parties having voting interests totalling ninety percent (90%) or more but if a Party having a voting interest of ten percent (10%) or more is the only one voting negatively, the motion shall be carried even though the voting interests of the Parties voting affirmatively total less than ninety percent (90%).

(v) Termination. The Unit Agreement, pursuant to the provisions thereof, and this agreement, may be terminated by the affirmative vote of Parties having voting interests totalling ninety percent (90%) or more but for the purposes hereof, subclause (e) of this clause shall not apply.

(d) Vote by Notice

(i) A Party not represented at a meeting may vote on any matter on the agenda by prior notice to Unit Operator;

(ii) Unit Operator may submit any matter, with reasonable details of any proposed expenditure or enlargement of the Unit Area, to each Party by mail ballot notice. Each Party shall, by notice, cast its vote with Unit Operator within fifteen (15) days from the date of receipt of the mail ballot notice. Such vote shall be binding unless Unit Operator calls a meeting or is requested to call a meeting pursuant to clause 403 within five (5) days from the receipt of mail ballot notice. Unit Operator shall promptly notify each Party of the result of a vote hereunder.

(e) Failure to Vote. A Party who does not vote on any matter shall be deemed conclusively to have voted affirmatively, but in recording the vote in the minutes, the Party shall be shown as having been present and abstained, been absent, or failed to vote pursuant to a mail ballot notice, as the case may be.

(f) Affiliates. In determining the number of Parties having voted or deemed to have voted on any matter hereunder, Affiliates shall be conclusively deemed to be one Party only.

405. Initial Voting Interest

Each Party shall, during the period from the Commencement Date until ninety (90) days after the Effective Date, be deemed conclusively to have a voting interest equal to the proportion,

expressed as a percentage, that its Unit Participation bears to the combined Unit Participations of the Parties, as set forth in Exhibit "D".

406. Minutes

Unit Operator shall keep minutes of the proceedings of each meeting of the Operating Committee and a copy thereof shall be forwarded to each Party. The minutes shall include the names of the representatives present, the Parties they represent and any formal action taken by the Operating Committee. Minutes shall be deemed to be correct as distributed unless notice of errors or omissions is received by Unit Operator within thirty (30) days after the date the minutes are deemed to have been received by the Parties.

407. Parties Bound by Voting

A determination of a matter by the voting of Parties in accordance with this agreement shall be binding upon all the Parties.

ARTICLE V

RIGHTS AND POWERS OF THE OPERATING COMMITTEE

501. Rights and Powers of the Operating Committee

The Operating Committee shall have and exercise all the rights and powers granted to the Working Interest Owners by the Unit Agreement, except to the extent that certain of the said rights and powers are by this agreement specifically delegated to Unit Operator to be exercised by Unit Operator subject to the orders, directions and limitations given or imposed by the Operating Committee.

ARTICLE VI

INDIVIDUAL RIGHTS AND PRIVILEGES OF THE PARTIES

601. Reservation of Rights

Except as otherwise provided in this agreement or the Unit

Agreement, each Party reserves to itself all of its rights, powers, authorities and privileges.

602. Specific Rights

Each Party shall have:

- (a) at all reasonable times upon notice to Unit Operator, the right to inspect all records and data pertaining to Unit Operations in the possession of Unit Operator and the right of access to the Unit Area, at the Party's sole risk and expense, to inspect Unit Operations and the Unit Facilities;
- (b) the right to conduct operations on its Tracts for the discovery and production of Petroleum Substances other than Unitized Substances on condition that the Party shall protect the Unitized Zone and prevent interference with Unit Operations. Each Party who exercises this right agrees to indemnify all other Parties against all actions, suits, claims, costs, loss, liability, damages and expenses that may be brought against or suffered by them as a result of anything done pursuant or relative to the exercising of such right.

ARTICLE VII
UNIT OPERATOR

701. Unit Operator

The Parties hereby designate Chevron Canada Resources Limited as initial Unit Operator and Chevron Canada Resources Limited hereby accepts such designation.

702. Resignation or Removal

Unit Operator may resign at any time by giving ninety (90) days' notice to the Operating Committee. Unit Operator may be removed by a vote of the Operating Committee. A Unit Operator who resigns or is removed shall continue to have all rights, powers, duties and obligations as Unit Operator hereunder until 8:00 a.m. on the first day

of the month immediately following the month in which the said period of ninety (90) days expires or until a designated successor Unit Operator has taken over Unit Operations, whichever is the sooner. If Unit Operator becomes bankrupt or insolvent or ceases to be a Working Interest Owner it shall thereupon cease to be Unit Operator.

703. Designation of Successor

If Unit Operator resigns or is removed or ceases to be Unit Operator, a successor Unit Operator shall forthwith be designated by the Operating Committee. In the event of the removal of Unit Operator, in voting for a successor, the departing Unit Operator may not vote to succeed itself or vote for an Affiliate.

704. Takeover by Successor

Upon the effective time of a resignation, removal or cessation, the departing Unit Operator shall turn over to its successor, or if no successor has been designated, to the Parties or to any one of them on behalf of all, control and possession of all Unit Facilities, unit production on hand, documents, books, records and accounts (or copies thereof) pertaining to the performance of its functions as Unit Operator, together with all monies held by it in its capacity as Unit Operator. Upon the transfer and delivery thereof, the departing Unit Operator shall be released and discharged from, and the successor Unit Operator shall assume, all duties and obligations of Unit Operator except the unsatisfied duties and obligations of the departing Unit Operator accrued prior to the effective time of change of Unit Operator and for which the departing Unit Operator shall, notwithstanding its release or discharge, continue to remain liable. If the title to any real property included in the Unit Facilities is held in its name, it shall continue to hold such property in trust for the Parties unless otherwise directed by the Operating Committee.

705. Audit Upon Change of Unit Operator

Within sixty (60) days of the effective time of a Unit Operator's resignation, removal or cessation as Unit Operator, the

Operating Committee shall cause an audit to be made of the records of the Joint Account maintained by the departing Unit Operator, the cost of which shall be charged to the Joint Account.

706. No Assignment of Operating Rights

Except in the case of an assignment to an Affiliate, the assignment of any or all of the Unit Operator's Working Interest through any means shall not include the assignment of operating rights or obligations unless authorized by the Operating Committee under this agreement.

ARTICLE VIII
PERFORMANCE BY UNIT OPERATOR

801. Status

Unit Operator shall, in addition to its rights, powers, duties and obligations as Unit Operator, have all the rights, powers, duties and obligations of a Party.

802. Rights, Powers, Duties and Obligations

Subject to this agreement and the Unit Agreement and to any orders, directions and limitations given or imposed by the Operating Committee, or by regulatory bodies having jurisdiction, Unit Operator shall conduct or cause to be conducted all Unit Operations. Without limiting the generality of the foregoing, Unit Operator shall:

- (a) make all necessary reports relating to Unit Operations to the appropriate governmental agency;
- (b) keep in Canada true and correct books, accounts and records of the Unit Operations and furnish to each Party on or before the twenty-fifth (25th) day of each calendar month a statement of the amount of Unitized Substances produced and the sales and inventory of such production in the preceding calendar month and such other data and information as the Operating Committee may require;
- (c) provide the Parties with timely statements of financial results on a monthly basis and remit net proceeds of

production received for the account of the Parties promptly on completion of those monthly statements;

- (d) furnish to each Party such reports of Unit Operations as the Operating Committee may direct and consult with the Operating Committee and keep the Parties advised of all matters arising in connection with Unit Operations which Unit Operator considers important;
- (e) conduct all Unit Operations in a good and workmanlike manner, in accordance with good oil and gas field practices and in accordance with all applicable laws, orders, rules and regulations;
- (f) keep the Leases, the Unit Area and the Unit Facilities free from all liens and encumbrances resulting or arising from Unit Operations, except liens being contested in good faith;
- (g) comply and require its contractors to comply with The Workers Compensation Act and carry and require its contractors to carry, with respect to Unit Operations, such liability insurance for the benefit of the Parties as set forth in Exhibit "G", but this shall not prevent a Party from procuring and maintaining at its sole cost and expense and for its sole benefit such insurance on Unit Facilities as it shall determine provided that Party's insurance policy contains a waiver of subrogation in favour of the Parties; and
- (h) let contracts for portions of Unit Operations on a competitive basis, but Unit Operator may use its own facilities and equipment for such operations and charge for usage thereof in accordance with paragraph 207 of Exhibit "F".

In the absence of any specific instructions from the Operating Committee, Unit Operator shall conduct, or cause to be conducted, such Unit Operations as would a prudent operator under the same or similar circumstances.

803. Employees

The number, selection, hours of labour and remuneration of employees used by Unit Operator in conducting Unit Operations shall be

determined by Unit Operator. Such employees shall be the employees solely of Unit Operator.

804. Expenditures

Unit Operator shall not make or incur any expenditure for the Joint Account, other than an expenditure allowed by an approved forecast, without the prior approval of the Operating Committee except as provided for in paragraph 218 of the Exhibit "F".

ARTICLE IX
LIABILITY AND OBLIGATIONS

901. Liability of Unit Operator

Unit Operator shall not be liable to the other Parties for any loss or damage suffered by the Parties resulting or arising from Unit Operations except when and to the extent that such loss or damage results from the gross negligence or wilful or wanton misconduct of Unit Operator, its servants, agents or employees. Each Party, in the proportion of its Unit Participation, indemnifies and agrees to hold harmless Unit Operator against any claim of, or liability to, any third person resulting from acts or omissions of Unit Operator, its servants, agents or employees, in respect of Unit Operations, except when and to the extent that such claim or liability results from the gross negligence or wilful or wanton misconduct of Unit Operator, its servants, agents or employees. For the purposes of this clause, an act or omission of Unit Operator, its servants, agents or employees, shall not be deemed gross negligence or wilful or wanton misconduct if such act or omission is done or omitted pursuant to the instructions of, or with the concurrence of, the Operating Committee.

902. Taxes, Rentals and Royalties

Each Party shall pay or be responsible for the payment of all taxes (other than taxes on Unit Facilities which shall be paid by Unit Operator for the Joint Account), rentals and royalties applicable to the Party's Working Interest in the respective Tracts and shall

indemnify and save harmless all other Parties from all claims, suits, loss, costs, expenses and damages paid or incurred by them as a result of its failure to do so.

ARTICLE X
UNIT FACILITIES

1001. Delivery of Unit Wells and Facilities

Upon the Effective Date each Party shall deliver to Unit Operator the exclusive use and possession of such Party's interest in:

- (a) all Unit Wells together with all casing therein;
- (b) Pipelines and Salt Water Disposal Facility;
- (c) all tubing, wellsite and other operating equipment used in the operation of the Unit Wells which the Operating Committee determines is necessary or desirable for conducting Unit Operations, except warehouses, lease houses, camps, office buildings and automobiles and other service equipment; and
- (d) all roads associated with Unit Operations.

Unit Wells being delivered to the Unit Operator must be electrified and tied-in to a battery or group flowline used in Unit Operations. If, within ninety (90) days after the Effective Date, Unit Operator determines that a Unit Well is not electrified or tied-in to a battery or group flowline used in Unit Operations, the Party delivering it shall bear the entire cost and risk of providing and installing the necessary equipment. The Party shall authorize Unit Operator to provide and install the necessary equipment on its behalf, and all costs incurred by Unit Operator hereunder shall be deemed conclusively to be amounts owing by the Party for the Joint Account, within the meaning of Article XII.

1002. Delivery of Records

Upon the Effective Date each Party shall deliver to Unit Operator copies of all records and information pertaining to Unit Wells, and any other pertinent information and records requested by Unit Operator.

1003. Testing of Unit Wells

If, by a test conducted by Unit Operator within ninety (90) days after the Effective Date or the effective time of a unit enlargement, any Unit Well is found by Unit Operator not to be in sound working condition, the Party delivering it shall bear the entire cost and risk of putting it in sound working condition. The Party shall authorize Unit Operator to carry out the remedial work on its behalf and all costs incurred by Unit Operator hereunder shall be deemed conclusively to be amounts owing by the Party within the meaning of Article XII. If a Party disagrees with Unit Operator's finding that a well is not in sound working condition, the Party may submit the matter to the Operating Committee which may overrule the Operator's finding by a vote confirming that the well is in sound working condition.

1004. Adequacy of Wellsite and Other Operating Equipment

If, within ninety (90) days after the Effective Date, Unit Operator determines that a Unit Well does not have adequate access roads, wellsite and other operating equipment, the Party delivering it shall bear the entire cost and risk of providing and installing adequate access roads, wellsite and other operating equipment. The Party shall authorize Unit Operator to provide and install the necessary equipment on its behalf and all costs incurred by Unit Operator hereunder shall be deemed conclusively to be amounts owing by the Party within the meaning of Article XII. If a Party disagrees with Unit Operator's finding that a well does not have adequate access roads, wellsite and other operating equipment, the Party may submit the matter to the Operating Committee which may overrule the Operator's finding by a vote confirming that the well has adequate access roads, wellsite and other operating equipment.

1005. Exclusion of 8-34-9-28 Well

The well 8-34-9-28 WPM shall be excluded from the provisions of Clauses 1003 and 1004.

1006. Representation and Indemnity

Each Party represents that the Unit Facilities which it delivers pursuant to clause 1001 are free and clear of any liens, charges, encumbrances, suits or actions of whatsoever kind or nature, and each Party indemnifies and agrees to hold harmless the other

Parties from any and all liability, loss, cost or damage sustained by them and resulting from failure of or deficiencies in its title to the Unit Facilities which it so delivers.

1007. Agreements for Use of Facilities

With the prior approval of the Operating Committee, Unit Operator may enter into agreements with any person to operate facilities other than Unit Facilities or for the use or joint use by any person of any Unit Facilities, or for the use or joint use by Unit Operator of any facilities owned by any person, and all costs and expenses recovered or incurred pursuant to said agreements shall be for the Joint Account.

ARTICLE XI
ADJUSTMENT OF INVESTMENT

1101. Value of Unit Wells and Salt Water Disposal Facility

- (a) Each Unit Well, including casing but excluding Controllable Material, shall be deemed conclusively to have a value of Twenty-four Thousand Dollars (\$24,000.00), with the exception of the well 8-34-9-28 WPM which shall be deemed to have no value.
- (b) The Salt Water Disposal Facility, Pipelines, batteries and satellites shall be equalized based on original cost.

1102. Inventory and Evaluation

The Operating Committee shall appoint an inventory committee which shall take a physical inventory and make an evaluation of the Controllable Material for each Unit Well and other Unit Facilities. Each Party shall, upon request by the inventory committee, submit promptly a detailed statement of all Controllable Material on each Unit Well and a detailed statement of all Controllable Material for other Unit Facilities. The inventory committee shall price the Controllable Material at its current New Price adjusted for condition as of the

Effective Date. A report of its inventory and evaluation shall be made to the Operating Committee.

1103. Investment Adjustment

Upon approval by the Operating Committee of the report of the inventory committee, each Party shall be credited with the value of its interests in the Unit Wells and other Unit Facilities as determined in clause 1102 and charged with an amount equal to the total value of all Unit Wells and other Unit Facilities times each Party's Unit Participation. If the charge against any Party is greater than the amount credited to it, the resulting net charge shall be payable by that Party to the Unit Operator. If the credit to any Party is greater than the amount charged against it, the resulting net credit shall be paid to the Party by the Unit Operator out of the funds received from other Parties in settlement of net charges against them.

1104. General Facilities

With the approval of the Operating Committee, Unit Operator may acquire warehouses, warehouse stocks, lease houses, camps, office buildings and automobiles and other service equipment necessary for Unit Operations.

1105. Ownership of Unit Facilities

Each Party shall own an undivided interest in the Unit Facilities that is equal to its Unit Participation.

1106. Adjustment on Failure of Title

The Operating Committee shall determine whether and the amount of any compensation that shall be payable by the other Parties to a Party whose title to a Tract fails for such Party's undivided interest so lost in the Unit Facilities.

1107. Pre-Unit Costs

With the approval of the Operating Committee any or all costs and expenses incurred prior to the Effective Date that are directly

related to effecting unitization hereunder shall be for the Joint Account.

ARTICLE XII
COSTS OF UNIT OPERATIONS

1201. Basis of Charges to Parties

Except as otherwise provided in this agreement, Unit Operator initially shall pay and discharge all costs and expenses incurred for the Joint Account. The Parties shall reimburse Unit Operator for all such costs and expenses in proportion to their respective Unit Participations. All charges, credits and accounting for costs and expenses shall be in accordance with Exhibit "F".

1202. Forecasts

As soon as practicable after the Effective Date, Unit Operator shall submit to the Operating Committee a forecast of proposed expenditures for Unit Operations for the remainder of the calendar year, and on or before the last day of each October thereafter shall submit to the Operating Committee such a forecast for the succeeding calendar year. Forecasts shall set forth the proposed expenditures by quarterly periods, showing the capital items separately. The Operating Committee may approve a forecast or any portion thereof or it may conditionally approve any proposed expenditure or it may instruct Unit Operator to revise a forecast or any portion thereof. A copy of each forecast and revised forecast shall be promptly furnished to each Party. Approval of a forecast shall constitute an approval of all expenditures therein except capital expenditures in excess of the limit provided for in Paragraph 218 of Exhibit "F" for any single undertaking.

1203. Advance Billings for Capital Items

Unit Operator may submit to each Party on or before the fifteenth (15th) day of any calendar month a reasonably detailed estimate of approved capital items for the succeeding calendar month

with a request for payment in advance. Within thirty (30) days or by the fifteenth (15th) day of the month for which the advance is requested, whichever is later, after receipt of such request each Party shall pay Unit Operator its share thereof. Unit Operator's monthly billings shall reflect credit for any advances, and any differences between actual costs and expenses and amounts advanced will be adjusted as required.

1204. Operating Fund

Unit Operator may, by notice, require the Parties to advance for an operating fund their respective proportions of one-twelfth of the expenditures, other than expenditures for capital items, proposed for a calendar year in an approved forecast. After the establishment of the operating fund, each Party shall remit its share of actual costs and expenses in accordance with clause 1205, thus maintaining the operating fund intact. The amount of the operating fund may be increased or decreased at the direction of the Operating Committee, who shall review the matter annually or whenever requested by a Party. If under this agreement, revenues are received and distributed to the Parties by the Unit Operator through a net billing, the Unit Operator shall not request advances for operating funds from the Parties.

1205. Regular Billings

Unit Operator shall bill each Party on or before the last day of each month for its share of charges recorded during the preceding calendar month in accordance with Exhibit "F". Each Party shall pay all such bills within thirty (30) days after receipt.

1206. Commingling of Funds

Unit Operator may commingle funds received by it hereunder with its own funds and with other funds in its possession.

1207. Unit Operator's Remedies

If a Party fails to pay when due a bill rendered by Unit Operator, Unit Operator may give the Party a notice of nonpayment.

After receipt of such notice, the amount unpaid as set forth in the notice shall at Unit Operator's discretion bear interest at the prime rate then in effect in the principal chartered bank used by the Unit Operator plus two percent (2%) per annum, which interest shall be for Unit Operator's sole account, unless the costs and expenses for which the bill was submitted were met by the other Parties pursuant to clause 1208 hereof, in which event the interest shall be for the accounts of the Parties so contributing. Further, Unit Operator may, after notice of non-payment without limiting Unit Operator's other rights at law, exercise any or all of the following remedies:

- (a) set off against the amount unpaid, sums due or accruing to the Party from Unit Operator hereunder;
- (b) by notice accompanied by an executed copy of this agreement to any purchaser of the defaulting Party's share of production, require such purchaser to pay to Unit Operator the proceeds of such production which shall be applied towards payment of the amount unpaid and Unit Operator is hereby constituted irrevocably the attorney of the Party for the purpose of executing the instruments necessary to effect an assignment of such proceeds.

Books and records kept by Unit Operator with respect to Unit Operations shall constitute conclusive proof of the existence or nonexistence of any default, subject, however, to all rights of inspection, verification and audit provided in this agreement. The exercise of the rights granted in this clause shall not relieve a defaulting Party from its obligations to pay royalty currently, as provided elsewhere in this agreement.

1208. Contributions by Parties

If Unit Operator has not received full payment of a Party's share of the costs and expenses of Unit Operations within three (3) months following the date when payment was due, each of the Parties shall, upon being billed therefor by Unit Operator, contribute a fraction of the unpaid amount, excluding interest thereon, having as its numerator the Party's Unit Participation and as its denominator the

aggregate of the Unit Participations of all of the Parties exclusive of the Unit Participation of the defaulting Party, and thereupon each Party so contributing shall be proportionately subrogated to Unit Operator's rights pursuant to clause 1207.

ARTICLE XIII
OIL IN LEASE TANKAGE AND OVERPRODUCTION
AS OF THE EFFECTIVE DATE

1301. Gauge of Merchantable Oil

Unit Operator shall gauge all lease and other tanks delivered to it to ascertain the amount of merchantable oil in them as of the Effective Date. If any well producing into them has made more than its cumulative allowable production of oil from the proposed Unitized Zone as set by the Conservation Board, the amount of such overproduction then in the tanks shall be deemed to be Unitized Substances produced after the Effective Date. Except as aforesaid, the oil in the tanks shall remain at the risk of and be the property of the persons owning it prior to the Effective Date, and upon request shall be delivered in kind to them, or in the absence of their request, shall be sold by Unit Operator for their account. For the purpose of this clause, "merchantable oil" shall mean crude oil above the base of the sale line outlet or one foot from the tank bottom, whichever is lower.

1302. Overproduction

If any overproduction of oil from the proposed Unitized Zone has been sold by a Party prior to the Effective Date, such Party shall pay to Unit Operator for the Joint Account, the gross proceeds thereof less any royalty paid or payable thereon.

1303. No Allowance for Underproduction

No allowance shall be made to a Party for any underproduction of oil prior to the Effective Date.

ARTICLE XIV
SURFACE RIGHTS

1401. Submission of List to Unit Operator

As soon as reasonably possible after executing this agreement, each Party shall submit to Unit Operator a list of all easements, rights-of-way, surface leases, rights of entry and other surface rights which it holds in connection with its operations in the proposed Unit Area, together with particulars thereof including rentals payable, if any.

1402. Surface Rights Required for Unit Operations

Unit Operator shall, as soon as practicable after the receipt of each of the aforesaid lists, advise in writing the Party submitting the list which, if any, of its listed surface rights will be required for Unit Operations. Subject to the other provisions of this Article, each Party shall continue to hold the surface rights so required and pay the applicable rentals and bill Unit Operator for the amount of rentals applicable to periods subsequent to the Effective Date. Unit Operator shall reimburse each Party for rentals so paid and the amounts thereof shall be for the Joint Account. Notwithstanding the foregoing, each Party holding surface rights required for Unit Operations may, at any time at its election, assign such surface rights to Unit Operator in accordance with clause 1404.

1403. Surface Rights Jointly Used

Where there is a well or wells on a Tract in addition to a Unit Well, and surface rights are being used for production jointly from one or more of such other wells and the Unit Well, the rentals applicable to the surface rights shall be divided equally between the wells with respect to which the surface rights are being jointly used, and Unit Operator shall only be billed for the portion of such rentals which is applicable to the production of Unitized Substances from the Unit Well. For the purpose of this clause, a well producing

selectively from more than one formation shall be considered a separate well for each respective formation.

1404. Assignment of Surface Rights

Unit Operator may require that any surface rights which are being used solely for Unit Operations be assigned to it. Any such assignment shall, however, contain an express reservation to the assignor of the right at any time upon request to use the assigned surface rights jointly with Unit Operator on the basis provided in clause 1403. When the assigned surface rights are no longer required, Unit Operator shall so notify the assignor who may require Unit Operator to re-assign the surface rights to the assignor. The provisions of clause 1405 shall apply, mutatis mutandis, in respect of any surface rights which are the subject of a notice given under this clause.

1405. Surface Rights No Longer Required

Unit Operator may notify a Party that its surface rights or any of them are no longer required for Unit Operations, but any such notice shall be given at least sixty (60) days prior to the date on which notice of surrender must be given to the surface owner or the accrual of a rental obligation, whichever is sooner. Unit Operator shall clean up the surface to the satisfaction of any governmental body having jurisdiction and to the reasonable satisfaction of the owner and occupier thereof. After giving such notice Unit Operator shall be relieved of its responsibility and liability with respect to the surface rights except any obligations already accrued, and shall be denied all benefit with respect to the surface rights, and shall thereafter be held harmless by the Party holding them from responsibility and liability as to the surface rights, which shall not thereafter be subject to this agreement.

1406. Surface Rights held in Fee Simple

Subject to any prior grant thereof, Unit Operator may use for Unit Operations any surface rights held in fee simple by a Party upon

payment to the Party of a rental commensurate with rentals paid for other surface rights in the Unit Area.

1407. Acquisition of Additional Surface Rights

Unit Operator may acquire such additional surface rights as it deems necessary or desirable for Unit Operations.

1408. Sharing of Surface Rights

Notwithstanding the provisions of clause 1007, Unit Operator may enter into agreements with any person for the sharing of any surface rights and all costs and expenses recovered or incurred by Unit Operator pursuant to such agreements shall be for the Joint Account.

ARTICLE XV
ABANDONMENT OF WELLS

1501. Rights of Former Owners

If the Operating Committee decides to plug and abandon permanently any Unit Well, Unit Operator shall give notice of this decision to the Party owning the Working Interest in the Tract upon which the well is located. The Party may elect by notice to Unit Operator within sixty (60) days, or forty-eight (48) hours if a drilling rig is in place, of receipt of notice, to take over and own the well and deepen or plug it back to a formation other than the Unitized Zone. Within ten (10) days after the Party has so elected it shall pay to Unit Operator for the Joint Account the fair net salvage value of the production casing and equipment in and on the well, as estimated and fixed by the Operating Committee. Unit Operator shall seal off the Unitized Zone in the well before handing it over to the Party and thereupon Unit Operator shall be relieved of its responsibility and liability with respect to the well, except any obligations already accrued, and shall be denied all benefit with respect to the well and shall thereafter be held harmless by the Party so electing from responsibility and liability as to the well, which shall not thereafter be subject to this agreement.

1502. Abandonment of Wells

If the Party receiving a notice pursuant to clause 1501 does not elect to take over the Unit Well proposed for abandonment, Unit Operator shall abandon the Unit Well in accordance with applicable laws and regulations and the cost of such abandonment shall be for the Joint Account.

1503. Surface Clean-up

Upon the abandonment of any well in the Unit Area, Unit Operator or the Party abandoning the well shall clean up the surface at the wellsite to the satisfaction of any governmental body having jurisdiction and to the reasonable satisfaction of the owner and occupier thereof.

ARTICLE XVI
TERM OF AGREEMENT

1601. Term

This agreement is binding upon a person who executes and delivers a counterpart thereof to Unit Operator, and that person is bound by this agreement as of the time of such delivery. Subject to Article XVII, this agreement shall remain in full force and effect while Unitized Substances are produced or are capable of being produced from the Unitized Zone in paying quantities and thereafter until all Unit Wells have been plugged and abandoned, and the Unit Facilities have been salvaged and the accounts between the Parties have been settled. Notwithstanding anything herein contained, this agreement may be terminated by the vote provided for in clause 404 (c) (v).

ARTICLE XVII
COMMENCEMENT DATE

1701. Commencement Date

Although this agreement is binding upon a person from the time that person executes and delivers a counterpart thereof to Unit

Operator, the Commencement Date for actions to be taken by the Parties to carry out the purposes of this agreement in accordance with its provisions shall be at 8:00 a.m. on the day next following the day when Unit Operator is satisfied that owners of Working Interests having Unit Participations totalling one hundred percent (100%), as set forth in the original Exhibit "D", have become Parties. Unit Operator shall notify the Parties thereof. If the unitization provided for in the Unit Agreement has not become effective within the time limited therein, this agreement shall thereupon terminate. If this agreement so terminates, all expenditures made in anticipation of the unitization becoming effective shall be borne by the Parties in the proportion that the voting interest of each bears to the combined voting interests of all the Parties.

ARTICLE XVIII
ABANDONMENT OF OPERATIONS

1801. Right to Operate

The owner of the Working Interest in a Tract desiring to take over and continue to operate a well located thereon may, upon the termination of this agreement, do so by paying Unit Operator for the Joint Account, the fair net salvage value of the casing and equipment in and on the well as estimated and fixed by the Operating Committee, and by agreeing to plug the well when it is finally abandoned.

1802. Salvaging Wells

With respect to all wells not taken over for continued operations pursuant to clause 1801, Unit Operator shall, for the Joint Account, salvage as much of the casing and equipment in or on such wells as can economically and reasonably be salvaged, and cause the wells to be properly plugged and abandoned.

1803. Cost of Salvaging

The cost of salvaging, liquidation or other distribution of

assets and properties used in Unit Operations shall be for the Joint Account.

ARTICLE XIV

GENERAL

1901. Affects Working Interest Only

This agreement affects the Working Interests of the Parties. Any Royalty Interest is governed solely by the Unit Agreement.

1902. Execution Without Prejudice

The execution of this agreement by Parties who claim title to any interest in the Unit Area shall not constitute a waiver of any such claim, but any Party who succeeds to the title to a Working Interest in a Tract shall be bound by this agreement with respect to such Working Interest.

1903. Lien on or Assignment of Production

If any interest of a Party in a Tract or Unitized Substances or the proceeds or value thereof is subject to a lien, assignment of production or other encumbrance, the owner or holder of such lien, assignment or encumbrance, by consenting to this agreement in writing, agrees that such lien, assignment or encumbrance shall, from the Effective Date continue in effect, but shall apply only to such interest as the same is amended, modified and affected by this agreement and the Unit Agreement, and shall be subject to such agreements as to the Party and such interest.

1904. No Partitioning

A Party shall not resort to any action for partition or sale in lieu of partition of the Unit Facilities or any lands affected by this agreement.

1905. No Surrender without Consent

A Party shall not surrender its Working Interest in a Tract

without the prior consent of the Operating Committee.

1906. Waivers

A waiver of any breach of a provision of this agreement shall not be binding upon a Party unless it is in writing and signed and such waiver shall not affect a Party's rights with respect to any other or future breach whether of a similar or different nature.

1907. Suits

A Party who is sued on an alleged cause of action arising out of Unit Operations shall forthwith notify every other Party.

1908. Further Assurances

Each Party shall from time to time and at all times do all such further acts and execute and deliver all such further deeds and documents as required in order fully to perform and carry out this agreement.

1909. Restriction on Dispositions

A Party shall not make any disposition of a Working Interest which does not include a corresponding interest in the Unit Facilities. No Working Interest shall be owned apart from a corresponding interest in the Unit Facilities and vice versa.

1910. United States Internal Revenue Provision

The Parties hereto agree that if for purposes of the United States Internal Revenue Code of 1954 this agreement or the relationship established thereby constitutes a partnership, as defined in Section 761(a) of the said Code, each of the Parties hereto who is entitled under the said Section 761(a) to elect, hereby elects to have the said partnership excluded from the application of Subchapter K of Chapter 1 of Subtitle A of the said Code, or such portion thereof as the Secretary of the Treasury of the United States or his delegate shall permit by election to be excluded therefrom. The Unit Operator is authorized to execute such election on behalf of the Parties who are

entitled to make such election and to file the election with the proper United States government office or agency, and Unit Operator is further authorized and directed to execute and file such additional and further evidence of such election as may be required; provided that if Unit Operator is not subject to the said Code with respect to the Unit Area, the obligation of Unit Operator under this clause shall be carried out by the Party hereto who is subject to the said Code with respect to the Unit Area and who holds the greatest Working Interest.

1911. Notices and Communications

All notices or communications hereunder shall be in writing and in lieu of personal service may be given or made by prepaid telecommunication or by mailing in a sealed and properly addressed envelope with postage prepaid. Notices or communications shall be deemed to have been received twelve (12) hours after the sending thereof in the case of a telecommunication, and ninety-six (96) hours after the date of mailing in the case of mailing, in either case excluding Saturdays, Sundays and statutory holidays. The address appearing below the execution of each Party shall be the address to which notices and communications to it shall be directed. A Party may change its address by notice to Unit Operator. Upon request Unit Operator shall furnish to any Party the address for service of any other Party.

1912. Inuring Clause

This agreement shall inure to the benefit of and be binding upon the Parties and their respective heirs, executors, administrators, successors and assigns.

1913. Execution in Counterpart

This agreement may be executed in separate counterparts and

all the executed counterparts together shall constitute one agreement.

IN WITNESS WHEREOF the Parties have executed this agreement
each on the date shown opposite its execution hereof.

Date: _____

Address for Service: _____

EXECUTION PAGE

UNIT OPERATING AGREEMENT - DALY UNIT NO. 4

all the executed counterparts together shall constitute one agreement.

IN WITNESS WHEREOF the Parties have executed this agreement
each on the date shown opposite its execution hereof.

Date: DEC 17 1987

Address for Service:

Suite 400, 815 Eighth Avenue S.W.

Calgary, Alberta T2P 3P2

TRILOGY RESOURCE CORPORATION

PRESIDENT

VICE-PRESIDENT PRODUCTION

APPROVALS
ENGINEERING
LAND & LEGAL

EXECUTION PAGE

UNIT OPERATING AGREEMENT - DALY UNIT NO. 4

all the executed counterparts together shall constitute one agreement.

IN WITNESS WHEREOF the Parties have executed this agreement
each on the date shown opposite its execution hereon.

Date: Dec 11/77

Address for Service:

480-222-1 NW 5th

Fort Lauderdale

EXECUTION PAGE

UNIT OPERATING AGREEMENT - DALY UNIT NO. 4

all the executed counterparts together shall constitute one agreement.

IN WITNESS WHEREOF the Parties have executed this agreement
each on the date shown opposite its execution hereof.

Date: December 31 1987

Address for Service:

2870 Bow Valley Sq. IV
250 67th Ave SW
Calgary Alberta
T2P 3H7

[Signature]
L. SCHNEIDER
President
C+T Resources Ltd

EXECUTION PAGE

UNIT OPERATING AGREEMENT - DALY UNIT NO. 4

all the executed counterparts together shall constitute one agreement.


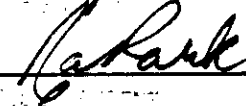
IN WITNESS WHEREOF the Parties have executed this agreement
each on the date shown opposite its execution hereof.

Date: 1988-11-15

CHEVRON CANADA RESOURCES, a Partnership
by its managing partner,
CHEVRON CANADA RESOURCES LIMITED

Address for Service:

500 - FIFTH AVENUE S.W.
CALGARY, ALBERTA
T2P 0L7

EXECUTION PAGE

UNIT OPERATING AGREEMENT - DALY UNIT NO. 4

EXHIBIT "D"
ATTACHED TO AND MADE PART OF AN AGREEMENT ENTITLED
"UNIT OPERATING AGREEMENT
DALY UNIT NO. 4"

PARTIES AND UNIT PARTICIPATIONS

<u>Company</u>	<u>Percent Unit Participation (%)</u>
Chevron Canada Resources Limited	20.8076
C & T Resources Ltd.	36.0424
Resman Oil and Gas Ltd.	36.0424
Trilogy Resource Corporation	7.1076
	<hr/>
	100.0000

Effective as of the
Effective Date

EXHIBIT "E"
 ATTACHED TO AND MADE PART OF AN AGREEMENT ENTITLED
 "UNIT OPERATING AGREEMENT
 DALY UNIT NO. 4"

LIST OF UNIT WELLS

<u>Well Name</u>	<u>Location</u>
Resman Jorex Trilogy Daly 2-25-9-28	2-25-9-28 WPM
Resman et al Daly 3-25-9-28	3-25-9-28-WPM
Resman et al Daly 6-25-9-28	6-25-9-28-WPM
Resman et al Daly 7-25-9-28	7-25-9-28-WPM
Resman et al Daly 10-25-9-28	10-25-9-28-WPM
Res Jorex Trilogy Daly 11-25-9-28	11-25-9-28-WPM
Resman Jorex Daly 12-25-9-28	12-25-9-28-WPM
Resman Jorex Daly 13-25-9-28	13-25-9-28-WPM
Resman Jorex Daly 9-26-9-28	9-26-9-28-WPM
Resman Jorex Daly 10-26-9-28	10-26-9-28-WPM
Resman Jorex Daly 15-26-9-28	15-26-9-28-WPM
Resman Jorex Daly 16-26-9-28	16-26-9-28-WPM
Resman Jorex Daly 7-27-9-28	7-27-9-28-WPM
Resman Jorex Daly 8-27-9-28	8-27-9-28-WPM
Resman Jorex Daly 9-27-9-28	9-27-9-28-WPM
Resman et al Daly 10-27-9-28	10-27-9-28-WPM
Res Jorex Daly 11-27-9-28	11-27-9-28-WPM
Resman Jorex Daly 14-27-9-28	14-27-9-28-WPM
Resman Jorex Daly 15-27-9-28	15-27-9-28-WPM
Resman Jorex Daly 16-27-9-28	16-27-9-28-WPM
Resman Jorex Daly 1-34-9-28	1-34-9-28-WPM
Resman Jorex Daly 2-34-9-28	2-34-9-28-WPM
Chevron Daly 3-34-9-28	3-34-9-28 WPM
Chevron Daly 6-34-9-28	6-34-9-28 WPM
Resman Jorex Daly 7-34-9-28	7-34-9-28-WPM
Consolidated Daly 8-34-9-28	8-34-9-28-WPM
Resman Jorex Daly 9-34-9-28	9-34-9-28 WPM
Resman Jorex et al Daly 1-35-9-28	1-35-9-28 WPM
Resman Jorex et al Daly SWD 1C-35-9-28	1C-35-9-28 WPM
Resman Jorex et al Daly 2-35-9-28	2-35-9-28 WPM
Resman Jorex et al Daly 3-35-9-28	3-35-9-28 WPM
Resman Jorex et al Daly 4-35-9-28	4-35-9-28 WPM
Res Jorex et al Daly 5-35-9-28	5-35-9-28 WPM
Resman Jorex Daly 6-35-9-28	6-35-9-28 WPM
Res Jorex Daly 7-35-9-28	7-35-9-28 WPM
Resman Jorex et al Daly 8-35-9-28	8-35-9-28 WPM
Resman Jorex et al Daly 9-35-9-28	9-35-9-28 WPM
Resman Jorex Daly 10-35-9-28	10-35-9-28 WPM
Resman Jorex Daly 11-35-9-28	11-35-9-28 WPM
Res Jorex et al Daly 12-35-9-28	12-35-9-28 WPM

Well NameLocation

Resman Jorex Daly 13-35-9-28	13-35-9-28 WPM
Resman Jorex Daly 14-35-9-28	14-35-9-28 WPM
Resman Jorex Daly 15-35-9-28	15-35-9-28 WPM
Res Jorex Daly 16-35-9-28	16-35-9-28 WPM
Resman et al Daly 5-36-9-28	5-36-9-28 WPM
Resman Jorex Daly Prov 11-36-9-28	11-36-9-28 WPM
Resman Jorex Daly Prov 12-36-9-28	12-36-9-28 WPM
Resman Jorex Daly Prov 13-36-9-28	13-36-9-28 WPM
Res Jorex Daly 4-1-10-28	4-1-10-28 WPM
Resman Jorex Daly 1-2-10-28	1-2-10-28 WPM
Resman Jorex Daly 2-2-10-28	2-2-10-28 WPM
Resman Jorex Daly 3-2-10-28	3-2-10-28 WPM
Resman Jorex Daly 4-2-10-28	4-2-10-28 WPM

Revision No. 1
1988-06-01

Effective as of the
Effective Date

EXHIBIT "F"
ATTACHED TO AND MADE PART OF AN AGREEMENT ENTITLED
"UNIT OPERATING AGREEMENT
DALY UNIT NO. 4"

ACCOUNTING PROCEDURE

PART I

GENERAL PROVISIONS

101. Definitions

The definitions of the Unit Operating Agreement, Daly Unit No. 4 (hereinafter called "the Agreement"), are adopted for the purpose of this Accounting Procedure. In addition, in this Accounting Procedure, unless the context otherwise requires:

- (a) "Completion Costs" means all monies expended in preparing a Unit Well for the taking of production up to and including the initial installation of tubing and the wellhead in and on a well but does not include Equipping Costs.
- (b) "Construction Project" means any construction or installation undertaken for the Joint Account, including each subsequent addition thereto or alteration thereof and Equipping Costs of a Unit Well, but does not include Drilling. For purposes of Clause 302, each addition, alteration or replacement hereunder will be considered as a separate Construction Project except that multiple projects of a similar nature being constructed under a single program will be consolidated as a single Construction Project.
- (c) "Controllable Material" means Material which at the time is so classified in the Controllable Material Price Catalogue as most recently recommended by the Petroleum Accountants Society of Western Canada.

- (d) "Drilling" means the use of a rig and crew for the drilling, completing, production testing, capping, plugging and abandoning, deepening, plugging-back, redrilling or reconditioning of a Unit Well (except routine cleanout and pump or rod pulling operation) or conversion of a well to a source, injection, observation or producing well and includes Completion Costs but not Equipping Costs.
- (e) "Equipping Costs" of a Unit Well means all monies expended, beyond Completion Costs, to acquire and install equipment required to produce Unitized Substances from the Unit Well including the pump (or other artificial lift equipment), the acquisition and installation of flow lines and production tankage serving the Unit Well and where necessary a heater, dehydrator or other facility for the initial treatment of the Unitized Substances to prepare such production for transport to market, but specifically excluding costs incurred beyond the point of entry into a gathering system, plant or other common facility which is or will be operated pursuant to a separate agreement.
- (f) "First Level Field Supervisor" means the employee whose primary function is the direct field supervision of other employees and/or contract labour directly employed in a field operating capacity.
- (g) "Joint Account" means the account showing the charges paid and credits received as a result of the Unit Operations and which are to be shared by the Parties in accordance with the terms of the Agreement.
- (h) "Material" means the equipment, machinery and supplies acquired for the Joint Account and classified as follows:
- (i) Condition "A" means that which is new;
 - (ii) Condition "B" means that which has been used but is suitable for its original function without reconditioning;
 - (iii) Condition "C" means that which has been used and would be suitable for its original function after

reconditioning or that which cannot be reconditioned for, but has a limited service in, its original function;

- (iv) Condition "D" means that which is not suitable for its original function but is usable for another function;
- (v) Condition "E" means that which is junk.

- (i) "New Price" means the current price of Condition "A" Material at the nearest reputable supply store where such Material is available or at the nearest receiving point to which such Material could be delivered, whichever is closer to the Unit Area. Tubular goods 50.8 mm (2 inches) in diameter and over shall be priced on a carload basis. Any cash discount that may be allowed by dealer shall not be deducted in determining New Price.
- (j) "Technical Employee" means the employee having special and specific engineering, geological or other professional skills such as, but not limited to engineers, geologists, geophysicists, technologists and landmen whose primary function is the handling of specific operating conditions and problems for the benefit of Unit Operations.

102. Records

Unit Operator shall maintain detailed records of Controllable Material in such a manner as to enable an effective reconciliation of any physical inventory with the Joint Account. Additions of such items will be accounted for as additional capital expenditure. Retirements of such items will be accounted for as reductions of capital expenditures. Replacements may be expensed.

103. Bills

Unit Operator shall bill each Party on or before the last day of each month for its proportionate share of the Joint Account for the preceding month. Such bills will be accompanied by statements which identify the authority for expenditure, or lease, or facility, and all charges and credits, summarized by appropriate classifications of

investment and expense. Items of Controllable Material and unusual charges and credits shall be identified and described in detail.

104. Payments

Bills shall be paid in accordance with clause 1205 of the Agreement.

105. Advances

The Parties shall pay, in accordance with clauses 1203 and 1204 of the Agreement, any advances required by Unit Operator thereunder.

106. Right to Protest or Question Bills

A Party may protest or question the correctness of a bill, notwithstanding the payment of it, if such protest or question is made in writing to Unit Operator within twenty-six (26) months following the end of the calendar year in which the bill was presented. If a Party does not protest or question within the time limited, the bill shall be deemed conclusively to be correct for all purposes. The provisions of this paragraph shall not prevent adjustments resulting from physical inventory of Material as provided for in Part V of this Accounting Procedure.

107. Audits

Any Party, upon notice in writing to Unit Operator and all other Parties, shall have the right to audit Unit Operator's accounts and records maintained for the Joint Account for any calendar year within the twenty-four (24) month period next following the end of such calendar year. Where two or more Parties desire to conduct such audits, they shall make every reasonable effort to conduct joint or simultaneous audits in a manner which will result in a minimum of inconvenience to Unit Operator. The cost of audits shall be borne by all Parties, except Unit Operator. Any claims of discrepancies disclosed by such audit shall be made in writing to Unit Operator within two (2) months of the completion of such audit.

Unit Operator shall respond to any claims of discrepancies within six (6) months of receipt of such claims. If Unit Operator is unable to respond to the claims during the six month period, one extension of three (3) months may be presented by Unit Operator to the Parties for approval in accordance with Clause 404 (b) of the Agreement. Claims unanswered after the above six month period and/or additional three month extension, shall be credited forthwith to the Joint account as originally submitted, until such claims of discrepancies are resolved.

PART II

CHARGES

Unit Operator may charge the Joint Account with the cost of the following items:

201. Rentals and Other Payments

Rentals, renewal fees and other payments that are required to maintain the interest of the Parties in the Unit Area or Unit Facilities.

202. Labour

- (a) (i) Salaries and wages of Unit Operator's field employees directly employed at the Unit Area or on the site of the Unit Facilities in conduct of Unit Operations;
- (ii) Salaries of First Level Field Supervisors in the field;
- (iii) Salaries and wages of Technical Employees directly employed at the Unit Area or on the site of the Unit Facilities in conduct of Unit Operations;
- (iv) Salaries and wages of Technical Employees who are either temporarily or permanently assigned to and directly employed off the site of the Unit Area or Unit Facilities may be charged with the prior approval of the Operating Committee. Charges for such Technical Employees shall be limited to that portion of the

salaries and wages attributable to and actually devoted to Unit Operations.

- (v) Earned or compensatory time off relating to the above wage or salary categories.
- (b) Unit Operator's costs of holiday, vacation, sickness and disability benefits and other customary allowances paid to employees whose salaries and wages are for the Joint Account. Costs under this paragraph 202 (b) shall be charged by a "percentage assessment" on the amount of salaries and wages chargeable to the Joint Account. The rate shall be based on the Unit Operator's cost experience.

203. Employee Benefits

Unit Operator's costs with respect to employees whose salaries and wages are chargeable under paragraph 202 by a percentage assessment:

- (a) Compulsory:
Expenditures or contributions made pursuant to assessments imposed by governmental authority which are applicable to Unit Operator's salaries and wages for the Joint Account.
- (b) Non-Compulsory:
Established plans for employee's group life insurance, hospitalization, company pension, retirement, stock purchase, thrift, bonus and other benefit plans of a like nature, applicable to Unit Operator's labour for the Joint Account under subclauses 202 (a) and (b), shall be chargeable at Unit Operator's actual cost not to exceed twenty percent (20%) of such labour cost.

204. Travel and Moving

- (a) Costs of personnel transfers (excluding commissions, mortgage and interest payments and any loss on the sale of real estate) and personal expenses for the required staffing of the Unit Area and Unit Facilities, and subsequent replacements when such replacements are not for the primary

benefit of the Unit Operator.

- (b) Costs of travelling and personal expenses to and from and within the Unit Area and Unit Facilities for those employees whose salaries and wages are chargeable to the Joint Account.

205. Material

Material purchased or furnished by Unit Operator for use in Unit Operations as provided under Part IV including transportation cost thereof. So far as it is reasonably practicable and consistent with efficient and economical operation, only such Material shall be purchased for or transferred to the Unit Facilities as may be required for the conduct of the Unit Operations.

206. Services

- (a) Services relative to the Unit Operations incurred under contracts entered into by Unit Operator with contractors, or as agreed by the Parties.
- (b) Utilities and other services procured from outside sources including transportation costs thereof.
- (c) Professional consultant services shall not be for the Joint Account unless approved by the Operating Committee, except services provided for geological wellsite work and supervision of drilling operations.

207. Unit Operator's Facilities and Equipment

- (a) Unit Operator may charge for use of Unit Operator's own facilities and equipment at rates, not exceeding those available in the immediate area for available like facilities and equipment, commensurate with the cost of ownership and operation thereof, including depreciation and interest on the depreciated investment. The annual interest rate on investment shall not exceed the prime bank rate of the principal bank in Canada used by Unit Operator plus one percent (1%) determined at the beginning of each calendar year.

- (b) In lieu of the foregoing rates, Unit Operator may charge for use of its own facilities and equipment, except automotive equipment, at the commercial rates available in the immediate area, less twenty percent (20%).
- (c) Unit Operator may charge operating costs for Unit Operator's owned or leased automotive equipment used in Unit Operations. Costs shall be charged on a kilometrage (mileage), hourly or other equitable basis, based on the Unit Operator's actual cost experience.
- (d) When requested to do so, Unit Operator shall inform the Parties in advance of the rates to be charged.

208. Replacement or Repairs

Costs of replacement or repairs to the Unit Facilities made necessary because of damages or losses incurred by fire, flood, storm, theft, accident or other causes for which the Unit Operator is not liable. Unit Operator shall furnish the Parties with written notice of damages or losses incurred, as soon as practicable after the damage or loss has been discovered.

209. Surface Rights and Legal Services

Acquisition or renewal of surface rights and periodic rentals and related legal services for such title work. Fees and related expenses associated with other legal services may be charged only with the approval of the Operating Committee.

210. Taxes

Taxes paid for the Joint Account.

211. Insurance

Premiums paid for insurance that Unit Operator is required to carry for the Joint Account.

212. Communications

Communication equipment located on or serving the Unit Area

or the Unit Facilities and outgoing communications incurred by Unit Operator directly from the Unit Area or Unit Facilities. Other communication services as agreed upon by the Operating Committee.

213. Camp and Housing

Operation and maintenance of all necessary camp and housing facilities for, and boarding of, employees whose salaries and wages are for the Joint Account; provided that the charges for Unit Operator's own facilities shall be commensurate with the costs of ownership and operation thereof, including depreciation and interest on depreciated investment, less any revenue therefrom. The annual interest rate on investment shall not exceed the prime bank rate of the principal bank in Canada used by Unit Operator plus one percent (1%) determined at the beginning of each year. When operations in addition to Unit Operations are served by these facilities, the charge for such facilities shall be apportioned among all such operations on an equitable basis.

214. Central Production Control

- (a) Automated field and central production control facilities owned or leased by Unit Operator including employee costs for maintenance and operation of the central production control system and related computer facilities serving the Unit Operations shall be allocated to each operation served on an equitable basis.
- (b) Electronic/computerized gas chart reading and other computer usage shall not be charged to the Joint Account without the prior approval of the Operating Committee.

215. Ecological and Environmental

Requirements, whether statutory or otherwise, relating to the ecology or environment of the Unit Area. Costs of related studies shall be subject to the approval of the Operating Committee.

216. Engineering and Design

With the prior approval of the Operating Committee, design of Construction Projects shall be for the Joint Account including the salaries and expenses of Unit Operator's employees directly engaged in design work.

217. Warehouse Handling

- (a) If a warehouse is not maintained as a Unit Facility, Unit Operator may, with respect to Material delivered from its warehouse, charge:
 - (i) two and one-half percent (2-1/2%) of the cost of tubular goods, 50.8 mm (two inches) in diameter and over, and each other item of Material having a New Price in excess of \$5,000.00; and
 - (ii) five percent (5%) of the cost of all other Material delivered from its warehouse.
- (b) If a warehouse is maintained as a Unit Facility, Unit Operator may charge only the actual costs thereof.

218. Limits of Expenditures

Unit Operator may make or incur the following expenditures for the Joint Account, in addition to expenditures allowed by an approved forecast, without the prior approval of the Operating Committee:

- (a) an expenditure for any single undertaking, the total estimated cost of which is not in excess of Twenty-five Thousand Dollars (\$25,000.00);
- (b) expenditures which it deems necessary in emergencies to protect lives or property, but if it makes any said expenditure it promptly shall advise the Parties; and
- (c) expenditures not in excess of Ten Thousand Dollars (\$10,000.00) for full settlement of each damage claim resulting or arising from Unit Operations, other than those claims for which insurance has been provided in Exhibit "G". Unit Operator will furnish notice of damage or loss to each

Party as soon as possible after notice of damage or loss has been received by Unit Operator.

219. Other Costs

Costs, as approved by the Operating Committee, for which provision is not made elsewhere in this Accounting Procedure.

PART III

OVERHEAD

301. Definitions

In this Part III:

- (a) "Cost" means total expenditures described in PART II (excluding those expenditures referred to in Paragraph 201 and expenses of litigation, judgements, settlement of claims, salvage credits for Material retired and the value of injected substances purchased for enhanced recovery) incurred in conducting Unit Operations.
- (b) "Overhead" means the cost to Unit Operator of salaries, wages, employee benefits and all other expenses of employees and the cost of maintaining and operating all offices, camps, housing and other facilities that are not Unit Facilities, other than those costs covered in Part II hereof.
- (c) "Producing Well" means a Unit Well that in a calendar month:
 - (i) is capable of economic production of Unitized Substances and has an allowable assigned thereto but not including wells shut-in for three (3) consecutive months; or
 - (ii) is connected to a source, injection, disposal system or to a permanent gas sales outlet; or
 - (iii) is used as an observation well in the Unitized Zone; provided that a well that is Drilling during the entire month or is permanently shut in and waiting abandonment,

shall not be considered a Producing Well, and a well completed in and producing selectively from more than one zone shall be considered a separate Producing Well for each such zone (two or more zones that are commingled shall be counted as a single zone); and provided further that a source, injection or disposal well or a well connected to a permanent gas sales outlet which is shut in for three consecutive months shall not be considered a Producing Well.

302. Overhead Rates

Notwithstanding that the actual costs may be greater or less, Unit Operator shall charge the Joint Account for Overhead as follows:

- (a) for each Drilling Well:
 - (i) three percent (3%) of the first \$50,000.00 of Cost; plus
 - (ii) two percent (2%) of the next \$100,000.00 of Cost; plus
 - (iii) one percent (1%) of Cost exceeding \$150,000.00.
- (b) for each Construction Project:
 - (i) five percent (5%) of the first \$50,000.00 of Cost; plus
 - (ii) three percent (3%) of the next \$100,000.00 of Cost; plus
 - (iii) one percent (1%) of Cost exceeding \$150,000.00.
- (c) for each Producing Well \$150.00 per month.

PART IV

PRICING OF JOINT MATERIAL PURCHASES, TRANSFERS AND DISPOSITIONS

401. Material

Unit Operator shall make proper and timely charges and credits for all Material movements affecting the Unit Facilities. Unit Operator shall provide all required Material; however, at Unit Operator's option, such Material may be supplied by another Party. Unit Operator shall make timely disposition of idle and/or surplus

Material either through sale to Unit Operator or any other Party, division in kind, or sale to outsiders. Unit Operator may purchase, but shall be under no obligation to purchase, the interests of the other Parties in surplus Material. All sales of surplus Material, the New Price of which is greater than Ten Thousand Dollars (\$10,000.00) shall be subject to approval by the Operating Committee. All other disposals of Material shall be at the discretion of the Unit Operator provided that any sales to the Parties or any of them shall be priced in accordance with Paragraph 403. The proceeds of sales of Material shall be for the Joint Account.

402. Purchases

Material purchased shall be charged at the price paid by Unit Operator after deduction of all discounts received. Credit for Material returned to vendor shall be for the Joint Account when adjustment has been received by the Unit Operator. Unit Operator shall purchase for, or transfer to, the Unit Area or Unit Facilities only such Material as is required for immediate use.

403. Transfers and Dispositions

Material furnished to the Unit Area and Material transferred from the Unit Area or disposed of by the Unit Operator, unless otherwise agreed to by the Operating Committee, shall be priced on the following basis exclusive of cash discounts:

(a) New Material (Condition "A")

Condition "A" Material, including tubular goods, shall be priced at the New Price in effect on date of movement.

(b) Good Used Material (Condition "B")

- (i) Condition "B" Material moved to the Unit Area at seventy-five percent (75%) of New Price;
- (ii) Condition "B" Material moved from the Unit Area - at seventy-five percent (75%) of New Price if Material was originally for the Joint Account as Condition "A" Material; or

- at sixty-five percent (65%) of New Price if Material was originally for the Joint Account as Condition "B" Material at seventy-five percent (75%) of New Price.

(c) Other Used Material (Condition "C", "D" or "E")

- (i) Condition "C" Material shall be priced at fifty percent (50%) of New Price;
- (ii) Condition "D" Material shall be priced at a value commensurate with its use or at prevailing prices;
- (iii) Condition "E" Material moved from the Unit Area shall be priced at the best price currently available.

Notwithstanding the Material condition, the Operating Committee may approve a price for Material not in accordance with the foregoing.

404. Premium Prices

Unit Operator may, with the approval of the Operating Committee, charge the direct cost and expense incurred in procuring Material that is not readily obtainable because of causes over which Unit Operator has no control, in making it suitable for use and in transporting it to the Unit Area.

405. Transportation of Material

Unit Operator may, for transporting Material supplied by Unit Operator, charge the actual cost of transportation to or from the Unit Area or the estimated cost of transporting such Material from the closer of the nearest reputable supply store or receiving point, whichever is the lesser, but no charge shall be made for transporting Material from the Unit Area to other properties belonging to the Unit Operator without the approval of the Operating Committee.

PART V
INVENTORIES

501. Inventories by Unit Operator or Committee

Unit Operator shall conduct inventories that are required hereunder unless an inventory committee is appointed by the Operating Committee for the purpose.

502. Notice of Inventory

Unit Operator shall give each Party notice that a periodic inventory will be conducted at least sixty (60) days before an inventory will begin. Each Party may elect to be represented during the taking of an inventory.

503. Frequency of Inventory and Expense

A periodic inventory shall be conducted by the Unit Operator at least once in every five (5) years, or whenever the Operating Committee so directs. The costs of conducting periodic inventories of Joint Account Controllable Material shall be charged to the Joint Account. Costs shall be determined in the same manner as audit costs that are generally accepted by the industry. The costs of conducting inventories initiated at more frequent intervals by the Unit Operator shall be borne by the Unit Operator.

504. Reconciliation of Inventory

A reconciliation of the physical inventory with the Joint Account records shall be made by Unit Operator and approved by the Parties conducting the physical inventory. Unit Operator shall submit a list of overages and shortages to the Parties and shall make adjustments to the Joint Account records to reflect the physical inventory.

505. Special Inventories

Each Party shall have the right at any time to request in writing the taking of a special inventory of Controllable Material which shall be commenced within sixty (60) days of receipt of the

written notice. Such Party shall be entitled to be represented at the taking of the special inventory.

All expenses incurred by the Unit Operator in conducting the special inventory, including reconciliation if requested, shall be borne by the requesting Party.

EXHIBIT "G"

ATTACHED TO AND MADE PART OF AN AGREEMENT ENTITLED
"UNIT OPERATING AGREEMENT
DALY UNIT NO. 4"

INSURANCE

In respect of Unit Operations, the Unit Operator shall comply with the requirements of all Unemployment Insurance and Workers' Compensation legislation and, without in any way limiting the obligations or liabilities of the Unit Operator, the Unit Operator shall, prior to the commencement of such operations, comply with the following insurance provisions:

- (a) The Unit Operator shall, prior to the commencement of Unit Operations, hold or cause to be held with a reputable insurance company or companies, and thereafter maintain or cause to be maintained for the Joint Account and benefit of the Parties hereto, the insurance hereinafter set forth. The insurance required pursuant to this subclause shall be primary and shall be as follows:
 - (i) Automobile Liability Insurance covering all motor vehicles or snowcraft and all terrain vehicles, owned or non-owned, operated and/or licensed by the Unit Operator and used in Unit Operations with a inclusive bodily injury, death and property damage limit of One Million Dollars (\$1,000,000.00) per accident.
 - (ii) Comprehensive General Liability Insurance with an inclusive bodily injury, death and property damage limit of One Million Dollars (\$1,000,000.00) per occurrence and, without restricting the generality of the foregoing provisions of this subclause, such coverage shall include, but not be

limited to, Contractual Liability, Employer's Liability, Contractors' Protective Liability and Products and Completed Operations Liability.

- (iii) Aircraft Liability Insurance covering all aircraft, owned or non-owned, operated and/or licensed by the Unit Operator and used in the Unit Operations with an inclusive bodily injury, death and property damage limit of Five Million Dollars (\$5,000,000.00) per occurrence.
- (b) Where required amounts of insurance are insufficient to cover the total amount of a loss, or required insurance policies contain a deductible; or where any loss or expense is otherwise not covered or recovered from any required insurance policy, whether intended or expected to be covered, recovered or not, such loss or expense or amounts not recoverable shall be for the Joint Account.
- (c) Each Party shall be responsible for insuring its own interest with respect to physical damage to property, loss of income and any insurance other than that referred to in subclause (a). Such policies of insurance shall provide waivers on the part of insurers of all rights, by subrogation or otherwise, against the other Parties and their employees.
- (d) Unit Operator shall furnish the other Parties written notice of damages or losses incurred as soon as practicable after the damage or loss has been discovered. Unit Operator shall provide the other Parties with such assistance and materials required to substantiate such damages or losses for the purposes of the other Parties' insurance coverages.
- (e) The Unit Operator shall use every reasonable effort to have its contractors and subcontractors:
 - (1) comply with Unemployment Insurance and Workers' Compensation legislation and all other similar regulations and legislation

applicable to workers employed by them; and

- (ii) carry such insurance in such amounts as the Unit Operator deems necessary.
- (f) Upon the direction of the Operating Committee the Unit Operator shall itself, or cause the contractor to, carry and place in force, prior to the commencement of any facility construction, "All Risk" Course of Construction Insurance covering loss or damage to the facility in course of construction, including all machinery, materials, and supplies, on the premises of the facility or in transit thereto and intended to become part of the finished facility, and while there awaiting erection or installation and during erection or installation, testing and until:
 - (i) the facility is mechanically complete as a whole;
 - (ii) the facility is being operated by the Unit Operator; and
 - (iii) the facility has been operating for a period of not less than thirty (30) days.

Such insurance shall include the Parties, contractors and subcontractors as named insured as their respective interests may appear, and the amount of insurance shall be for the total completed value of the work.

- (g) If so requested by any Party, Unit Operator shall furnish evidence of compliance with the foregoing insurance provisions.
- (h) Each Party waives any and every right of subrogation against Unit Operator arising out of, or in any way connected with, the insurance coverage provided for in, or required by, this Exhibit "G".

Effective as of the
Effective Date

UNIT AGREEMENT
DALY UNIT NO. 4

TABLE OF CONTENTS

ARTICLE I
DEFINITIONS

101.	Definitions	1
------	-----------------------	---

ARTICLE II
EXHIBITS

201.	Exhibits	3
202.	Exhibits Correct	3
203.	Correction of Exhibits	3
204.	Effective Time	3
205.	Supplying of Exhibits	4
206.	Form of Revised or Corrected Exhibits	4

ARTICLE III
UNITIZATION AND EFFECT

301.	Unitization	4
302.	Personal Property Excepted	4
303.	Continuation of Leases	5
304.	Leases Amended	5
305.	Ratification of Leases	5
306.	Effect of Unitization on Titles	5
307.	Name	5

ARTICLE IV
AUTHORITY TO WORKING INTEREST OWNERS

401.	Operations	6
402.	Delegation	6
403.	Vote of Working Interest Owners	6

ARTICLE V
INCLUSION AND QUALIFICATION OF TRACTS

501.	Tracts Included on Effective Date	6
502.	Qualification of Tracts	6
503.	Revision of Exhibits	7

ARTICLE VI
TRACT PARTICIPATION

601.	Tract Participation	8
------	-------------------------------	---

ARTICLE VII
ALLOCATION OF UNITIZED SUBSTANCES PRODUCED

701.	Allocation to Tracts	8
702.	Distribution Within Tract	8
703.	Calculation of Royalty	8
704.	Taking Unitized Substances in Kind	9
705.	Failure to Take in Kind	9
706.	Royalty on Outside Substances	10

ARTICLE VIII
USE, LOSS AND STORAGE OF UNITIZED SUBSTANCES

801.	Use or Loss	10
802.	Storage	10

ARTICLE IX
ENLARGEMENT OF UNIT AREA

901.	Application for Lateral Enlargement	10
902.	Adjustment of Tract Participations	11
903.	Exhibits	11
904.	Effective Time of Enlargement	11
905.	No Retroactive Adjustment	12

ARTICLE X
DISPUTES

1001.	Disputes	12
-------	--------------------	----

ARTICLE XI
APPROVAL OF TITLES

1101.	Titles Committee	13
1102.	Approval of Titles by Working Interest Owners	13
1103.	Subsequent Failure of Title	13
1104.	Revision of Exhibits	14

ARTICLE XII
TRANSFER OF INTEREST

1201.	Disposition	14
-------	-----------------------	----

ARTICLE XIII
IN GENERAL

1301.	Execution in Counterpart	15
1302.	Dual Capacity	15
1303.	Subsequent Execution	15
1304.	No Partnership	15
1305.	Force Majeure	15
1306.	Taxes	16
1307.	Right of Redemption	16
1308.	Interpretation	16
1309.	Number and Gender	16
1310.	Time	16
1311.	Compliance with Legislation	17

ARTICLE XIV
EFFECTIVE DATE

1401.	Effective Date	17
1402.	Notice of Effective Date	17
1403.	Release of Parties	17

ARTICLE XV
TERM

1501.	Effect of Execution and Delivery	17
1502.	Termination	18
1503.	Salvaging Equipment upon Termination	18
1504.	Notice to Royalty Owners	18
	Execution Page	18
	EXHIBIT "A"	
	EXHIBIT "B"	
	EXHIBIT "C"	

UNIT AGREEMENT
DALY UNIT NO. 4

WHEREAS the Parties own Royalty Interests and Working Interests, or either of them, in the Unitized Zone;

AND WHEREAS the Parties desire that the Unitized Zone be developed, produced and operated as a unit, all as hereinafter provided;

NOW THEREFORE in consideration of the covenants herein contained, the Parties agree as follows:

ARTICLE I
DEFINITIONS

101. Definitions

In this agreement:

- (a) "Conservation Board" means The Oil and Natural Gas Conservation Board of the Province of Manitoba;
- (b) "Effective Date" means the time and date referred to in Article XIV;
- (c) "Lease" means an instrument granting a Working Interest in the Unitized Zone;
- (d) "Outside Substances" means any substances initially obtained from any source other than the Unitized Zone or any Unitized Substances with respect to which royalty has been paid;
- (e) "Party" means a person who is bound by this agreement;
- (f) "Petroleum Substances" means petroleum, natural gas and other hydrocarbons (except coal) or any of them, and all substances associated therewith;
- (g) "Royalty Interest" means any interest other than a Working Interest in Petroleum Substances, or the proceeds from the sale thereof, produced from the Lodgepole Formation but does

not include the interest of a person as a purchaser of Petroleum Substances after production;

- (h) "Royalty Owner" means a Party owning a Royalty Interest;
- (i) "Spacing Unit" means the area allocated to a well by the Conservation Board with respect to the Lodgepole Formation for the purpose of drilling for or producing Petroleum Substances;
- (j) "Tract" means a parcel of land described and given a Tract number in Exhibit "A";
- (k) "Tract Participation" means the percentage allotted to a Tract and set forth in Exhibit "A";
- (l) "Unit Area" means the lands described in Exhibit "A" and shown outlined on Exhibit "B";
- (m) "Unit Operator" means the person who is so designated under the Unit Operating Agreement;
- (n) "Unit Operating Agreement" means the agreement entitled "Unit Operating Agreement - Daly Unit No. 4" entered into by the Working Interest Owners;
- (o) "Unitized Zone" means the Lodgepole Formation within the Unit Area;
- (p) "Unitized Substances" means Petroleum Substances in or obtained from the Unitized Zone;
- (q) "Working Interest" means any right to produce and dispose of Petroleum Substances from the Lodgepole Formation including an interest chargeable with any costs of drilling for, recovery of and disposal of Petroleum Substances therefrom;
- (r) "Working Interest Owner" means a Party owning a Working Interest;
- (s) "Minister" means the member of the Executive Council charged by the Lieutenant Governor in Council with the administration of The Mines Act;
- (t) "Lodgepole Formation" means the formation of Mississippian age exemplified by the geological section occurring between the sonic log depths of 718 metres and 816 metres, as

measured from the Kelly Bushing at Resman Jorex Daly
7-35-9-28 WPM and shown on Exhibit "C".

ARTICLE II
EXHIBITS

201. Exhibits

The following exhibits are attached to and incorporated in
this agreement:

- (a) Exhibit "A" which numbers and describes each Tract and sets forth its Tract Participation, the names of the owners of the Working Interest and their respective shares of the Working Interest, together with the names of the Royalty Owners and their respective shares of the Royalty Interest;
- (b) Exhibit "B" which is a Tract map of the Unit Area;
- (c) Exhibit "C" which is a copy of a portion of the sonic log referred to in subclause 101(t) hereof.

202. Exhibits Correct

Each exhibit shall be deemed conclusively to be correct to the effective time of a revision or correction thereof as herein provided.

203. Correction of Exhibits

If any mistake or mechanical error occurs in an exhibit, Unit Operator may, or upon request of the Working Interest Owners shall, prepare a corrected exhibit but the data used in establishing Tract Participations shall not be re-evaluated.

204. Effective Time

Any corrected exhibit prepared on or before the Effective Date or within ninety (90) days thereafter shall be effective on the Effective Date. Any corrected exhibit prepared after the said ninety

(90) days shall be effective at 8:00 a.m. on the first day of the calendar month next following its preparation or on such other date as is determined by the Working Interest Owners.

205. Supplying of Exhibits

Each time that an exhibit is revised or corrected pursuant to this agreement, Unit Operator shall supply the Conservation Board and the Department of Energy and Mines, Manitoba with one (1) copy each and shall supply each Working Interest Owner with the number of copies of the exhibit it requests. Each Working Interest Owner shall supply each of its Royalty Owners, excepting the Crown, with a copy thereof.

206. Form of Revised or Corrected Exhibits

Exhibits that are revised or corrected shall show the effective time of the revision or correction and shall be numbered consecutively.

ARTICLE III
UNITIZATION AND EFFECT

301. Unitization

On and after the Effective Date the interest of each Royalty Owner and of each Working Interest Owner in the Unitized Substances and in the Unitized Zone are hereby unitized, as if the Unitized Zone had been included in a single lease executed by the Royalty Owners, as lessors, in favour of the Working Interest Owners, as lessees, and as if the lease had been subject to this agreement.

302. Personal Property Excepted

All lease and well equipment heretofore or hereafter placed by any of the Working Interest Owners on lands comprised in the Unit Area shall be deemed conclusively to be and shall remain personal property belonging to and may be removed by the Working Interest Owners. The Working Interest Owners' rights and interest therein are

set forth in the Unit Operating Agreement.

303. Continuation of Leases

All operations conducted with respect to the Unitized Zone or production of Unitized Substances shall, except for the purpose of calculating payments to Royalty Owners, be deemed conclusively to be operations upon or production from all of the Unitized Zone in each Tract, and such operations or production shall continue in force and effect each Lease and any other agreement or instrument relating to the Unitized Zone or Unitized Substances as if such operations had been conducted on and a well was producing from each Tract or Spacing Unit, or portion thereof, in the Unit Area.

304. Leases Amended

Each Lease and any other agreement or instrument relating to the Unitized Zone or Unitized Substances is hereby amended only to the extent necessary to make it conform to this agreement.

305. Ratification of Leases

Except for a Lease in respect of which a court action has been commenced and is pending on the Effective Date, each Royalty Owner hereby ratifies and confirms any Lease, as amended by this agreement, to which it is a party and agrees that no default exists with respect thereto and that any such Lease is in effect as of the Effective Date.

306. Effect of Unitization on Titles

Nothing herein shall be construed as a transfer or exchange of any interest in the Leases, Tracts or Unitized Zone, or in the Unitized Substances before production thereof.

307. Name

The name of the unit hereby constituted is "Daly Unit No. 4".

ARTICLE IV
AUTHORITY TO WORKING INTEREST OWNERS

401. Operations

The Working Interest Owners are hereby granted the right to develop and operate the Unitized Zone without regard to the provisions of the leases or the boundary lines of the Tracts or Spacing Units in such manner and by such means and methods as the Working Interest Owners consider necessary and proper and, without limiting the generality of the foregoing, the right to inject any substance or combination of substances into the Unitized Zone and convert and use as injection wells any wells now existing or hereafter drilled into the Unitized Zone.

402. Delegation

The Working Interest Owners may delegate to Unit Operator any of the rights and powers herein or otherwise granted to them.

403. Vote of Working Interest Owners

Any matter to be determined under this agreement by the Working Interest Owners may be determined by vote of the parties to the Unit Operating Agreement as prescribed therein.

ARTICLE V
INCLUSION AND QUALIFICATION OF TRACTS

501. Tracts Included on Effective Date

The Tracts included in the Unit Area as of the Effective Date are those Tracts which are qualified under clause 502:

- (a) before the Effective Date; or
- (b) on or within ninety (90) days after the Effective Date.

502. Qualification of Tracts

A Tract is qualified for inclusion in the Unit Area when its title has been approved by the Working Interest Owners under clause

1102 and when:

- (a) owners of one hundred percent (100%) of the Working Interest therein have become Parties and parties to the Unit Operating Agreement and owners of one hundred percent (100%) of the Royalty Interest therein have become Parties; or
- (b) owners of one hundred percent (100%) of the Working Interest therein have become Parties and parties to the Unit Operating Agreement and owners of less than one hundred percent (100%) of the Royalty Interest therein have become Parties, and such owners of Working Interests agree, if required by the other Working Interest Owners, to indemnify the other Working Interest Owners in a form and manner satisfactory to them for any loss or damages that may be suffered by such other Working Interest Owners in respect of claims and demands that, because of the inclusion of the Tract in the Unit Area, may be made by those owners of Royalty Interests in the Tract who have not become Parties; or
- (c) owners of Working Interests therein have agreed with the owners of Working Interests then Parties and parties to the Unit Operating Agreement as to the basis on which the Tract shall become qualified, where the Tract cannot be qualified pursuant to subclause (a) or (b) of this clause.

503. Revision of Exhibits

Within one hundred and twenty (120) days after the Effective Date the exhibits shall be revised, if necessary, to set out only those Tracts included in the Unit Area under this Article. The revised Exhibit "A" shall set forth the Tract Participations of the Tracts recalculated on the same basis and using the same data as that used in the calculation of Tract Participations in the original Exhibit "A" and so that their summation is one hundred percent (100%). The exhibits as so revised shall be effective as of the Effective Date.

ARTICLE VI
TRACT PARTICIPATION

601. Tract Participation

Each Tract has a Tract Participation as shown on Exhibit "A".

ARTICLE VII
ALLOCATION OF UNITIZED SUBSTANCES PRODUCED

701. Allocation to Tracts

Subject to clauses 801 and 802 the Unitized Substances when produced shall be allocated to the Tracts in accordance with their Tract Participations. The amount of Unitized Substances allocated to each Tract, and only that amount, regardless of whether it be more or less than the amount of actual production of Unitized Substances from the well or wells, if any, on the Tract, shall be deemed conclusively to have been produced from the Tract.

702. Distribution Within Tract

The Unitized Substances allocated to a Tract shall be distributed by the Working Interest Owners thereof among, or accounted for to, the Parties entitled to share in production from the Tract in the same manner, the same proportions, and upon the same conditions as they would have participated and shared in the production from the Tract, or in the proceeds from the sale thereof, had the Unitized Substances allocated to the Tract been actually produced therefrom by the Working Interest Owners.

703. Calculation of Royalty

The Working Interest Owners of each Tract shall calculate royalty on Unitized Substances allocated to the Tract at the applicable rate under the Lease, other agreement or instrument relating to the Tract. The Royalty Owners of each Tract agree to accept payment of royalty so calculated in satisfaction of the obligation of a Working Interest Owner to make royalty payments on Unitized Substances under

the Lease agreement or other instrument covering such Tract; but a lessee under a Lease shall not be relieved from making payment of royalty to its lessor if payment is not made by the Working Interest Owner as aforesaid. In calculating royalty on residue gas, sulphur and fluid hydrocarbons, or any of them, obtained by processing Unitized Substances, other than crude oil, by compression, absorption or other plant extraction or stabilization, proper allowances shall be made for costs, expenses and charges, including a reasonable return on investment, incurred in or attributable to gathering and processing the Unitized Substances.

704. Taking Unitized Substances in Kind

The Unitized Substances allocated to a Tract shall be delivered in kind at the time and place of production to the Working Interest Owners entitled thereto who may, if there is no interference with unit operations, construct, maintain and operate in the Unit Area all necessary facilities for taking delivery in kind. Any extra expenditures incurred by Unit Operator to deliver in kind to one or more, but less than all, Working Interest Owners, any portion of the Unitized Substances, shall be paid by the Working Interest Owner or Owners for whom the expenditures are incurred.

705. Failure to Take in Kind

To the extent that a Party entitled to take in kind any of the Unitized Substances fails to take or otherwise dispose of them at the time and place of production, then so long as such failure continues, Unit Operator, as agent and for the account and at the expense of such Party may sell, store, inject or otherwise dispose of them. Where there is a sale the net proceeds remaining from the sale shall be paid to the Party. Unit Operator may contract for the sale thereof only for the minimum term obtainable which in no event shall exceed one (1) year. When Unit Operator has so contracted, the Party may take its share of the Unitized Substances in kind upon the expiration of the current sales contract.

706. Royalty on Outside Substances

If an Outside Substance is injected into the Unitized Zone, the first like substance contained in the Unitized Substances subsequently produced and sold or used other than for operations hereunder shall be deemed conclusively to be an Outside Substance until a quantity equal to the quantity of the Outside Substance injected into the Unitized Zone is recovered. No royalty shall be payable on any substance which is deemed conclusively to be an Outside Substance.

ARTICLE VIII

USE, LOSS AND STORAGE OF UNITIZED SUBSTANCES

801. Use or Loss

The Working Interest Owners may use as much of the Unitized Substances, other than crude oil, as they deem necessary for the operations and development of the Unitized Zone including, but not limited to, the injection thereof into the Unitized Zone and in the operation of any plant or plants handling Unitized Substances. Unitized Substances so used or injected and Unitized Substances lost shall be excluded in allocating Unitized Substances to Tracts, and no royalty or other payment shall be payable in respect thereof.

802. Storage

The Working Interest Owners are hereby granted the right to inject Unitized Substances into the Unitized Zone for storage. Unitized Substances so injected shall be excluded in allocating Unitized Substances to Tracts, and no royalty or other payment shall be payable in respect thereof until they are recovered from storage and sold or used for operations other than operations hereunder.

ARTICLE IX

ENLARGEMENT OF UNIT AREA

901. Application for Lateral Enlargement

After the expiry of ninety (90) days from the Effective Date,

if an owner of a Working Interest in lands in the vicinity of the Unit Area indicated to be potentially productive of Petroleum Substances from the Lodgepole Formation makes application therefor, the Working Interest Owners may, upon such terms and conditions as they may determine, approve the admission of the lands into the Unit Area. If the lands qualify under clause 502, the Unit Area shall be enlarged to include them. Even though an owner of a Royalty Interest or of a Working Interest in lands approved hereunder for admission into the Unit Area is a Party, the lands shall not qualify for inclusion in the Unit Area unless the owner again executes and delivers a counterpart of this agreement to Unit Operator or the lands otherwise qualify pursuant to subclause (b) or (c) of clause 502.

902. Adjustment of Tract Participations

The Tract Participation of each Tract added pursuant to clause 901 shall be determined by the Working Interest Owners. The Tract Participations shall then be adjusted so that:

- (a) the ratios of the Tract Participations of Tracts shown on Exhibit "A" immediately prior to the enlargement remain the same to each other; and
- (b) the total of the Tract Participations for all Tracts of the enlarged Unit Area and Unitized Zone is one hundred percent (100%).

903. Exhibits

Unit Operator shall revise Exhibits "A" and "B" as required by the enlargement.

904. Effective Time of Enlargement

An enlargement pursuant to clause 901 and an adjustment of Tract Participations under this Article shall become effective at 8:00 a.m. on the first day of the first calendar month following approval of admission under clause 901, Tract qualification under clause 502 and approval of the Conservation Board.

905. No Retroactive Adjustment

There shall never be any retroactive adjustment of the allocation of Unitized Substances by reason of an enlargement under this Article.

ARTICLE X
DISPUTES

1001. Disputes

If the title or right of a Party to receive in kind all or any portion of the Unitized Substances allocated to a Tract, or any share of the proceeds from the sale thereof is in dispute, the Party concerned shall forthwith give notice thereof to Unit Operator. If Unit Operator is so notified or if Unit Operator is directed to do so by the Working Interest Owners in the event that it is otherwise informed of the dispute, Unit Operator shall withhold and sell the portion of Unitized Substances the title or right to which is in dispute, and hold in trust the proceeds from the sale thereof in an interest bearing trust account until:

- (a) the Party concerned furnishes security in a form and manner satisfactory to the Working Interest Owners for the proper accounting thereof to the rightful owner or owners if the title or right of the Party shall fail in whole or in part, whereupon the proceeds shall be paid to the Party; or
- (b) the title or right thereto is established by a final judgment of a Court or otherwise to the satisfaction of the Working Interest Owners whereupon such proceeds shall be paid to the person rightfully entitled.

If Unit Operator does not comply with this clause because it is not notified of a dispute by a Party concerned, that Party hereby agrees to indemnify and save harmless Unit Operator from any loss or damage suffered because of anything done or omitted to be done by Unit Operator because it was not notified.

ARTICLE XI
APPROVAL OF TITLES

1101. Titles Committee

The Working Interest Owners shall appoint a titles committee which shall investigate the ownership of all Tracts. Each Working Interest Owner shall submit to the titles committee such title data and information as the titles committee may reasonably require from time to time. The titles committee shall report the result of its investigation to the Working Interest Owners specifying the titles to Tracts which it unanimously recommends for approval.

1102. Approval of Titles by Working Interest Owners

The Working Interest Owners may approve:

- (a) the titles of Working Interest Owners to Tracts which have been unanimously recommended for approval by the titles committee; and
- (b) the titles of Working Interest Owners to Tracts which have not been unanimously recommended for approval by the titles committee but with respect to which such Working Interest Owners have agreed to indemnify the other Working Interest Owners, in a form and manner satisfactory to them, from loss or damage that may be suffered by them in respect of claims and demands made because of subsequent failure of the Working Interest Owners' title.

Notwithstanding the foregoing, the Working Interest Owners may approve any title that has not been unanimously recommended for approval by the titles committee.

1103. Subsequent Failure of Title

If the title of a Working Interest Owner to a Tract fails, the Tract shall be excluded from this agreement and the Unit Operating Agreement as of 8:00 a.m. on the first day of the calendar month in which the failure of title is finally determined unless:

- (a) any other Party is held or declared to own the title in which event that Party shall be bound by this agreement and the Unit Operating Agreement in respect of the Tract; or
- (b) by the last day of the next following calendar month the Tract qualifies for inclusion in the Unit Area pursuant to clause 502.

1104. Revision of Exhibits

Unit Operator shall revise the exhibits to reflect any change in ownership in or exclusion from this agreement of a Tract pursuant to clause 1103. Where a Tract is excluded, the Tract Participations of the other Tracts shall each be increased, without changing their ratios to each other, so that their summation is one hundred percent (100%). The revised exhibits shall be effective as of 8:00 a.m. on the first day of the calendar month in which the failure of title referred to in clause 1103 is finally determined.

ARTICLE XII
TRANSFER OF INTEREST

1201. Disposition

In this clause "disposition" means a sale, assignment, transfer, lease, sublease, conveyance, parting with possession, or any transaction of a similar nature, whether by trust or otherwise. A disposition of an interest owned by a Party in a Tract shall cover the whole or an undivided interest in the Party's interest in such Tract. A disposition shall not be binding on Unit Operator until the acquiring parties who are not Parties have executed and delivered to Unit Operator counterparts of this agreement, and the parties thereto have each given notice thereof to Unit Operator. Unit Operator shall revise the exhibits to reflect each disposition of an interest in a Tract and the revised exhibits shall be effective as of 8:00 a.m. on the first day of the calendar month next following the calendar month in which the notice is received by Unit Operator.

ARTICLE XIII
IN GENERAL

1301. Execution in Counterpart

This agreement may be executed in separate counterparts and all the executed counterparts together shall constitute one agreement. Execution of this agreement by the Minister shall be on behalf of the Crown only as owner of Royalty Interest.

1302. Dual Capacity

If a Party owns a Working Interest and a Royalty Interest, its execution of this agreement shall constitute execution in both capacities.

1303. Subsequent Execution

An owner of an interest in a Tract who has not become a Party as of the date the Tract was included in the Unit Area under Article V or IX, may become a Party with respect to that interest only on such terms and conditions as may be prescribed by the Working Interest Owners.

1304. No Partnership

The duties and obligations of the Parties shall be separate and not joint or collective. Nothing contained in this agreement shall be construed to create a partnership or association.

1305. Force Majeure

Neither Unit Operator nor any Party shall be deemed to be in default with respect to non-performance of its obligations hereunder, other than financial, if and so long as its non-performance is due, in whole or in part, to any cause beyond its reasonable control, but lack of funds shall not be a cause beyond a Party's reasonable control. The performance of such obligations shall begin or be resumed within a reasonable time after such cause has been removed. Neither this agreement nor any Lease or any other agreement or instrument relating

to the Unitized Zone or Unitized Substances shall terminate by reason of suspension of unit operations for the cause set forth in this clause.

1306. Taxes

Each Party shall be separately liable to the extent of its ownership for all taxes on Unitized Substances and with respect to the production or sale of Unitized Substances. A Working Interest Owner may, at any time and from time to time, pay said taxes on behalf of its Royalty Owner and deduct the amount of the payment from the Royalty Owner's royalty. Those taxes with respect to the production or sale of Unitized Substances shall be adjusted so that they are borne as if the basis of taxation was the allocation of Unitized Substances hereunder.

1307. Right of Redemption

A Working Interest Owner may, at any time and from time to time, with full rights of subrogation, redeem for its Royalty Owner any agreement for sale, mortgage, or other lien or encumbrance of any kind or nature affecting any interest in the Unit Area in the event of default of payment by the Royalty Owner and deduct the amount of any payment made hereunder from the Royalty Owner's royalty.

1308. Interpretation

The clause headings in this agreement shall not be considered in interpreting the text.

1309. Number and Gender

In this agreement words importing the singular include the plural and vice versa; words importing the masculine gender include the feminine and vice versa; and words importing persons include firms or corporations and vice versa.

1310. Time

In this agreement all times are "official times" as defined in The Official Time Act of the Province of Manitoba.

1311. Compliance with Legislation

The provisions of The Mines Act and regulations thereunder, as amended from time to time, take precedence over this agreement.

ARTICLE XIV
EFFECTIVE DATE

1401. Effective Date

The unitization provided for herein shall become effective at 8:00 a.m. official time of the first day of the first calendar month following the date of the Unit Operator receiving written approval of the agreement from the Conservation Board.

1402. Notice of Effective Date

As soon as possible after the Effective Date Unit Operator shall notify all Working Interest Owners, the Conservation Board and the Department of Energy and Mines of Manitoba of the Effective Date and of the Tracts qualified as of the Effective Date, and each Working Interest Owner shall advise each of its Royalty Owners of the Effective Date.

1403. Release of Parties

This agreement shall cease to bind the Parties if the unitization provided for herein has not become effective on or before the first day of April, 1988.

ARTICLE XV
TERM

1501. Effect of Execution and Delivery

Subject to clause 1403, this agreement is binding upon a person who executes and delivers a counterpart thereof to Unit Operator, and that person is bound by this agreement as of the time of such delivery. This agreement inures to the benefit of and is binding upon the heirs, executors, administrators, successors and assigns of

the Parties, but if a proposed Tract is not included in the Unit Area under Article V, the parties owning interest therein shall be completely released from the agreement with respect to it upon the expiration of ninety (90) days after the Effective Date.

1502. Termination

This agreement terminates ninety (90) days after all wells for the production of Unitized Substances in the Unit Area have been abandoned, plugged or disposed of or upon the termination of the Unit Operating Agreement, and thereafter the Parties shall be governed by the terms and provisions of their Leases and other agreements or instruments relating to the Unitized Zone or Unitized Substances.

1503. Salvaging Equipment upon Termination

The Royalty Owners grant the Working Interest Owners the right for a period of six (6) months after termination of this agreement to salvage, sell, distribute or otherwise dispose of the personal property and facilities used in connection with unit operations.

1504. Notice to Royalty Owners

The Working Interest Owners shall give notice in accordance with their Leases to their respective Royalty Owners of the termination of this agreement within thirty (30) days thereafter.

IN WITNESS WHEREOF the Parties have executed this agreement each on the date shown below.

Date: _____

AFFIDAVIT OF EXECUTION

C A N A D A)
PROVINCE OF)
TO WIT:)

I, _____ of the _____ of _____
in the Province of _____,
make oath and say:

1. THAT I was personally present and did see _____ who is personally known to me to be the person(s) named therein, duly sign, seal and execute the same for the purposes therein named.
2. THAT the same was executed at _____, in the Province of _____ and that I am the subscribing witness thereto.
3. THAT I know the said _____ and he (or she) is (or they are each) in my belief of the full age of eighteen years.

SWORN BEFORE ME at the _____)
of _____ in the Province)
of _____ this _____)
day of _____, A.D. 198__.

A Commissioner for Oaths in and for
the Province of

DOWER AFFIDAVIT

C A N A D A)
)
PROVINCE OF)
)
TO WIT:)

I, _____ of the _____ of _____
in the Province of _____, _____,
make oath and say: (Occupation)

1. THAT I am a party to the within instrument.

2. THAT I am not married.

OR

THAT neither myself nor my spouse have resided on the within mentioned
land at any time since our marriage.

SWORN BEFORE ME at the _____)
)
of _____ in the Province)
)
of _____ this _____)
)
day of _____, A.D. 198__)
)
)
)

A Commissioner for Oaths in and for
the Province of _____

CONSENT OF SPOUSE

I, _____, being married to the above named _____, do hereby give my consent to the disposition of our homestead, made in this instrument, and I have executed this document for the purpose of giving up my life estate and other dower rights in the said property given to me by The Dower Act to the extent necessary to give effect to the said disposition.

(Signature of Spouse)

CERTIFICATE OF ACKNOWLEDGEMENT OF SPOUSE

1. This document was acknowledged before me by _____
_____ apart from her husband (or his wife).
2. _____ acknowledged to me that she (or he)
 - (a) is aware of the nature of the disposition (or agreement),
 - (b) is aware that The Dower Act gives her (or him) a life estate in the homestead and the right to prevent disposition of the homestead by withholding consent,
 - (c) consents to the disposition (or agreement) for the purpose of giving up the life estate and other dower rights in the homestead given to her (or him) by The Dower Act to the extent necessary to give effect to the said disposition (or agreement),
 - (d) is executing the document freely and voluntarily without any compulsion on the part of her husband (or his wife).

DATED at _____, in the Province of _____.
this _____ day of _____, A.D. 198__.

(Title of Officiating Officer)

the Parties, but if a proposed Tract is not included in the Unit Area under Article V, the parties owning interest therein shall be completely released from the agreement with respect to it upon the expiration of ninety (90) days after the Effective Date.

1502. Termination

This agreement terminates ninety (90) days after all wells for the production of Unitized Substances in the Unit Area have been abandoned, plugged or disposed of or upon the termination of the Unit Operating Agreement, and thereafter the Parties shall be governed by the terms and provisions of their Leases and other agreements or instruments relating to the Unitized Zone or Unitized Substances.

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1504. Notice to Royalty Owners

The Working Interest Owners shall give notice in accordance with their Leases to their respective Royalty Owners of the termination of this agreement within thirty (30) days thereafter.

IN WITNESS WHEREOF the Parties have executed this agreement each on the date shown below.

CHEVRON CANADA RESOURCES, a Partnership
by its managing partner,
CHEVRON CANADA RESOURCES LIMITED

Date: 1988-05-18


MANAGING PARTNER

AGENT

the Parties, but if a proposed Tract is not included in the Unit Area under Article V, the parties owning interest therein shall be completely released from the agreement with respect to it upon the expiration of ninety (90) days after the Effective Date.

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1504. Notice to Royalty Owners

The Working Interest Owners shall give notice in accordance with their Leases to their respective Royalty Owners of the termination of this agreement within thirty (30) days thereafter.

IN WITNESS WHEREOF the Parties have executed this agreement each on the date shown below.

Date: September 21 1987

C+T Resources LTD.
[Signature]
[Signature]
L.J. SCHNEIDER
President

the Parties, but if a proposed Tract is not included in the Unit Area under Article V, the parties owning interest therein shall be completely released from the agreement with respect to it upon the expiration of ninety (90) days after the Effective Date.

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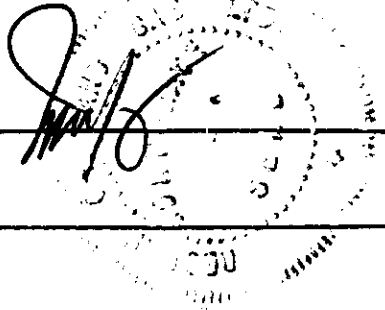
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IN WITNESS WHEREOF the Parties have executed this agreement each on the date shown below.

Date: Dec 20/87



the Parties, but if a proposed Tract is not included in the Unit Area under Article V, the parties owning interest therein shall be completely released from the agreement with respect to it upon the expiration of ninety (90) days after the Effective Date.

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This agreement terminates ninety (90) days after all wells for the production of Unitized Substances in the Unit Area have been abandoned, plugged or disposed of or upon the termination of the Unit Operating Agreement, and thereafter the Parties shall be governed by the terms and provisions of their Leases and other agreements or instruments relating to the Unitized Zone or Unitized Substances.

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1504. Notice to Royalty Owners

The Working Interest Owners shall give notice in accordance with their Leases to their respective Royalty Owners of the termination of this agreement within thirty (30) days thereafter.

IN WITNESS WHEREOF the Parties have executed this agreement each on the date shown below.

Date: DEC 17 1987

TRILOGY RESOURCE CORPORATION

[Signature]
PRESIDENT

[Signature]
VICE-PRESIDENT PRODUCTION

APPROVALS
ENGINEERING
LAND & LEGAL

[Handwritten initials and signatures over the stamp]

the Parties, but if a proposed Tract is not included in the Unit Area under Article V, the parties owning interest therein shall be completely released from the agreement with respect to it upon the expiration of ninety (90) days after the Effective Date.

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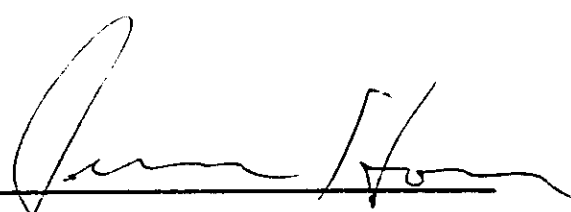
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IN WITNESS WHEREOF the Parties have executed this agreement each on the date shown below.

MAR 07 1988

Date: _____



Minister of Energy and Mines

Province of Manitoba

the Parties, but if a proposed Tract is not included in the Unit Area under Article V, the parties owning interest therein shall be completely released from the agreement with respect to it upon the expiration of ninety (90) days after the Effective Date.

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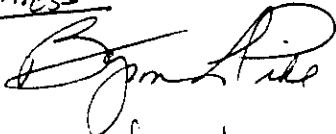
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1504. Notice to Royalty Owners

The Working Interest Owners shall give notice in accordance with their Leases to their respective Royalty Owners of the termination of this agreement within thirty (30) days thereafter.

IN WITNESS WHEREOF the Parties have executed this agreement each on the date shown below.

Witness:




MARION D. WILSON

Date: March 9th, 1988

AFFIDAVIT OF EXECUTION

C A N A D A)
)
PROVINCE OF ALBERTA.)
)
TO WIT:)

I, Byron L. Pike of the City of CALGARY
in the Province of ALBERTA, Landman,
make oath and say:

1. THAT I was personally present and did see MARION D. Wilson
who is personally known to me to be the person ~~(s)~~ named therein, duly sign,
seal and execute the same for the purposes therein named.

2. THAT the same was executed at Brandon, in the Province of
MANITOBA and that I am the subscribing witness thereto.

3. THAT I know the said MARION D. Wilson and ~~he~~ (or
she) is ~~for they are each~~ in my belief of the full age of eighteen years.

SWORN BEFORE ME at the City)
)
of CALGARY in the Province)
)
of ALBERTA this 14)
)
day of March, A.D. 1988.)

Harvey H. Pockrant
A Commissioner for Oaths ~~in and for~~ OUTSIDE
the Province of MANITOBA FOR USE THEREIN.

MY COMMISSION EXPIRES APRIL 5, 1989
HARVEY H. POCKRANT

the Parties, but if a proposed Tract is not included in the Unit Area under Article V, the parties owning interest therein shall be completely released from the agreement with respect to it upon the expiration of ninety (90) days after the Effective Date.

1502. Termination

This agreement terminates ninety (90) days after all wells for the production of Unitized Substances in the Unit Area have been abandoned, plugged or disposed of or upon the termination of the Unit Operating Agreement, and thereafter the Parties shall be governed by the terms and provisions of their Leases and other agreements or instruments relating to the Unitized Zone or Unitized Substances.

1503. Salvaging Equipment upon Termination

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1504. Notice to Royalty Owners

The Working Interest Owners shall give notice in accordance with their Leases to their respective Royalty Owners of the termination of this agreement within thirty (30) days thereafter.

IN WITNESS WHEREOF the Parties have executed this agreement each on the date shown below.

Date: [Signature]
WITNESS

Stewart H Lowdon

Jan 12th, 1988

AFFIDAVIT OF EXECUTION

C A N A D A)
PROVINCE OF Manitoba)
TO WIT:)

I, Byron L. Pike of the City of Calgary
in the Province of Alberta, Land Representative,
make oath and say:

1. THAT I was personally present and did see STEWART H. Lowdon
who is personally known to me to be the person ~~(s)~~ named therein, duly sign,
seal and execute the same for the purposes therein named. HHP

2. THAT the same was executed at Brandon, in the Province of
Manitoba and that I am the subscribing witness thereto.

3. THAT I know the said STEWART H. Lowdon and he ~~for~~ HHP
~~she~~ HHP is ~~(or they are each)~~ in my belief of the full age of eighteen years.

SWORN BEFORE ME at the CITY)
of Calgary in the Province)
of ALBERTA this 18th)
day of January, A.D. 1988.)

Byron L. Pike

Harvey H. Lockhart HHP
A Commissioner for Oaths ~~in and for~~ OUTSIDE
the Province of MANITOBA FOR USE THEREIN.
My Commission Expires APRIL 5, 1989

the Parties, but if a proposed Tract is not included in the Unit Area under Article V, the parties owning interest therein shall be completely released from the agreement with respect to it upon the expiration of ninety (90) days after the Effective Date.

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IN WITNESS WHEREOF the Parties have executed this agreement each on the date shown below.

<p><u><i>Edgar L. Pike</i></u> Dated: <u> </u> WITNESS</p>	<p><u><i>Alva M. Williams</i></u> <u> </u> <u>Jan 12th, 1988.</u></p>
---	---

AFFIDAVIT OF EXECUTION

C A N A D A)
PROVINCE OF Manitoba)
TO WIT:)

I, Byron L. Pike of the CITY of CALGARY
in the Province of ALBERTA, Land Representative,
make oath and say:

1. THAT I was personally present and did see ALVA M. Williams
who is personally known to me to be the person(s) named therein, duly sign,
seal and execute the same for the purposes therein named. HP
2. THAT the same was executed at Brandon, in the Province of
MANITOBA and that I am the subscribing witness thereto.
3. THAT I know the said ALVA M. Williams and ~~he~~ for HP
~~she~~ HP is ~~(or they are each)~~ in my belief of the full age of eighteen years.

SWORN BEFORE ME at the CITY)
of CALGARY in the Province)
of ALBERTA this 18th)
day of January, A.D. 1988.)

Byron L. Pike

Harvey H. Pacheco HP
A Commissioner for Oaths ~~in and for~~ OUTSIDE
the Province of MANITOBA FOR USE THEREIN

MY COMMISSION EXPIRES APRIL 5, 1989

the Parties, but if a proposed Tract is not included in the Unit Area under Article V, the parties owning interest therein shall be completely released from the agreement with respect to it upon the expiration of ninety (90) days after the Effective Date.

1502. Termination

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1504. Notice to Royalty Owners

The Working Interest Owners shall give notice in accordance with their Leases to their respective Royalty Owners of the termination of this agreement within thirty (30) days thereafter.

IN WITNESS WHEREOF the Parties have executed this agreement each on the date shown below.

BP
Date: *[Signature]*
WITNESS

Thomas Dowd
Jan 13th, 1988

LOWDON RESOURCES LTD.

EXECUTION PAGE, UNIT AGREEMENT - DALY UNIT NO. 4

AFFIDAVIT OF EXECUTION

C A N A D A)
)
PROVINCE OF MANITOBA)
)
TO WIT:)

I, Byron L. Pike of the City of Calgary
in the Province of Alberta, Land Representative,
make oath and say:

1. THAT I was personally present and did see Thomas London of London
who is personally known to me to be the person(s) named therein, duly sign, Reserves (2)
seal and execute the same for the purposes therein named. HP
2. THAT the same was executed at Virden, in the Province of
Manitoba and that I am the subscribing witness thereto.
3. THAT I know the said Thomas London of London Reserves and he for
she is (or they are each) in my belief of the full age of eighteen years. HP

SWORN BEFORE ME at the City)
)
of Calgary in the Province)
)
of Alberta this 18th)
)
day of January, A.D. 1988.)

Byron L. Pike

Harvey H. MacLennan
A Commissioner for Oaths ~~in and for~~ outside
the Province of MANITOBA FOR USE THEREIN.
MY COMMISSION EXPIRES APRIL 5, 1989

the Parties, but if a proposed Tract is not included in the Unit Area under Article V, the parties owning interest therein shall be completely released from the agreement with respect to it upon the expiration of ninety (90) days after the Effective Date.

1502. Termination

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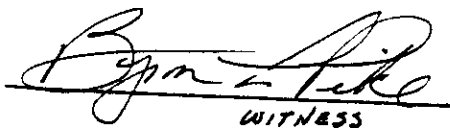
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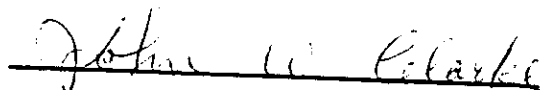
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1504. Notice to Royalty Owners

The Working Interest Owners shall give notice in accordance with their Leases to their respective Royalty Owners of the termination of this agreement within thirty (30) days thereafter.

IN WITNESS WHEREOF the Parties have executed this agreement each on the date shown below.


WITNESS



Date: January 12/28

AFFIDAVIT OF EXECUTION

CANADA)
)
PROVINCE OF MANITOBA)
)
TO WIT:)

I, Byron L. Pike of the city of Calgary
in the Province of ALBERTA, Land Representative,
make oath and say:

1. THAT I was personally present and did see John W. Clarke
who is personally known to me to be the person~~(s)~~ named therein, duly sign,
seal and execute the same for the purposes therein named. HHP

2. THAT the same was executed at VIRDEM, in the Province of
MANITOBA and that I am the subscribing witness thereto.

3. THAT I know the said John W. Clarke and he ~~is~~ for HHP
~~she~~ is ~~(or they are each)~~ in my belief of the full age of eighteen years.

SWORN BEFORE ME at the city)
)
of CALGARY in the Province)
)
of ALBERTA this 10th)
)
day of JANUARY, A.D. 1988.)

Harvey H. Pachant HHP
A Commissioner for Oaths ~~in and for~~ OUTSIDE
the Province of MANITOBA FOR USE THEREIN.
MY COMMISSION EXPIRES APRIL 5, 1989

Byron L. Pike

the Parties, but if a proposed Tract is not included in the Unit Area under Article V, the parties owning interest therein shall be completely released from the agreement with respect to it upon the expiration of ninety (90) days after the Effective Date.

1502. Termination

This agreement terminates ninety (90) days after all wells for the production of Unitized Substances in the Unit Area have been abandoned, plugged or disposed of or upon the termination of the Unit Operating Agreement, and thereafter the Parties shall be governed by the terms and provisions of their Leases and other agreements or instruments relating to the Unitized Zone or Unitized Substances.

1503. Salvaging Equipment upon Termination

The Royalty Owners grant the Working Interest Owners the right for a period of six (6) months after termination of this agreement to salvage, sell, distribute or otherwise dispose of the personal property and facilities used in connection with unit operations.

1504. Notice to Royalty Owners

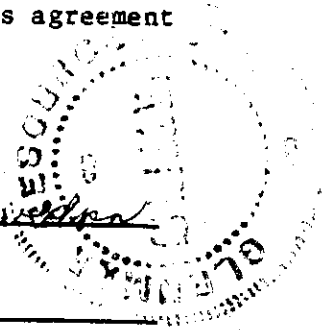
The Working Interest Owners shall give notice in accordance with their Leases to their respective Royalty Owners of the termination of this agreement within thirty (30) days thereafter.

IN WITNESS WHEREOF the Parties have executed this agreement each on the date shown below.

Date:

January 13th 1988

Georgina Lovelace



the Parties, but if a proposed Tract is not included in the Unit Area under Article V, the parties owning interest therein shall be completely released from the agreement with respect to it upon the expiration of ninety (90) days after the Effective Date.

1502. Termination

This agreement terminates ninety (90) days after all wells for the production of Unitized Substances in the Unit Area have been abandoned, plugged or disposed of or upon the termination of the Unit Operating Agreement, and thereafter the Parties shall be governed by the terms and provisions of their Leases and other agreements or instruments relating to the Unitized Zone or Unitized Substances.

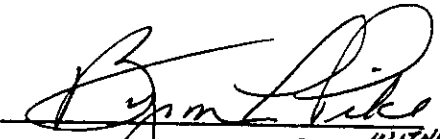

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The Working Interest Owners shall give notice in accordance with their Leases to their respective Royalty Owners of the termination of this agreement within thirty (30) days thereafter.

IN WITNESS WHEREOF the Parties have executed this agreement each on the date shown below.


Date: January 14th, 1988 ^{WITNESS}


AFFIDAVIT OF EXECUTION

C A N A D A)
)
PROVINCE OF MANITOBA)
)
TO WIT:)

I, Byron L. Pike of the CITY of CALGARY
in the Province of ALBERTA, Land Representative,
make oath and say:

1. THAT I was personally present and did see HAROLD H. Shoemaker,
who is personally known to me to be the person~~s~~ named therein, duly sign,
seal and execute the same for the purposes therein named. HHP
2. THAT the same was executed at VIRTON, in the Province of
MANITOBA and that I am the subscribing witness thereto.
3. THAT I know the said HAROLD H. Shoemaker and he ~~for~~ HHP
~~she~~ is ~~for they are each~~ in my belief of the full age of eighteen years.

SWORN BEFORE ME at the CITY)
)
of CALGARY in the Province)
)
of ALBERTA this 18th)
)
day of JANUARY, A.D. 1988.)

Harvey H. Pichant HHP
A Commissioner for Oaths ~~in and for~~ OUTSIDE
the Province of MANITOBA FOR USE THEREIN.

MY COMMISSION EXPIRES APRIL 5, 1989

the Parties, but if a proposed Tract is not included in the Unit Area under Article V, the parties owning interest therein shall be completely released from the agreement with respect to it upon the expiration of ninety (90) days after the Effective Date.

1502. Termination

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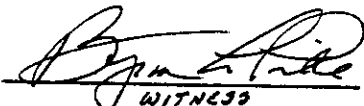
1503. Salvaging Equipment upon Termination

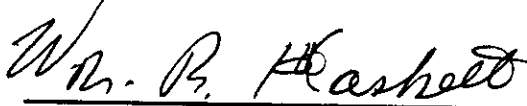
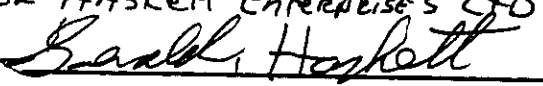
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The Working Interest Owners shall give notice in accordance with their Leases to their respective Royalty Owners of the termination of this agreement within thirty (30) days thereafter.

IN WITNESS WHEREOF the Parties have executed this agreement each on the date shown below.


WITNESS
Date: January 14th, 1988


FOR HASKETT ENTERPRISES LTD.


AFFIDAVIT OF EXECUTION

C A N A D A)
)
PROVINCE OF Manitoba)
)
TO WIT:)

I, Byron L. Pike of the city of Calgary
in the Province of ALBERTA, LAND REPRESENTATIVE,
make oath and say:

1. THAT I was personally present and did see both William B. HASKETT AND Gerald HASKETT who ~~is~~ ^{are} personally known to me to be the person(s) named therein, duly sign, seal and execute the same for the purposes therein named.
2. THAT the same was executed at The P.O. of Virden, in the Province of Manitoba and that I am the subscribing witness thereto.
3. THAT I know ^{both} the said William B. HASKETT AND Gerald HASKETT and ~~he (or she) is (or they are each)~~ in my belief of the full age of eighteen years.

SWORN BEFORE ME at the city)
)
of Calgary in the Province)
)
of ALBERTA this 18th)
)
day of January, A.D. 1988.)

Harvey H. Prefontaine
A Commissioner for Oaths ~~in and for~~ ^{outside}
the Province of MANITOBA FOR USE THEREIN
MY COMMISSION EXPIRES APRIL 5, 1989

the Parties, but if a proposed Tract is not included in the Unit Area under Article V, the parties owning interest therein shall be completely released from the agreement with respect to it upon the expiration of ninety (90) days after the Effective Date.

1502. Termination

This agreement terminates ninety (90) days after all wells for the production of Unitized Substances in the Unit Area have been abandoned, plugged or disposed of or upon the termination of the Unit Operating Agreement, and thereafter the Parties shall be governed by the terms and provisions of their Leases and other agreements or instruments relating to the Unitized Zone or Unitized Substances.

1503. Salvaging Equipment upon Termination

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1504. Notice to Royalty Owners

The Working Interest Owners shall give notice in accordance with their Leases to their respective Royalty Owners of the termination of this agreement within thirty (30) days thereafter.

IN WITNESS WHEREOF the Parties have executed this agreement each on the date shown below.

Date: [Signature]
WITNESS

David Barth Serrand
January 14th, 1988

AFFIDAVIT OF EXECUTION

C A N A D A)
)
PROVINCE OF MANITOBA)
)
TO WIT:)

I, Byron L. Pike of the city of CALGARY
in the Province of ALBERTA, Land Representative,
make oath and say:

1. THAT I was personally present and did see DAVID GARTH GERRAND
who is personally known to me to be the person ~~as~~ named therein, duly sign,
seal and execute the same for the purposes therein named. HH

2. THAT the same was executed at THE P.O. OF VIRDEN, in the Province of
MANITOBA and that I am the subscribing witness thereto.

3. THAT I know the said DAVID GARTH GERRAND and he ~~for~~ HH
~~she~~ HH is ~~(or they are each)~~ in my belief of the full age of eighteen years.

SWORN BEFORE ME at the city)
)
of CALGARY in the Province)
)
of ALBERTA this 18th)
)
day of JANUARY, A.D. 1988.)

Byron L. Pike

Harvey H. Lockhart HH
A Commissioner for Oaths ~~in and for~~ outside
the Province of MANITOBA FOR USE THEREIN
MY COMMISSION EXPIRES APRIL 5, 1989

the Parties, but if a proposed Tract is not included in the Unit Area under Article V, the parties owning interest therein shall be completely released from the agreement with respect to it upon the expiration of ninety (90) days after the Effective Date.

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This agreement terminates ninety (90) days after all wells for the production of Unitized Substances in the Unit Area have been abandoned, plugged or disposed of or upon the termination of the Unit Operating Agreement, and thereafter the Parties shall be governed by the terms and provisions of their Leases and other agreements or instruments relating to the Unitized Zone or Unitized Substances.

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1504. Notice to Royalty Owners

The Working Interest Owners shall give notice in accordance with their Leases to their respective Royalty Owners of the termination of this agreement within thirty (30) days thereafter.

IN WITNESS WHEREOF the Parties have executed this agreement each on the date shown below.

Date: January 13th, 1988

L. Lewdon

the Parties, but if a proposed Tract is not included in the Unit Area under Article V, the parties owning interest therein shall be completely released from the agreement with respect to it upon the expiration of ninety (90) days after the Effective Date.

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This agreement terminates ninety (90) days after all wells for the production of Unitized Substances in the Unit Area have been abandoned, plugged or disposed of or upon the termination of the Unit Operating Agreement, and thereafter the Parties shall be governed by the terms and provisions of their Leases and other agreements or instruments relating to the Unitized Zone or Unitized Substances.

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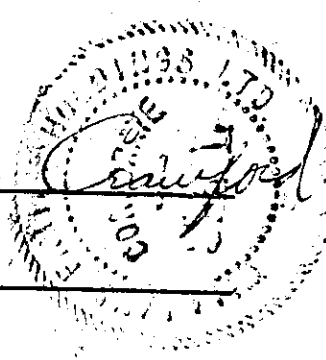
The Working Interest Owners shall give notice in accordance with their Leases to their respective Royalty Owners of the termination of this agreement within thirty (30) days thereafter.

IN WITNESS WHEREOF the Parties have executed this agreement each on the date shown below.

Date:

January 26th 1988

M. J. [Signature]
[Signature]
[Signature]



the Parties, but if a proposed Tract is not included in the Unit Area under Article V, the parties owning interest therein shall be completely released from the agreement with respect to it upon the expiration of ninety (90) days after the Effective Date.

1502. Termination

This agreement terminates ninety (90) days after all wells for the production of Unitized Substances in the Unit Area have been abandoned, plugged or disposed of or upon the termination of the Unit Operating Agreement, and thereafter the Parties shall be governed by the terms and provisions of their Leases and other agreements or instruments relating to the Unitized Zone or Unitized Substances.

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1504. Notice to Royalty Owners

The Working Interest Owners shall give notice in accordance with their Leases to their respective Royalty Owners of the termination of this agreement within thirty (30) days thereafter.

IN WITNESS WHEREOF the Parties have executed this agreement each on the date shown below.

Date: January 27, 1988

Orma Jean Gray
Tim [Signature]
WITNESS

AFFIDAVIT OF EXECUTION

CANADA)
)
PROVINCE OF MANITOBA)
)
TO WIT:)

I, Timothy J. Gorman of the TOWN of WILKINSON
in the Province of MANITOBA, Chief Supervisor,
make oath and say:

1. THAT I was personally present and did see SEMA JEAN GORMAN
who is personally known to me to be the person(s) named therein, duly sign,
seal and execute the same for the purposes therein named.
2. THAT the same was executed at WILKINSON, in the Province of
MANITOBA and that I am the subscribing witness thereto.
3. THAT I know the said SEMA JEAN GORMAN and ~~he~~ she ~~is for they are each~~ in my belief of the full age of eighteen years.

SWORN BEFORE ME at the TOWN)
)
of WILKINSON in the Province)
)
of MANITOBA this 27th)
)
day of JANUARY, A.D. 1985.)

Timothy J. Gorman
A Commissioner for Oaths in and for
the Province of MANITOBA

The Commission expires: Sept. 14, 1987

Timothy J. Gorman

the Parties, but if a proposed Tract is not included in the Unit Area under Article V, the parties owning interest therein shall be completely released from the agreement with respect to it upon the expiration of ninety (90) days after the Effective Date.

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1504. Notice to Royalty Owners

The Working Interest Owners shall give notice in accordance with their Leases to their respective Royalty Owners of the termination of this agreement within thirty (30) days thereafter.

IN WITNESS WHEREOF the Parties have executed this agreement each on the date shown below.

SEVERALLY WITNESSED:

Byron L. Pike
BYRON L. PIKE

Date: March 8th, 1988

WITNESS:

Byron L. Pike
BYRON L. PIKE

DATE: MARCH, 1988

Lynne M. Heaman
LYNNE M. HEAMAN

Murray D. Gray
MURRAY D. GRAY

Colleen L. Eddler
COLLEEN L. EDDLER

AFFIDAVIT OF EXECUTION

C A N A D A)
)
PROVINCE OF ALBERTA)
)
TO WIT:)

I, Byron L. Pike of the city of CALGARY
in the Province of ALBERTA, Landman,
make oath and say:

1. THAT I was personally present and did see LYNNE M. HEAMAN
who is personally known to me to be the person ~~(s)~~ named therein, duly sign, ~~and~~
seal and execute the same for the purposes therein named.
2. THAT the same was executed at VIRIDEN, in the Province of
MANITOBA and that I am the subscribing witness thereto. ~~and~~
3. THAT I know the said LYNNE M. HEAMAN and ~~he~~ (or
she) is ~~for they are each~~ in my belief of the full age of eighteen years. ~~and~~

SWORN BEFORE ME at the city)
)
of CALGARY in the Province)
)
of ALBERTA this 14th)
)
day of MARCH, A.D. 1988.)

Harvey H. Pockrant ~~and~~
A Commissioner for Oaths ~~and~~ OUTSIDE
the Province of MANITOBA FOR USE THEREIN.

MY COMMISSION EXPIRES APRIL 5, 1989
HARVEY H. POCKRANT

AFFIDAVIT OF EXECUTION

CANADA)
)
PROVINCE OF ALBERTA.)
)
TO WIT:)

I, Byron L. Pike of the city of CALGARY
in the Province of ALBERTA, Landman,
make oath and say:

1. THAT I was personally present and did see MURRAY D. GRAY who is personally known to me to be the person ~~is~~ named therein, duly sign, seal and execute the same for the purposes therein named. *NHP*
2. THAT the same was executed at VIRDEM, in the Province of Manitoba and that I am the subscribing witness thereto.
3. THAT I know the said MURRAY D. GRAY and he ~~she~~ *NHP* is ~~(or they are each)~~ in my belief of the full age of eighteen years.

SWORN BEFORE ME at the city)
)
of CALGARY in the Province)
)
of ALBERTA this 14th)
)
day of March, A.D. 1988.)

Byron L. Pike

Harvey H. Pockrant *NHP*
A Commissioner for Oaths ~~and for~~ OUTSIDE
the Province of MANITOBA FOR USE THEREIN.

MY COMMISSION EXPIRES APRIL 5, 1989
HARVEY H. POCKRANT

AFFIDAVIT OF EXECUTION

C A N A D A)
)
PROVINCE OF ALBERTA)
)
TO WIT:)

I, Byron L. Pike of the City of CALGARY
in the Province of ALBERTA, Landman,
make oath and say:

1. THAT I was personally present and did see Colleen L. EFFLER
who is personally known to me to be the person(s) named therein, duly sign, ~~and~~
seal and execute the same for the purposes therein named.
2. THAT the same was executed at Brandon, in the Province of
Manitoba and that I am the subscribing witness thereto.
3. THAT I know the said Colleen L. EFFLER and ~~he~~ ^{she} ~~(or they are each)~~ in my belief of the full age of eighteen years.

SWORN BEFORE ME at the City)
)
of CALGARY in the Province)
)
of ALBERTA this 14)
)
day of MARCH, A.D. 1988.)

Byron L. Pike

Harvey H. Lockrant
A Commissioner for Oaths ~~and for~~ OUTSIDE
the Province of MANITOBA FOR USE THEREIN.
MY COMMISSION EXPIRES APRIL 5, 1989
HARVEY H. LOCKRANT

the Parties, but if a proposed Tract is not included in the Unit Area under Article V, the parties owning interest therein shall be completely released from the agreement with respect to it upon the expiration of ninety (90) days after the Effective Date.

1502. Termination

This agreement terminates ninety (90) days after all wells for the production of Unitized Substances in the Unit Area have been abandoned, plugged or disposed of or upon the termination of the Unit Operating Agreement, and thereafter the Parties shall be governed by the terms and provisions of their Leases and other agreements or instruments relating to the Unitized Zone or Unitized Substances.

1503. Salvaging Equipment upon Termination

The Royalty Owners grant the Working Interest Owners the right for a period of six (6) months after termination of this agreement to salvage, sell, distribute or otherwise dispose of the personal property and facilities used in connection with unit operations.

1504. Notice to Royalty Owners

The Working Interest Owners shall give notice in accordance with their Leases to their respective Royalty Owners of the termination of this agreement within thirty (30) days thereafter.

IN WITNESS WHEREOF the Parties have executed this agreement each on the date shown below.

WITNESS:

[Signature] [Signature] x

Date: March 14, 1971

[Signature] x
(Power of Attorney for H. Hays)

66529 MANITOBA LTD.

AFFIDAVIT OF EXECUTION

C A N A D A)
)
PROVINCE OF)
)
TO WIT:)

I, Thomas James Spence of the Town of Lebanon
in the Province of Manitoba, Resident,
make oath and say:

1. THAT I was personally present and did see D. M. Jones, H. G. and Judith A. Jones who is personally known to me to be the person(s) named therein, duly sign, seal and execute the same for the purposes therein named.
2. THAT the same was executed at Winnipeg, in the Province of Manitoba and that I am the subscribing witness thereto.
3. THAT I know the said D. M. Jones, H. G. and Judith A. Jones and ~~he~~ she is (or they are each) in my belief of the full age of eighteen years.

SWORN BEFORE ME at the Town)
)
of Winnipeg in the Province)
)
of Manitoba this 10th)
)
day of March, A.D. 1985.)
)
)
)

Tim Jones
A Commissioner for Oaths in and for
the Province of MB.

A COMMISSIONER FOR OATHS IN AND FOR
THE PROVINCE OF MANITOBA
MY COMMISSION EXPIRES 29-07-80
TIM JONES

the Parties, but if a proposed Tract is not included in the Unit Area under Article V, the parties owning interest therein shall be completely released from the agreement with respect to it upon the expiration of ninety (90) days after the Effective Date.

1502. Termination

This agreement terminates ninety (90) days after all wells for the production of Unitized Substances in the Unit Area have been abandoned, plugged or disposed of or upon the termination of the Unit Operating Agreement, and thereafter the Parties shall be governed by the terms and provisions of their Leases and other agreements or instruments relating to the Unitized Zone or Unitized Substances.

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1504. Notice to Royalty Owners

The Working Interest Owners shall give notice in accordance with their Leases to their respective Royalty Owners of the termination of this agreement within thirty (30) days thereafter.

IN WITNESS WHEREOF the Parties have executed this agreement each on the date shown below.

Date: _____

16th March 1948

George Kilford
(Working Interest Owners)
McKillop
(Royalty Owners)

KILFORD HOLDINGS LTD.

AFFIDAVIT OF EXECUTION

C A N A D A)
PROVINCE OF MANITOBA)
TO WIT:)

I, IDA TAYLOR of the Town of Virden
in the Province of Manitoba, Secretary,
make oath and say:

1. THAT I was personally present and did see Henry George Kilford
who is personally known to me to be the person(s) named therein, duly sign,
seal and execute the same for the purposes therein named.
2. THAT the same was executed at VIRDEN, in the Province of
MANITOBA and that I am the subscribing witness thereto.
3. THAT I know the said HENRY GEORGE KILFORD and he (or
she) is (~~or they are each~~) in my belief of the full age of eighteen years.

SWORN BEFORE ME at the Town)
of Virden in the Province)
of Man. 12 this 16th)
day of March, A.D. 1988.)

[Signature]
NOTARY PUBLIC
A Commissioner for Oaths in and for
the Province of Manitoba

JOHN GEORGE KILFORD HERE
OR NOTAR OVER SEAL

[Signature]
NOTARY OF JOHN GEORGE KILFORD
PLEASE INITIAL DELETIONS

the Parties, but if a proposal item is not included in the list of items under Article 1, the parties during the term of the agreement shall be considered released from the agreement with respect to it upon the expiration of ninety (90) days after the other has said.

Article 2 - Termination

This agreement shall be terminated if, after the expiration of the term of the agreement, the parties have not agreed to renew the agreement. The parties shall be released from the agreement upon the expiration of the term of the agreement, unless the parties have agreed to renew the agreement. The parties shall be released from the agreement upon the expiration of the term of the agreement, unless the parties have agreed to renew the agreement.

Article 3 - Assignment of Rights

This agreement shall be assigned to the assignee of the assignor, provided that the assignee is a natural person who is at least 18 years of age and is not a minor. The assignee shall be bound by the terms and conditions of this agreement. The assignor shall be released from the agreement upon the expiration of the term of the agreement, unless the parties have agreed to renew the agreement.

Article 4 - Entire Agreement

This agreement shall be the entire agreement between the parties. No oral or written agreement, understanding, or arrangement shall be binding on the parties unless it is in writing and signed by both parties. The parties shall be released from the agreement upon the expiration of the term of the agreement, unless the parties have agreed to renew the agreement.

IN WITNESS WHEREOF, the parties have hereunto set their hands and seals at the City of New York, New York, on this 29th day of March, 1988.

Witness: _____

the Parties, but if a proposed Tract is not included in the Unit Area under Article V, the parties owning interest therein shall be completely released from the agreement with respect to it upon the expiration of ninety (90) days after the Effective Date.

1502. Termination

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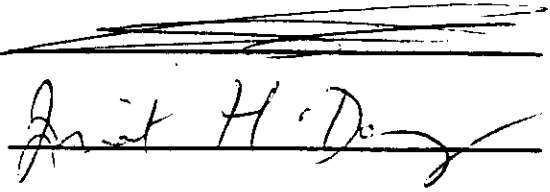
1504. Notice to Royalty Owners

The Working Interest Owners shall give notice in accordance with their Leases to their respective Royalty Owners of the termination of this agreement within thirty (30) days thereafter.

IN WITNESS WHEREOF the Parties have executed this agreement each on the date shown below.

THE CANADA TRUST COMPANY

Date: March 25, 1988



the Parties, but if a proposed Tract is not included in the Unit Area under Article V, the parties owning interest therein shall be completely released from the agreement with respect to it upon the expiration of ninety (90) days after the Effective Date.

1502. Termination

This agreement terminates ninety (90) days after all wells for the production of Unitized Substances in the Unit Area have been abandoned, plugged or disposed of or upon the termination of the Unit Operating Agreement, and thereafter the Parties shall be governed by the terms and provisions of their Leases and other agreements or instruments relating to the Unitized Zone or Unitized Substances.

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IN WITNESS WHEREOF the Parties have executed this agreement each on the date shown below.

Date: MARCH 15, 1968

Arthur Hincman
[Signature]
[Signature]

AFFIDAVIT OF EXECUTION

C A N A D A)
)
PROVINCE OF)
)
TO WIT:)

I, ROBERT M. RAE BURN of the CITY of WINNIPEG
in the Province of MANITOBA, ADMINISTRATOR,
make oath and say:

1. THAT I was personally present and did see A.M. RUNCIMAN
who is personally known to me to be the person(s) named therein, duly sign,
seal and execute the same for the purposes therein named.
2. THAT the same was executed at WINNIPEG, in the Province of
MANITOBA and that I am the subscribing witness thereto.
3. THAT I know the said A.M. RUNCIMAN and he ~~for~~
~~she~~) is ~~(or they are each)~~ in my belief of the full age of eighteen years.

SWORN BEFORE ME at the City)
)
of Winnipeg in the Province)
)
of Manitoba this 21st)
)
day of MARCH, A.D. 1988.)

R. Sawicki)
)
A Commissioner for Oaths in and for)
the Province of Manitoba)

My Commission expires on
September 11, 1988.

R. Rae

the Parties, but if a proposed Tract is not included in the Unit Area under Article V, the parties owning interest therein shall be completely released from the agreement with respect to it upon the expiration of ninety (90) days after the Effective Date.

1502. Termination

This agreement terminates ninety (90) days after all wells for the production of Unitized Substances in the Unit Area have been abandoned, plugged or disposed of or upon the termination of the Unit Operating Agreement, and thereafter the Parties shall be governed by the terms and provisions of their Leases and other agreements or instruments relating to the Unitized Zone or Unitized Substances.

1503. Salvaging Equipment upon Termination

The Royalty Owners grant the Working Interest Owners the right for a period of six (6) months after termination of this agreement to salvage, sell, distribute or otherwise dispose of the personal property and facilities used in connection with unit operations.

1504. Notice to Royalty Owners

The Working Interest Owners shall give notice in accordance with their Leases to their respective Royalty Owners of the termination of this agreement within thirty (30) days thereafter.

IN WITNESS WHEREOF the Parties have executed this agreement each on the date shown below.

Date: 3-14-88 Norman E. Gling
 Willis C. Gling
 Arvid H. Gling

AFFIDAVIT OF EXECUTION

UNITED STATES OF AMERICA)

STATE OF: NORTH DAKOTA)

COUNTY OF: Bottineau)

TO WIT:)

I, Shelley Bullinger of the City of Bottineau in the State of North Dakota, Frank Dittus, make oath and say:
(occupation)

1. That I was personally present and did see Norman E. Glinz, Willard C. Glinz and Arvel H. Glinz named in the attached instrument who are each personally known to me to be the person(s) named therein, duly sign, seal and execute the same for the purposes named therein.

2. That the same was executed at the City of Bottineau in the State of North Dakota, and that I am the subscribing witness thereto.

3. That I know the said Norman E. Glinz, Willard C. Glinz and Arvel H. Glinz and they are each in my belief of the full age of ~~twenty one~~ eighteen years.

SWORN before me at the City of Bottineau in the State of North Dakota this 14th day of March A.D. 19 88.

Shelley Bullinger

Harry Herslip
A Notary Public in and for the State of North Dakota residing at Bottineau in the United States of America.

My Commission Expires SEPT. 16, 1988
HARRY HERSLIP
Notary Public, BOTTINEAU CO., N. DAK.
My Commission Expires SEPT. 16, 1988

EXHIBIT "A"

ATTACHED TO AND MADE PART OF AN AGREEMENT ENTITLED
"UNIT AGREEMENT - DALY UNIT NO. 4"

Tract Number	Land Description (Lsd.)	Working Interest Owner	Share (%)	Royalty Interest Owner	Share (%)	Tract Participation (%)
1.	2-25-9-28 WPM	Chevron C & T Resman Trilogy	7.5000 33.7500 33.7500 25.0000*	A. Williams S. Lowdon Buffalo Glenmar Trilogy	18.75 18.75 18.75 18.75 25.00*	1.3374
2.	3-25-9-28 WPM	Chevron C & T Resman Trilogy	7.5000 33.7500 33.7500 25.0000*	A. Williams S. Lowdon Buffalo Glenmar Can. Perm. Trilogy	6.25 6.25 6.25 6.25 50.00 25.00*	1.1680
3.	6-25-9-28 WPM	Chevron C & T Resman Trilogy	37.5000 18.7500 18.7500 25.0000*	A. Williams S. Lowdon Buffalo Glenmar Can. Perm. Trilogy	6.25 6.25 6.25 6.25 50.00 25.00*	4.0389

<u>Tract Number</u>	<u>Land Description (Lsd.)</u>	<u>Working Interest Owner Share (%)</u>	<u>Royalty Interest Owner Share (%)</u>	<u>Tract Participation (%)</u>
4.	7-25-9-28 WPM	Chevron C & T Resman O Trilogy	18.75 18.75 18.75 18.75 25.00*	2.2537
5.	10-25-9-28 WPM	Chevron C & T Resman O Trilogy	18.75 18.75 18.75 18.75 25.00*	2.3706
6.	11-25-9-28 WPM	Chevron C & T Resman O Trilogy	12.50 12.50 12.50 12.50 25.00 25.00*	1.8817
7.	12-25-9-28 WPM	Chevron C & T Resman O Trilogy	12.50 12.50 12.50 12.50 25.00 25.00*	1.1367
8.	13-25-9-28 WPM	Chevron C & T Resman O Trilogy	12.50 12.50 12.50 12.50 25.00 25.00*	1.3559

Effective as of the
Effective Date

Tract Number	Land Description (Lsd.)	Working Interest		Royalty Interest		Tract Participation (%)
		Owner	Share (%)	Owner	Share (%)	
9.	9-26-9-28 WPM	Chevron C & T Resman O	10.0000 45.0000 45.0000	M. Wilson Kilford	25.00 75.00	1.5831
10.	10-26-9-28 WPM	Chevron C & T Resman O	10.0000 45.0000 45.0000	M. Wilson Kilford	25.00 75.00	0.7633
11.	15-26-9-28 WPM	Chevron C & T Resman O	10.0000 45.0000 45.0000	M. Wilson Kilford	25.00 75.00	3.1364
12.	16-26-9-28 WPM	Chevron C & T Resman O	10.0000 45.0000 45.0000	M. Wilson Kilford	25.00 75.00	1.5516
13.	7-27-9-28 WPM	Chevron C & T Resman O	10.0000 45.0000 45.0000	66529	100.00	0.7106
14.	8-27-9-28 WPM	Chevron C & T Resman O	10.0000 45.0000 45.0000	66529	100.00	1.3118
15.	9-27-9-28 WPM	Chevron C & T Resman O	10.0000 45.0000 45.0000	Buffalo S. Lowdon Lowdon Res.	33.33 33.33 33.34	2.6160
16.	10-27-9-28 WPM	Chevron C & T Resman O	10.0000 45.0000 45.0000	Buffalo S. Lowdon Lowdon Res.	33.34 33.33 33.33	0.9003

Effective as of the
Effective Date

Tract Number	Land Description (Lsd.)	Working Interest		Royalty Interest		Tract Participation (%)
		Owner	Share (%)	Owner	Share (%)	
17.	11-27-9-28 WPM	Chevron C & T Resman O	10.0000 45.0000 45.0000	D. Gerrand Buffalo S. Lowdon Lowdon Res.	25.00 25.00 25.00 25.00	2.3579
18.	14-27-9-28 WPM	Chevron C & T Resman O	10.0000 45.0000 45.0000	D. Gerrand Buffalo S. Lowdon Lowdon Res.	25.00 25.00 25.00 25.00	1.0621
19.	15-27-9-28 WPM	Chevron C & T Resman O	50.0000 25.0000 25.0000	Buffalo S. Lowdon Lowdon Res.	33.33 33.34 33.33	4.4339
20.	16-27-9-28 WPM	Chevron C & T Resman O	50.0000 25.0000 25.0000	Buffalo S. Lowdon Lowdon Res.	33.34 33.33 33.33	3.8545
21.	1-34-9-28 WPM	C & T Resman O	50.0000 50.0000	Univ. Man.	100.00	1.9595
22.	2-34-9-28 WPM	C & T Resman O	50.0000 50.0000	Univ. Man.	100.00	3.1721
23.	3-34-9-28 WPM	Chevron	100.0000	L.M. Heaman C.L. Effler M.D. Gray R.T. Perry	25.00 25.00 25.00 25.00	1.4284
24.	6-34-9-28 WPM	Chevron	100.0000	L.M. Heaman C.L. Effler M.D. Gray R.T. Perry	25.00 25.00 25.00 25.00	1.4069
25.	7-34-9-28 WPM	C & T Resman O	50.0000 50.0000	Univ. Man.	100.00	4.0155

Effective as of the
Effective Date

<u>Tract Number</u>	<u>Land Description</u> (Lsd.)	<u>Working Interest</u> <u>Owner</u> <u>Share</u> (%)	<u>Royalty Interest</u> <u>Owner</u> <u>Share</u> (%)	<u>Tract Participation</u> (%)
26.	8-34-9-28 WPM	C & T Resman	Univ. Man. 100.00	0.9585
27.	9-34-9-28 WPM	C & T Resman	O. Gray 75.00 Can. Perm. 25.00	1.5346
28.	1-35-9-28 WPM	Chevron C & T Resman Trilogy	S. Lowdon 12.50 R. Perry 25.00 Glenmar 12.50 A. Williams 12.50 Buffalo 12.50 Trilogy 25.00	1.3025
29.	2-35-9-28 WPM	Chevron C & T Resman Trilogy	S. Lowdon 12.50 R. Perry 25.00 Glenmar 12.50 A. Williams 12.50 Buffalo 12.50 Trilogy 25.00	1.5115
30.	3-35-9-28 WPM	Chevron C & T Resman Trilogy	Can. Perm. 50.00 Buffalo 6.25 A. Williams 6.25 Buffalo 6.25 S. Lowdon 6.25 Trilogy 25.00	1.8059
31.	4-35-9-28 WPM	Chevron C & T Resman Trilogy	Can. Perm. 50.00 Buffalo 6.25 A. Williams 6.25 Glenman 6.25 S. Lowdon 6.25 Trilogy 25.00	1.9967

Effective as of the
Effective Date

<u>Tract Number</u>	<u>Land Description</u> (Lsd.)	<u>Working Interest</u>		<u>Royalty Interest</u>		<u>Tract Participation</u> (%)
		<u>Owner</u>	<u>Share</u> (%)	<u>Owner</u>	<u>Share</u> (%)	
32.	5-35-9-28 WPM	Chevron C & T Resman Trilogy	8.1250 39.6875 39.6875 12.5000	Can. Perm. Buffalo A. Williams Glenmar S. Lowdon Trilogy	50.00 6.25 6.25 6.25 6.25 25.00	1.4578
33.	6-35-9-28 WPM	Chevron C & T Resman Trilogy	40.6250 23.4375 23.4375 12.5000	Can. Perm. Buffalo A. Williams Glenmar S. Lowdon Trilogy	50.00 6.25 6.25 6.25 6.25 25.00	2.6398
34.	7-35-9-28 WPM	Chevron C & T Resman Trilogy	8.1250 39.6875 39.6875 12.5000	S. Lowdon R. Perry Glenmar A. Williams Buffalo Trilogy	12.50 25.00 12.50 12.50 12.50 25.00	0.9247
35.	8-35-9-28 WPM	Chevron C & T Resman Trilogy	8.1250 39.6875 39.6875 12.5000	S. Lowdon R. Perry Glenmar A. Williams Buffalo Trilogy	12.50 25.00 12.50 12.50 12.50 25.00	1.4059
36.	9-35-9-28 WPM	Chevron C & T Resman Trilogy	8.1250 39.6875 39.6875 12.5000	S. Lowdon R. Perry Glenmar A. Williams Buffalo Trilogy	12.50 25.00 12.50 12.50 12.50 25.00	1.4571

Effective as of the
Effective Date

Tract Number	Land Description (Lsd.)	Working Interest		Royalty Interest		Tract Participation (%)
		Owner	Share (%)	Owner	Share (%)	
37.	10-35-9-28 WPM	Chevron C & T Resman Trilogy	8.1250 39.6875 39.6875 12.5000	S. Lowdon R. Perry Glenmar A. Williams Buffalo Trilogy	12.50 25.00 12.50 12.50 12.50 25.00	1.6650
38.	11-35-9-28 WPM	Chevron C & T Resman Trilogy	8.1250 39.6875 39.6875 12.5000	S. Lowdon R. Perry Glenmar A. Williams Buffalo Trilogy	12.50 25.00 12.50 12.50 12.50 25.00	1.3520
39.	12-35-9-28 WPM	Chevron C & T Resman Trilogy	8.1250 39.6875 39.6875 12.5000	S. Lowdon R. Perry Glenmar A. Williams Buffalo Trilogy	12.50 25.00 12.50 12.50 12.50 25.00	0.6360
40.	13-35-9-28 WPM	Chevron C & T Resman Trilogy	40.6250 23.4375 23.4375 12.5000	S. Lowdon R. Perry Glenmar A. Williams Buffalo Trilogy	12.50 25.00 12.50 12.50 12.50 25.00	1.7474
41.	14-35-9-28 WPM	Chevron C & T Resman Trilogy	40.6250 23.4375 23.4375 12.5000	S. Lowdon R. Perry Glenmar A. Williams Buffalo Trilogy	12.50 25.00 12.50 12.50 12.50 25.00	1.7175

Tract Number	Land Description (Lsd.)	Working Interest		Royalty Interest		Tract Participation (%)
		Owner	Share (%)	Owner	Share (%)	
42.	15-35-9-28 WPM	Chevron C & T Resman Trilogy	40.6250 23.4375 23.4375 12.5000	S. Lowdon R. Perry Glenmar A. Williams Buffalo Trilogy	12.50 25.00 12.50 12.50 12.50 25.00	2.3622
43.	16-35-9-28 WPM	Chevron C & T Resman Trilogy	8.1250 39.6875 39.6875 12.5000	S. Lowdon R. Perry Glenmar A. Williams Buffalo Trilogy	12.50 25.00 12.50 12.50 12.50 25.00	1.7928
44.	5-36-9-28 WPM	Chevron C & T Resman	10.0000 45.0000 45.0000	H. Shoemaker J. Clarke Can. Perm.	25.00 50.00 25.00	0.7998
45.	11-36-9-28 WPM	Chevron C & T Resman	10.0000 45.0000 45.0000	Man. Crown	100.00	1.4468
46.	12-36-9-28 WPM	Chevron C & T Resman	10.0000 45.0000 45.0000	Man. Crown.	100.00	2.4447
47.	13-36-9-28 WPM	Chevron C & T Resman	10.0000 45.0000 45.0000	Man. Crown.	100.00	1.7449
48.	4-1-10-28 WPM	Chevron C & T Resman	10.0000 45.0000 45.0000	Williams M. Wilson N.E.Glinz) W.C.Glinz) A.H.Glinz)	47.00 28.00 25.00	2.2665

Effective as of the
Effective Date

Tract Number	Land Description (Lsd.)	Working Interest		Royalty Interest		Tract Participation (%)
		Owner	Share (%)	Owner	Share (%)	
49.	1-2-10-28 WPM	Chevron C & T Resman	50.0000 25.0000 25.0000	Williams M. Wilson N.E.Glinz W.C.Glinz A.H.Glinz	47.00 28.00))) 25.00	3.0975
50.	2-2-10-28 WPM	Chevron C & T Resman	50.0000 25.0000 25.0000	Williams M. Wilson N.E.Glinz W.C.Glinz A.H.Glinz	47.00 28.00))) 25.00	4.4347
51.	3-2-10-28 WPM	Chevron C & T Resman	10.0000 45.0000 45.0000	Hasket Can. Perm. Can. Perm. Can. Perm. M. Wilson N.E.Glinz W.C.Glinz A.H.Glinz	8.67 25.00 25.00 8.00 25.00))) 8.33	2.1108
52.	4-2-10-28 WPM	Chevron C & T Resman	10.0000 45.0000 45.0000	Hasket Can. Perm. Can. Perm. Can. Perm. M. Wilson N.E.Glinz W.C.Glinz A.H.Glinz	8.67 25.00 25.00 8.00 25.00))) 8.33	1.5796

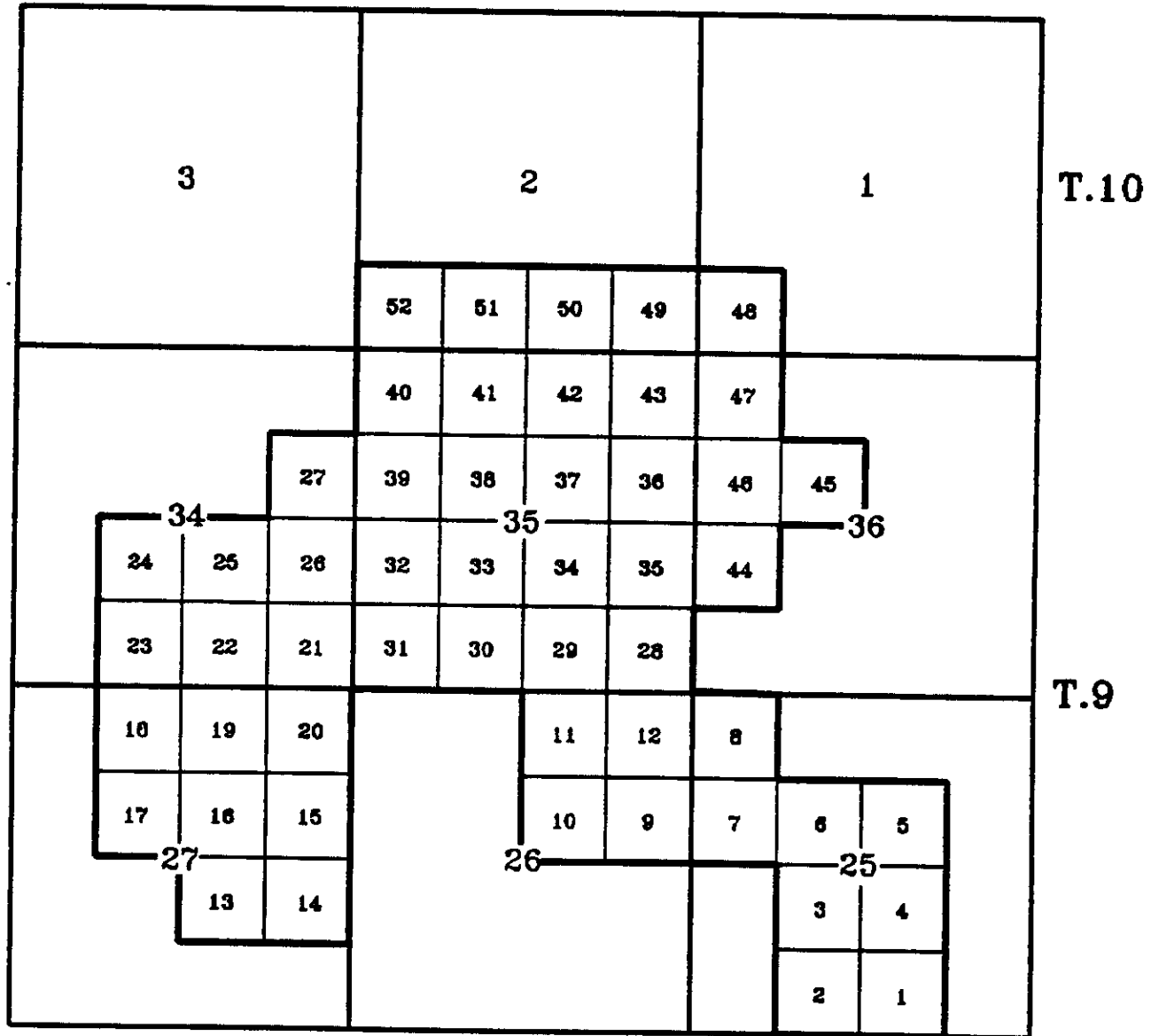
EXHIBIT "A"
ATTACHED TO AND MADE PART OF AN AGREEMENT ENTITLED
"UNIT AGREEMENT - DALY UNIT NO. 4"

Abbreviations

Chevron	Chevron Canada Resources Limited
C & T	C & T Resources Ltd.
Resman	Resman Oil and Gas Ltd.
Trilogy	Trilogy Resource Corporation
A. Williams	Alva M. Williams
S. Lowdon	Stewart H. Lowdon
Can. Perm.	The Canada Permanent Trust Company
M. Wilson	Marion D. Wilson
Kilford	Kilford Holdings Ltd.
66529	66529 Manitoba Ltd.
Lowdon Res.	Lowdon Resources Ltd.
D. Gerrand	David G. Gerrand
Univ. Man.	University of Manitoba
O. Gray	Orma J. Gray
R. Perry	Richard T. Perry
H. Shoemaker	Harold H. Shoemaker
J. Clarke	John W. Clarke
Man. Crown	Her Majesty the Queen in Right of the Province of Manitoba.
Williams	Williams Family Holdings Ltd.
Haskett	Haskett Enterprises Ltd.
L. M. Heaman	Lynne M. Heaman
C. L. Effler	Colleen L. Effler
M. D. Gray	Murray D. Gray
Glenmar	Glenmar Resources Ltd.
Buffalo	Buffalo Rose Holdings Ltd.
N.E. Glinz	Norman E. Glinz
W.C. Glinz	Willard C. Glinz
A.H. Glinz	Arvel H. Glinz

EXHIBIT 'B'

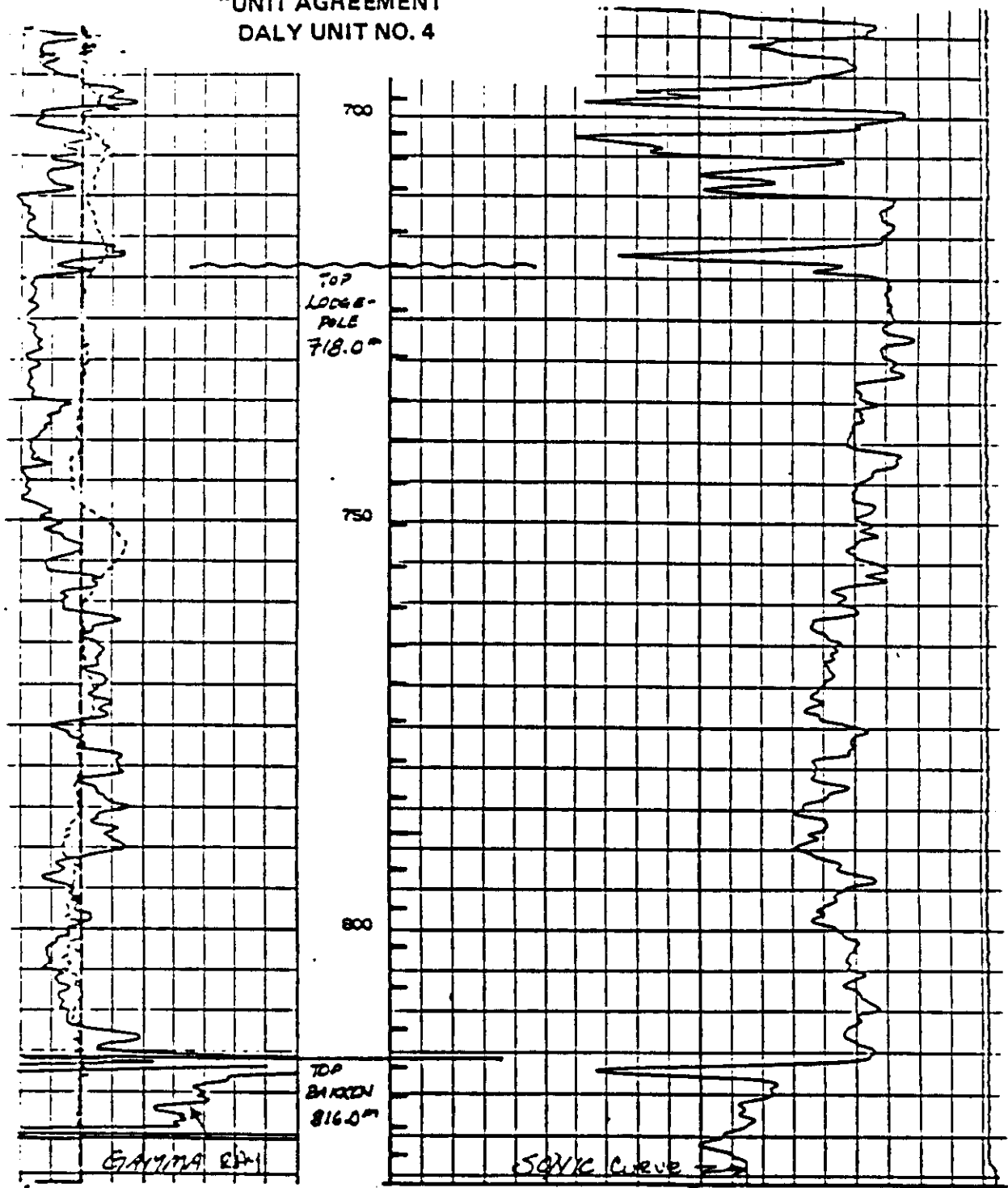
ATTACHED TO AND MADE PART OF
AN AGREEMENT ENTITLED
"UNIT AGREEMENT DALY UNIT NO. 4"



R.28WPM

EFFECTIVE AS OF
THE EFFECTIVE DATE

EXHIBIT 'C'
ATTACHED TO AND MADE PART OF AN
AGREEMENT ENTITLED
"UNIT AGREEMENT"
DALY UNIT NO. 4



PORTION OF SONIC LOG RECORDED AT WELL
RESMAN JOREX DALY 7-35-9-28 WPM
KELLY BUSHING 501.5 M
EFFECTIVE AS OF THE EFFECTIVE DATE