

ZARGON

O I L & G A S L T D.

TRANSMITTAL FORM

Direct Telephone: (403) 261-7316
Fax: (403) 265-3026
Email: deanalee@zargon.ca

TO: All Working Interest & Royalty Holders
of the Daly Unit #4 (see attached)

DATE: 8 September, 2000

SENT BY: DEANA LEE

FILE #: Daly Unit #4

ATTN:

AREA: Daly, Manitoba

TO:

ATTN:

RE: ~~Assignment of Interest~~
Palliser Energy Corp. to Zargon Oil & Gas Ltd.

Effective July 1, 2000 Palliser Energy Corp. sold its entire interest in the Daly Unit #4 to Zargon Oil & Gas Ltd. Enclosed for your files please find one copy of an Assignment Agreement and updated copies of Exhibit "A" and Exhibit "D".

I trust the enclosed to be in order but if you require anything further please contact the undersigned at 261-7316.

Thank you.

SIGNATURE



TITLE: Land Administrator

changed
P.

ASSIGNMENT AGREEMENT

THIS AGREEMENT dated the 11th day of August, 2000.

BETWEEN:

**Palliser Energy Corp., a wholly-owned subsidiary of
Search Energy Corp., a body corporate, having an office in the
City of Calgary, in the Province of Alberta,**

(hereinafter called the "Assignor")

- and -

**Zargon Oil & Gas Ltd., having an office in the City of Calgary, in the
Province of Alberta,**

(hereinafter called the "Assignee")

**WHEREAS the Assignor is a party to or bound by the agreements described in
Schedule "A" attached hereto and made a part hereof (such agreements, including all
amendments thereto, if any, hereinafter referred to as "the said Agreements");**

**AND WHEREAS Assignor has agreed to assign to the Assignee all of the interest
held by the Assignor, in and under the said Agreements (hereinafter referred to as "the
interest of Assignor");**

**AND WHEREAS the Assignee has agreed to assume all of the obligations of the
Assignor under the said Agreements as and from the Effective Date;**

**NOW THEREFORE THIS AGREEMENT WITNESSETH THAT in consideration of
the premises and the mutual covenants and agreements hereinafter set forth the parties
hereto covenant and agree with one another as follows:**

- 1. The Assignor hereby assigns, transfers, conveys and sets over unto the Assignee
one hundred percent (100%) of the right, title, estate and interest held by Assignor in,
to and under the said Agreements TO HAVE AND TO HOLD the same unto the
Assignee for its sole use and benefit absolutely from and after July 1, 2000 (the
"Effective Date").**
- 2. The Assignee hereby accepts the assignment herein provided and covenants and
agrees with the Assignor that it shall at all times from and after the Effective Date be
bound by, observe and perform all of the covenants and obligations thereafter
accruing on the part of the Assignor under the said Agreements and shall, indemnify
the Assignor and its directors, officers, servants, agents, employees, and affiliates
harmless from and against all claims, liabilities, actions, proceedings, demands,
losses, costs, damages and expenses whatsoever which may be brought against or
suffered by the Assignor, its directors, officers, servants, agents or employees, or
which they may sustain, pay or incur.**

3. The Assignee hereby acknowledges that the Assignor shall be deemed to have been acting as the trustee and agent of the Assignee in all matters occurring in respect of the Agreements between the Effective Date and the delivery of a copy of this agreement and the Assignee hereby ratifies, adopts and confirms all acts and omissions of the Assignor in its capacity as such trustee and agent to the end that all such acts and omissions shall be deemed to have been effected by the Assignee.
4. The address of the Assignee for notices and other communications under the Agreements shall be:

Zargon Oil & Gas Ltd.
700, 333 – 5 Avenue S.W.
Calgary, Alberta
T2P 3B6
Attention: Land Department

5. Each of the Assignor and the Assignee shall from time to time and at all times hereafter, without further consideration, do and perform all such further acts and execute and deliver all such further assignments, notices, release and other documents and instruments as may reasonably be required to more fully effect or assure the assignment as provided herein.
6. This agreement shall enure to the benefit of and be binding upon the parties hereto and their respective successors and assigns.

IN WITNESS WHEREOF the parties hereto have executed this agreement as of the day and year first above written.

ASSIGNOR:

Palliser Energy Corp.,
a wholly-owned subsidiary of
Search Energy Corp.

Per: 

WILLIAM T. DAVIS
President & CEO

ASSIGNEE:

Zargon Oil & Gas Ltd.

Per: 

K.W. (KEN) YOUNG
Vice President Land

SCHEDULE "A"

**Attached to and made part of an Assignment Agreement
Dated August 11, 2000**

"the said Agreements"

Daly Unit #4 Unit Operating Agreement

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	Zargon Cypress Thunder	73.5505 16.8750 09.5745	A. Williams S. Lowdon Buffalo Glenmar Zargon	18.75 18.75 18.75 18.75 25.00	1.3374
2	3-25-9-28-WPM	Zargon Cypress Thunder	73.5505 16.8750 09.5745	A. Williams G. Lowdon Buffalo Glenmar Can. Trust Knox Zargon	6.25 6.25 6.25 6.25 41.67 08.33 25.00	1.1680
3	6-25-9-28-WPM	Zargon Cypress Thunder	84.4947 11.2500 04.2553	A. Williams G. Lowdon Buffalo Glenmar Can. Trust Knox Zargon	6.25 6.25 6.25 6.25 41.67 08.33 25.00	4.0389
4	7-25-9-28-WPM	Zargon Cypress Thunder	73.5505 16.8750 09.5745	A. Williams G. Lowdon Buffalo Glenmar Zargon	18.75 18.75 18.75 18.75 25.00	2.2537
5	10-25-9-28-WPM	Zargon Cypress Thunder	73.5505 16.8750 09.5745	A. Williams G. Lowdon Buffalo Glenmar Zargon	18.75 18.75 18.75 18.75 25.00	2.3706
6	11-25-9-28-WPM	Zargon Cypress Thunder	73.5505 16.8750 09.5745	A. Williams G. Lowdon Buffalo Glenmar Can. Trust Knox Zargon	12.50 12.50 12.50 12.50 20.83 04.17 25.00	1.8817
7	12-25-9-28-WPM	Zargon Cypress Thunder	73.5505 16.8750 09.5745	A. Williams G. Lowdon Buffalo Glenmar	12.50 12.50 12.50 12.50	1.1367

				Can. Trust Knox Zargon	20.83 04.17 25.00	
8	13-25-9-28-WPM	Zargon Cypress Thunder	73.5505 16.8750 09.5745	A. Williams G. Lowdon Buffalo Glenmar Can. Trust Knox Zargon	12.50 12.50 12.50 12.50 25.00 25.00	1.3559
9	9-26-9-28-WPM	Zargon Cypress Thunder	64.7341 22.5000 12.7659	M. Wilson Kilford	25.00 75.00	1.5831
10	10-26-9-28-WPM	Zargon Cypress Thunder	64.7341 22.5000 12.7659	M. Wilson Kilford	25.00 75.00	0.7633
11	15-26-9-28-WPM	Zargon Cypress Thunder	64.7341 22.5000 12.7659	M. Wilson Kilford	25.00 75.00	3.1364
12	16-26-9-28-WPM	Zargon Cypress Thunder	64.7341 22.5000 12.7659	M. Wilson Kilford	25.00 75.00	1.5516
13	7-27-9-28-WPM	Zargon Cypress Thunder	64.7341 22.5000 12.7659	66529	100.00	0.7106
14	8-27-9-28-WPM	Zargon Cypress Thunder	64.7341 22.5000 12.7659	66529	100.00	1.3118
15	9-27-9-28-WPM	Zargon Cypress Thunder	64.7341 22.5000 12.7659	Buffalo G. Lowdon Lowdon Res.	33.33 33.33 33.34	2.6160
16	10-27-9-28-WPM	Zargon Cypress Thunder	64.7341 22.5000 12.7659	Buffalo G. Lowdon Lowdon Res.	33.34 33.33 33.33	0.9003
17	11-27-9-28-WPM	Zargon Cypress Thunder	64.7341 22.5000 12.7659	D. Gerrand Buffalo G. Lowdon Lowdon Res.	25.00 25.00 25.00 25.00	2.3579
18	14-27-9-28-WPM	Zargon Cypress Thunder	64.7341 22.5000 12.7659	D. Gerrand Buffalo G. Lowdon Lowdon Res.	25.00 25.00 25.00 25.00	1.0621
19	15-27-9-28-WPM	Zargon Cypress Thunder	64.7341 22.5000 12.7659	Buffalo G. Lowdon Lowdon Res.	33.33 33.34 33.33	4.4339

20	16-27-9-28-WPM	Zargon Cypress Thunder	79.3262 15.0000 05.6738	Buffalo G. Lowdon Lowdon Res.	33.34 33.33 33.33	3.8545
21	1-34-9-28-WPM	Zargon Cypress Thunder	60.8156 25.0000 14.1844	Univ. Man.	100.00	1.9595
22	2-34-9-28-WPM	Zargon Cypress Thunder	60.8156 25.0000 14.1844	Univ. Man.	100.00	3.1721
23	3-34-9-28-WPM	Zargon	100.000	Paid to Canada Trust: 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	Zargon	100.000	Paid to Canada Trust: 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	Zargon Cypress Thunder	60.8156 25.0000 14.1844	Univ. Man.	100.00	4.0155
26	8-34-9-28-WPM	Zargon Cypress Thunder	60.8156 25.0000 14.1844	Univ. Man.	100.00	0.9585
27	9-34-9-28-WPM	Zargon Cypress Thunder	60.8156 25.0000 14.1844	O. Gray Can. Trust	75.00 25.00	1.5346
28	1-35-9-28-WPM	Zargon Cypress Thunder	68.8974 19.8438 11.2588	G. Lowdon R. Perry Glenmar A. Williams Buffalo Zargon	12.50 25.00 12.50 12.50 12.50 25.00	1.3025
29	2-35-9-28-WPM	Zargon Cypress Thunder	68.8974 19.8438 11.2588	G. Lowdon R. Perry Glenmar A. Williams Buffalo Zargon	12.50 25.00 12.50 12.50 12.50 25.00	1.5115
30	3-35-9-28-WPM	Zargon Cypress Thunder	68.8974 19.8438 11.2588	Can. Trust Buffalo A. Williams Buffalo	50.00 6.25 6.25 6.25	1.8059

				G. Lowdon Zargon	6.25 25.00	
31	4-35-9-28-WPM	Zargon Cypress Thunder	68.8974 19.8438 11.2588	Can. Trust Buffalo A. Williams Glenmar G. Lowdon Zargon	50.00 6.25 6.25 6.25 6.25 25.00	1.9967
32	5-35-9-28-WPM	Zargon Cypress Thunder	68.8974 19.8438 11.2588	Can. Trust Buffalo A. Williams Glenmar G. Lowdon Summit	50.00 6.25 6.25 6.25 6.25 25.00	1.4578
33	6-35-9-28-WPM	Zargon Cypress Thunder	80.6184 14.0625 05.3191	Can. Trust Buffalo A. Williams Glenmar G. Lowdon Zargon	50.00 6.25 6.25 6.25 6.25 25.00	2.6398
34	7-35-9-28-WPM	Zargon Cypress Thunder	68.8974 19.8438 11.2588	G. Lowdon R. Perry Glenmar A. Williams Buffalo Zargon	12.50 25.00 12.50 12.50 12.50 25.00	0.9247
35	8-35-9-28-WPM	Zargon Cypress Thunder	68.8974 19.8438 11.2588	G. Lowdon R. Perry Glenmar A. Williams Buffalo Zargon	12.50 25.00 12.50 12.50 12.50 25.00	1.4059
36	9-35-9-28-WPM	Zargon Cypress Thunder	68.8974 19.8438 11.2588	G. Lowdon R. Perry Glenmar A. Williams Buffalo Zargon	12.50 25.00 12.50 12.50 12.50 25.00	1.4571
37	10-35-9-28-WPM	Zargon Cypress Thunder	68.8974 19.8438 11.2588	G. Lowdon R. Perry Glenmar A. Williams Buffalo Zargon	12.50 25.00 12.50 12.50 12.50 25.00	1.6650
38	11-35-9-28-WPM	Zargon Cypress Thunder	68.8974 19.8438 11.2588	G. Lowdon R. Perry Glenmar A. Williams	12.50 25.00 12.50 12.50	1.3520

				Buffalo Zargon	12.50 25.00	
39	12-35-9-28-WPM	Zargon Cypress Thunder	68.8974 19.8438 11.2588	G. Lowdon R. Perry Glenmar A. Williams Buffalo Zargon	12.50 25.00 12.50 12.50 12.50 25.00	0.6360
40	13-35-9-28-WPM	Zargon Cypress Thunder	80.6184 14.0625 05.3191	G. Lowdon R. Perry Glenmar A. Williams Buffalo Zargon	12.50 25.00 12.50 12.50 12.50 25.00	1.7474
41	14-35-9-28-WPM	Zargon Cypress Thunder	80.6184 14.0625 05.3191	G. Lowdon R. Perry Glenmar A. Williams Buffalo Zargon	12.50 25.00 12.50 12.50 12.50 25.00	1.7175
42	15-35-9-28-WPM	Zargon Cypress Thunder	80.6184 14.0625 05.3191	G. Lowdon R. Perry Glenmar A. Williams Buffalo Zargon	12.50 25.00 12.50 12.50 12.50 25.00	2.3622
43	16-35-9-28-WPM	Zargon Cypress Thunder	68.8974 19.8438 11.2588	G. Lowdon R. Perry Glenmar A. Williams Buffalo Zargon	12.50 25.00 12.50 12.50 12.50 25.00	1.7928
44	5-36-9-28-WPM	Zargon Cypress Thunder	64.7341 22.5000 12.7659	L. Raven J. Clarke Can. Trust	25.00 50.00 25.00	0.7998
45	11-36-9-28-WPM	Zargon Cypress Thunder	64.7341 22.5000 12.7659	Man. Crown	100.00	1.4468
46	12-36-9-28-WPM	Zargon Cypress Thunder	64.7341 22.5000 12.7659	Man. Crown	100.00	2.4447
47	13-36-9-28-WPM	Zargon Cypress Thunder	64.7341 22.5000 12.7659	Man. Crown	100.00	1.7449
48	4-1-10-28-WPM	Zargon Cypress Thunder	64.7341 22.5000	Paid to Canada Trust: Williams	47.00 28.00	2.2665

		Tugboat	12.7659	M. Wilson N.E. Glinz) W.C. Glinz) A.H. Glinz)	25.00	
49	1-2-10-28-WPM	Zargon Cypress Thunder	79.3262 15.0000 05.6738	Paid to Canada Trust: 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	Zargon Cypress Thunder	79.3262 15.0000 05.6738	Paid to Canada Trust: 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	Zargon Cypress Thunder	64.7341 22.5000 12.7659	Haskett	100.00	2.1108
52	4-2-10-28-WPM	Zargon Cypress Thunder	64.7341 22.5000 12.7659	Haskett		1.5796

EXHIBIT "A"

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

Abbreviations

66529	66529 Manitoba Ltd.
Buffalo	Buffalo Rose Holdings Ltd.
Cypress	Cypress Energy Inc.
Can. Trust	The Canada Trust Company
J. Clarke	John W. Clarke
C.L. Effler	Colleen L. Effler
D. Gerrand	David G. Gerrand
Glenmar	Glenmar Resources Ltd.
A.H. Glinz	Arvel H. Glinz
N.E. Glinz	Norman E. Glinz
W.C. Glinz	Willard C. Glinz
A.H. Gray	Alfred H. Gray
M.D. Gray	Murray D. Gray
O. Gray	Orma J. Gray
Haskett	Haskett Enterprises Ltd.
L.M. Heaman	Lynne M. Heaman
Kilford	Kilford Holdings Ltd.
Lowdon Res.	Lowdon Resources Ltd.
G. Lowdon	Gertrude Lowdon
Man. Crown	Her Majesty the Queen in Right of the Province of Manitoba
Univ. Man.	University of Manitoba
R. Perry	Richard T. Perry
L. Raven	Larry S. Raven
Thunder	Thunderbird 1983 Exploration and Development Program (Limited Partnership)
A. Williams	Alva M. Williams
Williams	Williams Family Holdings Ltd.
M. Wilson	Marion D. Wilson
Zargon	Zargon Oil & Gas Ltd.

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>
Zargon Oil & Gas Ltd.	71.5419
Cypress Energy Inc.	18.5114
Thunderbird 1983 Exploration and Development Program (Limited Partnership)	<u>9.9467</u>
TOTAL	100.000

changed p.

ZARGON

OIL & GAS LTD.

DEC 2 1996

Date: Nov 21, 1996

Zargon's File Number: 102-Daily

LAND TRANSMITTAL/INQUIRY LETTER

To: Manitoba Energy and Mines		To: <i>SEUM</i>	
Attention: Paulette Seymour	Your File:	Attention:	Your File:
To:		To:	
Attention:	Your File:	Attention:	Your File:

REGARDING

Agreement, etc. Daily Unit No. 4
Legal Description: 9-28W1M, 10-28W1M

ENCLOSURES

<input type="checkbox"/> Joint Operating Agreement:	# _____ copies/ _____ counterparts
<input type="checkbox"/> Assignment and/or Novation Agreement:	# _____ copies/ _____ counterparts
<input type="checkbox"/> Notice of Assignment:	# _____ copies
<input type="checkbox"/> Counterpart Execution Pages:	# _____ copies
<input checked="" type="checkbox"/> Other (Specify):	Exhibits A & D, Revisions 4 & 5

INSTRUCTIONS

Please: <input type="checkbox"/> Review & Comment <input type="checkbox"/> Execute and Return Counterparts <input type="checkbox"/> Provide Status Update <input type="checkbox"/> As Per Your Request <input type="checkbox"/> For Your File <input type="checkbox"/> For Your Handling	COMMENTS: Revision 4 - C & T split w/ Tugboat and Thunderbird Revision 5 - C & T split sale to Cypress Any Questions Contact undersigned
Sender's Name: John Knox	Title: Land Consultant.

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	Zargon	41.2500	A. Williams	18.75	1.3374
		C & T	16.8750	G. Lowdon	18.75	
		Palliser	25.0000	Buffalo	18.75	
		Thunder	09.5745	Glenmar	18.75	
		Tugboat	07.3005	Palliser	25.00	
2	3-25-9-28-WPM	Zargon	41.2500	A. Williams	6.25	1.1680
		C & T	16.8750	G. Lowdon	6.25	
		Palliser	25.0000	Buffalo	6.25	
		Thunder	09.5745	Glenmar	6.25	
		Tugboat	07.3005	Can. Trust	41.67	
				Knox	08.33	
3	6-25-9-28-WPM	Zargon	56.2500	A. Williams	6.25	4.0389
		C & T	11.2500	G. Lowdon	6.25	
		Palliser	25.0000	Buffalo	6.25	
		Thunder	04.2553	Glenmar	6.25	
		Tugboat	03.2447	Can. Trust	41.67	
				Knox	08.33	
4	7-25-9-28-WPM	Zargon	41.2500	A. Williams	18.75	2.2537
		C & T	16.8750	G. Lowdon	18.75	
		Palliser	25.0000	Buffalo	18.75	
		Thunder	09.5745	Glenmar	18.75	
		Tugboat	07.3005	Palliser	25.00	
5	10-25-9-28-WPM	Zargon	41.2500	A. Williams	18.75	2.3706
		C & T	16.8750	G. Lowdon	18.75	
		Palliser	25.0000	Buffalo	18.75	
		Thunder	09.5745	Glenmar	18.75	
		Tugboat	07.3005	Palliser	25.00	

6	11-25-9-28-WPM	Zargon C & T Palliser Thunder Tugboat	41.2500 16.8750 25.0000 09.5745 07.3005	A. Williams G. Lowdon Buffalo Glenmar Can. Trust Knox Palliser	12.50 12.50 12.50 12.50 20.83 04.17 25.00	1.8817
7	12-25-9-28-WPM	Zargon C & T Palliser Thunder Tugboat	41.2500 16.8750 25.0000 09.5745 07.3005	A. Williams G. Lowdon Buffalo Glenmar Can. Trust Knox Palliser	12.50 12.50 12.50 12.50 20.83 04.17 25.00	1.1367
8	13-25-9-28-WPM	Zargon C & T Palliser Thunder Tugboat	41.2500 16.8750 25.0000 09.5745 07.3005	A. Williams G. Lowdon Buffalo Glenmar Can. Trust Knox Palliser	12.50 12.50 12.50 12.50 20.83 04.17 25.00	1.3559
9	9-26-9-28-WPM	Zargon C & T Thunder Tugboat	55.0000 22.5000 12.7659 09.7341	M. Wilson Kilford	25.00 75.00	1.5831
10	10-26-9-28-WPM	Zargon C & T Thunder Tugboat	55.0000 22.5000 12.7659 09.7341	M. Wilson Kilford	25.00 75.00	0.7633
11	15-26-9-28-WPM	Zargon C & T Thunder Tugboat	55.0000 22.5000 12.7659 09.7341	M. Wilson Kilford	25.00 75.00	3.1364
12	16-26-9-28-WPM	Zargon C & T Thunder Tugboat	55.0000 22.5000 12.7659 09.7341	M. Wilson Kilford	25.00 75.00	1.5516

13	7-27-9-28-WPM	Zargon C & T Thunder Tugboat	55.0000 22.5000 12.7659 09.7341	66529	100.00	0.7106
14	8-27-9-28-WPM	Zargon C & T Thunder Tugboat	55.0000 22.5000 12.7659 09.7341	66529	100.00	1.3118
15	9-27-9-28-WPM	Zargon C & T Thunder Tugboat	55.0000 22.5000 12.7659 09.7341	Buffalo G. Lowdon Lowdon Res.	33.33 33.33 33.34	2.6160
16	10-27-9-28-WPM	Zargon C & T Thunder Tugboat	55.0000 22.5000 12.7659 09.7341	Buffalo G. Lowdon Lowdon Res.	33.34 33.33 33.33	0.9003
17	11-27-9-28-WPM	Zargon C & T Thunder Tugboat	55.0000 22.5000 12.7659 09.7341	D. Gerrand Buffalo G. Lowdon Lowdon Res.	25.00 25.00 25.00 25.00	2.3579
18	14-27-9-28-WPM	Zargon C & T Thunder Tugboat	55.0000 22.5000 12.7659 09.7341	D. Gerrand Buffalo G. Lowdon Lowdon Res.	25.00 25.00 25.00 25.00	1.0621
19	15-27-9-28-WPM	Zargon C & T Thunder Tugboat	75.0000 15.0000 05.6738 04.3262	Buffalo G. Lowdon Lowdon Res.	33.33 33.34 33.33	4.4339
20	16-27-9-28-WPM	Zargon C & T Thunder Tugboat	75.0000 15.0000 05.6738 04.3262	Buffalo G. Lowdon Lowdon Res.	33.34 33.33 33.33	3.8545
21	1-34-9-28-WPM	Zargon C & T Thunder Tugboat	50.0000 25.0000 14.1844 10.8156	Univ. Man.	100.00	1.9595

22	2-34-9-28-WPM	Zargon C & T Thunder Tugboat	50.0000 25.0000 14.1844 10.8156	Univ. Man.	100.00	3.1721
23	3-34-9-28-WPM	Zargon	100.000	Paid to Canada Trust: 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	Zargon	100.000	Paid to Canada Trust: 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	Zargon C & T Thunder Tugboat	50.0000 25.0000 14.1844 10.8156	Univ. Man.	100.00	4.0155
26	8-34-9-28-WPM	Zargon C & T Thunder Tugboat	50.0000 25.0000 14.1844 10.8156	Univ. Man.	100.00	0.9585
27	9-34-9-28-WPM	Zargon C & T Thunder Tugboat	50.0000 25.0000 14.1844 10.8156	O. Gray Can. Trust	75.00 25.00	1.5346
28	1-35-9-28-WPM	Zargon C & T Palliser Thunder Tugboat	47.8125 19.8438 12.5000 11.2588 08.5849	G. Lowdon R. Perry Glenmar A. Williams Buffalo Palliser	12.50 25.00 12.50 12.50 12.50 25.00	1.3025

29	2-35-9-28-WPM	Zargon C & T Palliser Thunder Tugboat	47.8125 19.8438 12.5000 11.2588 08.5849	G. Lowdon R. Perry Glenmar A. Williams Buffalo Palliser	12.50 25.00 12.50 12.50 12.50 25.00	1.5115
30	3-35-9-28-WPM	Zargon C & T Palliser Thunder Tugboat	47.8125 19.8438 12.5000 11.2588 08.5849	Can. Trust Glenmar A. Williams Buffalo G. Lowdon Palliser	50.00 6.25 6.25 6.25 6.25 25.00	1.8059
31	4-35-9-28-WPM	Zargon C & T Palliser Thunder Tugboat	47.8125 39.6875 12.5000 11.2588 08.5849	Can. Trust Buffalo A. Williams Glenmar G. Lowdon Palliser	50.00 6.25 6.25 6.25 6.25 25.00	1.9967
32	5-35-9-28-WPM	Zargon C & T Palliser Thunder Tugboat	47.8125 19.8438 12.5000 11.2588 08.5849	Can. Trust Buffalo A. Williams Glenmar G. Lowdon Palliser	50.00 6.25 6.25 6.25 6.25 25.00	1.4578
33	6-35-9-28-WPM	Zargon C & T Palliser Thunder Tugboat	64.0625 14.0625 12.5000 05.3191 04.0559	Can. Trust Buffalo A. Williams Glenmar G. Lowdon Palliser	50.00 6.25 6.25 6.25 6.25 25.00	2.6398
34	7-35-9-28-WPM	Zargon C & T Palliser Thunder Tugboat	47.8125 19.8438 12.5000 11.2588 08.5849	G. Lowdon R. Perry Glenmar A. Williams Buffalo Palliser	12.50 25.00 12.50 12.50 12.50 25.00	0.9247

35	8-35-9-28-WPM	Zargon C & T Palliser Thunder Tugboat	47.8125 19.8438 12.5000 11.2588 08.5849	G. Lowdon R. Perry Glenmar A. Williams Buffalo Palliser	12.50 25.00 12.50 12.50 12.50 25.00	1.4059
36	9-35-9-28-WPM	Zargon C & T Palliser Thunder Tugboat	47.8125 19.8438 12.5000 11.2588 08.5849	G. Lowdon R. Perry Glenmar A. Williams Buffalo Palliser	12.50 25.00 12.50 12.50 12.50 25.00	1.4571
37	10-35-9-28-WPM	Zargon C & T Palliser Thunder Tugboat	47.8125 19.8438 12.5000 11.2588 08.5849	G. Lowdon R. Perry Glenmar A. Williams Buffalo Palliser	12.50 25.00 12.50 12.50 12.50 25.00	1.6650
38	11-35-9-28-WPM	Zargon C & T Palliser Thunder Tugboat	47.8125 19.8438 12.5000 11.2588 08.5849	G. Lowdon R. Perry Glenmar A. Williams Buffalo Palliser	12.50 25.00 12.50 12.50 12.50 25.00	1.3520
39	12-35-9-28-WPM	Zargon C & T Palliser Thunder Tugboat	47.8125 19.8438 12.5000 11.2588 08.5849	G. Lowdon R. Perry Glenmar A. Williams Buffalo Palliser	12.50 25.00 12.50 12.50 12.50 25.00	0.6360
40	13-35-9-28-WPM	Zargon C & T Palliser Thunder Tugboat	64.0625 14.0625 12.5000 05.3191 04.0559	G. Lowdon R. Perry Glenmar A. Williams Buffalo Palliser	12.50 25.00 12.50 12.50 12.50 25.00	1.7474

41	14-35-9-28-WPM	Zargon C & T Palliser Thunder Tugboat	64.0625 14.0625 12.5000 05.3191 04.0559	G. Lowdon R. Perry Glenmar A. Williams Buffalo Palliser	12.50 25.00 12.50 12.50 12.50 25.00	1.7175
42	15-35-9-28-WPM	Zargon C & T Palliser Thunder Tugboat	64.0625 14.0625 12.5000 05.3191 04.0559	G. Lowdon R. Perry Glenmar A. Williams Buffalo Palliser	12.50 25.00 12.50 12.50 12.50 25.00	2.3622
43	16-35-9-28-WPM	Zargon C & T Palliser Thunder Tugboat	47.8125 19.8438 12.5000 11.2588 08.5849	G. Lowdon R. Perry Glenmar A. Williams Buffalo Palliser	12.50 25.00 12.50 12.50 12.50 25.00	1.7928
44	5-36-9-28-WPM	Zargon C & T Thunder Tugboat	55.0000 22.5000 12.7659 09.7341	L. Raven J. Clarke Can. Trust	25.00 50.00 25.00	0.7998
45	11-36-9-28-WPM	Zargon C & T Thunder Tugboat	55.0000 22.5000 12.7659 09.7341	Man. Crown	100.00	1.4468
46	12-36-9-28-WPM	Zargon C & T Thunder Tugboat	55.0000 22.5000 12.7659 09.7341	Man. Crown	100.00	2.4447
47	13-36-9-28-WPM	Zargon C & T Thunder Tugboat	55.0000 22.5000 12.7659 09.7341	Man. Crown	100.00	1.7449

48	4-1-10-28-WPM	Zargon C & T Thunder Tugboat	55.0000 22.5000 12.7659 09.7341	Paid to Canada Trust: Williams M. Wilson N.E. Glinz) W.C. Glinz) A.H. Glinz)	47.00 28.00 25.00	2.2665
49	1-2-10-28-WPM	Zargon C & T Thunder Tugboat	75.0000 15.0000 05.6738 04.3262	Paid to Canada Trust: 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	Zargon C & T Thunder Tugboat	75.0000 15.0000 05.6738 04.3262	Paid to Canada Trust: 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	Zargon C & T Thunder Tugboat	55.0000 22.5000 12.7659 09.7341	Haskett	100.00	2.1108
52	4-2-10-28-WPM	Zargon C & T Thunder Tugboat	55.0000 22.5000 12.7659 09.7341	Haskett	100.00	1.5796

Revision No. 4
Effective September 1, 1996

EXHIBIT "A"

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

Abbreviations

66529	66529 Manitoba Ltd.
Buffalo	Buffalo Rose Holdings Ltd.
C&T	C&T Resources Ltd.
Can. Trust	The Canada Trust Company
J. Clarke	John W. Clarke
C.L. Effler	Colleen L. Effler
D. Gerrand	David G. Gerrand
Glenmar	Glenmar Resources Ltd.
A.H. Glinz	Arvel H. Glinz
N.E. Glinz	Norman E. Glinz
W.C. Glinz	Willard C. Glinz
A.H. Gray	Alfred H. Gray
M.D. Gray	Murray D. Gray
O. Gray	Orma J. Gray
Haskett	Haskett Enterprises Ltd.
L.M. Heaman	Lynne M. Heaman
Kilford	Kilford Holdings Ltd.
Lowdon Res.	Lowdon Resources Ltd.
G. Lowdon	Gertrude Lowdon
Man. Crown	Her Majesty the Queen in Right of the Province of Manitoba
Univ. Man.	University of Manitoba
Palliser	Palliser Energy Inc.
R. Perry	Richard T. Perry
L. Raven	Larry S. Raven
Thunder	Thunderbird 1983 Exploration and Development Program (Limited Partnership)
Tugboat	Tugboat 1983 Exploration and Development Program (Limited Partnership)
A. Williams	Alva M. Williams
Williams	Williams Family Holdings Ltd.
M. Wilson	Marion D. Wilson
Zargon	Zargon Oil & Gas Ltd.

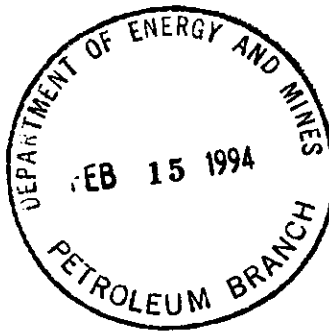
Revision No. 4
Effective September 1, 1996

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

PARTIES AND UNIT PARTICIPATION

<u>Company</u>	<u>Percent Unit Participation</u>
Zargon Oil & Gas Ltd.	56.8500
C & T Resources Ltd.	18.5114
Palliser Energy Inc.	7.1076
Thunderbird 1983 Exploration and Development Program (Limited Partnership)	9.9467
Tugboat 1983 Exploration and Development Program (Limited Partnership)	<u>7.5843</u>
	100.0000

Revision No. 4
Effective September 1, 1996



Chevron

February 1, 1994

Chevron Canada Resources

500 - Fifth Avenue S.W.
Calgary, Alberta T2P 0L7
Phone (403) 234-5000
Fax (403) 234-6214

E. H. Gaudet

Vice President
General Counsel

Department of Energy and Mines
Mineral Resources Division
Petroleum Branch
555 - 350 Graham Avenue
Winnipeg, Manitoba
R3C 4E3

Daly Unit No. 4
Our File No. 59,640-1

Gentlemen:

Please be advised that Chevron Canada Resources ("Chevron") has assigned its interest in the referenced Unit to Zargon Oil & Gas Ltd. ("Zargon"), as evidenced by the enclosed copy of an assignment agreement made effective December 1, 1993, a copy of which has been delivered to the Unit Operator. Zargon has also replaced Chevron as Unit Operator effective February 1, 1994.

If you require further information or documentation, or if any other Department should be notified, please contact the undersigned at your earliest convenience.

Sincerely,

Chevron Canada Resources,
a partnership by its managing partner
Chevron Canada Resources Limited

Zargon Oil & Gas Ltd.

Per: 

Per: 

enc.

ASSIGNMENT AGREEMENT

DOC. NO. 59640

THIS AGREEMENT made as of the 1st day of December, 1993.

B E T W E E N:

CHEVRON CANADA RESOURCES, a
Partnership having an office at the City of Calgary,
in the Province of Alberta (hereinafter
referred to as "Assignor")

- and -

ZARGON OIL & GAS LTD., a body
corporate having an office at the City of Calgary,
in the Province of Alberta (hereinafter
collectively referred to as "Assignee")

WHEREAS the Assignor is a party to or successor in interest to a party to the agreement(s) described in Schedule "A" attached hereto (such agreement(s), including all amendments thereto, if any, hereinafter referred to as "the said Agreement"); and

WHEREAS Assignor has agreed to assign all of its interest in and under the said Agreement unto the Assignee; and

WHEREAS the Assignee has agreed to assume all of the obligations of the Assignor under the said Agreement as and from December 1, 1993 (the "Effective Date");

NOW THEREFORE THIS AGREEMENT WITNESSETH THAT in consideration of the premises and the mutual covenants and agreements hereinafter set forth the parties hereto covenant and agree with one another as follows:

1. The Assignor hereby assigns, transfers, conveys and sets over unto Assignee all of the Assignor's right, title, estate and interest in, to and under the said Agreement TO HAVE AND TO HOLD the same unto the Assignee for its sole use and benefit absolutely from and after the Effective Date.
2. The Assignee hereby accepts the assignment herein provided and covenants and agrees with the Assignor that it shall at all times from and after the Effective Date

be bound by, observe and perform all of the covenants and obligations thereafter accruing on the part of the Assignor under the said Agreement and shall indemnify the Assignor and its directors, officers, servants, agents and employees and hold harmless from and against all claims, liabilities, actions, proceedings, demands, losses, costs, damages and expenses whatsoever which may be brought against or suffered by the Assignor, its directors, officers, servants, agents or employees, or which they may sustain, pay or incur, insofar as they relate to the interest assigned in the said Agreement, arising from and after the Effective Date.

3. The Assignee hereby acknowledges that, as between the Assignor and the Assignee, the Assignor shall be deemed to have been acting as the trustee and agent of the Assignee in all matters occurring in respect of the Agreement between the Effective Date and the delivery of a copy of this agreement and the Assignee hereby ratifies, adopts and confirms all acts and omissions of the Assignor in its capacity as such trustee and agent to the end that all such acts and omissions shall be deemed to have been effected by the Assignee.
4. The address of the Assignee for notices and other communications under the Agreement shall be:

Zargon Oil & Gas Ltd.
Attention: President
250 - 6 Ave. S.W.
Calgary, Alberta
T2P 3H7

5. Each of the Assignor and the Assignee shall from time to time and at all times hereafter, without further consideration, do and perform all such further acts and execute and deliver all such further assignments, notices, releases and other documents and instruments as may reasonably be required to more fully effect or assure the assignment as provided herein.
6. The terms hereof shall be read in conjunction with and subject to the terms of a Purchase and Sale Agreement, made effective December 1, 1993, between Assignor

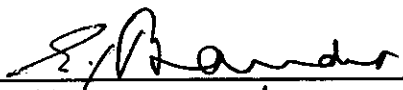
and Assignee (the "Sale Agreement"). In the event of any conflict between this agreement and the Sale Agreement, the Sale Agreement shall prevail.

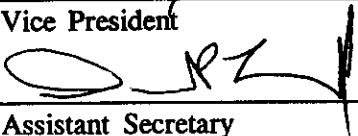
7. This agreement shall enure to the benefit of and be binding upon the parties hereto and their respective successors and assigns.

The parties hereto have executed this agreement as of the day and year first above written.

ASSIGNOR:


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

Per: 
Vice President

Per: 
Assistant Secretary

ASSIGNEE:

ZARGON OIL & GAS LTD.

Per: 

Per: _____

This is Schedule "A" attached to an Assignment Agreement, dated December 1, 1993 between Chevron Canada Resources, as Assignor, and Zargon Oil & Gas Ltd., as Assignee.

"the said Agreement"

Daly Unit No. 4 Unit Agreement

Daly Unit No. 4 Unit Operating Agreement