

*John
- unit file*

Action/Route Slip

Date: September 27, 1993

To: Ruth Kemp-Tschuncky/Noel Simmonds
Deputy Minister's Office
Energy and Mines

From: Bob Dubreuil
Director
Petroleum Branch

6573

Re: KOLA UNIT NO. 1 - CROWN CONSENT

Comments:

This is to advise that no acknowledgement was sent under the Minister's signature to Tundra's letter of July 28 requesting consent of the Crown to the subject unit agreement.

The required consent was provided by OIC 669/1993 (copy attached). The Minister signed the Unit Agreement on September 9, 1993. One copy of the signed Unit Agreement was returned to Tundra (letter attached).

No further letter from the Minister is required.

Manitoba



Deputy Minister of
Energy and Mines

~~Deputy Minister of
Manitoba~~

Room 327
Legislative Building
Winnipeg, Manitoba, CANADA
R3C 0V8

(204) 945-4172
(204) 945-3747 (FAX)

FAX TRANSMISSION - NUMBER 945-3747

Date:

Sept 27/93.

To:

Attention:

Heather

From:

Ruth

Subject:

Sunder Oil Agreement Ltd.

Remarks:

This message is intended only for the use of the individual or entity to which it is addressed, and may contain information that is privileged, confidential and exempt from disclosure under applicable law.

If the reader of this message is not the intended recipient, or the employee or agent responsible for delivering the message to the intended recipient, you are hereby notified that any dissemination, distribution or copying of this communication is strictly prohibited. If you have received this communication in error, please notify us immediately by telephone. Thank you.

THIS IS PAGE 1 OF 4 PAGE(S). IF YOU DID NOT RECEIVE ALL PAGES, OR IF THERE IS A PROBLEM WITH THE TRANSMISSION, PLEASE CALL DEPARTMENT OF NORTHERN AFFAIRS AT 945-3944.

Manitoba

~~SECRET~~

Action / Route Slip

Date: August 9, 1993

To: Bob Dubreuil

From: Office of the Deputy Minister
Department of Northern Affairs
Department of Energy & Mines
Room 327 Legislative Building
Winnipeg, MB R3C 0V8

Telephone: (204) 945-4172

Tundra Oil & Gas - Unit Agreement

Please note the attached and provide comments prior to this going forward to the Minister for signature. Could David sign this on the Minister's behalf?

Noel

Please return this original agreement. *Done**Spoke to Heather Sept. 14/93. JB.**Date sent Aug. 20/93 JB
to us**Received Aug. 23/93 JB.*



July 28, 1993

Mr. James E. Downey
Minister of Energy and Mines
Room 333 Legislative Building
Winnipeg, MB
R3C 0V8

Dear Mr. Downey:

RE: Kola Unit No. 1

Tundra and partners are unitizing 16 wells in the Kola area, approximately 20 miles west of Virden. Five of the 16 wells in question are on lands in which the mineral rights are owned by the Provincial Crown. The producing horizon is the Bakken formation which we have successfully waterflooded a few miles to the southeast of this pool.

Enclosed are two copies of our proposed Unit Agreement covering Kola Unit No. 1. If everything looks to be in order, please sign and seal on behalf of the Crown and return one copy for our files.

If you have any questions or comments, please call. We look forward to improving the oil recovery from this pool.

Sincerely,

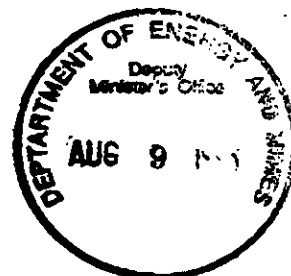
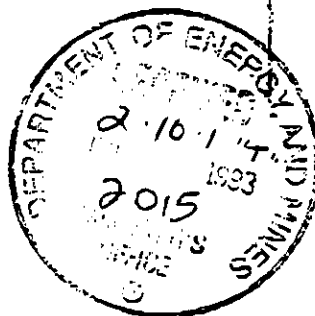
TUNDRA OIL AND GAS LTD.

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

Robert G. Puchniak

RGP/bp

cc Mr. L. R. Dubreuil, Petroleum Branch



2439

Manitoba

RETURN BY

SEP - 6 1993



Date: August 9, 1993

Action / Route Slip

To: David Tomasson

From: Minister of Northern Affairs
Minister of Energy and Mines
Minister responsible for Native Affairs
Room 333, Legislative Building

Telephone: (204) 945-3719

- | | | | | |
|---|---|--|---|--|
| <input type="checkbox"/> Take Action | <input type="checkbox"/> Per Your Request | <input type="checkbox"/> Circulate, Initial and Return | <input type="checkbox"/> For Approval and Signature | <input type="checkbox"/> Make _____ Copies |
| <input type="checkbox"/> May We Discuss | <input type="checkbox"/> For Your Information | <input type="checkbox"/> Return With Comments or Revisions | <input type="checkbox"/> Draft Reply for Signature | <input type="checkbox"/> Please File |

Comments: Please prepare a response for the Minister's signature. Is this with Energy & Mines jurisdiction?

Jonathon Lyon



September 13, 1993

Mr. Bob Puchniak
Tundra Oil and Gas Ltd.
1111 One Lombard Place
Winnipeg MB R3B 0X4

Dear Bob:

Re: Kola Unit No. 1 - Unit Agreement

Attached is a copy of the subject agreement executed by the Minister of Energy and Mines on behalf of the Crown.

Before The Oil and Natural Gas Conservation Board can approve the effective date of the unit, copies of the execution pages signed by all royalty and working interest owners in the unit must be submitted to the Board.

If an effective date of October 1, 1993 is desired, copies of the execution pages should be received by September 28, 1993.

If you have any questions please contact the undersigned at (204) 945-6574.

Yours truly,

A handwritten signature in black ink, appearing to read 'John N. Fox', with a long horizontal line extending to the right.

John N. Fox, P.Eng.
Chief Petroleum Engineer

JNF/hw

Attached.

copy signed
by the
Minister

KOLA UNIT NO. 1

UNIT AGREEMENT

UNIT AGREEMENT
KOLA UNIT NO. 1

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UNIT AGREEMENT
KOLA UNIT NO. 1

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, 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 any lands in the Unit Area;
- (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 related hydrocarbons (except coal) and all substances whether gaseous, liquid or solid, which are produced in association therewith, or any of them;
- (g) "Royalty Interest" means
 - (i) an ownership, fee simple, or similar estate in Petroleum Substances in the Unitized Zone, or
 - (ii) a right to a share of Petroleum Substances produced from the Unitized Zone, to a share of the proceeds from the sale of such Petroleum Substances, or to a payment based on the quantity or value of such Petroleum Substances, but does not include a Working Interest, the interest of a purchaser of such Petroleum Substances after production, or a mortgage, charge or like interest granted as security in a financial transaction;
- (h) "Royalty Owner" means a Party owning a Royalty Interest in or in respect of Unitized Substances;
- (i) "Spacing Unit" means the area allocated to a well by the Conservation Board with respect to the Unitized Zone 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" and shown outlined on Exhibit "B";
- (k) "Tract Participation" means the Participation percentage allocated to a Tract pursuant to Article VI and set forth in Exhibit "A";
- (l) "Unit Area" means the lands described in Exhibit "A" and shown outlined on Exhibit "B";
- (m) "Unit Operations" means any operations or activities undertaken in connection with the Unitized Zone, the production or handling of Unitized Substances or the installation, operation, maintenance or removal of equipment or facilities, insofar as such operations or activities have been authorized or provided for

under this agreement or the Unit Operating Agreement;

- (n) "Unit Operator" means the person who is so designated under the Unit Operating Agreement;
- (o) "Unit Operating Agreement" means the agreement entitled "Unit Operating Agreement - Kola Unit No. 1" entered into by the Working Interest Owners;
- (p) "Unitized Zone" means the Bakken Formation of the Mississippian Age underlying the lands within the Unit Area as same is shown on the compensated neutron litho-density log of the Tundra Daly 4-28-10-29 WPM well in 4-28-10-29 WPM, in the Province of Manitoba between the intervals of 870.0 metres and 880.0 metres as measured from the kelly bushing at 4-28-10-29 WPM and shown on Exhibit "C";
- (q) "Unitized Substances" means Petroleum Substances in or obtained from the Unitized Zone;
- (r) "Working Interest" means any interest which entitles the owner thereof to produce and dispose of, or to participate in the production and disposition of, Petroleum Substances from the Unitized Zone, and with which is associated a responsibility to bear all or a portion of the costs of recovering such Petroleum Substances;
- (s) "Working Interest Owner" means a party owning a Working Interest in or in respect of Unitized Substances;
- (t) "Minister" means the member of the Executive Council charged by the Lieutenant Governor in Council with the administration of The Mines Act of Manitoba.

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 plan of the Unit Area identifying the Tracts;
- (c) Exhibit "C" which is a reproduction of a portion of the compensated neutron litho-density log referred to in Subclause 101(p) 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 Participation 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 two copies 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 interests of each Royalty Owner and of each Working Interest Owner in the Unitized Substances and in the Unitized Zone are hereby unitized, in accordance with the provisions of 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 interests therein are set forth in the Unit Operating Agreement.

303. Continuation of Leases

All Unit Operations and all 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, or a well had been drilled and was producing from each Tract or Spacing Unit, or portion thereof, in the Unit Area.

If from time to time during the term of this Agreement the production of Unitized Substances and the conduct of other Unit Operations is temporarily interrupted or suspended:

(a) for any period not exceeding ninety (90) consecutive days or

(b) for any period during which an event of force majeure contemplated by Clause 1305 is in effect,

then, for the purposes of this Clause 303, Unitized Substances shall be deemed to have been produced throughout any such period.

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 Royalty Owner is involved in a court action which has been commenced and is pending on the Effective Date, each Royalty Owner hereby ratifies each Lease, as amended by this agreement, to which it is a party, and hereby confirms that no notice of default has been given and remains outstanding with respect to any such Lease, and that each Lease is in effect as of the Effective Date. The provisions of this Clause 305 do not constitute a waiver, and shall not give rise to an estoppel, of any right to pursue the enforcement of any outstanding obligation under any such Lease.

306. Effect of Unitization on Titles

Nothing in this agreement, nor the Unit Operating Agreement 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 "Kola Unit No. 1".

308. Equipment and Facilities

All equipment and facilities used in connection with the Unit Operations and heretofore or hereafter installed, affixed or constructed by any of the Working Interest Owners on or in lands within the Unit Area are and shall remain the personal property of the Working Interest Owners, or such of them as may from time to time have an interest therein, and, except as otherwise provided in Clause 1503, no interest in any such equipment and facilities shall vest in the Royalty Owners by virtue of the provisions of this Agreement.

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 Tract or Spacing Units in such manner and by such means and methods as the Working Interest Owners consider appropriate. Without limiting the generality of the foregoing, the Working Interest Owners shall have the right to inject any substance or combination of substances into the Unitized Zone and to 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 Interests 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 Interest 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 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 Participation of the Tracts recalculated on the same basis and using the same data as that used in the calculation of Tract Participation 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 the Tract Participation ascribed to it in 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 Participation. 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. Allocation Among Parties

The Unitized Substances allocated to a Tract shall be further allocated among the Working Interest Owners thereof in accordance with their respective percentage Working Interests in the Tract as set forth in Exhibit "A", and the Working Interest Owners of each Tract shall account to the Royalty Owners of such Tract for any royalty payable or deliverable to such Royalty Owners in respect of the Unitized Substances allocated to such Tract.

703. Calculation of Royalty

The Working Interest Owners of each Tract shall calculate royalty on the 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 by them, construct, maintain and operate in the Unit Area all necessary facilities for taking delivery in kind.

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. The "net proceeds" for the purpose of this Clause shall mean the proceeds from the sale of the non-taking Party's share of production, less all direct costs of the sale, including processing and shipping costs.

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 that 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.

707. Several Royalty Liability

Without limiting the generality of the provisions of Clauses 702 and 1304, nothing in this Agreement shall be construed as giving rise to any right entitling the Royalty Owners of a Tract to look to any Working Interest Owners other than the Working Interest Owners of such Tract for the satisfaction of royalty obligations in respect of such Tract; provided, however, that in the event that the Working Interest Owners of a Tract are not the same persons as the lessee under a Lease relating to the Tract, the provisions of this Clause 707 shall not be construed as relieving such lessee of any obligation to account for royalty payable or deliverable to the lessor under such Lease if the Working Interest Owners fail to comply with their obligations in that respect.

ARTICLE VIII

USE, LOSS AND RE-INJECTION 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 Unit Operations. 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. Re-Injection

The Working Interest Owners are hereby granted the right to re-inject Unitized Substances into the Unitized Zone for any purpose related to the Unit Operations. 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 for sale or for use other than for Unit Operations.

ARTICLE IX

ENLARGEMENT OF UNIT AREA

901. Enlargement

After the expiration of ninety (90) days following the Effective Date, if an owner of a Working Interest in lands adjoining the Unit Area makes application to enlarge the Unit Area to include such adjoining lands which appear to be potentially productive of Petroleum Substances from the Unitized Zone the Working Interest Owners may approve the enlargement of the Unit Area to include such adjoining lands on such terms and conditions as the Working Interest Owners may consider appropriate, and, if such adjoining lands qualify for inclusion in the Unit Area under Clause 502, the Unit Area shall be enlarged to include such adjoining lands. Notwithstanding that any owner of a Working Interest or a Royalty Interest in such adjoining lands is already a Party, such owner shall not, for the purposes of the qualification of such adjoining lands under Clause 502, be considered to have executed and delivered this agreement until it executes and delivers to the Unit Operator an additional counterpart of this agreement incorporating

exhibits which reflect the proposed enlargement and which are stated to be effective as of the effective date of such enlargement.

902. Adjustment of Tract Participation

The Tract Participation of each Tract added pursuant to Clause 901 shall be determined by the Working Interest Owners. The Tract Participation shall then be adjusted in order that:

- (a) the ratios of the Tract Participation of Tracts shown on Exhibit "A" immediately prior to the enlargement remain the same to each other; and
- (b) the total of the Tract Participation 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 Participation 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 the Unitized Substances the title or right to which is in dispute, and hold in trust the proceeds from the sale thereof 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 judgement 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 Participation 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 at least one of the parties thereto has given notice thereof to the 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.

1202. Multiple Disposition Not to Increase Costs

If any disposition of an interest by a Party in a Tract should be made to multiple parties so that the expense or duties of Unit Operator are thereby increased, the Unit Operator may require the assignee parties (and Party if it retains an interest) to appoint one of their number as representing all of them for the purpose of this agreement, unless arrangements satisfactory to the Unit Operator are made to compensate the Unit Operator for the increased expenses or duties.

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 including delay or failure to partially perform any or all 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 of Manitoba thereunder, as amended from time to time, take precedence over this agreement.

1312. Governing Law

This Agreement shall be governed by and construed in accordance with the laws of the Province of Manitoba, and each of the Parties submits to the jurisdiction of the courts of the Province of Manitoba for the interpretation and enforcement hereof.

ARTICLE XIV EFFECTIVE DATE

1401. Effective Date

The unitization provided for herein shall become effective at 8:00 a.m. on the first day of the first calendar month following:

- (a) the date of the qualification under Clause 502 of Tracts having a combined Tract Participation of one hundred percent (100%) as originally set out in Exhibit "A"; and

- (b) the date of the Unit Operator receiving written approval of this 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 each 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 December, 1993.

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.

1502. Termination

This agreement terminates ninety (90) calendar 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) calendar days thereafter.

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

September 9, 1993
(DATE)

MANITOBA DEPARTMENT OF ENERGY AND MINES

Jim Downey

ADDRESS FOR SERVICE:

555 - 330 Graham Avenue

Winnipeg, Manitoba

R3C 4E3

Execution Page forming part of the Unit Agreement - Kola Unit No. 1.

EXHIBIT "A"

Attached to and made part of an Agreement Entitled
Unit Agreement - Kola Unit No. 1

Tract Participation

Abbreviation

Party

BPI	Brandon Professional Investments Ltd.
Corvair	Corvair Oils Limited
Crown	Manitoba Department of Energy and Mines
Gauer	Gauer Oil Company
Kiwi	Kiwi Resources Ltd.
McPhail	Edna Rachel Eliza McPhail
Montreal	Montreal Trust Company
Mustang	Mustang Oil Ltd.
Naylen	Naylen Oil Corp
Tundra	Tundra Oil and Gas Ltd.
Wood	Douglas Harold Wood

Tract No.	Land Description (LSD)	Working Interest		Royalty Interest		Tract Participation %
		Owner	Share (%)	Owner	Share (%)	
1	9-20-10-29 WPM	Tundra	100.0000	Crown	100.0000	2.77
2	16-20-10-29 WPM	Tundra	100.0000	Crown	100.0000	11.17
3	10-21-10-29 WPM	Tundra	100.0000	Tundra	100.0000	1.69
4	12-21-10-29 WPM	Tundra	100.0000	Montreal	100.0000	2.02
5	13-21-10-29 WPM	Tundra	100.0000	Montreal	100.0000	11.06
6	14-21-10-29 WPM	Tundra	100.0000	Montreal	100.0000	2.02
7	15-21-10-29 WPM	Tundra	100.0000	Tundra	100.0000	6.25
8	1-28-10-29 WPM	Corvair Tundra	43.0000 57.0000	Corvair Gauer Naylen	50.0000 25.0000 25.0000	3.59
9	2-28-10-29 WPM	Corvair Tundra	43.0000 57.0000	Corvair Gauer Naylen	50.0000 25.0000 25.0000	10.43
10	3-28-10-29 WPM	BPI Corvair Kiwi Tundra	12.5000 43.0000 9.6875 34.8125	Crown Corvair Gauer McPhail Wood	2.5069 48.7466 24.3733 12.1866 12.1866	8.25
11	4-28-10-29 WPM	Corvair Kiwi Tundra	43.0000 19.3750 37.6250	Corvair Gauer McPhail Wood	50.0000 25.0000 12.5000 12.5000	10.88
12	5-28-10-29 WPM	BPI Corvair Kiwi Mustang Tundra	12.5000 43.0000 9.6875 26.5625 8.2500	Corvair Gauer McPhail Wood	50.0000 25.0000 12.5000 12.5000	.98
13	6-28-10-29 WPM	BPI Corvair Kiwi Tundra	12.5000 43.0000 9.6875 34.8125	Corvair Gauer McPhail Wood	50.0000 25.0000 12.5000 12.5000	3.61
14	11-28-10-29 WPM	Tundra	100.0000	Crown	100.0000	12.61
15	12-28-10-29 WPM	Tundra	100.0000	Crown	100.0000	7.99
16	9-29-10-29 WPM	Tundra	100.0000	Crown	100.0000	4.68
						100.00

Attached to and made part of an Agreement Entitled
Unit Agreement - Kola Unit No. 1

The map displays a section of Twp 10 N, Ranges 31-34 E. The grid lines are labeled with township numbers (18, 19, 20, 21, 22, 27, 28, 29, 30) and range numbers (15, 16, 17, 20, 21, 22, 27, 28, 29, 30, 31, 32, 33, 34). A dashed line outlines a proposed 160-acre tract. The tract is located in the center of the map, spanning from Range 32 to Range 33 and Township 28 to Township 29. The tract contains 16 numbered points, which are distributed as follows:

- Point 1: Located in the center of the tract, near the intersection of Range 32 and Township 28.
- Point 2: Located in the center of the tract, near the intersection of Range 32 and Township 28.
- Point 3: Located in the center of the tract, near the intersection of Range 32 and Township 28.
- Point 4: Located in the center of the tract, near the intersection of Range 32 and Township 28.
- Point 5: Located in the center of the tract, near the intersection of Range 32 and Township 28.
- Point 6: Located in the center of the tract, near the intersection of Range 32 and Township 28.
- Point 7: Located in the center of the tract, near the intersection of Range 32 and Township 28.
- Point 8: Located in the center of the tract, near the intersection of Range 32 and Township 28.
- Point 9: Located in the center of the tract, near the intersection of Range 32 and Township 28.
- Point 10: Located in the center of the tract, near the intersection of Range 32 and Township 28.
- Point 11: Located in the center of the tract, near the intersection of Range 32 and Township 28.
- Point 12: Located in the center of the tract, near the intersection of Range 32 and Township 28.
- Point 13: Located in the center of the tract, near the intersection of Range 32 and Township 28.
- Point 14: Located in the center of the tract, near the intersection of Range 32 and Township 28.
- Point 15: Located in the center of the tract, near the intersection of Range 32 and Township 28.
- Point 16: Located in the center of the tract, near the intersection of Range 32 and Township 28.

Unit Agreement: Kola Unit No. 1

Attached to and made part of an Agreement Entitled
Unit Agreement - Kola Unit No. 1

CP 28.4A FILE 8 18-JUN-86 00121 LIMESTONE

BS (MM)		PEF	
125.00	375.00	0.0	10.000
CALI (MM)		DPHI	
125.00	375.00	.45000	-.1500
GR (GAPI)		NPHI	
0.0	159.00	.45000	-.1500

Unit Agreement: Kola Unit No. 1



Date: Sept 3 / 93

To: Gary Barnes

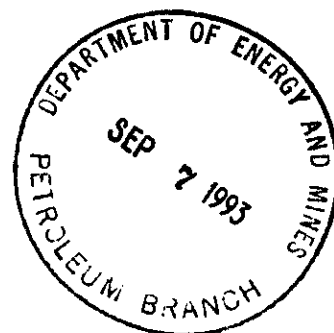
Action / Route Slip

From: Office of the Deputy Minister
Department of Northern Affairs
Department of Energy & Mines
Room 327 Legislative Building
Winnipeg, MB R3C 0V8

Telephone: (204) 945-4172

- | | | | | |
|---|---|--|---|--|
| <input type="checkbox"/> Take Action | <input type="checkbox"/> Per Your Request | <input type="checkbox"/> Circulate, Initial and Return | <input type="checkbox"/> For Approval and Signature | <input type="checkbox"/> Make _____ Copies |
| <input type="checkbox"/> May We Discuss | <input type="checkbox"/> For Your Information | <input type="checkbox"/> Return With Comments or Revisions | <input type="checkbox"/> Draft Reply for Signature | <input type="checkbox"/> Please File |

Comments: Cabinet Submission: Sundry Oil & Gas Ltd
- Daly Oil Field





On Matters of State

To The Honourable the Lieutenant Governor in Council
The undersigned, the Minister of Energy and Mines
submits for approval of Council a report setting forth that:

WHEREAS Section 75 of "The Mines Act", being Chapter M160 of the Continuing Consolidation of the Statutes of Manitoba, provides as follows:

"75(1) Where the Crown is a working interest owner or royalty owner of a tract of land, the Lieutenant Governor in Council may authorize the minister, on behalf of the Crown, to enter into a unitization agreement for the unit operation of the pool or field, or part thereof, within which the tract is situated.

*

75(2) Notwithstanding any other provision of this Act or of an agreement or other disposition made under this Act, the Lieutenant Governor in Council may authorize the minister, on behalf of the Crown, to enter into an agreement for the calculation of the royalty payable to the Crown on the oil and gas produced from a unit area that includes a tract that is subject to the payment of a royalty to the Crown."

AND WHEREAS Tundra Oil and Gas Ltd. is the holder of Crown Oil and Natural Gas Lease No's. L852-674, L852-678 and L852-679 covering the northeast quarter of Section 20, northwest quarter of Section 28 and northeast quarter of Section 29 all in Township 10, Range 29, WPM, respectively;

AND WHEREAS Tundra Oil and Gas Ltd. has proposed to unitize operations in part of the Daly Bakken A Pool as Kola Unit No. 1, which unit includes the tracts described as Legal Subdivisions 9 and 16 of Section 20, Legal Subdivisions 11 and 12 of Section 28 and Legal Subdivision 9 of Section 29 all in Township 10, Range 29, WPM;

AND WHEREAS Tundra Oil and Gas Ltd. has requested agreement for the proposed unitization from the Crown as the Royalty Owner of the subject tracts;

AND WHEREAS in order to accomplish the more efficient development and production of the oil and gas resources of the Daly Bakken A Pool, it is deemed advisable for the Crown to enter into the said agreement;

THEREFORE, he, the Minister, recommends:

THAT the Minister of Energy and Mines be authorized, on behalf of the Crown as a royalty owner, to enter into the Kola Unit No. 1 Unit Agreement, an agreement which



MANITOBA

provides for the distribution of production and revenue amongst all working interest owners, being Tundra Oil and Gas Ltd., Corvair Oils Limited, Kiwi Resources Ltd., Mustang Oil Ltd. and Brandon Professional Investments Ltd., and royalty interest owners in the Unit area for so long as unitized substances are produced from the Unit area.

Initiating Department/Agency	
Department/Agency	Authorized Officer
ENERGY & MINES	<i>[Signature]</i>
Approved by	
C.S.C.	Finance
Approved as to form by:	
Name	Initials
<i>D. BLEKINS</i> <i>AUG 17/93</i>	<i>DB</i>
Civil Legal Services: or Legislative Counsel:	

Signature

[Signature]

IN THE EXECUTIVE COUNCIL CHAMBER, WINNIPEG

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

September 1, 1993

Date

President or Presiding Member

AT GOVERNMENT HOUSE IN THE CITY OF WINNIPEG

1st

September

A.D. 1993

Approved and Ordered this day of

[Signature]
Lieutenant Governor

DEPARTMENT OF ENERGY AND MINES

CABINET SUBMISSION

SUBJECT:

An agreement to unitize oil development operations in the Daly oil field.

BACKGROUND:

The Province of Manitoba is the owner of the mines and minerals in the NE 1/4 of Section 20, NW 1/4 of Section 28, and NE 1/4 of Section 29 all in Township 10, Range 29 WPM located in the Daly oil field. Tundra Oil and Gas Ltd. is the holder of Crown oil and natural gas leases of the lands. Tundra has completed 5 wells under the leases in the Daly Bakken A Pool. Tundra is planning to conduct waterflood operations in a portion of the pool, but before proceeding, must obtain the agreement of the mineral rights owners affected. As Tundra wishes to include the Crown wells in the proposed Kola Unit No. 1, it has requested the consent of the Minister of Energy and Mines on behalf of the Crown as mineral rights owner.

Inclusion of the Crown wells in the proposed Unit will result in a portion of the total crude oil and natural gas produced from all wells in the Unit being allocated to the Crown wells, and the Crown will receive royalties on the allocated production.

The Mines Act specifically provides for the Minister to enter into unitization agreements on behalf of the Crown with the approval of the Lieutenant Governor in Council.

FINANCIAL
IMPLICATIONS:

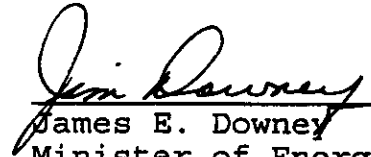
The proposed unitization will not affect operating expenditures and will result in additional future oil royalty revenue to the Crown depending on the success of the waterflood project.

COMMUNICATION
STRATEGY:

Because of the routine nature of the procedure for Crown consent as a mineral owner to unitization, no communication is required.

RECOMMENDATION:

It is recommended that the Minister of Energy and Mines be authorized to enter into the Unitization Agreement for Kola Unit No. 1 on behalf of the Crown.


James E. Downey
Minister of Energy and Mines

Contact Person:

L. R. Dubreuil - 945-6573
August 20, 1993

Manitoba



Message

To JOHN FOX

Person calling EDNA McPHAIL

Of BRANDON

- | | | |
|---|---|--|
| <input checked="" type="checkbox"/> Telephoned | <input type="checkbox"/> Will call again | <input type="checkbox"/> Called to see you |
| <input checked="" type="checkbox"/> Please call | <input type="checkbox"/> Returned your call | <input type="checkbox"/> Will return |

Telephone No.

728-5212

Time

8:19 AM.

Message

CALL EITHER BEFORE 8:45 AM.

OR AFTER 10:30 AM.

SHE IS ~~THE~~ A MINERAL
RIGHT HOLDER IN THE KOLA#1
AREA, AND HAS SOME QUESTIONS
REGARDING UNITIZATION AGREES.

Date

Sept. 20/93

Message taken by

CJ



Memorandum

Date August 20, 1993

To David Tomasson
Deputy Minister
Energy and Mines

From

*Bob, John
For file
Four copies
Forwarded
on Aug 29*

Telephone

Subject **Proposed Kola Unit No. 1 Unit Agreement**

Tundra Oil and Gas Ltd. is proposing to unitize an area in the Daly Field which includes 16 tracts. The proposed Unit involves 5 tracts for which the Crown is the royalty owner (i.e. mineral rights owner). Section 74 of The Mines Act states that before a unitization agreement can be put into effect, it must be approved by The Oil and Natural Gas Conservation Board. It further states that the Board shall not approve an agreement unless the royalty owners have agreed to the unit operation. Therefore, Tundra has submitted two copies of the proposed Unit Agreement for Kola Unit No. 1 for execution by the Minister on behalf of the Crown as an affected royalty owner.

Section 75 of The Mines Act states that the Minister, with the authorization of the Lieutenant Governor in Council, may enter such agreements on behalf of the Crown as a royalty owner.

RECOMMENDATION:

It is recommended that the Minister:

1. Request authorization from Cabinet to permit him to enter into the proposed Kola Unit No. 1 Unit Agreement on behalf of the Crown (draft OIC attached) with respect to LSD's 9 and 16 of Section 20, LSD's 11 and 12 of Section 28 and LSD 9 of Section 29 in Township 10, Range 29 WPM.
2. Execute the attached two copies of the Unit Agreement for Kola Unit No. 1 as a royalty owner.

DISCUSSION:

The 5 tracts in the proposed Kola Unit No. 1 that contain Crown-owned mineral rights are highlighted in Attachment 1. Crown Oil and Natural Gas Leases covering the tracts are also listed in Attachment No. 1. All leases are held by Tundra Oil and Gas Ltd.

First | Fold

Currently the wells on the Crown tracts produce from the Daly Bakken A Pool at a combined rate of approximately 7.4 m³/d.

The Oil and Natural Gas Conservation Board has received an application from Tundra to conduct a waterflood project in the area of the proposed unit. It is anticipated that waterflood operations will significantly increase the amount of oil recovered from the area and consequently royalty revenue to the Crown.

The proposed unit area is currently developed on 16 ha well spacing. Proposed tract factors are based on current productivity. Upon review, Branch staff has found the proposed tract factors to be reasonable. On this basis, it is recommended that the Minister be authorized by Cabinet to enter the proposed unit agreement.

L. R. Dubreuil

JNF/hw

Attached.

cc: G. Barnes

ATTACHMENT 1

Exhibit "A" - Page 2

Tract No.	Land Description (LSD)	Working Interest		Royalty Interest		Tract Participation %
		Owner	Share (%)	Owner	Share (%)	
1	9-20-10-29 WPM	Tundra	100.0000	Crown	100.0000	2.77
2	16-20-10-29 WPM	Tundra	100.0000	Crown	100.0000	11.17
3	10-21-10-29 WPM	Tundra	100.0000	Tundra	100.0000	1.69
4	12-21-10-29 WPM	Tundra	100.0000	Montreal	100.0000	2.02
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7	15-21-10-29 WPM	Tundra	100.0000	Tundra	100.0000	6.25
8	1-28-10-29 WPM	Corvair Tundra	43.0000 57.0000	Corvair Gauer Naylen	50.0000 25.0000 25.0000	3.59
9	2-28-10-29 WPM	Corvair Tundra	43.0000 57.0000	Corvair Gauer Naylen	50.0000 25.0000 25.0000	10.43
10	3-28-10-29 WPM	BPI Corvair Kiwi Tundra	12.5000 43.0000 9.6875 34.8125	Crown Corvair Gauer McPhail Wood	2.5069 48.7466 24.3733 12.1866 12.1866	8.25
11	4-28-10-29 WPM	Corvair Kiwi Tundra	43.0000 19.3750 37.6250	Corvair Gauer McPhail Wood	50.0000 25.0000 12.5000 12.5000	10.88
12	5-28-10-29 WPM	BPI Corvair Kiwi Mustang Tundra	12.5000 43.0000 9.6875 26.5625 8.2500	Corvair Gauer McPhail Wood	50.0000 25.0000 12.5000 12.5000	.98
13	6-28-10-29 WPM	BPI Corvair Kiwi Tundra	12.5000 43.0000 9.6875 34.8125	Corvair Gauer McPhail Wood	50.0000 25.0000 12.5000 12.5000	3.61
14	11-28-10-29 WPM	Tundra	100.0000	Crown	100.0000	12.61
15	12-28-10-29 WPM	Tundra	100.0000	Crown	100.0000	7.99
16	9-29-10-29 WPM	Tundra	100.0000	Crown	100.0000	4.68
						100.00

CROWN
LEASE NO.'S

LEAS-674

LEAS-678

LEAS-679

Unit Agreement: Kola Unit No. 1

Action/Route Slip

Date: August 20, 1993

To: Noel Simmonds
Deputy Minister's Office
Energy and Mines

From: Bob Dubreuil
Director
Petroleum Branch

6573

Comments:

The attached Cabinet Submission and OIC will, when approved, provide authority to the Minister to enter the Kola Unit No. 1 Unit Agreement on behalf of the Crown as a royalty owner. This is a routine matter. The originals and required copies have been forwarded to Administrative Services.

Tundra Oil and Gas Ltd., the Unit operator wishes to make the Unit Agreement effective on October 1, 1993 to enable it to commence waterflood operations. Therefore, prior to October 1, the following is required:

- (a) the Minister's signature on the two copies of the Unit Agreement (tabbed). Please retain the copies until the OIC is approved then as soon as possible obtain the Minister's signature and return the copies to Petroleum.
- (b) approval by The Oil and Natural Gas Conservation Board of the Unit Agreement, a routine procedure which occurs when all royalty and working interest owners have entered the Agreement.

Because of the routine nature of this matter and the company's wish to proceed with operations as soon as possible, please expedite the process as much as possible.

DEPARTMENT OF ENERGY AND MINES

CABINET SUBMISSION

SUBJECT: An agreement to unitize oil development operations in the Daly oil field.

BACKGROUND: The Province of Manitoba is the owner of the mines and minerals in the NE 1/4 of Section 20, NW 1/4 of Section 28, and NE 1/4 of Section 29 all in Township 10, Range 29 WPM located in the Daly oil field. Tundra Oil and Gas Ltd. is the holder of Crown oil and natural gas leases of the lands. Tundra has completed 5 wells under the leases in the Daly Bakken A Pool. Tundra is planning to conduct waterflood operations in a portion of the pool, but before proceeding, must obtain the agreement of the mineral rights owners affected. As Tundra wishes to include the Crown wells in the proposed Kola Unit No. 1, it has requested the consent of the Minister of Energy and Mines on behalf of the Crown as mineral rights owner.

Inclusion of the Crown wells in the proposed Unit will result in a portion of the total crude oil and natural gas produced from all wells in the Unit being allocated to the Crown wells, and the Crown will receive royalties on the allocated production.

The Mines Act specifically provides for the Minister to enter into unitization agreements on behalf of the Crown with the approval of the Lieutenant Governor in Council.

FINANCIAL IMPLICATIONS: The proposed unitization will not affect operating expenditures and will result in additional future oil royalty revenue to the Crown depending on the success of the waterflood project.

COMMUNICATION STRATEGY: Because of the routine nature of the procedure for Crown consent as a mineral owner to unitization, no communication is required.

RECOMMENDATION:

It is recommended that the Minister of Energy and Mines be authorized to enter into the Unitization Agreement for Kola Unit No. 1 on behalf of the Crown.

James E. Downey
Minister of Energy and Mines

Contact Person:

L. R. Dubreuil - 945-6573
August 20, 1993



On Matters of State

To The Honourable the Lieutenant Governor in Council
Energy and Mines
The undersigned, the Minister of
submits for approval of Council a report setting forth that:

WHEREAS Section 75 of "The Mines Act", being Chapter M160 of the Continuing Consolidation of the Statutes of Manitoba, provides as follows:

"75(1) Where the Crown is a working interest owner or royalty owner of a tract of land, the Lieutenant Governor in Council may authorize the minister, on behalf of the Crown, to enter into a unitization agreement for the unit operation of the pool or field, or part thereof, within which the tract is situated.

75(2) Notwithstanding any other provision of this Act or of an agreement or other disposition made under this Act, the Lieutenant Governor in Council may authorize the minister, on behalf of the Crown, to enter into an agreement for the calculation of the royalty payable to the Crown on the oil and gas produced from a unit area that includes a tract that is subject to the payment of a royalty to the Crown."

AND WHEREAS Tundra Oil and Gas Ltd. is the holder of Crown Oil and Natural Gas Lease No's. L852-674, L852-678 and L852-679 covering the northeast quarter of Section 20, northwest quarter of Section 28 and northeast quarter of Section 29 all in Township 10, Range 29, WPM, respectively;

AND WHEREAS Tundra Oil and Gas Ltd. has proposed to unitize operations in part of the Daly Bakken A Pool as Kola Unit No. 1, which unit includes the tracts described as Legal Subdivisions 9 and 16 of Section 20, Legal Subdivisions 11 and 12 of Section 28 and Legal Subdivision 9 of Section 29 all in Township 10, Range 29, WPM;

AND WHEREAS Tundra Oil and Gas Ltd. has requested agreement for the proposed unitization from the Crown as the Royalty Owner of the subject tracts;

AND WHEREAS in order to accomplish the more efficient development and production of the oil and gas resources of the Daly Bakken A Pool, it is deemed advisable for the Crown to enter into the said agreement;

THEREFORE, he, the Minister, recommends:

THAT the Minister of Energy and Mines be authorized, on behalf of the Crown as a royalty owner, to enter into the Kola Unit No. 1 Unit Agreement, an agreement which



MANITOBA

provides for the distribution of production and revenue amongst all working interest owners, being Tundra Oil and Gas Ltd., Corvair Oils Limited, Kiwi Resources Ltd., Mustang Oil Ltd. and Brandon Professional Investments Ltd., and royalty interest owners in the Unit area for so long as unitized substances are produced from the Unit area.

Initiating Department/Agency	
Department/Agency	Authorized Officer
ENERGY & MINES	<i>[Signature]</i>
Approved by	
C.S.C.	Finance
Approved as to form by:	
Name	Initials
D. BLEVINS	
17/9 3	
Civil Legal Services: or Legislative Counsel:	<i>[Signature]</i>

Signature

IN THE EXECUTIVE COUNCIL CHAMBER, WINNIPEG

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

..... Date President or Presiding Member

AT GOVERNMENT HOUSE IN THE CITY OF WINNIPEG

Approved and Ordered this day of A.D.

..... Lieutenant Governor

August 16, 1993

Dirk Blevins
Crown Counsel
Justice Department

John N. Fox
Chief Petroleum Engineer
Petroleum Branch
Energy and Mines

Order in Council - Unit Agreement Kola Unit No. 1

Please review the attached revised OIC and certify in the appropriate location. I have added the working interest owners as you requested.

John N. Fox

JNF/hw

Attached.



On Matters of State

To The Honourable the Lieutenant Governor in Council
Energy and Mines

The undersigned, the Minister of
submits for approval of Council a report setting forth that:

WHEREAS Section 75 of "The Mines Act", being Chapter M160 of the Continuing Consolidation of the Statutes of Manitoba, provides as follows:

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75(2) Notwithstanding any other provision of this Act or of an agreement or other disposition made under this Act, the Lieutenant Governor in Council may authorize the minister, on behalf of the Crown, to enter into an agreement for the calculation of the royalty payable to the Crown on the oil and gas produced from a unit area that includes a tract that is subject to the payment of a royalty to the Crown."

AND WHEREAS Tundra Oil and Gas Ltd. is the holder of Crown Oil and Natural Gas Lease No's. L852-674, L852-678 and L852-679 covering the northeast quarter of Section 20, northwest quarter of Section 28 and northeast quarter of Section 29 all in Township 10, Range 29, WPM, respectively;

AND WHEREAS Tundra Oil and Gas Ltd. has proposed to unitize operations in part of the Daly Bakken A Pool as Kola Unit No. 1, which unit includes the tracts described as Legal Subdivisions 9 and 16 of Section 20, Legal Subdivisions 11 and 12 of Section 28 and Legal Subdivision 9 of Section 29 all in Township 10, Range 29, WPM;

AND WHEREAS Tundra Oil and Gas Ltd. has requested agreement for the proposed unitization from the Crown as the Royalty Owner of the subject tracts;

AND WHEREAS in order to accomplish the more efficient development and production of the oil and gas resources of the Daly Bakken A Pool, it is deemed advisable for the Crown to enter into the said agreement;

THEREFORE, he, the Minister, recommends:

THAT the Minister of Energy and Mines be authorized, on behalf of the Crown as a royalty owner, to enter into the Kola Unit No. 1 Unit Agreement, an agreement which



MANITOBA

provides for the distribution of production and revenue amongst all working interest owners, being Tundra Oil and Gas Ltd., Corvair Oils Limited, Kiwi Resources Ltd., Mustang Oil Ltd. and Brandon Professional Investments Ltd., and royalty interest owners in the Unit area for so long as unitized substances are produced from the Unit area.

Initiating Department/Agency	
Department/Agency	Authorized Officer
Approved by C.S.C. Finance	
Approved as to form by:	
Name	Initials
Civil Legal Services: or Legislative Counsel:	

Signature

IN THE EXECUTIVE COUNCIL CHAMBER, WINNIPEG

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

..... Date President or Presiding Member

AT GOVERNMENT HOUSE IN THE CITY OF WINNIPEG

Approved and Ordered this day of A.D.

..... Lieutenant Governor



Action / Route Slip

Date: August 9, 1993

To: Bob Dubreuil

From: Office of the Deputy Minister
Department of Northern Affairs
Department of Energy & Mines
Room 327 Legislative Building
Winnipeg, MB R3C 0V8

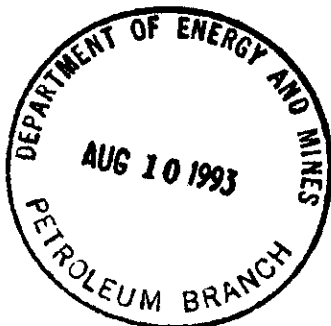
Telephone: (204) 945-4172

Tundra Oil & Gas - Unit Agreement

Please note the attached and provide comments prior to this going forward to the Minister for signature. Could David sign this on the Minister's behalf?

Noel

Please return this original agreement.



SEP - 6 1993



Date: August 9, 1993

Action / Route Slip

To: David Tomasson

From: Minister of Northern Affairs
Minister of Energy and Mines
Minister responsible for Native Affairs
Room 333, Legislative Building

Telephone: (204) 945-3719

- | | | | | |
|---|---|--|---|--|
| <input type="checkbox"/> Take Action | <input type="checkbox"/> Per Your Request | <input type="checkbox"/> Circulate, Initial and Return | <input type="checkbox"/> For Approval and Signature | <input type="checkbox"/> Make _____ Copies |
| <input type="checkbox"/> May We Discuss | <input type="checkbox"/> For Your Information | <input type="checkbox"/> Return With Comments or Revisions | <input type="checkbox"/> Draft Reply for Signature | <input type="checkbox"/> Please File |

Comments: Please prepare a response for the Minister's signature. Is this with Energy & Mines jurisdiction?

Jonathon Lyon

July 28, 1993

Mr. James E. Downey
Minister of Energy and Mines
Room 333 Legislative Building
Winnipeg, MB
R3C 0V8

Dear Mr. Downey:

RE: Kola Unit No. 1

Tundra and partners are unitizing 16 wells in the Kola area, approximately 20 miles west of Virden. Five of the 16 wells in question are on lands in which the mineral rights are owned by the Provincial Crown. The producing horizon is the Bakken formation which we have successfully waterflooded a few miles to the southeast of this pool.

Enclosed are two copies of our proposed Unit Agreement covering Kola Unit No. 1. If everything looks to be in order, please sign and seal on behalf of the Crown and return one copy for our files.

If you have any questions or comments, please call. We look forward to improving the oil recovery from this pool.

Sincerely,

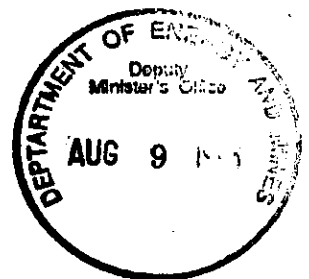
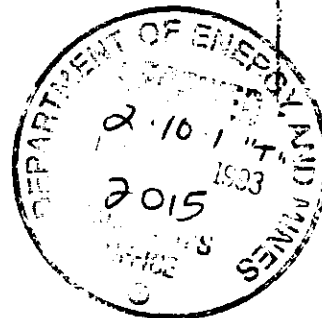
TUNDRA OIL AND GAS LTD.



Robert G. Puchniak

RGP/bp

cc Mr. L. R. Dubreuil, Petroleum Branch



2439

KOLA UNIT NO. 1

UNIT AGREEMENT

UNIT AGREEMENT
KOLA UNIT NO. 1

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UNIT AGREEMENT

KOLA UNIT NO. 1

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, 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 any lands in the Unit Area;
- (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 related hydrocarbons (except coal) and all substances whether gaseous, liquid or solid, which are produced in association therewith, or any of them;
- (g) "Royalty Interest" means
 - (i) an ownership, fee simple, or similar estate in Petroleum Substances in the Unitized Zone, or
 - (ii) a right to a share of Petroleum Substances produced from the Unitized Zone, to a share of the proceeds from the sale of such Petroleum Substances, or to a payment based on the quantity or value of such Petroleum Substances, but does not include a Working Interest, the interest of a purchaser of such Petroleum Substances after production, or a mortgage, charge or like interest granted as security in a financial transaction;
- (h) "Royalty Owner" means a Party owning a Royalty Interest in or in respect of Unitized Substances;
- (i) "Spacing Unit" means the area allocated to a well by the Conservation Board with respect to the Unitized Zone 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" and shown outlined on Exhibit "B";
- (k) "Tract Participation" means the Participation percentage allocated to a Tract pursuant to Article VI and set forth in Exhibit "A";
- (l) "Unit Area" means the lands described in Exhibit "A" and shown outlined on Exhibit "B";
- (m) "Unit Operations" means any operations or activities undertaken in connection with the Unitized Zone, the production or handling of Unitized Substances or the installation, operation, maintenance or removal of equipment or facilities, insofar as such operations or activities have been authorized or provided for

under this agreement or the Unit Operating Agreement;

- (n) "Unit Operator" means the person who is so designated under the Unit Operating Agreement;
- (o) "Unit Operating Agreement" means the agreement entitled "Unit Operating Agreement - Kola Unit No. 1" entered into by the Working Interest Owners;
- (p) "Unitized Zone" means the Bakken Formation of the Mississippian Age underlying the lands within the Unit Area as same is shown on the compensated neutron litho-density log of the Tundra Daly 4-28-10-29 WPM well in 4-28-10-29 WPM, in the Province of Manitoba between the intervals of 870.0 metres and 880.0 metres as measured from the kelly bushing at 4-28-10-29 WPM and shown on Exhibit "C";
- (q) "Unitized Substances" means Petroleum Substances in or obtained from the Unitized Zone;
- (r) "Working Interest" means any interest which entitles the owner thereof to produce and dispose of, or to participate in the production and disposition of, Petroleum Substances from the Unitized Zone, and with which is associated a responsibility to bear all or a portion of the costs of recovering such Petroleum Substances;
- (s) "Working Interest Owner" means a party owning a Working Interest in or in respect of Unitized Substances;
- (t) "Minister" means the member of the Executive Council charged by the Lieutenant Governor in Council with the administration of The Mines Act of Manitoba.

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 plan of the Unit Area identifying the Tracts;
- (c) Exhibit "C" which is a reproduction of a portion of the compensated neutron litho-density log referred to in Subclause 101(p) 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 Participation 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 two copies 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 interests of each Royalty Owner and of each Working Interest Owner in the Unitized Substances and in the Unitized Zone are hereby unitized, in accordance with the provisions of 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 interests therein are set forth in the Unit Operating Agreement.

303. Continuation of Leases

All Unit Operations and all 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, or a well had been drilled and was producing from each Tract or Spacing Unit, or portion thereof, in the Unit Area.

If from time to time during the term of this Agreement the production of Unitized Substances and the conduct of other Unit Operations is temporarily interrupted or suspended:

(a) for any period not exceeding ninety (90) consecutive days or

(b) for any period during which an event of force majeure contemplated by Clause 1305 is in effect,

then, for the purposes of this Clause 303, Unitized Substances shall be deemed to have been produced throughout any such period.

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 Royalty Owner is involved in a court action which has been commenced and is pending on the Effective Date, each Royalty Owner hereby ratifies each Lease, as amended by this agreement, to which it is a party, and hereby confirms that no notice of default has been given and remains outstanding with respect to any such Lease, and that each Lease is in effect as of the Effective Date. The provisions of this Clause 305 do not constitute a waiver, and shall not give rise to an estoppel, of any right to pursue the enforcement of any outstanding obligation under any such Lease.

306. Effect of Unitization on Titles

Nothing in this agreement, nor the Unit Operating Agreement 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 "Kola Unit No. 1".

308. Equipment and Facilities

All equipment and facilities used in connection with the Unit Operations and heretofore or hereafter installed, affixed or constructed by any of the Working Interest Owners on or in lands within the Unit Area are and shall remain the personal property of the Working Interest Owners, or such of them as may from time to time have an interest therein, and, except as otherwise provided in Clause 1503, no interest in any such equipment and facilities shall vest in the Royalty Owners by virtue of the provisions of this Agreement.

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 Tract or Spacing Units in such manner and by such means and methods as the Working Interest Owners consider appropriate. Without limiting the generality of the foregoing, the Working Interest Owners shall have the right to inject any substance or combination of substances into the Unitized Zone and to 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 Interests 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 Interest 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 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 Participation of the Tracts recalculated on the same basis and using the same data as that used in the calculation of Tract Participation 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 the Tract Participation ascribed to it in 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 Participation. 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. Allocation Among Parties

The Unitized Substances allocated to a Tract shall be further allocated among the Working Interest Owners thereof in accordance with their respective percentage Working Interests in the Tract as set forth in Exhibit "A", and the Working Interest Owners of each Tract shall account to the Royalty Owners of such Tract for any royalty payable or deliverable to such Royalty Owners in respect of the Unitized Substances allocated to such Tract.

703. Calculation of Royalty

The Working Interest Owners of each Tract shall calculate royalty on the 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 by them, construct, maintain and operate in the Unit Area all necessary facilities for taking delivery in kind.

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. The "net proceeds" for the purpose of this Clause shall mean the proceeds from the sale of the non-taking Party's share of production, less all direct costs of the sale, including processing and shipping costs.

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 that 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.

707. Several Royalty Liability

Without limiting the generality of the provisions of Clauses 702 and 1304, nothing in this Agreement shall be construed as giving rise to any right entitling the Royalty Owners of a Tract to look to any Working Interest Owners other than the Working Interest Owners of such Tract for the satisfaction of royalty obligations in respect of such Tract; provided, however, that in the event that the Working Interest Owners of a Tract are not the same persons as the lessee under a Lease relating to the Tract, the provisions of this Clause 707 shall not be construed as relieving such lessee of any obligation to account for royalty payable or deliverable to the lessor under such Lease if the Working Interest Owners fail to comply with their obligations in that respect.

ARTICLE VIII

USE, LOSS AND RE-INJECTION 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 Unit Operations. 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. Re-Injection

The Working Interest Owners are hereby granted the right to re-inject Unitized Substances into the Unitized Zone for any purpose related to the Unit Operations. 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 for sale or for use other than for Unit Operations.

ARTICLE IX

ENLARGEMENT OF UNIT AREA

901. Enlargement

After the expiration of ninety (90) days following the Effective Date, if an owner of a Working Interest in lands adjoining the Unit Area makes application to enlarge the Unit Area to include such adjoining lands which appear to be potentially productive of Petroleum Substances from the Unitized Zone the Working Interest Owners may approve the enlargement of the Unit Area to include such adjoining lands on such terms and conditions as the Working Interest Owners may consider appropriate, and, if such adjoining lands qualify for inclusion in the Unit Area under Clause 502, the Unit Area shall be enlarged to include such adjoining lands. Notwithstanding that any owner of a Working Interest or a Royalty Interest in such adjoining lands is already a Party, such owner shall not, for the purposes of the qualification of such adjoining lands under Clause 502, be considered to have executed and delivered this agreement until it executes and delivers to the Unit Operator an additional counterpart of this agreement incorporating

exhibits which reflect the proposed enlargement and which are stated to be effective as of the effective date of such enlargement.

902. Adjustment of Tract Participation

The Tract Participation of each Tract added pursuant to Clause 901 shall be determined by the Working Interest Owners. The Tract Participation shall then be adjusted in order that:

- (a) the ratios of the Tract Participation of Tracts shown on Exhibit "A" immediately prior to the enlargement remain the same to each other; and
- (b) the total of the Tract Participation 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 Participation 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 the Unitized Substances the title or right to which is in dispute, and hold in trust the proceeds from the sale thereof 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 judgement 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 Participation 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 at least one of the parties thereto has given notice thereof to the 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.

1202. Multiple Disposition Not to Increase Costs

If any disposition of an interest by a Party in a Tract should be made to multiple parties so that the expense or duties of Unit Operator are thereby increased, the Unit Operator may require the assignee parties (and Party if it retains an interest) to appoint one of their number as representing all of them for the purpose of this agreement, unless arrangements satisfactory to the Unit Operator are made to compensate the Unit Operator for the increased expenses or duties.

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 including delay or failure to partially perform any or all 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 of Manitoba thereunder, as amended from time to time, take precedence over this agreement.

1312. Governing Law

This Agreement shall be governed by and construed in accordance with the laws of the Province of Manitoba, and each of the Parties submits to the jurisdiction of the courts of the Province of Manitoba for the interpretation and enforcement hereof.

ARTICLE XIV EFFECTIVE DATE

1401. Effective Date

The unitization provided for herein shall become effective at 8:00 a.m. on the first day of the first calendar month following:

- (a) the date of the qualification under Clause 502 of Tracts having a combined Tract Participation of one hundred percent (100%) as originally set out in Exhibit "A"; and

- (b) the date of the Unit Operator receiving written approval of this 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 each 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 December, 1993.

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.

1502. Termination

This agreement terminates ninety (90) calendar 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) calendar days thereafter.

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

BRANDON PROFESSIONAL INVESTMENTS LTD.

(DATE)

ADDRESS FOR SERVICE:

P.O. Box 1270

Brandon, Manitoba

R7A 6K4

Execution Page forming part of the Unit Agreement - Kola Unit No. 1.

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

GAUER OIL COMPANY

(DATE)

ADDRESS FOR SERVICE:

202 Riverside Drive

Toronto, Ontario

M6S 4A9

Execution Page forming part of the Unit Agreement - Kola Unit No. 1.

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

KIWI RESOURCES LTD.

(DATE)

ADDRESS FOR SERVICE:

P.O. Box 908

Virden, Manitoba

ROM 2CO

Execution Page forming part of the Unit Agreement - Kola Unit No. 1.

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

MANITOBA DEPARTMENT OF ENERGY AND MINES

(DATE)

ADDRESS FOR SERVICE:

555 - 330 Graham Avenue

Winnipeg, Manitoba

R3C 4E3

Execution Page forming part of the Unit Agreement - Kola Unit No. 1.

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

EDNA RACHEL ELIZA MCPHAIL

(DATE)

ADDRESS FOR SERVICE:

336 - 25th Street

Brandon, Manitoba

R7B 1Z3

Witness as to the Signature of

Edna Rachel Eliza McPhail

Execution Page forming part of the Unit Agreement - Kola Unit No. 1.

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

MONTREAL TRUST COMPANY

(DATE)

ADDRESS FOR SERVICE:

221 Portage Avenue

Winnipeg, Manitoba

R3B 2A6

Execution Page forming part of the Unit Agreement - Kola Unit No. 1.

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

MUSTANG OIL LTD.

(DATE)

ADDRESS FOR SERVICE:

P.O. Box 1537

Virden, Manitoba

ROM 2C0

Execution Page forming part of the Unit Agreement - Kola Unit No. 1.

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

NAYLEN OIL CORP.

(DATE)

ADDRESS FOR SERVICE:

40 Everett Crescent

Regina, Saskatchewan

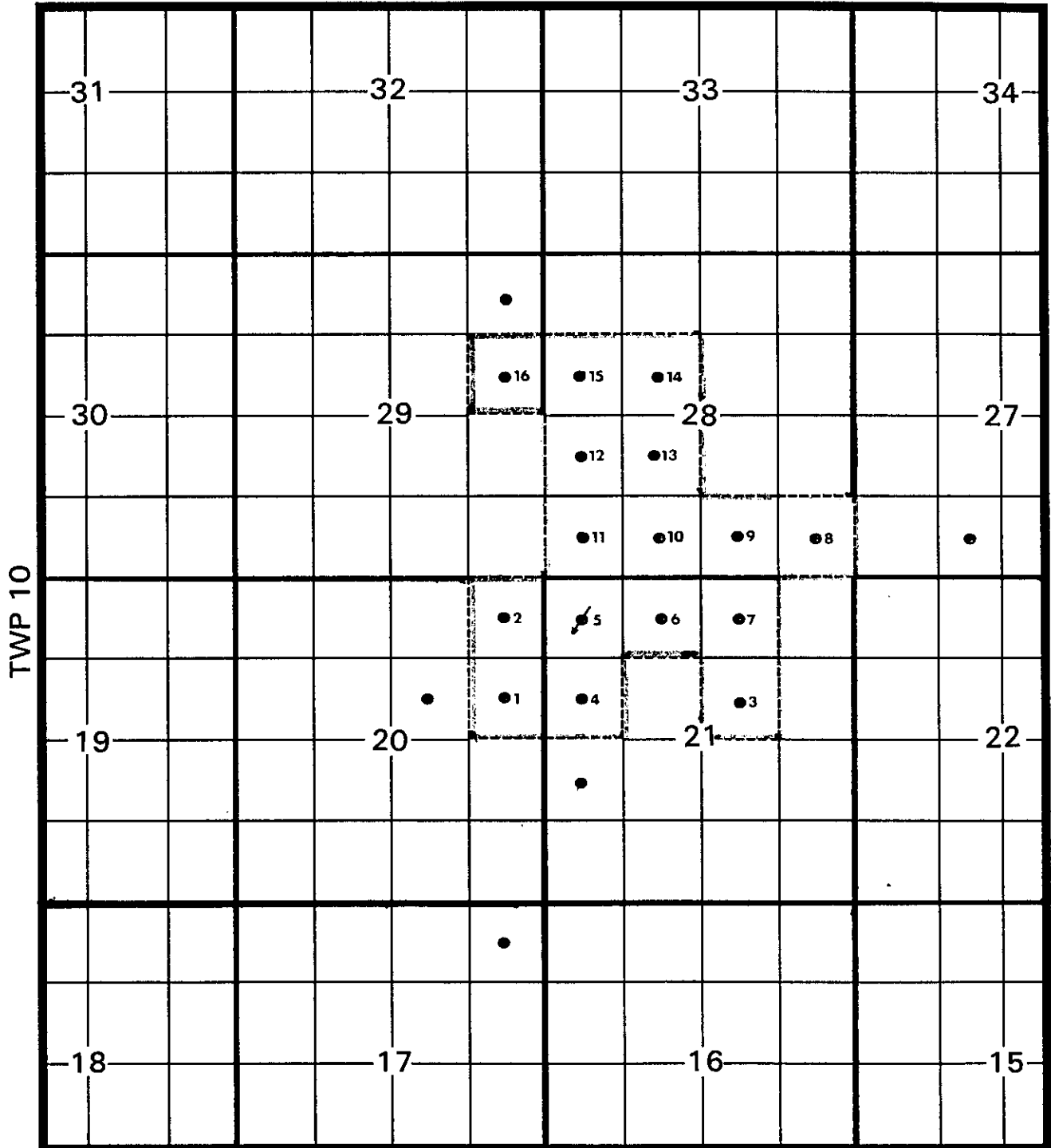
S4S 2M7

Execution Page forming part of the Unit Agreement - Kola Unit No. 1.

EXHIBIT "B"

Attached to and made part of an Agreement Entitled
Unit Agreement - Kola Unit No. 1

RGE 29



-- Unit Outline

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

TUNDRA OIL AND GAS LTD.

(DATE)

ADDRESS FOR SERVICE:

1111 One Lombard Place

Winnipeg, Manitoba

R3B 0X4

Execution Page forming part of the Unit Agreement - Kola Unit No. 1.

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

DOUGLAS HAROLD WOOD

(DATE)

ADDRESS FOR SERVICE:

P.O. Box 99

Kelwood, Manitoba

R0J 0Y0

Witness as to the Signature of

Douglas Harold Wood

Execution Page forming part of the Unit Agreement - Kola Unit No. 1.

EXHIBIT "A"

Attached to and made part of an Agreement Entitled
Unit Agreement - Kola Unit No. 1

Tract Participation

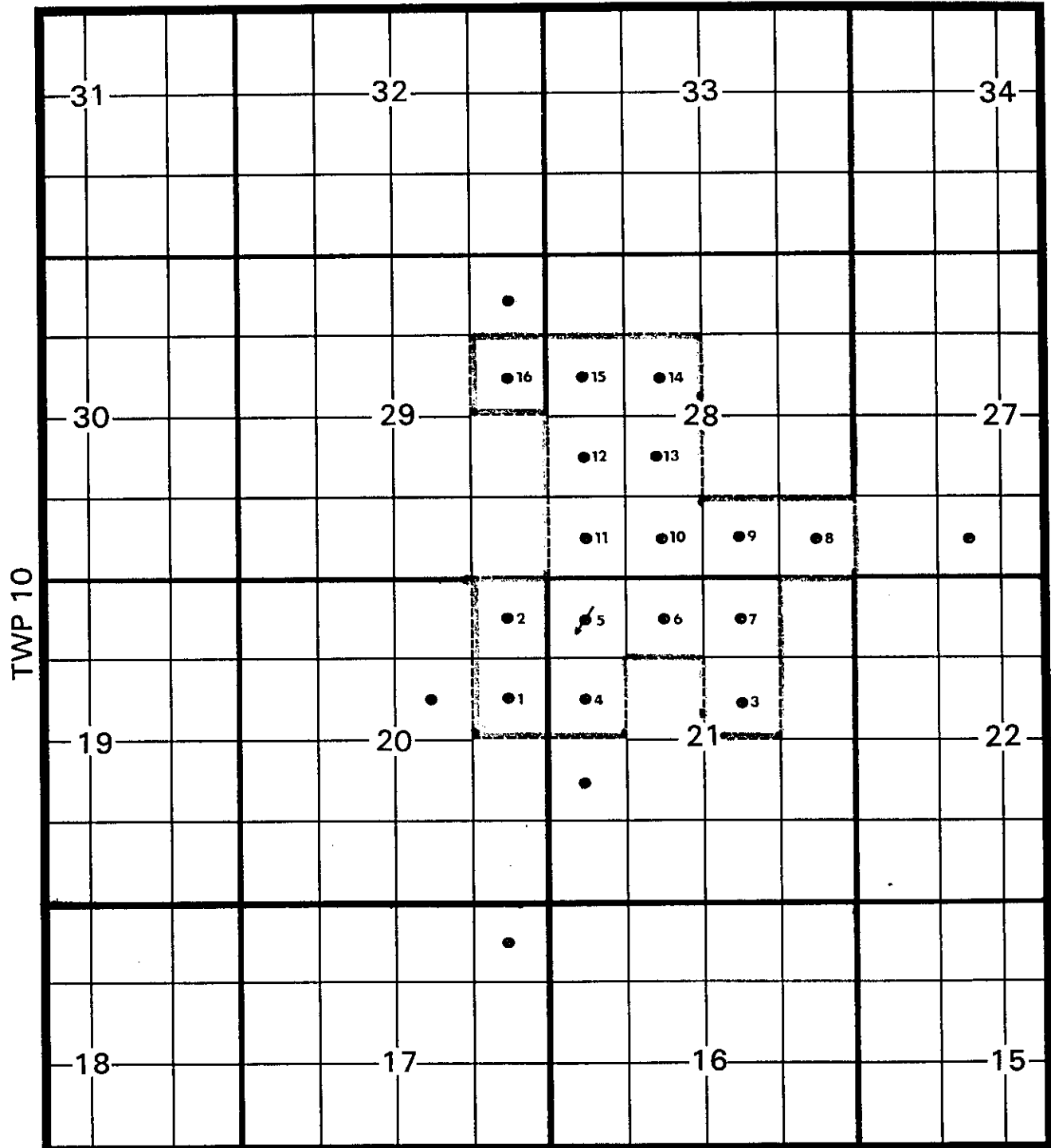
<u>Abbreviation</u>	<u>Party</u>
BPI	Brandon Professional Investments Ltd.
Corvair	Corvair Oils Limited
Crown	Manitoba Department of Energy and Mines
Gauer	Gauer Oil Company
Kiwi	Kiwi Resources Ltd.
McPhail	Edna Rachel Eliza McPhail
Montreal	Montreal Trust Company
Mustang	Mustang Oil Ltd.
Naylen	Naylen Oil Corp
Tundra	Tundra Oil and Gas Ltd.
Wood	Douglas Harold Wood

Tract No.	Land Description (LSD)	Working Interest		Royalty Interest		Tract Participation %
		Owner	Share (%)	Owner	Share (%)	
1	9-20-10-29 WPM	Tundra	100.0000	Crown	100.0000	2.77
2	16-20-10-29 WPM	Tundra	100.0000	Crown	100.0000	11.17
3	10-21-10-29 WPM	Tundra	100.0000	Tundra	100.0000	1.69
4	12-21-10-29 WPM	Tundra	100.0000	Montreal	100.0000	2.02
5	13-21-10-29 WPM	Tundra	100.0000	Montreal	100.0000	11.06
6	14-21-10-29 WPM	Tundra	100.0000	Montreal	100.0000	2.02
7	15-21-10-29 WPM	Tundra	100.0000	Tundra	100.0000	6.25
8	1-28-10-29 WPM	Corvair Tundra	43.0000 57.0000	Corvair Gauer Naylen	50.0000 25.0000 25.0000	3.59
9	2-28-10-29 WPM	Corvair Tundra	43.0000 57.0000	Corvair Gauer Naylen	50.0000 25.0000 25.0000	10.43
10	3-28-10-29 WPM	BPI Corvair Kiwi Tundra	12.5000 43.0000 9.6875 34.8125	Crown Corvair Gauer McPhail Wood	2.5069 48.7466 24.3733 12.1866 12.1866	8.25
11	4-28-10-29 WPM	Corvair Kiwi Tundra	43.0000 19.3750 37.6250	Corvair Gauer McPhail Wood	50.0000 25.0000 12.5000 12.5000	10.88
12	5-28-10-29 WPM	BPI Corvair Kiwi Mustang Tundra	12.5000 43.0000 9.6875 26.5625 8.2500	Corvair Gauer McPhail Wood	50.0000 25.0000 12.5000 12.5000	.98
13	6-28-10-29 WPM	BPI Corvair Kiwi Tundra	12.5000 43.0000 9.6875 34.8125	Corvair Gauer McPhail Wood	50.0000 25.0000 12.5000 12.5000	3.61
14	11-28-10-29 WPM	Tundra	100.0000	Crown	100.0000	12.61
15	12-28-10-29 WPM	Tundra	100.0000	Crown	100.0000	7.99
16	9-29-10-29 WPM	Tundra	100.0000	Crown	100.0000	4.68
						100.00

EXHIBIT "B"

Attached to and made part of an Agreement Entitled
Unit Agreement - Kola Unit No. 1

RGE 29



-- Unit Outline

Attached to and made part of an Agreement Entitled
Unit Agreement - Kola Unit No. 1

GR

0.1 m'

Bit Size

Core #1

FR

900

FR

FR

FR

FR

Density Porosity

FR

FR

FR

FR

CP 28.40 FILE 8 18-JUN-86 00:21 LIMESTONE

BS (MM)	PEF	
125.00 375.00	0.0 10.000	
CALI (MM)	DPHI	
125.00 375.00	.45000	-.1500
GR (GAPI)	NPHI	
0.0 150.00	.45000	-.1500

July 28, 1993

Mr. James E. Downey
Minister of Energy and Mines
Room 333 Legislative Building
Winnipeg, MB
R3C 0V8

Dear Mr. Downey:

RE: Kola Unit No. 1

Tundra and partners are unitizing 16 wells in the Kola area, approximately 20 miles west of Virden. Five of the 16 wells in question are on lands in which the mineral rights are owned by the Provincial Crown. The producing horizon is the Bakken formation which we have successfully waterflooded a few miles to the southeast of this pool.

Enclosed are two copies of our proposed Unit Agreement covering Kola Unit No. 1. If everything looks to be in order, please sign and seal on behalf of the Crown and return one copy for our files.

If you have any questions or comments, please call. We look forward to improving the oil recovery from this pool.

Sincerely,

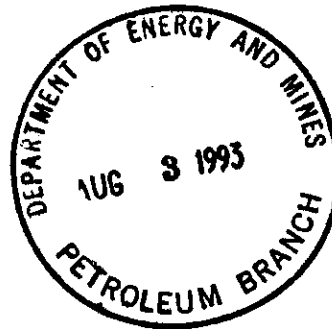
TUNDRA OIL AND GAS LTD.



Robert G. Puchniak

RGP/bp

cc Mr. L. R. Dubreuil, Petroleum Branch



**BAKKEN A POOL
01 60A**

DALY FIELD

OIL WATER	Cum. Prod. Dec. 31/92 m ³	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sep.	Oct.	Nov.	Dec.	MAY Daily m ³	1993 Y.T.D. m ³	Cum. Total m ³
--------------	--	------	------	------	------	-----	------	------	------	------	------	------	------	--------------------------------	----------------------------------	---------------------------------

EAST PLAINS RESOURCES LTD. (Cont.)

	54 321.6		550.3		493.8											57 011.2
	26 705.7		435.5		391.0											28 723.4
TOTAL OIL		590.8		537.9		516.8									2 689.6	
TOTAL WATER		367.0		460.1		364.1									2 017.7	

KIWI RESOURCES LTD.

05-28-10-29	1 883.5	—	—	—	—	—									—	1 883.5
	9 976.7	—	—	—	—	—									—	9 976.7

POCO PETROLEUMS LTD.

08-20-10-29	1 677.2	18.9	15.7	10.7	—	—									45.3	1 722.5
	1 303.9	12.1	12.3	6.3	—	—									30.7	1 334.6

TUNDRA OIL AND GAS LTD.

10-20-10-29	—	—	—	0.2	53.2	35.0								1.17	88.4	88.4
Prov. (03/20)	—	—	—	40.4	344.7	269.6									654.7	654.7
14-21-10-29	734.2	—	—	—	—	—									—	734.2
	290.7	—	35.5	591.0	—	—									626.5	917.2
15-21-10-29	—	—	14.3	41.0	31.0	29.2								0.97	115.5	115.5
(02/19)	—	—	—	2.7	0.4	0.9									4.0	4.0
01-28-10-29	—	—	—	23.2	21.9	21.0								1.11	66.1	66.1
(03/09)	—	—	11.5	1.5	1.5	0.9									15.4	15.4
16-29-10-29	—	—	—	29.8	56.6	54.0								1.86	140.4	140.4
Prov. (03/14)	—	—	—	30.5	2.1	1.0									33.6	33.6

	734.2		14.3		162.7											1 144.6
	290.7		47.0		348.7											1 624.9
TOTAL OIL		—		94.2		139.2									410.4	
TOTAL WATER		—		666.1		272.4									1 334.2	

NON-UNIT PREVIOUS PRODUCERS	744.7 1 443.9															744.7 1 443.9
BAKKEN A POOL :	59 361.2 39 720.9		580.3 494.8		656.5 739.7											62 506.5 43 103.5
TOTAL OIL		609.7		642.8		656.0									3 145.3	
TOTAL WATER		379.1		1 132.5		636.5									3 382.6	

**BAKKEN B POOL
01 60B**

TUNDRA OIL AND GAS LTD.

13-20-10-28	195.6	16.7	15.3	16.4	15.6	18.4								0.59	82.4	278.0
Prov. c	158.9	17.4	15.3	14.2	14.2	14.4									75.5	234.4
07-29-10-28	1 514.6	3.1	2.8	1.1	0.8	1.1								0.04	8.9	1 523.5
Prov. c	773.0	8.6	7.9	5.1	4.7	4.7									31.0	804.0
10-29-10-28	2 076.2	16.5	14.9	15.7	15.0	17.7								0.57	79.8	2 156.0
Prov. c	1 183.3	10.9	9.9	10.2	10.3	10.3									51.6	1 234.9
11-29-10-28	709.8	7.8	9.7	19.2	18.2	21.5								0.69	76.4	786.2
Prov. c	305.5	—	—	—	—	—									—	305.5

KOLA UNIT NO. 1 - TRACT PARTICIPATION FORMULA

TRACT	CURRENT PROD	OOIP LOWER	BOIP UPPER	CUMUL PROD	100% CURR. PROD.	100% OOIP	50% 50% REM	CURR PROD REC RES
9-20	0.57	28.5	15.3	4307	0.03	0.07	0.04	
16-20	2.3	53.7	8.7	5982	0.11	0.10	0.11	
10-21	0.35	33.2	12.7	990	0.02	0.07	0.05	
12-21	0.42	19.6	13.7	2544	0.02	0.05	0.03	
13-21	2.28	47.9	7.9	11425	0.11	0.09	0.09	
14-21	0.42	23.7	8.5	734	0.02	0.05	0.04	
15-21	1.29	23.5	9.1	116	0.06	0.05	0.06	
1-28	0.74	23.5	11	66	0.04	0.05	0.05	
2-28	2.15	32.4	8.5	7802	0.10	0.06	0.08	
3-28	1.7	46.7	6.3	4407	0.08	0.08	0.09	
4-28	2.24	37.2	3.7	6596	0.11	0.06	0.09	
5-28	0.2	26.6	10	1884	0.01	0.06	0.04	
6-28	0.74	25.2	8.5	2172	0.04	0.05	0.05	
11-28	2.6	20.4	6.8	1191	0.13	0.04	0.09	
12-28	1.65	20.9	11.1	4880	0.08	0.05	0.06	
9-29	0.96	24.6	8.5	2487	0.05	0.05	0.05	
TOTAL	20.61	487.6	150.3	57583	1	1	1	
CROWN SHARE					0.38	0.31	0.34	



September 30, 1993

Mr. Robert G. Puchniak
Tundra Oil and Gas Ltd.
1111 One Lombard Place
Winnipeg MB R3B 0X4

Dear Mr. Puchniak:

Re: Kola Unit No.1 Unit Agreement

The Oil and Natural Gas Conservation Board is in receipt of your letter dated September 30, 1993 containing copies of the royalty and working interest owners consents to the subject unit and requesting approval of the Kola Unit No.1 Unit Agreement.

The Kola Unit No.1 Unit Agreement is approved with an effective date (pursuant to Clause 1401 of the Unit Agreement) of October 1, 1993.

If you have any questions in respect of this matter, please contact John N. Fox, Chief Petroleum Engineer at (204) 945-6574.

Yours respectfully,

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

H. Clare Moster
Deputy Chairman

September 30, 1993

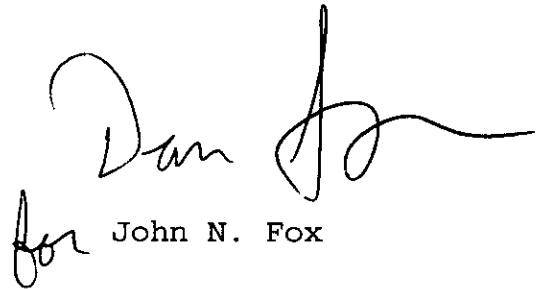
The Oil and Natural Gas
Conservation Board

- David Tomasson, Chairman
- H. Clare Moster, Deputy Chairman

John N. Fox
Chief Petroleum Engineer
Petroleum Branch

Kola Unit No.1 Unit Agreement - Board Approval

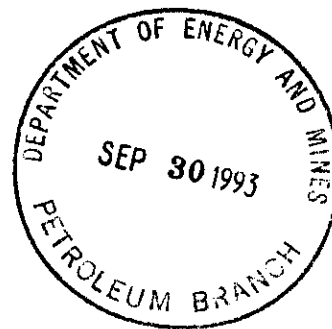
Tundra Oil and Gas Ltd. has made application for approval of the Unit Agreement for Kola Unit No. 1. Tundra has submitted copies of the execution pages indicating 100% of the royalty and working interest owners have executed the unit agreement. It is recommended that the Board approve the Kola Unit No. 1 Unit Agreement with an effective date of October 1, 1993.


for John N. Fox

Approved: original signed by
L. R. Dubreuil

September 30, 1993

Mr. John N. Fox, P. Eng.
Chief Petroleum Engineer
Manitoba Energy and Mines
Petroleum Branch
555 - 330 Graham Avenue
Winnipeg, MB
R3C 4E3



Dear John:

RE: Kola Unit No. 1 - Unit Agreement

Please find enclosed copies of all execution pages from the above Unit Agreement. There were some delays via the mail, but hopefully we can still have an effective date for the Unit of October 1, 1993.

We look forward to hearing from you.

Sincerely,

TUNDRA OIL AND GAS LTD.



Robert G. Puchniak

RGP/bp

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

15 Sept / 1993
(DATE)

BRANDON PROFESSIONAL INVESTMENTS LTD.

[Signature]

ADDRESS FOR SERVICE:

~~P.O. Box 1370~~ 160 - 14TH STREET
Brandon, Manitoba
R7A 6K9 7K1

Execution Page forming part of the Unit Agreement - Kola Unit No. 1

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

Sept. 27/93
[DATE]

CORVAIR OILS LTD.

J.B. Mitchell
J.B. MITCHELL
PRESIDENT

ADDRESS FOR SERVICE:

P.O. Box 3627, Station "D"

Edmonton, Alberta

T5L 4J8

Execution Page forming part of the Unit Agreement - Kola Unit No. 1.

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

Sept 20, 1993
(DATE)

GAUER OIL COMPANY

Donald L. Bauer

ADDRESS FOR SERVICE:

202 Riverside Drive

Toronto, Ontario

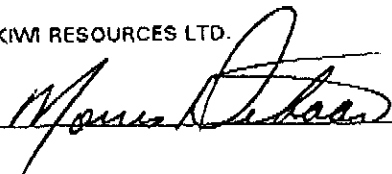
M6S 4A9

Execution Page forming part of the Unit Agreement - Kola Unit No. 1.

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

Sept 10 1993
(DATE)

KWM RESOURCES LTD.



ADDRESS FOR SERVICE:

P.O. Box 908

Virden, Manitoba

ROM 2C0

Execution Page forming part of the Unit Agreement - Kola Unit No. 1.

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

September 9, 1993
(DATE)

MANITOBA DEPARTMENT OF ENERGY AND MINES

Jim Downey

ADDRESS FOR SERVICE:

555 - 330 Graham Avenue

Winnipeg, Manitoba

R3C 4E3

Execution Page forming part of the Unit Agreement - Kola Unit No. 1.

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

Sept 21, 1993
(DATE)

EDNA RACHEL ELIZA MCPHAIL

Edna R. McPhail
ADDRESS FOR SERVICE:

336 - 25th Street

Brandon, Manitoba

R7B 1Z3

Witness as to the Signature of

Edna Rachel Eliza McPhail

Kenneth McPhail

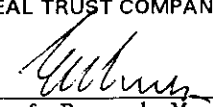
Execution Page forming part of the Unit Agreement - Kola Unit No. 1.

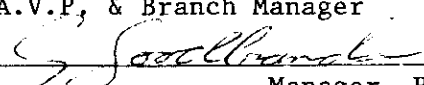
IN WITNESS WHEREOF the Parties have executed this agreement each on the date shown below.

September 22, 1993

(DATE)

MONTREAL TRUST COMPANY


A.V.P. & Branch Manager


ADDRESS FOR SERVICE: Manager, Personal Trust

221 Portage Avenue

Winnipeg, Manitoba

R3B 2A6

Execution Page forming part of the Unit Agreement - Kola Unit No. 1.

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

9/16/93
(DATE)

MUSTANG OIL LTD.

Larry Schaff
David Schaff

ADDRESS FOR SERVICE:

P.O. Box 1537

Virden, Manitoba

ROM 2C0

Execution Page forming part of the Unit Agreement - Kola Unit No. 1.

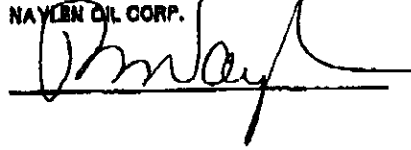
SEP-27-93 MON 8:27 TUNDRA OIL WPC

P. 16

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

September 28, 1993
(DATE)

NAYLEN OIL CORP.



ADDRESS FOR SERVICE:

40 Everett Crescent
Regina, Saskatchewan
S4S 2M7

Execution Page forming part of the Unit Agreement - Kola Unit No. 1.

Unit Agreement: Kola Unit No. 1

Page 21

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

September 27/93
(DATE)

TUNDRA OIL AND GAS LTD.

[Signature]
[Signature]

ADDRESS FOR SERVICE:

1111 One Lombard Place

Winnipeg, Manitoba

R3B 0X4

Execution Page forming part of the Unit Agreement - Kola Unit No. 1.

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

Sept 25 1993
(DATE)

DOUGLAS HAROLD WOOD

Douglas Harold Wood.

ADDRESS FOR SERVICE:

P.O. Box 99

Kelwood, Manitoba

ROJ 0Y0

Witness as to the Signature of

Douglas Harold Wood

Noreen Melnychuk

Execution Page forming part of the Unit Agreement - Kola Unit No. 1.