

SCHEDULE "A"

WASKADA  
Lumber MARTIN  
A Pool

UNIT AGREEMENT

FILE

WASKADA UNIT NO. 17

**UNIT AGREEMENT**  
**"WASKADA UNIT NO. 17"**

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**UNIT AGREEMENT**  
**"WASKADA UNIT NO. 17"**

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

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

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

**ARTICLE I**  
**DEFINITIONS**

**101. Definitions**

In this Agreement:

- a) "Conservation Board" means The Oil and Natural Gas Conservation Board of the Province of Manitoba;
- b) "Effective Date" means the time and date referred to in Article XIV;
- c) "Lease" means an instrument granting a Working Interest in Unitized Zone;
- d) "Outside Substances" means any substances initially obtained from any source other than the Unitized Zone or any Unitized Substances with respect to which royalty has been paid;
- e) "Party" means a person who is bound by this Agreement;
- f) "Petroleum Substances" means petroleum, natural gas and other hydrocarbons (except coal) or any of them, and all substances associated therewith;
- g) "Royalty Interest" means any interest other than a Working Interest in Petroleum Substances, or the proceeds from the sale thereof, produced from the Lower Amaranth Formation but does not include the interest of a person as a purchaser of Petroleum Substances after production;
- h) "Royalty Owner" means a Party owning a Royalty Interest;

- i) "Spacing Unit" means the area allocated to a well by the Conservation Board with respect to the Lower Amaranth Formation for the purpose of drilling for or producing Petroleum Substances;
- j) "Tract" means a parcel of land described and given a Tract number in Exhibit "A" and shown outlined on Exhibit "B";
- k) "Tract Participation" means the percentage allotted to a Tract and set forth in Exhibit "A";
- l) "Unit Area" means the lands described in Exhibit "A" and shown outlined in Exhibit "B";
- m) "Unit Operator" means the person, firm or corporation who is so designated under the Unit Operating Agreement;
- n) "Unit Operating Agreement" means the agreement entitled "Unit Operating Agreement - Waskada Unit No. 17" entered into by the Working Interest Owners;
- o) "Unitized Zone" means the Lower Amaranth Formation within the Unit Area;
- p) "Unitized Substances" means Petroleum Substances in or obtained from the Unitized Zone;
- q) "Working Interest" means any right to produce and dispose of Petroleum Substances from the Lower Amaranth Formation, including an interest chargeable with any costs of drilling for, recovery of, and disposal of Petroleum Substances therefrom;
- r) "Working Interest Owner" means a Party owning a Working Interest;
- s) "Minister" means the member of the Executive Council charged by the Lieutenant Governor in Council with the administration of the Mines Act;
- t) "Lower Amaranth Formation" means the formation exemplified by the geological section occurring between the depths of 857.2 m and 889.0 m, as shown on the Dual Induction log as measured from the Kelly Bushing at Enron Waskada 10-10-002-25 and shown on Exhibit "C".

## **ARTICLE II EXHIBITS**

### **201. Exhibits**

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

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

### **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 basis and data used in establishing Tract Participations shall not be re-evaluated.

### **204. Effective Time**

Any corrected exhibit prepared on or before the Effective Date shall be effective on the Effective Date. Any corrected exhibit prepared after the Effective Date shall be effective at 8:00 a.m. on the first (1st) 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 of the Province of Manitoba with two (2) 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, as if the Unitized Zone had been included in a single lease executed by the Royalty Owners, as lessors, in favour of the Working Interest Owners, as lessees, and as if the lease had been subject to this Agreement.

**302. Personal Property Excepted**

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

**303. Continuation of Leases**

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

**304. Leases Amended**

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

**305. Ratification of Leases**

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

**306. Effect of Unitization on Titles**

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

**307. Name**

The name of the unit hereby constituted is "Waskada Unit No. 17".

**ARTICLE IV  
AUTHORITY TO WORKING INTEREST OWNERS**

**401. Operations**

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

**402. Delegation**

The Working Interest Owners may delegate to the 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 before the Effective Date.

**502. Qualification of Tracts**

A Tract is qualified for inclusion in the Unit Area when its title has been approved by the Working Interest Owners under clause 1102 and when:

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

**ARTICLE VI**  
**TRACT PARTICIPATION**

**601. Tract Participation**

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

**ARTICLE VII**  
**ALLOCATION OF UNITIZED SUBSTANCES PRODUCED**

**701. Allocation to Tracts**

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

**702. Distribution Within Tracts**

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

**703. Calculation of Royalty**

The Working Interest Owners of each Tract shall calculate royalty on 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 Working Interest Owner to make royalty payments on Unitized Substances under the Lease, other agreement or 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.

**704. Taking Unitized Substances in Kind**

The Unitized Substances allocated to a Tract shall be delivered in kind at the time and place of production to the Working Interest Owners entitled thereto who may, if there is no interference with unit operations, construct, maintain and operate in the Unit Area all necessary facilities for taking delivery in kind.

**705. Failure to Take in Kind**

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

**706. Royalty on Outside Substances**

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

**ARTICLE VIII**

**USE, LOSS AND STORAGE OF UNITIZED SUBSTANCES**

**801. Use or Loss**

The Working Interest Owners may use as much of the Unitized Substances, other than crude oil, as they deem necessary for the operation and development of the Unitized Zone including, but not limited to, the injection thereof into the Unitized Zone and in the operation of any plant or plants handling Unitized Substances. Unitized Substances so used or injected and

Unitized Substances lost shall be excluded in allocating Unitized Substances to Tracts, and no royalty or other payment shall be payable in respect thereof.

**802. Storage**

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

**ARTICLE IX  
ENLARGEMENT OF UNIT AREA**

**901. Application for Enlargement**

After the expiry of thirty (30) days from the Effective Date, if an owner of a Working Interest in lands in the vicinity of the Unit Area indicated to be potentially productive of Petroleum Substances from the Lower Amaranth Formation makes application therefor, the Working Interest Owners may, upon such terms and conditions as they may determine, approve the admission of the lands into the Unit Area. If the lands qualify under clause 502, the Unit Area shall be enlarged to include them. Even though an owner of a Royalty Interest or a Working Interest in lands approved hereunder for admission into the Unit Area is a Party, the lands shall not qualify for inclusion in the Unit Area unless the owner again executes and delivers a counterpart of this agreement to Unit Operator or the lands otherwise qualify pursuant to subclause (b) or (c) of clause 502. The owner of a Working Interest in lands approved hereunder for admission into the Unit Area who is a Party and has made or joined in the application for the admission of said lands need not again execute this Agreement.

**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 Participations of each Tract added pursuant to clause 901 shall then be adjusted so that:

- a) The ratios of the Tract Participations of Tracts shown on Exhibit "A" immediately prior to the enlargement remain the same to each other; and

- b) The total of the Tract Participations for all Tracts of the enlarged Unit Area and Unitized Zone is one hundred percent (100%).

**903. Exhibits**

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

**904. Effective Time of Enlargement**

An enlargement pursuant to clause 901 and an adjustment of Tract Participations under this Article shall become effective at 0800 hours on the first (1st) day of the first (1st) calendar month following approval of admission under clause 901 and Tract qualification under clause 502 and approval of the Conservation Board.

**905. No Retroactive Adjustment**

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

## **ARTICLE X DISPUTES**

**1001. Disputes**

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

- a) The Party concerned furnishes security in a form and manner satisfactory to the Working Interest Owners for the proper accounting thereof to the rightful owner or owners if the title or right of the Party shall fail in whole or in part, whereupon the proceeds shall be paid to the Party; or

- b) The title or right thereto is established by a final 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 recommend 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 0800 hours on the first (1st) 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 or exclusion from this Agreement of a Tract pursuant to clause 1103. Where a Tract is excluded, the Tract Participations of the other Tracts shall each be increased, without changing their ratios to each other, so that their summation is one hundred percent (100%). The revised exhibits shall be effective as of 0800 hours on the first (1st) 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, gift, 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 at least one of the parties to such disposition has given notice thereof to the Unit Operator by a copy of the instrument evidencing such disposition, and the acquiring parties who are not Parties have executed and delivered to Unit Operator counterparts of this Agreement. 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 0800 hours on the first (1st) 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 of the Tract was included in the Unit Area under Article V or IX, may become a Party with respect to that interest only on such terms and conditions as may be prescribed by the Working Interest Owners.

**1304. No Partnership**

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

**1305. Force Majeure**

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

**1306. Taxes**

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

**1307. Right of Redemption**

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

**1308. Interpretation**

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

**1309. Number and Gender**

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

**1310. Time**

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

**1311. Time of the Essence**

Time is of the essence in this Agreement.

**1312. Compliance with Legislation**

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

**ARTICLE XIV  
EFFECTIVE DATE**

**1401. Effective Date**

The unitization provided for herein shall become effective at 0800 hours on the first (1st) day of the first (1st) calendar month following:

- a) The date of the qualification under clause 502 of Tracts having a combined Tract Participation of one hundred percent (100%) of the total Tract Participation as originally set out in Exhibit "A"; and
- b) the date of the Unit Operator receiving written approval of the agreement from the Conservation Board.

**1402. Notice of Effective Date**

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

**1403. Release of Parties**

This Agreement shall cease to bind the Parties if the unitization provided for herein has not become effective on or before the 1st day of November 1991.

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

**1503. Salvaging Equipment Upon Termination**

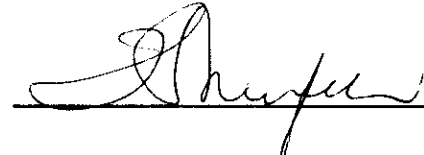
The Royalty Owners grant the Working Interest Owners the right for a period of six (6) months after termination of this Agreement to salvage, sell, distribute or otherwise dispose of the personal property and facilities used in connection with unit operations.

**1504. Notice to Royalty Owners**

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

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

Date: SEPT 12, 1991

  
MANITOBA ENERGY AND MINES

This is the execution page to an agreement entitled  
"Unit Agreement - Waskada Unit No. 17"



**EXHIBIT "A"**

**ATTACHED TO AND FORMING PART OF AN AGREEMENT ENTITLED  
"UNIT AGREEMENT - WASKADA UNIT NO. 17"**

**TRACT PARTICIPATIONS**

<u>Tract Number</u>	<u>Land Description</u>	<u>Royalty Owner</u>	<u>Tract Participation (%)</u>	<u>Working Interest Owner</u>	<u>Share of Working Interest (%)</u>	<u>Share of Tract Participation (%)</u>
1	12-3-2-25 WPM	Patlet	3.24832	Enron Chauvco Highridge	50.00 12.50 37.50	1.62416 0.40604 1.21812
2	13-3-2-25 WPM	Patlet	5.75041	Enron Chauvco	87.50 12.50	5.03161 0.71880
3	14-3-2-25 WPM	Patlet	3.73690	Enron Chauvco Highridge	62.50 12.50 25.00	2.33557 0.46711 0.93423
4	15-3-2-25 WPM	60145	2.54375	Enron	100.00	2.54375
5	2-10-2-25 WPM	Nelson	2.43195	Enron	100.00	2.43195
6	3-10-2-25 WPM	Crown	4.11941	Enron Chauvco	93.75 6.25	3.86195 0.25746
7	6-10-2-25 WPM	Crown	4.23295	Enron Chauvco	93.75 6.25	3.96839 0.26456
8	7-10-2-25 WPM	Nelson	4.79654	Enron	100.00	4.79654
9	8-10-2-25 WPM	Nelson	1.95784	Enron	100.00	1.95784
10	9-10-2-25 WPM	Nelson	6.30219	Enron	100.00	6.30219



<u>Tract Number</u>	<u>Land Description</u>	<u>Royalty Owner</u>	<u>Tract Participation (%)</u>	<u>Working Interest Owner</u>	<u>Share of Working Interest (%)</u>	<u>Share of Tract Participation (%)</u>
11	10-10-2-25 WPM	Nelson	5.21104	Enron	100.00	5.21104
12	11-10-2-25 WPM	Crown	5.04468	Enron Chauvco	93.75 6.25	4.72939 0.31529
13	15-10-2-25 WPM	Nelson	5.24273	Enron	100.00	5.24273
14	16-10-2-25 WPM	Nelson	7.90781	Enron	100.00	7.90781
15	4-14-2-25 WPM	IVMH	2.88514	Enron	100.00	2.88514
16	1-15-2-25 WPM	Nelson	2.82575	Enron	100.00	2.82575
17	2-15-2-25 WPM	Nelson	4.23177	Enron	100.00	4.23177
18	3-15-2-25 WPM	Tempella	4.38076	Enron Wildmount	75.00 25.00	3.28557 1.09519
19	4-15-2-25 WPM	Tempella	3.29656	Enron Wildmount	50.00 50.00	1.64828 1.64828
20	5-15-2-25 WPM	Tempella	5.76154	Enron Wildmount Voyager	50.00 25.00 25.00	2.88077 1.44039 1.44039
21	6-15-2-25 WPM	Tempella	4.88599	Enron	100.00	4.88599
22	7-15-2-25 WPM	Nelson	5.33486	Enron	100.00	5.33486

<u>Tract Number</u>	<u>Land Description</u>	<u>Royalty Owner</u>	<u>Tract Participation (%)</u>	<u>Working Interest Owner</u>	<u>Share of Working Interest (%)</u>	<u>Share of Tract Participation (%)</u>
23	8-15-2-25 WPM	Nelson	3.87109	Enron	100.00	3.87109
		TOTAL	100.000			100.00000

Effective as of the Effective Date

**ATTACHED TO AND FORMING PART OF EXHIBIT "A" OF THE  
"UNIT AGREEMENT" - WASKADA UNIT NO. 17"**

**NOTES:**

- (1) Tracts 1, 2, 3 are subject to a non-convertible gross overriding royalty of 10% calculated on 20% of production payable to Shell by Enron.
- (2) Tracts 1, 2, 3 are subject to a non-convertible sliding scale royalty of 1/150th, 4% - 8% on oil, calculated on 25% of production payable to Adobe by Chauvco and Highridge.
- (3) Tracts 1, 2, 3 are subject to a non-convertible sliding scale royalty of 1/150th, 4% - 8% on oil, calculated on 25% of production payable in equal shares to Pioneer and Brosco by Chauvco and Highridge.
- (4) Tracts 1, 2, 3 are subject to a non-convertible gross overriding royalty of 1% calculated on 100% of production payable to Geodata by Chauvco and Highridge.
- (5) Tract 2: Highridge's working interest in Tract 2 is subject to a 300% non-consent penalty to be recovered by Enron. Upon penalty recovery Tract 2 working interests shall be Enron (50%), Highridge (37.50%) and Chauvco (12.50%).
- (6) Tract 3: A portion of Highridge's working interest in Tract 3 is subject to a 300% non-consent penalty to be recovered by Enron. Upon penalty recovery Tract 3 working interests shall be Enron (50%), Highridge (37.50%) and Chauvco (12.50%).
- (7) Tracts 6, 7, 12 are subject to a non-convertible gross overriding royalty of 10% calculated on 50% of production payable to Voyager by Enron.
- (8) Tracts 6, 7, 12 are subject to a non-convertible sliding scale royalty of 1/150th, 4% - 8% on oil, calculated on 18.75% of production payable to Adobe (50%), Pioneer (25%) and Brosco (25%) by Enron.
- (9) Tracts 6, 7, 12 are subject to a non-convertible sliding scale royalty of 1/150th, 4% - 8% on oil, calculated on 50% of production payable to Tundra (50%) and Adobe (50%) by Chauvco.
- (10) Tracts 18, 21 are subject to a non-convertible gross overriding royalty of 10% calculated on 50% of production payable to Voyager by Enron.
- (11) Tracts 18, 19, 20, 21 are subject to a non-convertible gross overriding royalty of 1% calculated on 50% of production payable to Passant by Enron and Wildmount.
- (12) Tract 19 is subject to a non-convertible sliding scale royalty of 1/150th, 5% - 15% on oil, calculated on 100% of production payable to Voyager by Enron and Wildmount.
- (13) Tract 21: Wildmount's working interest in Tract 21 is subject to a 300% non-consent penalty to be recovered by Enron. Upon penalty recovery Tract 21 working interests shall be Enron (75%) and Wildmount (25%).

Effective as of the Effective Date

**LIST OF ABBREVIATIONS  
ATTACHED TO AND FORMING PART OF  
EXHIBIT "A" OF THE  
"UNIT AGREEMENT - WASKADA UNIT NO. 17"**

<b><u>Abbreviation</u></b>	<b><u>Meaning</u></b>
Chauvco ✓	Chauvco Resources Ltd.
Crown ✓	Her Majesty the Queen, in the right of the Province of Manitoba
Enron ✓	Enron Oil Canada Ltd.
Highridge ✓	Highridge Exploration Ltd.
Voyager ✓	Voyager Energy Inc.
Wildmount ✓	Wildmount Resources Ltd. (PALLISER ENERGY)
Patlet ✓	Patlet Ventures Ltd.
Tempella ✓	Tempella Resources Ltd.
Nelson ✓	Nelson Oils Limited
60145 ✓	60145 Manitoba Ltd.
IVMH ✓	I.V.M.H. Inc.
Shell ✓	Shell Canada Limited
Adobe ✓	Adobe Resources Corporation
Pioneer ✓	Pioneer Energy Resources Limited
Brosco ✓	Brosco Fund Limited
Geodata ✓	Geodata Ltd.
Tundra ✓	Tundra Oil and Gas Ltd.
Passant ✓	William T. Passant

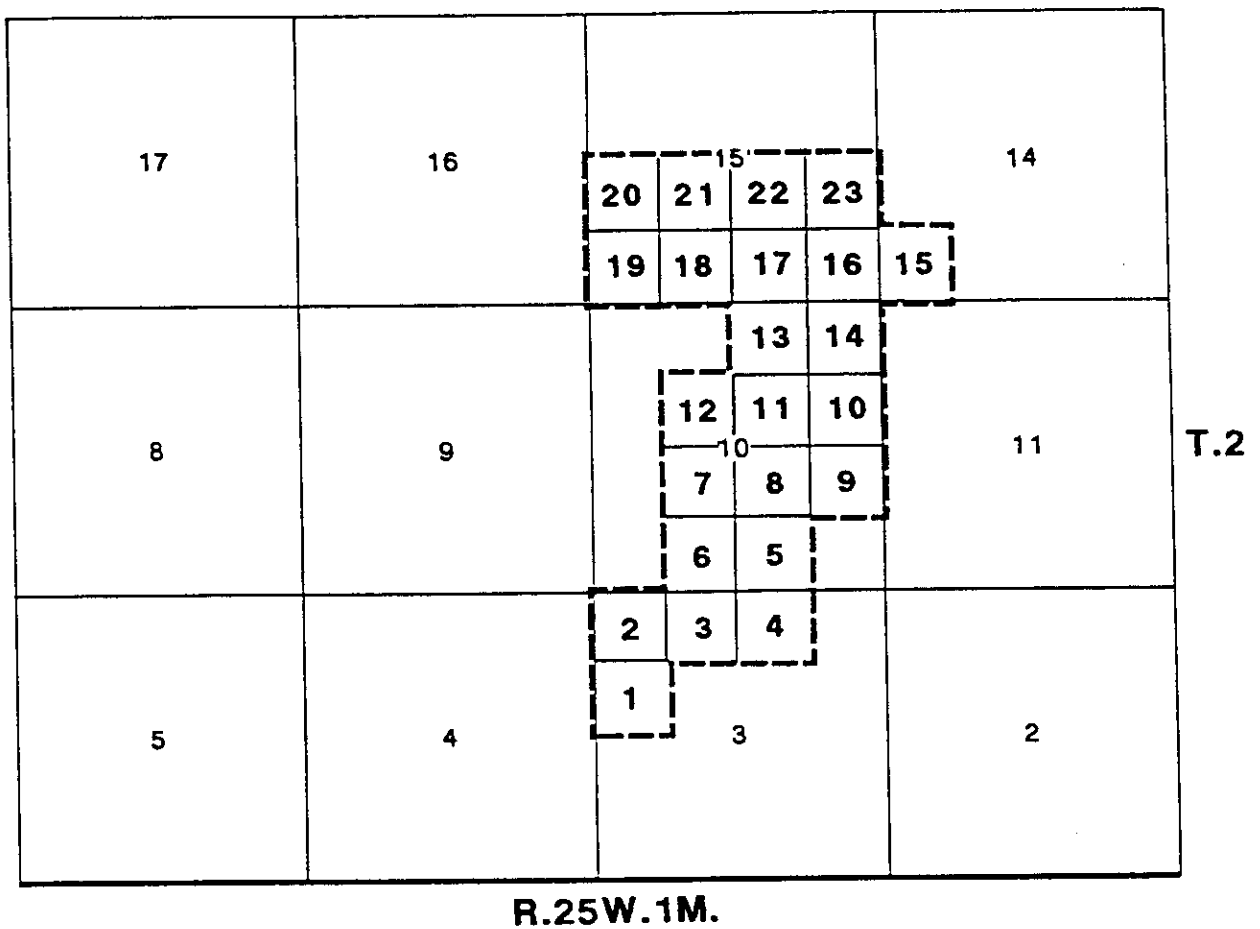
Effective as of the Effective Date



**Exhibit "B"**

**Attached to and made part of  
an agreement entitled**

**"UNIT AGREEMENT - WASKADA UNIT No. 17"  
PLAN OF UNIT AREA AND TRACT MAP**



----- UNIT # 17 OUTLINE

13

TRACT NUMBER

EFFECTIVE AS OF THE EFFECTIVE DATE



Exhibit "C"

Attached to and made part of an agreement entitled  
"UNIT AGREEMENT - WASKADA UNIT No. 17"  
TYPICAL WELL LOGS IDENTIFYING THE UNITIZED ZONE

WELL: ENRON WASKADA 10-10-2-25(WPM)

WASKADA LOWER AMARANTH SAND

K.B. 477.45m

