

## **OFFER TO PURCHASE FOR PARCEL 3**

BY AND BETWEEN:

**DURHAM CREEK ENERGY LTD.**

(the "**Vendor**")

AND

---

**(NAME OF HIGH REGISTERED BIDDER)**

(the "**Purchaser**")

1. The Vendor agrees to sell to the Purchaser and the Purchaser agrees to purchase from the Vendor the property legally described in the attached Schedule "A" (the "**Property**").
2. The Purchaser hereby offers to purchase the Property for the sum of the Closing Bid on the CLHbid.com auction taking place on July 8, 2026 being \$\_\_\_\_\_ (the "**Purchase Price**") and payable as follows:

\$ \_\_\_\_\_ 20% Deposit paid to CLH Law as further described in Section 3.

\$ \_\_\_\_\_ 80% balance payable, subject to adjustments and Transaction Fee, payable on or before the Closing Date to the Vendor's Lawyer.

\$ \_\_\_\_\_ **PURCHASE PRICE**

\$ \_\_\_\_\_ Transaction Fee payable at 1.25% + GST & PST on the Purchase Price and in addition to the Purchase Price will be paid with closing funds on the Closing Date by the Purchaser and their lawyer to the Vendor's Lawyer.

3. The Purchaser agrees to submit to CLH Law on or before 4:30 pm Pacific Daylight Time on July 9, 2026 an executed copy of this Offer along with either a) a 20% deposit of the Purchase Price (by way of Bank Draft, Solicitor's Trust Cheque or Wire Transfer), to be held in trust by CLH Law or b) have their approved lender provide written confirmation in a form satisfactory to CLHbid.com of 100% financing of the Purchase Price (the "**Deposit**"). Provided that transactions set out herein are complete, the said Deposit shall be applied towards the payment of the Purchase Price on the Closing Date. The Deposit, upon payment, shall be unconditional, and if the Purchaser fails to close the purchase of the Property for any reason, the Deposit shall be forfeited to the Vendor on account of damages, and CLH Law is irrevocably authorized and directed to release and pay the Deposit to the Vendor, provided that such retention of the Deposit shall not itself constitute a termination of this Agreement and shall not restrict the Vendor from exercising any other rights or remedies which the Vendor may have by virtue of the Purchaser's default, including the right to claim damages from the Purchaser which the Vendor sustains in excess of the Deposit.

4. The Purchase Price does not include Goods and Services Tax ("**GST**"). The Purchase Price will be subject, on the Closing Date, to the addition of GST which shall be paid by the Purchaser to the Vendor on the entire Purchase Price. Alternatively, in the event the Purchaser represents and warrants to the Vendor that the Purchaser is a registrant under the *Excise Tax Act* (Canada) and provides the Vendor with their GST registration number prior to the Closing Date together with a GST indemnity then the Purchaser may account directly to Canada Revenue Agency for the GST payable on this transaction without paying same to the Vendor. For greater certainty, the Transaction Fee does not form part of the Purchase Price for the purposes of this section.
5. The Purchase Price, as adjusted, shall be paid in full on or before August 12, 2026 (the "**Closing Date**").
6. Possession of the Property will be subject to:
  - (a) The Purchaser paying the closing funds on the Closing Date to the Vendor's Lawyer; and
  - (b) The existing tenant harvesting and removing the 2026 crop until the end of the 2026 season. Should the existing tenant be unable to complete harvest and removal of crop in 2026 due to weather, they shall have the right to harvest and removal of the 2026 crop until May 10, 2027 (the "**Possession Date**").
7. All money owing to the Vendor shall be paid to the Vendor's Lawyer on or before 12:00 noon on the Closing Date. Any monies received after 12:01 pm shall be deemed to have been received on the next business day. If the Vendor agrees to accept monies after the Closing Date, the Purchaser shall pay interest at a rate of 10% per annum on any money owing to the Vendor as at the Closing Date, from the Closing Date until that money has been paid.
8. The Vendor's Lawyer will deliver normal closing documents to the Purchaser's Lawyer upon reasonable conditions consistent with the terms of this Offer.
9. The Purchaser agrees to execute the Saskatchewan Surface Lease Agreements, as set out on Schedule "B", with Durham Creek Energy Inc. as the Lessee.
10. The Vendors shall deliver or cause the Vendor's Lawyer to deliver to the Purchaser on the Closing Date or on such other date as may be specified an assignment of the leases or surface leases relating to the Property along with such other documents, if any, which the Purchaser's Lawyer may reasonably require to transfer and assign or surface leases from the Vendor to the Purchaser.
11. The Purchaser hereby acknowledges that if registration of the transfer documents, and Purchaser financing, if any, cannot be registered by the Closing Date due to Saskatchewan Land Titles registration timeline delays then the Purchaser may obtain a title insurance policy to avoid delays past the Closing Date at their own expense.
12. All normal adjustments for the Property including but not limited to surface leases (if any), taxes, municipal utility charges, and interest shall be adjusted as at noon on the Closing Date. The Purchaser acknowledges that the land rental payments (including but not limited to crop and cattle) will be excluded from the said adjustments.

13. The Purchaser agrees to pay a transaction fee equal to 1.25% of the Purchase Price plus GST and Provincial Sales Tax ("**PST**") (the "**Transaction Fee**") in addition to the Purchase Price. The Transaction Fee will appear on the Statement of Adjustments as provided to the Purchaser's Lawyer.
14. The Property shall be free and clear of any financial encumbrances attributable to the Vendor. The Property may be subject to all non-financial encumbrances now on title such as easements, utility right of ways and covenants and conditions registered against the Property. For clarity, the Saskatchewan Surface Leases set out in Schedule "B" shall be permitted encumbrances post-closing.
15. The Purchaser has inspected the Property and agrees that the Vendor has not made any representation, warranty, collateral agreement or condition regarding the Property or any adjacent land or lands in close proximity to the Property or otherwise which may in any way directly or indirectly affect the Property or regarding this Offer other than what is written herein.
16. The Vendor represents and warrants to the Purchaser that:
  - (a) the Vendor has full corporate power and corporate authority to execute this Agreement and fully perform all of its obligations and covenants herein, including the covenant to convey the Property to the Purchaser herein; and
  - (b) within the meaning of the Income Tax Act of Canada, the Vendor is not now, nor will be on the Closing Date, a non-resident of Canada nor an agent or a trustee for any person with an interest in the Property who is a non-resident of Canada.
17. The Purchaser represents and warrants to the Vendor that:
  - (a) if applicable, the Purchaser is not a non-Canadian as defined under the *Prohibition on the Purchase of Residential Property by Non-Canadians Act* (Canada);
  - (b) if the Purchaser is a body corporate,
    - i. the Purchaser is duly incorporated and organized and validly subsisting under the applicable Canadian law and has the corporate power to enter into this Agreement and to perform its obligations hereunder;
    - ii. this Agreement and the transactions contemplated hereby have been duly authorized by the Purchaser and constitute a legal, valid and binding obligation of the Purchaser, enforceable against the Purchaser by the Vendor in accordance with its terms;
    - iii. that *The Land Contracts (Actions) Act* of the Province of Saskatchewan shall have no application to any action, as defined in *The Land Contracts (Actions) Act*, aforesaid, with respect to this Agreement; and
    - iv. that *The Limitation of Civil Rights Act* of the Province of Saskatchewan shall have no application to this Agreement, any charge or other security for the payment of money made, given or created by this Agreement, or any agreement renewing or extending this Agreement and shall in no way limit the rights, powers or remedies of the Vendor granted hereunder.

18. The parties hereto agree that the representations, warranties, and covenants herein shall not merge by the acceptance of documents, registration of documents, or the taking of possession by the Purchaser.
19. Upon this Offer being accepted by the Vendor, this document shall, as of the date of such acceptance, constitute an agreement of sale and purchase, notwithstanding the fact that formal documents may be required and the Purchaser and Vendor both agree to promptly execute and deliver all necessary documents and do all necessary acts in order to fully carry out and perform the true intent and object of these presents.
20. This Agreement cannot be assigned by the Purchaser without the prior written consent of the Vendor. An assignment of this Offer includes any change in control of the Purchaser after this Offer is fully signed. The Purchaser acknowledges that the assignment does not release the Purchaser from its obligations under this Offer and confirms that the Vendor is entitled to any profit resulting from an assignment of the Offer by the Purchaser to any subsequent assignee.
21. This Offer shall be open for acceptance up to but not after 4:30 pm on July 10, 2026 and may be accepted by PDF email to the Purchaser.
22. Time shall be of the essence in this Offer.
23. In this Offer, the masculine gender and the singular shall be construed as the feminine gender and the plural where the context so requires. This Offer shall enure to the benefit of and be binding upon the heirs, executors, administrators, successors and assigns of the parties hereto.
24. This Agreement shall be interpreted, construed and enforced in accordance with, and the respective rights and obligations of the Vendor and the Purchaser shall be governed by, the laws of the Province of Saskatchewan and the federal laws of Canada applicable therein, and the Parties hereto irrevocably attorn to the jurisdiction and venue of the Saskatchewan Courts.
25. If any provision of this Agreement is determined by a court of competent jurisdiction to be invalid, illegal or unenforceable in any respect, such determination shall not impair or affect the validity, legality or enforceability of the remaining provisions hereof, and each provision is hereby declared to be separate, severable and distinct.
26. This Agreement constitutes the entire agreement between the Vendor and the Purchaser with respect to the subject matter hereof and supersedes all prior agreements, understandings, negotiations and discussions, whether written or oral. There are no conditions, covenants, agreements, representations, warranties or other provisions, express or implied, collateral, statutory or otherwise, relating to the subject matter hereof except as herein provided. This Agreement may only be amended or varied by further written agreement amongst the Parties hereto.

27. The Agreement may be executed in several counterparts bearing PDF, electronic, or facsimile signatures, each of which so executed shall be deemed to be an original, and such counterpart together shall constitute one and the same instrument.

Dated on this \_\_\_\_ day of July, 2026.

\_\_\_\_\_  
**PURCHASER**

\_\_\_\_\_  
**PURCHASER**

**TO BE EXECUTED BY HIGH  
BIDDER POST SALE ONLY**

Purchaser's Lawyer:

Firm: \_\_\_\_\_

**Attention:** \_\_\_\_\_

Address: \_\_\_\_\_

Phone: \_\_\_\_\_

Email: \_\_\_\_\_

## ACCEPTANCE

The undersigned Vendor of the Property, hereby accepts the Offer and agrees to complete the sale on the terms and conditions in the Offer and should the Vendor fail to do so, the Purchaser at his option may cancel this Offer and may take such other remedies the Purchaser has at law.

Dated on this \_\_\_\_ day of July, 2026.

### **DURHAM CREEK ENERGY LTD**

Per: \_\_\_\_\_

Per: \_\_\_\_\_

Vendor's Lawyer:

Firm: Anderson & Company (Shaunavon Office)  
**Attention: Tyler McCuaig**  
Address: 23 – 3rd Ave. E.  
Shaunavon, Saskatchewan, S0N 2M0  
Phone: 306-297-2205  
Email: [tmccuaig@andlaw.ca](mailto:tmccuaig@andlaw.ca)

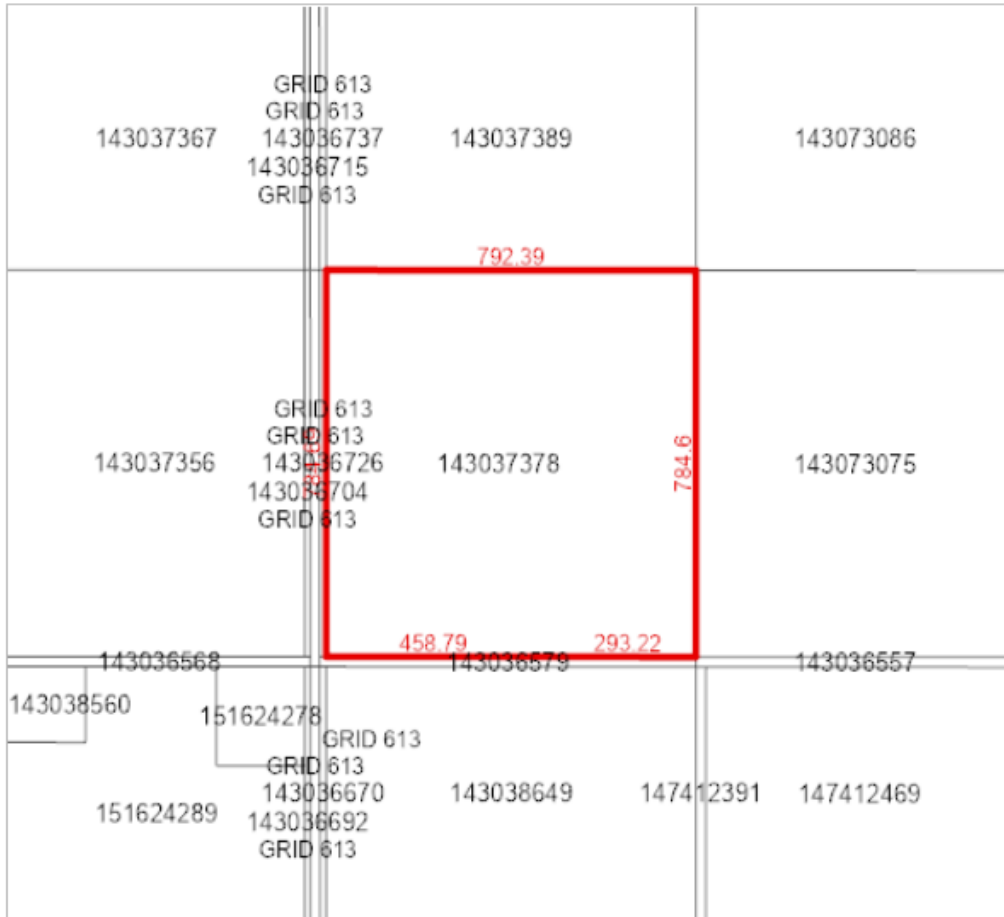
## OFFER SCHEDULE "A"

Surface Parcel: 143037378  
Reference Land Description: SW Sec 24 Twp 07 Rge 20 W 3 Extension 0  
As described on Certificate of Title 99SC06475.



### Surface Parcel Number: 143037378

REQUEST DATE: Mon Sep 8 09:36:54 GMT-06:00 2025



**Owner Name(s) :** DURHAM CREEK ENERGY LTD.

**Municipality :** RM OF ARLINGTON NO. 079

**Title Number(s) :** 158888299

**Parcel Class :** Parcel (Generic)

**Land Description :** SW 24-07-20-3 Ext 0

**Source Quarter Section :** SW-24-07-20-3

**Commodity/Unit :** Not Applicable

**Area :** 62.169 hectares (153.62 acres)

**Converted Title Number :** 99SC06475

**Ownership Share :** 1:1

DISCLAIMER: THIS IS NOT A PLAN OF SURVEY. It is a consolidation of plans to assist in identifying the location, size and shape of a parcel in relation to other parcels. Parcel boundaries and area may have been adjusted to fit with adjacent parcels. To determine actual boundaries, dimensions or area of any parcel, refer to the plan, or consult a surveyor.

THIS LEASE made this \_\_\_\_\_ day of \_\_\_\_\_, A.D. 20\_\_\_\_.

BETWEEN:

of XXXXXXXXXX, in the Province of SASKATCHEWAN  
(hereinafter called the "Lessor")

-AND-

**DURHAM CREEK ENERGY INC.,**

a body corporate having an office in the city of CALGARY, in the Province of ALBERTA  
(hereinafter called the "Lessee")

WHEREAS the Lessor is the registered owner (or is entitled to become registered as owner under an agreement for sale or unregistered transfer or otherwise) of an estate in fee simple, subject however to the exceptions, conditions, encumbrances and interests contained in the existing Certificate of Title, of and in that certain parcel of land situated, lying and being in the Province of Saskatchewan and described as follows:

THE SOUTH WEST QUARTER OF SECTION TWENTY FOUR (24),  
IN TOWNSHIP SEVEN (07),  
RANGE TWENTY (20),  
WEST OF THE THIRD MERIDIAN, SASKATCHEWAN  
EXTENSION(s) XXXX  
(SURFACE PARCEL NO(s). 143037378  
EXCEPTING THEREOUT ALL MINES AND MINERALS.  
AS DESCRIBED IN CERTIFICATE OF TITLE NO(s). XXXXXXXXXX

(hereinafter referred to as "the said lands")

AND WHEREAS the Lessor has agreed to lease certain portions of the said lands to the Lessee for the purposes and upon the terms and conditions hereinafter set forth.

NOW THEREFORE this Lease witnesseth that:

## 1. DEMISED PREMISES

The Lessor for the purposes and at the rent, including compensation for capital damage, hereinafter set forth does hereby lease to the Lessee all and singular those parts of the said lands outlined in red on the sketch or plan annexed hereto as Schedule "A" to this Lease (hereinafter called "the demised premises"), to be held by the Lessee as tenant for the term of 21 years from the date hereof for any and all purpose and uses as may be necessary or useful in connection with any of the Lessee's operations.

## 2. RENTAL AND COMPENSATION

The Lessee shall pay to the Lessor the following sums, namely:

(a) **First year.** For the first year the sum of \_\_\_\_\_ (\$ \_\_\_\_\_) Dollars, which sum includes rental and compensation in full for severance, nuisance, noise, inconvenience and capital damage done to the said lands and the demised premises as follows:

(i) compensation payment \_\_\_\_\_

\_\_\_\_\_ (\$ \_\_\_\_\_) Dollars,

(ii) initial rental payment - One Thousand Two Hundred and Twenty Five (\$ 1,225.00) Dollars,

(b) Subsequent years. For each subsequent year during the term of this Lease the sum of One Thousand Two Hundred and Twenty Five (\$ 1,225.00) Dollars, as rental payable annually in advance on or before the anniversary of the date hereof.

### 3. LESSOR'S COVENANTS

The Lessor hereby covenants and agrees with the Lessee that:

- (a) **Taxes Payable by Lessor.** The Lessor will promptly pay and satisfy all taxes, rates and assessments that may be assessed or levied against the said lands during the continuance of this Lease.
- (b) **Quiet Enjoyment.** The Lessor has good title to the said lands and has good right and full power to lease the said lands and grant the rights and privileges in the manner aforesaid, and the Lessee, upon observing and performing the covenants and conditions on the Lessee's part herein contained, shall and may peaceably possess and enjoy the demised premises and the rights and privileges hereby granted during the said term and any extension thereof without any interruption or disturbance from or by the Lessor or any other person claiming by, through or under the Lessor.
- (c) **Renewal.** If the Lessee is not in default in respect of any of the covenants and conditions contained in this Lease at the date of expiration of the term of 21 years hereinbefore mentioned, then this Lease shall be automatically renewed for a further term of 21 years commencing on the day following the expiration of the aforesaid term at an annual rental calculated from time to time as herein provided for that portion of the term subsequent to the first year thereof. Such extended term shall be subject to all the provisions of this Lease, including this provision for automatic renewal.
- (d) **Site Assessments and Restoration.** The Lessee shall have the right to conduct soil and water samples on the said lands and to condition, maintain, reclaim and restore the surface of the demised premises during the term of the within Lease.

#### 4. LESSEE'S COVENANTS

The Lessee hereby covenants and agrees with the Lessor that:

- (a) **Rental.** The Lessee will pay the rental hereinbefore reserved in each and every year in advance during the continuance of this Lease.
- (b) **Fencing.** The Lessee will during the continuance of this Lease erect and maintain upon the boundaries of the sites and roadways constructed or placed by the Lessee on the demised premises a good substantial fence if so requested by the Lessor, or if required by the Lessee for safety or security purposes, and will replace all fences which the Lessee may remove for its purposes and repair all fences which it may damage, and if and when so required by the Lessor, will provide a proper livestock guard at any point of entry upon the said lands used by it and, upon the use thereof, will close all gates.
- (c) **Taxes.** The Lessee will pay all taxes, rates and assessments that may be assessed or levied in respect of machinery, equipment, structures or works placed by the Lessee in, on or under the demised premises.
- (d) **Compensation for Damages.** The Lessee will pay compensation for damage done by the Lessee to growing crops, fences, buildings or other improvements of the Lessor upon the said lands other than the demised premises.
- (e) **Indemnity.** The Lessee will indemnify and save harmless the Lessor from and against all actions, suits, claims and demands by any person in respect of any loss, injury, damage or obligation arising out of or connected with the operations of the Lessee on the demised premises.
- (f) **Culverts.** The Lessee shall construct and maintain such culverts and other structures on the demised premises as may be reasonably required to ensure the unimpeded flow of water through natural drainage courses.

#### 5. MUTUAL COVENANTS

The Lessor and the Lessee do hereby mutually covenant and agree each with the other as follows:

- (a) **Review of Rental.** Notwithstanding anything contained in this Lease, upon the request of either party to this Lease the amount of annual rental payable in respect of the demised premises shall be subject to review at the end of three years from the date hereof and at the end of each succeeding three year period. Such request shall be in writing and shall be given to the other party within three months before or within three months after the date of commencement of the period in respect of which the review of rent is sought. In case of disagreement as to the amount of rent to be payable or any other matter in connection therewith, the same shall be determined by the Board of Arbitration appointed pursuant to the Surface Rights Acquisition and Compensation Act.
- (b) **Operations.** The Lessee shall restrict its operations to the demised premises and whenever the Lessee breaks open the surface of the soil the Lessee shall take all reasonable steps to reserve separately the top soil and the subsoil and shall, with reasonable care, and as soon as conveniently possible having regard to the nature of the Lessee's operations, restore the subsoil and top soil in their original order. Upon a complete surrender of the Lease the rights and procedures with respect to abandonment and restoration shall be governed by the laws of the Province of Saskatchewan.
- (c) **Construction of ditches and approaches where required.** The Lessee shall construct the roadway with shallow ditches where required and, if necessary, with reasonable number of approaches for the Lessor in order that the Lessor may cross the roadway with farm machinery in moving from one field in the said lands to another field that lies across the roadway.
- (d) **Weed Control.** During the term of the Lease the Lessee shall take all necessary precautions to keep down and destroy all noxious weeds on the demised premises.
- (e) **Surrender.** The Lessee shall have the right at any time and from time to time to surrender and terminate this Lease by written notice to the Lessor, provided however, that such surrender will not take effect until such time as the well has been properly abandoned in compliance with regulations or direction of the Government of the Province of Saskatchewan in that regard, and until the Lessee has ceased the use and occupation of the Demised Premises by removing or causing to be removed from the Demised Premises all structures, materials and equipment of whatsoever nature or kind which the Lessee may have placed on or in the Demised Premises.
- (f) **Reduction in Acreage.** The Lessee may from time to time and at any time surrender any portion of the demised premises by written notice to the Lessor. Such notice shall be accompanied by a plan of the portion or portions of the demised premises which are to be retained by the Lessee and upon receipt of such notice the plan attached thereto shall be deemed to be Schedule "A" hereto and the term "the demised premises" shall thereafter include only the portion of the said lands retained by the Lessee pursuant to the provisions of this clause. Upon the surrender of a portion of the demised premises the rental payable hereunder shall be no less than the amount payable immediately prior to the surrender being made, provided that on a review of rent pursuant to the provisions of subclause (a) of this clause the future rent to be thereby determined shall only be calculated on the basis of the reduced area of the demised premises remaining subject to this Lease.
- (g) **Removal of Equipment.** The Lessee shall have the right at all times during the continuance of this Lease to remove or cause to be removed from the demised premises all buildings, structures, fixtures, casing in wells, pipelines, material and equipment of whatsoever nature or kind which it may have placed in, on or under the demised premises.
- (h) **Discharge of Encumbrances.** The Lessee shall have the option to pay or discharge all or part of any balance owing under any agreement for sale or mortgage, or of any tax, charge, lien or encumbrance of any kind or nature whatsoever which may now or hereafter exist on or against or in any way affect the said lands, and in that event the Lessee shall be subrogated to the rights of the holder or holders thereof and shall have, in addition thereto, the option to be reimbursed by applying to the amounts so paid the rent or other sums accruing to the Lessor under the terms of this Lease.
- (i) **Assignment by Lessee.** The Lessee may delegate, assign or convey to other persons or corporations, all or any of the powers, rights, privileges, and interests obtained by or conferred upon the Lessee hereunder, and may enter into all agreements, contracts, and writings and do all necessary acts and things to give effect to the provisions of this clause.
- (j) **Notification of Change of Ownership.** In the event of the Lessor disposing of the said lands or the Lessee disposing of its interests in the said lands, the party disposing of its interest shall give the other party notice of such change and the name and address of the new Lessor or Lessee, as the case may be.
- (k) **Default.** Notwithstanding anything herein contained to the contrary, the Lessee shall not be in default in the performance of any of its covenants or obligations under this Lease, including the payment of rental, unless and until the Lessor shall have notified the Lessee in writing of such default. The Lessor may terminate this Lease at the expiration of 45 days following receipt of such notice of default by the Lessee unless the Lessee within the said 45 days period commences action to remedy such default and thereafter diligently continues to complete such remedial action.

(l) **Notices.** Any notice or other written communication required or permitted to be given hereunder shall be in writing and may be delivered personally or, except during periods of postal disruption, by registered mail, postage prepaid, to the party to whom the notice is to be given. All such notices shall be addressed to the party to whom it is directed at the following addresses:

Lessor:

NEW OWNER  
ADDRESS 1  
ADDRESS 2  
ADDRESS 3

Lessee:

DURHAM CREEK ENERGY INC.  
420, 600 – 6<sup>th</sup> Avenue S.W.  
Calgary, Alberta  
T2P 0S5

Any party may at any time change its address hereunder by giving written notice of such change of address to the other party in the manner specified in this subclause. Any notice given hereunder by personal delivery shall be deemed to have been given and received on the day of delivery, and if given by registered mail, shall be deemed to have been given and received five days after the mailing thereof, provided that if a notice is so mailed and prior to the expiration of the time period after which such notice is deemed to be given and received by the addressee there exists a disruption of postal services, then such notice shall not be deemed to be given and received until the expiration of five days following the resumption of postal service.

- (m) **Payment of Rental.** Any rent or payment required to be made to the Lessor by the Lessee hereunder may be made by personal delivery or by mail to the Lessor at his address for service of notices hereinbefore set forth, or by depositing same to the Lessor's credit at such place as the Lessor may in writing from time to time designate.
- (n) **Saskatchewan Law.** This Lease shall for all purposes be construed according to the laws of the Province of Saskatchewan.
- (o) **Acceptance.** The Lessee hereby accepts this Lease of the demised premises, to be held by it as tenant and subject to the conditions, restrictions and covenants above set forth.
- (p) **Successor and Assigns.** This Lease and everything herein contained shall inure to the benefit of and be binding upon the Lessor, his heirs, executors, administrators, successors and assigns and upon the Lessee, its successors and assigns. References to the terms "Lessor" and "Lessee" in the singular number and masculine gender shall also include the plural number and feminine or neuter gender where the context so requires.
- (q) ~~If the demised premises covered by this Surface Lease are not entered upon, except for survey purposes, within one (1) year of the date of this Lease, The Lessee shall pay to the Lessor the sum of \$ 250.00 for the right to survey and all other inconveniences and the said Lease shall terminate. However, should Lessee enter the demised premises to drill or should the Lessee make payment of the full initial consideration in the amount of \$ \_\_\_\_\_ as previously set out, within the one (1) year period, then the Lessee shall have full rights on the demised premises pursuant to the terms of the said Surface Lease.~~
- (r) By providing personal information to the Lessee, the Lessor consents to the Lessee's collection, use, retention and disclosure of that information for any and all purposes and uses as permitted and contemplated under this Agreement and as needed to comply with any legal requirements.
- (s) The Lessor hereby agrees that the Lessee shall have the option, if required, to construct power lines on, over, across, or along the demised premises.

IN WITNESS WHEREOF the Lessor has hereunder set his hand and seal and the Lessee has caused its corporate seal to be hereunto affixed attested to by the hands of its proper officers duly authorized in that behalf the day and year first above written.

SIGNED, SEALED AND DELIVEREDXXXXXXXXXXXXXXXXXX

by the Lessor in the presence of:

\_\_\_\_\_

Witness:

Lessee: DURHAM CREEK ENERGY INC.

\_\_\_\_\_

Witness

Per: \_\_\_\_\_

Per: \_\_\_\_\_

**AFFIDAVIT VERIFYING  
CORPORATE SIGNING AUTHORITY**

I/We, **XXXXXXXXXX**, of **XXXXXXXXXX** in the Province of Saskatchewan, make oath and say:

- 1. I/We am/are an officer(s) or a director(s) of **XXXXXXXXXX**., named in the within or annexed instrument.
- 2. I am authorized by the corporation to execute the instrument without affixing a corporate seal.

SWORN before me at the District of \_\_\_\_\_ )  
\_\_\_\_\_, in the Province \_\_\_\_\_ )  
of Saskatchewan this \_\_\_\_\_ day \_\_\_\_\_ )  
of \_\_\_\_\_, A.D. 20\_\_\_\_. )  

**XXXXXXXXXXXXXXXXXX**

\_\_\_\_\_  
A Commissioner for Oaths for Saskatchewan.

**AFFIDAVIT OF EXECUTION**

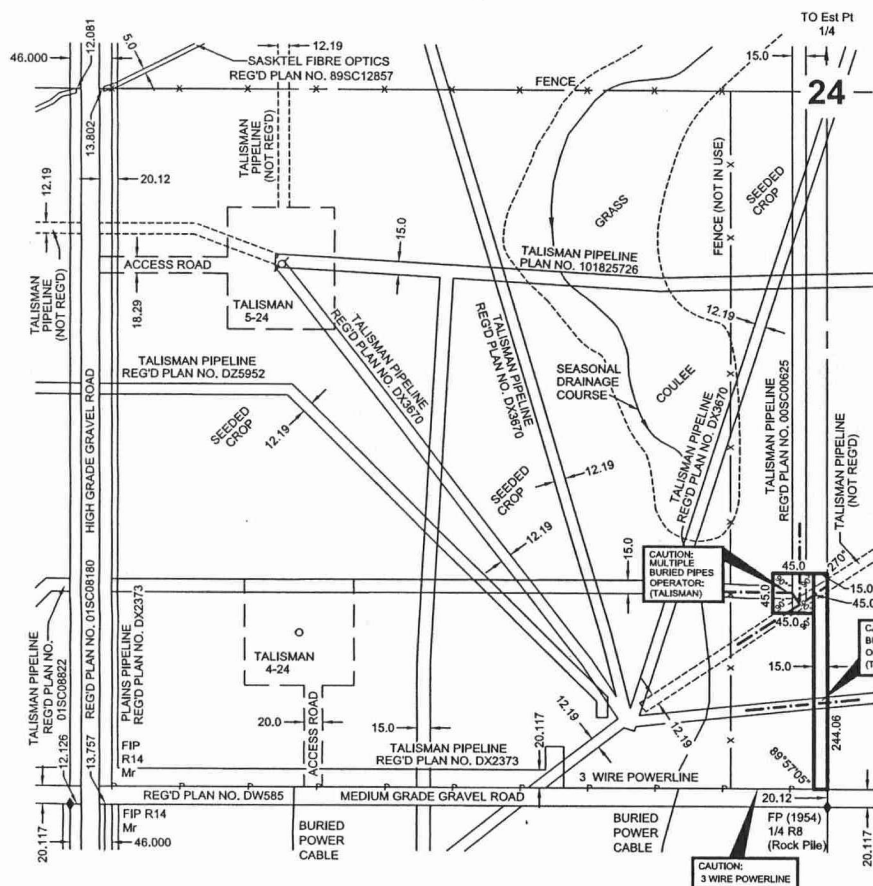
CANADA \_\_\_\_\_ ) I, \_\_\_\_\_, of  
PROVINCE OF SASKATCHEWAN \_\_\_\_\_ ) Swift Current, in the Province of Saskatchewan  
TO WIT: \_\_\_\_\_ ) Landman, make oath and say:

- 1. That I was personally present and did see **XXXXXXXXXXXXXX**, **signing officer of XXXXXXXXXXXXXXXX** named in the within instrument, who is personally known to me to be the person named therein, duly sign and execute the same for the purpose named therein.
- 2. That the same was executed at/near \_\_\_\_\_, in the Province of Saskatchewan, and that I am the subscribing witness thereto.
- 3. That I know the said **XXXXXXX**, **signing officer of XXXXXXXXXXXXXXXXX**., and in my belief he (or she) is (or they are each) of the full age of eighteen years.

SWORN before me at the City of \_\_\_\_\_ )  
Swift Current, in the Province \_\_\_\_\_ )  
of Saskatchewan this \_\_\_\_\_ day \_\_\_\_\_ )  
of \_\_\_\_\_, A.D. 20\_\_\_\_. ) \_\_\_\_\_

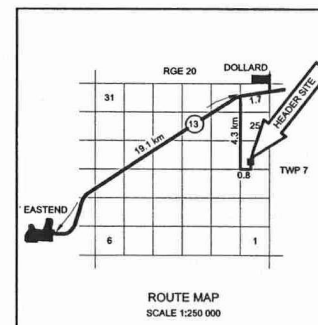
\_\_\_\_\_  
A Commissioner for Oaths for Saskatchewan.

735858



# **TALISMAN ENERGY** **HEADER SITE and ACCESS ROAD** **SW1/4 Sec 24, Twp 7, Rge 20, W3 Mer**

Scale: 1:5000



I, Roger L. Morrow, Saskatchewan Land Surveyor, certify that the survey represented by this plan is correct and true to the best of my knowledge and was completed on the 11th day of August, A.D. 2004.

*R. Morrow*  
 Saskatchewan Land Surveyor



K-0343-04

OPERATOR:

**TALISMAN ENERGY**

*Michael Hancock*  
 Witness

MIDWEST SURVEYS INC.

AREAS:

Header Site: 0.20 ha (0.50 ac.)  
 Access Road: 0.37 ha (0.90 ac.)  
 Total: 0.57 ha (1.40 ac.)

NOTE:

Portion referred to shown thus \_\_\_\_\_  
 Survey monuments found are shown thus \_\_\_\_\_  
 Survey monuments planted are shown thus \_\_\_\_\_  
 Fir posts 5.0cm x 5.0cm x 38.1cm planted are shown thus \_\_\_\_\_

ALL BURIED INSTALLATIONS  
 SHOULD BE LOCATED BY THE  
 RESPECTIVE AUTHORITIES  
 PRIOR TO CONSTRUCTION.

SaskTel - 611  
 SaskPower - 1-888-757-6937  
 SaskEnergy - 1-866-828-4888

REVISIONS:

FILE NO. 735858

# SASKATCHEWAN SURFACE LEASE

THIS LEASE made this \_\_\_\_\_ day of \_\_\_\_\_, A.D. 20\_\_\_\_.

BETWEEN:

of XXXXXXXXXX, in the Province of SASKATCHEWAN  
(hereinafter called the "Lessor")

-AND-

**DURHAM CREEK ENERGY INC.,**  
a body corporate having an office in the city of CALGARY, in the Province of ALBERTA  
(hereinafter called the "Lessee")

WHEREAS the Lessor is the registered owner (or is entitled to become registered as owner under an agreement for sale or unregistered transfer or otherwise) of an estate in fee simple, subject however to the exceptions, conditions, encumbrances and interests contained in the existing Certificate of Title, of and in that certain parcel of land situated, lying and being in the Province of Saskatchewan and described as follows:

THE SOUTH WEST QUARTER OF SECTION TWENTY-FOUR (24),  
IN TOWNSHIP SEVEN (07),  
RANGE TWENTY (20),  
WEST OF THE THIRD MERIDIAN, SASKATCHEWAN  
EXTENSION(s) XXXX  
(SURFACE PARCEL NO(s). 143037378  
EXCEPTING THEREOUT ALL MINES AND MINERALS.  
AS DESCRIBED IN CERTIFICATE OF TITLE NO(s). XXXXXXXXX

(hereinafter referred to as "the said lands")

AND WHEREAS the Lessor has agreed to lease certain portions of the said lands to the Lessee for the purposes and upon the terms and conditions hereinafter set forth.

NOW THEREFORE this Lease witnesseth that:

## 1. DEMISED PREMISES

The Lessor for the purposes and at the rent, including compensation for capital damage, hereinafter set forth does hereby lease to the Lessee all and singular those parts of the said lands outlined in red on the sketch or plan annexed hereto as Schedule "A" to this Lease (hereinafter called "the demised premises"), to be held by the Lessee as tenant for the term of 21 years from the date hereof for any and all purpose and uses as may be necessary or useful in connection with any of the Lessee's operations.

## 2. RENTAL AND COMPENSATION

The Lessee shall pay to the Lessor the following sums, namely:

(a) **First year.** For the first year the sum of \_\_\_\_\_ (\$ \_\_\_\_\_) Dollars,  
which sum includes rental and compensation in full for severance, nuisance, noise, inconvenience and capital damage done to  
the said lands and the demised premises as follows:

(i) compensation payment \_\_\_\_\_ (\$ \_\_\_\_\_) Dollars.

(ii) initial rental payment - Two Thousand Eight Hundred and Ninety Six Dollars and Twenty Five Cents (\$2,896.25.00)  
Dollars.

(b) Subsequent years. For each subsequent year during the term of this Lease the sum of Two Thousand Eight Hundred and Ninety Six Dollars and Twenty Five Cents (\$2,896.25.00) Dollars, as rental payable annually in advance on or before the anniversary of the date hereof.

### 3. LESSOR'S COVENANTS

The Lessor hereby covenants and agrees with the Lessee that:

- (a) **Taxes Payable by Lessor.** The Lessor will promptly pay and satisfy all taxes, rates and assessments that may be assessed or levied against the said lands during the continuance of this Lease.
- (b) **Quiet Enjoyment.** The Lessor has good title to the said lands and has good right and full power to lease the said lands and grant the rights and privileges in the manner aforesaid, and the Lessee, upon observing and performing the covenants and conditions on the Lessee's part herein contained, shall and may peaceably possess and enjoy the demised premises and the rights and privileges hereby granted during the said term and any extension thereof without any interruption or disturbance from or by the Lessor or any other person claiming by, through or under the Lessor.
- (c) **Renewal.** If the Lessee is not in default in respect of any of the covenants and conditions contained in this Lease at the date of expiration of the term of 21 years hereinbefore mentioned, then this Lease shall be automatically renewed for a further term of 21 years commencing on the day following the expiration of the aforesaid term at an annual rental calculated from time to time as herein provided for that portion of the term subsequent to the first year thereof. Such extended term shall be subject to all the provisions of this Lease, including this provision for automatic renewal.
- (d) **Site Assessments and Restoration.** The Lessee shall have the right to conduct soil and water samples on the said lands and to condition, maintain, reclaim and restore the surface of the demised premises during the term of the within Lease.

#### 4. LESSEE'S COVENANTS

The Lessee hereby covenants and agrees with the Lessor that:

- (a) **Rental.** The Lessee will pay the rental hereinbefore reserved in each and every year in advance during the continuance of this Lease.
- (b) **Fencing.** The Lessee will during the continuance of this Lease erect and maintain upon the boundaries of the sites and roadways constructed or placed by the Lessee on the demised premises a good substantial fence if so requested by the Lessor, or if required by the Lessee for safety or security purposes, and will replace all fences which the Lessee may remove for its purposes and repair all fences which it may damage, and if and when so required by the Lessor, will provide a proper livestock guard at any point of entry upon the said lands used by it and, upon the use thereof, will close all gates.
- (c) **Taxes.** The Lessee will pay all taxes, rates and assessments that may be assessed or levied in respect of machinery, equipment, structures or works placed by the Lessee in, on or under the demised premises.
- (d) **Compensation for Damages.** The Lessee will pay compensation for damage done by the Lessee to growing crops, fences, buildings or other improvements of the Lessor upon the said lands other than the demised premises.
- (e) **Indemnity.** The Lessee will indemnify and save harmless the Lessor from and against all actions, suits, claims and demands by any person in respect of any loss, injury, damage or obligation arising out of or connected with the operations of the Lessee on the demised premises.
- (f) **Culverts.** The Lessee shall construct and maintain such culverts and other structures on the demised premises as may be reasonably required to ensure the unimpeded flow of water through natural drainage courses.

#### 5. MUTUAL COVENANTS

The Lessor and the Lessee do hereby mutually covenant and agree each with the other as follows:

- (a) **Review of Rental.** Notwithstanding anything contained in this Lease, upon the request of either party to this Lease the amount of annual rental payable in respect of the demised premises shall be subject to review at the end of three years from the date hereof and at the end of each succeeding three year period. Such request shall be in writing and shall be given to the other party within three months before or within three months after the date of commencement of the period in respect of which the review of rent is sought. In case of disagreement as to the amount of rent to be payable or any other matter in connection therewith, the same shall be determined by the Board of Arbitration appointed pursuant to the Surface Rights Acquisition and Compensation Act.
- (b) **Operations.** The Lessee shall restrict its operations to the demised premises and whenever the Lessee breaks open the surface of the soil the Lessee shall take all reasonable steps to reserve separately the top soil and the subsoil and shall, with reasonable care, and as soon as conveniently possible having regard to the nature of the Lessee's operations, restore the subsoil and top soil in their original order. Upon a complete surrender of the Lease the rights and procedures with respect to abandonment and restoration shall be governed by the laws of the Province of Saskatchewan.
- (c) **Construction of ditches and approaches where required.** The Lessee shall construct the roadway with shallow ditches where required and, if necessary, with reasonable number of approaches for the Lessor in order that the Lessor may cross the roadway with farm machinery in moving from one field in the said lands to another field that lies across the roadway.
- (d) **Weed Control.** During the term of the Lease the Lessee shall take all necessary precautions to keep down and destroy all noxious weeds on the demised premises.
- (e) **Surrender.** The Lessee shall have the right at any time and from time to time to surrender and terminate this Lease by written notice to the Lessor, provided however, that such surrender will not take effect until such time as the well has been properly abandoned in compliance with regulations or direction of the Government of the Province of Saskatchewan in that regard, and until the Lessee has ceased the use and occupation of the Demised Premises by removing or causing to be removed from the Demised Premises all structures, materials and equipment of whatsoever nature or kind which the Lessee may have placed on or in the Demised Premises.
- (f) **Reduction in Acreage.** The Lessee may from time to time and at any time surrender any portion of the demised premises by written notice to the Lessor. Such notice shall be accompanied by a plan of the portion or portions of the demised premises which are to be retained by the Lessee and upon receipt of such notice the plan attached thereto shall be deemed to be Schedule "A" hereto and the term "the demised premises" shall thereafter include only the portion of the said lands retained by the Lessee pursuant to the provisions of this clause. Upon the surrender of a portion of the demised premises the rental payable hereunder shall be no less than the amount payable immediately prior to the surrender being made, provided that on a review of rent pursuant to the provisions of subclause (a) of this clause the future rent to be thereby determined shall only be calculated on the basis of the reduced area of the demised premises remaining subject to this Lease.
- (g) **Removal of Equipment.** The Lessee shall have the right at all times during the continuance of this Lease to remove or cause to be removed from the demised premises all buildings, structures, fixtures, casing in wells, pipelines, material and equipment of whatsoever nature or kind which it may have placed in, on or under the demised premises.
- (h) **Discharge of Encumbrances.** The Lessee shall have the option to pay or discharge all or part of any balance owing under any agreement for sale or mortgage, or of any tax, charge, lien or encumbrance of any kind or nature whatsoever which may now or hereafter exist on or against or in any way affect the said lands, and in that event the Lessee shall be subrogated to the rights of the holder or holders thereof and shall have, in addition thereto, the option to be reimbursed by applying to the amounts so paid the rent or other sums accruing to the Lessor under the terms of this Lease.
- (i) **Assignment by Lessee.** The Lessee may delegate, assign or convey to other persons or corporations, all or any of the powers, rights, privileges, and interests obtained by or conferred upon the Lessee hereunder, and may enter into all agreements, contracts, and writings and do all necessary acts and things to give effect to the provisions of this clause.
- (j) **Notification of Change of Ownership.** In the event of the Lessor disposing of the said lands or the Lessee disposing of its interests in the said lands, the party disposing of its interest shall give the other party notice of such change and the name and address of the new Lessor or Lessee, as the case may be.
- (k) **Default.** Notwithstanding anything herein contained to the contrary, the Lessee shall not be in default in the performance of any of its covenants or obligations under this Lease, including the payment of rental, unless and until the Lessor shall have notified the Lessee in writing of such default. The Lessor may terminate this Lease at the expiration of 45 days following receipt of such notice of default by the Lessee unless the Lessee within the said 45 days period commences action to remedy such default and thereafter diligently continues to complete such remedial action.

(l) **Notices.** Any notice or other written communication required or permitted to be given hereunder shall be in writing and may be delivered personally or, except during periods of postal disruption, by registered mail, postage prepaid, to the party to whom the notice is to be given. All such notices shall be addressed to the party to whom it is directed at the following addresses:

Lessor:

NEW OWNER  
ADDRESS 1  
ADDRESS 2  
ADDRESS 3

Lessee:

DURHAM CREEK ENERGY INC.  
420, 600 – 6<sup>th</sup> Avenue S.W.  
Calgary, Alberta  
T2P 0S5

Any party may at any time change its address hereunder by giving written notice of such change of address to the other party in the manner specified in this subclause. Any notice given hereunder by personal delivery shall be deemed to have been given and received on the day of delivery, and if given by registered mail, shall be deemed to have been given and received five days after the mailing thereof, provided that if a notice is so mailed and prior to the expiration of the time period after which such notice is deemed to be given and received by the addressee there exists a disruption of postal services, then such notice shall not be deemed to be given and received until the expiration of five days following the resumption of postal service.

- (m) **Payment of Rental.** Any rent or payment required to be made to the Lessor by the Lessee hereunder may be made by personal delivery or by mail to the Lessor at his address for service of notices hereinbefore set forth, or by depositing same to the Lessor's credit at such place as the Lessor may in writing from time to time designate.
- (n) **Saskatchewan Law.** This Lease shall for all purposes be construed according to the laws of the Province of Saskatchewan.
- (o) **Acceptance.** The Lessee hereby accepts this Lease of the demised premises, to be held by it as tenant and subject to the conditions, restrictions and covenants above set forth.
- (p) **Successor and Assigns.** This Lease and everything herein contained shall inure to the benefit of and be binding upon the Lessor, his heirs, executors, administrators, successors and assigns and upon the Lessee, its successors and assigns. References to the terms "Lessor" and "Lessee" in the singular number and masculine gender shall also include the plural number and feminine or neuter gender where the context so requires.
- (q) ~~If the demised premises covered by this Surface Lease are not entered upon, except for survey purposes, within one (1) year of the date of this Lease, The Lessee shall pay to the Lessor the sum of \$ 250.00 for the right to survey and all other inconveniences and the said Lease shall terminate. However, should Lessee enter the demised premises to drill or should the Lessee make payment of the full initial consideration in the amount of \$ \_\_\_\_\_ as previously set out, within the one (1) year period, then the Lessee shall have full rights on the demised premises pursuant to the terms of the said Surface Lease.~~
- (r) By providing personal information to the Lessee, the Lessor consents to the Lessee's collection, use, retention and disclosure of that information for any and all purposes and uses as permitted and contemplated under this Agreement and as needed to comply with any legal requirements.
- (s) The Lessor hereby agrees that the Lessee shall have the option, if required, to construct power lines on, over, across, or along the demised premises.

IN WITNESS WHEREOF the Lessor has hereunder set his hand and seal and the Lessee has caused its corporate seal to be hereunto affixed attested to by the hands of its proper officers duly authorized in that behalf the day and year first above written.

SIGNED, SEALED AND DELIVEREDXXXXXXXXXXXXXXXXXXXX

by the Lessor in the presence of:

\_\_\_\_\_

Witness:

\_\_\_\_\_

Lessee: DURHAM CREEK ENERGY INC.

\_\_\_\_\_

Witness

Per: \_\_\_\_\_

Per: \_\_\_\_\_

**AFFIDAVIT VERIFYING  
CORPORATE SIGNING AUTHORITY**

I/We, **XXXXXXXXXX**, of **XXXXXXXXXX** in the Province of Saskatchewan, make oath and say:

- 1. I/We am/are an officer(s) or a director(s) of **XXXXXXXXXX**., named in the within or annexed instrument.
- 2. I am authorized by the corporation to execute the instrument without affixing a corporate seal.

SWORN before me at the District of \_\_\_\_\_ )  
\_\_\_\_\_, in the Province \_\_\_\_\_ )  
of Saskatchewan this \_\_\_\_\_ day \_\_\_\_\_ )  
of \_\_\_\_\_, A.D. 20\_\_\_\_. )  

**XXXXXXXXXXXXXXXXXX**

\_\_\_\_\_  
A Commissioner for Oaths for Saskatchewan.

**AFFIDAVIT OF EXECUTION**

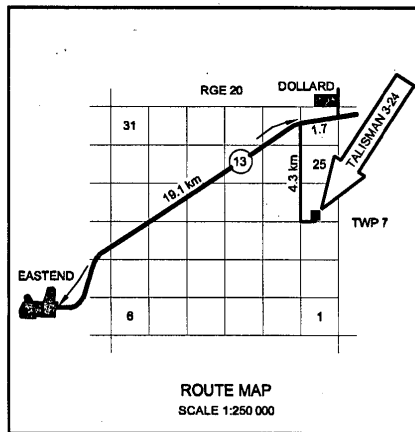
CANADA \_\_\_\_\_ ) I, \_\_\_\_\_, of  
PROVINCE OF SASKATCHEWAN \_\_\_\_\_ ) Swift Current, in the Province of Saskatchewan  
TO WIT: \_\_\_\_\_ ) Landman, make oath and say:

- 1. That I was personally present and did see **XXXXXXXXXXXXXX**, **signing officer of XXXXXXXXXXXXXXXX** named in the within instrument, who is personally known to me to be the person named therein, duly sign and execute the same for the purpose named therein.
- 2. That the same was executed at/near \_\_\_\_\_, in the Province of Saskatchewan, and that I am the subscribing witness thereto.
- 3. That I know the said **XXXXXXX**, **signing officer of XXXXXXXXXXXXXXXXX**., and in my belief he (or she) is (or they are each) of the full age of eighteen years.

SWORN before me at the City of \_\_\_\_\_ )  
Swift Current, in the Province \_\_\_\_\_ )  
of Saskatchewan this \_\_\_\_\_ day \_\_\_\_\_ )  
of \_\_\_\_\_, A.D. 20\_\_\_\_. ) \_\_\_\_\_

\_\_\_\_\_  
A Commissioner for Oaths for Saskatchewan.

**SW1/4 Sec 24**  
**LAND OWNER(S):**  
 - Talisman Energy Inc.  
 Title No. 121380061  
**OCCUPANT(S):**  
 - Dean Marchand



## TALISMAN ET AL DOLLARD UNIT 3-24-7-20

### Well Site and Access Road

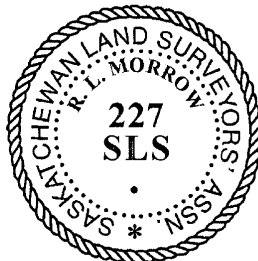
### SW1/4, Sec 24, Twp 7, Rge 20, W3 Mer

RURAL MUNICIPALITY OF ARLINGTON No. 79

I, Roger L. Morrow, Saskatchewan Land Surveyor, certify that the survey represented by this plan is true and correct to the best of my knowledge, has been carried out in accordance with the Saskatchewan Land Surveyors' Association Standards of Practice, and was completed on the 1st day of May, 2006.

*R. Morrow*  
 Saskatchewan Land Surveyor

*Quentin Lambert*  
 Witness (Quentin Lambert)



#### CO-ORDINATES:

155.63 North of South Bdy } Sec 24  
 558.52 East of West Bdy }

#### CARTESIAN CO-ORDINATES:

155.41 North } of SW Corner Sec 24  
 558.45 East }

#### GEOGRAPHIC CO-ORDINATES:

N 49°34'07.48" Latitude } TFM Ver. 2.5  
 W 108°35'40.19" Longitude } NAD 83

#### ELEVATIONS: 943.79m Ground @ Well Centre

Well Site Corner Elevations:

NW 944.1 NW 941.9  
 SW 944.6 SE 942.6

#### GEODETIC DATUM:

Geodetic B.M. 80S069, Elevation = 947.85m.  
 Near NE Cor Sec 20-7-20 W3 Mer

#### AREAS:

|               | hectares     | acres       |
|---------------|--------------|-------------|
| Well Site:    | 1.210        | 2.99        |
| Access Road:  | 0.131        | 0.32        |
| <b>TOTAL:</b> | <b>1.341</b> | <b>3.31</b> |

#### MIDWEST SURVEYS INC.

#### WELL LICENCE INFORMATION THE PROPOSED WELL CENTRE IS:

- |                                                                       |                                     |                          |
|-----------------------------------------------------------------------|-------------------------------------|--------------------------|
|                                                                       | YES                                 | NO                       |
| - At least 1.5 km from the Corporate Limits of a City Town or Village | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| - At least 75m from any shoreline                                     | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| - At least 75m from any surface Improvements                          | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| - At least 75m from any public road                                   | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| - At least 75m from any aircraft runway or taxiway                    | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| - At least 75m from any water well                                    | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| - Approximately 15.2 km from the nearest urban centre.(SHAUNAVON)     | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| - Approximately 2.0 km from the nearest residence.(SW 18-7-19)        | <input checked="" type="checkbox"/> | <input type="checkbox"/> |

\* ALL BURIED INSTALLATIONS SHOULD BE LOCATED BY THE RESPECTIVE AUTHORITIES PRIOR TO CONSTRUCTION

SaskTel - 611  
 SaskPower - 1-888-757-6937  
 SaskEnergy - 1-866-828-4888

#### OPERATOR:

**TALISMAN**  
 E N E R G Y

Survey monuments found shown thus: ◆  
 Survey monuments (Iron spikes) planted shown thus: ●  
 Wooden hubs planted shown thus: ■  
 Portions referred to shown thus: —  
 Distances are in metres and decimals thereof.

|     |             |             |           |
|-----|-------------|-------------|-----------|
| No. | DATE        | REVISION    | JOB No.   |
| 0   | MAY 2, 2006 | PLAN ISSUED | K-0190-06 |

SCALE 1:5000

Maple Creek 1-800-667-6123

|                 |               |              |                 |           |
|-----------------|---------------|--------------|-----------------|-----------|
| SURVEYED BY: JJ | CALCD BY: DGS | DRAWN BY: QL | FILE No. 739351 | K-0190-06 |
|-----------------|---------------|--------------|-----------------|-----------|



BETWEEN:

-AND-

(hereinafter referred to as "the said lands")

NOW THEREFORE this Lease witnesseth that:

## 2. RENTAL AND COMPENSATION

### 3. LESSOR'S COVENANTS

- (a) **Taxes Payable by Lessor.** The Lessor will promptly pay and satisfy all taxes, rates and assessments that may be assessed or levied against the said lands during the continuance of this Lease.
- (b) **Quiet Enjoyment.** The Lessor has good title to the said lands and has good right and full power to lease the said lands and grant the rights and privileges in the manner aforesaid, and the Lessee, upon observing and performing the covenants and conditions on the Lessee's part herein contained, shall and may peaceably possess and enjoy the demised premises and the rights and privileges hereby granted during the said term and any extension thereof without any interruption or disturbance from or by the Lessor or any other person claiming by, through or under the Lessor.
- (c) **Renewal.** If the Lessee is not in default in respect of any of the covenants and conditions contained in this Lease at the date of expiration of the term of 21 years hereinbefore mentioned, then this Lease shall be automatically renewed for a further term of 21 years commencing on the day following the expiration of the aforesaid term at an annual rental calculated from time to time as herein provided for that portion of the term subsequent to the first year thereof. Such extended term shall be subject to all the provisions of this Lease, including this provision for automatic renewal.
- (d) **Site Assessments and Restoration.** The Lessee shall have the right to conduct soil and water samples on the said lands and to condition, maintain, reclaim and restore the surface of the demised premises during the term of the within Lease.

#### 4. LESSEE'S COVENANTS

The Lessee hereby covenants and agrees with the Lessor that:

- (a) **Rental.** The Lessee will pay the rental hereinbefore reserved in each and every year in advance during the continuance of this Lease.
- (b) **Fencing.** The Lessee will during the continuance of this Lease erect and maintain upon the boundaries of the sites and roadways constructed or placed by the Lessee on the demised premises a good substantial fence if so requested by the Lessor, or if required by the Lessee for safety or security purposes, and will replace all fences which the Lessee may remove for its purposes and repair all fences which it may damage, and if and when so required by the Lessor, will provide a proper livestock guard at any point of entry upon the said lands used by it and, upon the use thereof, will close all gates.
- (c) **Taxes.** The Lessee will pay all taxes, rates and assessments that may be assessed or levied in respect of machinery, equipment, structures or works placed by the Lessee in, on or under the demised premises.
- (d) **Compensation for Damages.** The Lessee will pay compensation for damage done by the Lessee to growing crops, fences, buildings or other improvements of the Lessor upon the said lands other than the demised premises.
- (e) **Indemnity.** The Lessee will indemnify and save harmless the Lessor from and against all actions, suits, claims and demands by any person in respect of any loss, injury, damage or obligation arising out of or connected with the operations of the Lessee on the demised premises.
- (f) **Culverts.** The Lessee shall construct and maintain such culverts and other structures on the demised premises as may be reasonably required to ensure the unimpeded flow of water through natural drainage courses.

#### 5. MUTUAL COVENANTS

The Lessor and the Lessee do hereby mutually covenant and agree each with the other as follows:

- (a) **Review of Rental.** Notwithstanding anything contained in this Lease, upon the request of either party to this Lease the amount of annual rental payable in respect of the demised premises shall be subject to review at the end of three years from the date hereof and at the end of each succeeding three year period. Such request shall be in writing and shall be given to the other party within three months before or within three months after the date of commencement of the period in respect of which the review of rent is sought. In case of disagreement as to the amount of rent to be payable or any other matter in connection therewith, the same shall be determined by the Board of Arbitration appointed pursuant to the Surface Rights Acquisition and Compensation Act.
- (b) **Operations.** The Lessee shall restrict its operations to the demised premises and whenever the Lessee breaks open the surface of the soil the Lessee shall take all reasonable steps to reserve separately the top soil and the subsoil and shall, with reasonable care, and as soon as conveniently possible having regard to the nature of the Lessee's operations, restore the subsoil and top soil in their original order. Upon a complete surrender of the Lease the rights and procedures with respect to abandonment and restoration shall be governed by the laws of the Province of Saskatchewan.
- (c) **Construction of ditches and approaches where required.** The Lessee shall construct the roadway with shallow ditches where required and, if necessary, with reasonable number of approaches for the Lessor in order that the Lessor may cross the roadway with farm machinery in moving from one field in the said lands to another field that lies across the roadway.
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- (e) **Surrender.** The Lessee shall have the right at any time and from time to time to surrender and terminate this Lease by written notice to the Lessor, provided however, that such surrender will not take effect until such time as the well has been properly abandoned in compliance with regulations or direction of the Government of the Province of Saskatchewan in that regard, and until the Lessee has ceased the use and occupation of the Demised Premises by removing or causing to be removed from the Demised Premises all structures, materials and equipment of whatsoever nature or kind which the Lessee may have placed on or in the Demised Premises.
- (f) **Reduction in Acreage.** The Lessee may from time to time and at any time surrender any portion of the demised premises by written notice to the Lessor. Such notice shall be accompanied by a plan of the portion or portions of the demised premises which are to be retained by the Lessee and upon receipt of such notice the plan attached thereto shall be deemed to be Schedule "A" hereto and the term "the demised premises" shall thereafter include only the portion of the said lands retained by the Lessee pursuant to the provisions of this clause. Upon the surrender of a portion of the demised premises the rental payable hereunder shall be no less than the amount payable immediately prior to the surrender being made, provided that on a review of rent pursuant to the provisions of subclause (a) of this clause the future rent to be thereby determined shall only be calculated on the basis of the reduced area of the demised premises remaining subject to this Lease.
- (g) **Removal of Equipment.** The Lessee shall have the right at all times during the continuance of this Lease to remove or cause to be removed from the demised premises all buildings, structures, fixtures, casing in wells, pipelines, material and equipment of whatsoever nature or kind which it may have placed in, on or under the demised premises.
- (h) **Discharge of Encumbrances.** The Lessee shall have the option to pay or discharge all or part of any balance owing under any agreement for sale or mortgage, or of any tax, charge, lien or encumbrance of any kind or nature whatsoever which may now or hereafter exist on or against or in any way affect the said lands, and in that event the Lessee shall be subrogated to the rights of the holder or holders thereof and shall have, in addition thereto, the option to be reimbursed by applying to the amounts so paid the rent or other sums accruing to the Lessor under the terms of this Lease.
- (i) **Assignment by Lessee.** The Lessee may delegate, assign or convey to other persons or corporations, all or any of the powers, rights, privileges, and interests obtained by or conferred upon the Lessee hereunder, and may enter into all agreements, contracts, and writings and do all necessary acts and things to give effect to the provisions of this clause.
- (j) **Notification of Change of Ownership.** In the event of the Lessor disposing of the said lands or the Lessee disposing of its interests in the said lands, the party disposing of its interest shall give the other party notice of such change and the name and address of the new Lessor or Lessee, as the case may be.
- (k) **Default.** Notwithstanding anything herein contained to the contrary, the Lessee shall not be in default in the performance of any of its covenants or obligations under this Lease, including the payment of rental, unless and until the Lessor shall have notified the Lessee in writing of such default. The Lessor may terminate this Lease at the expiration of 45 days following receipt of such notice of default by the Lessee unless the Lessee within the said 45 days period commences action to remedy such default and thereafter diligently continues to complete such remedial action.

- (l) **Notices.** Any notice or other written communication required or permitted to be given hereunder shall be in writing and may be delivered personally or, except during periods of postal disruption, by registered mail, postage prepaid, to the party to whom the notice is to be given. All such notices shall be addressed to the party to whom it is directed at the following addresses:

**Lessor:** **NEW OWNER**  
**ADDRESS 1**  
**ADDRESS 2**  
**ADDRESS 3**

**Lessee:** **DURHAM CREEK ENERGY INC.**  
420, 600 – 6<sup>th</sup> Avenue S.W.  
Calgary, Alberta  
T2P 0S5

Any party may at any time change its address hereunder by giving written notice of such change of address to the other party in the manner specified in this subclause. Any notice given hereunder by personal delivery shall be deemed to have been given and received on the day of delivery, and if given by registered mail, shall be deemed to have been given and received five days after the mailing thereof, provided that if a notice is so mailed and prior to the expiration of the time period after which such notice is deemed to be given and received by the addressee there exists a disruption of postal services, then such notice shall not be deemed to be given and received until the expiration of five days following the resumption of postal service.

- (m) **Payment of Rental.** Any rent or payment required to be made to the Lessor by the Lessee hereunder may be made by personal delivery or by mail to the Lessor at his address for service of notices hereinbefore set forth, or by depositing same to the Lessor's credit at such place as the Lessor may in writing from time to time designate.
- (n) **Saskatchewan Law.** This Lease shall for all purposes be construed according to the laws of the Province of Saskatchewan.
- (o) **Acceptance.** The Lessee hereby accepts this Lease of the demised premises, to be held by it as tenant and subject to the conditions, restrictions and covenants above set forth.
- (p) **Successor and Assigns.** This Lease and everything herein contained shall inure to the benefit of and be binding upon the Lessor, his heirs, executors, administrators, successors and assigns and upon the Lessee, its successors and assigns. References to the terms "Lessor" and "Lessee" in the singular number and masculine gender shall also include the plural number and feminine or neuter gender where the context so requires.
- (q) ~~If the demised premises covered by this Surface Lease are not entered upon, except for survey purposes, within one (1) year of the date of this Lease, The Lessee shall pay to the Lessor the sum of \$ 250.00 for the right to survey and all other inconveniences and the said Lease shall terminate. However, should Lessee enter the demised premises to drill or should the Lessee make payment of the full initial consideration in the amount of \$ \_\_\_\_\_ as previously set out, within the one (1) year period, then the Lessee shall have full rights on the demised premises pursuant to the terms of the said Surface Lease.~~
- (r) By providing personal information to the Lessee, the Lessor consents to the Lessee's collection, use, retention and disclosure of that information for any and all purposes and uses as permitted and contemplated under this Agreement and as needed to comply with any legal requirements.
- (s) The Lessor hereby agrees that the Lessee shall have the option, if required, to construct power lines on, over, across, or along the demised premises.

IN WITNESS WHEREOF the Lessor has hereunder set his hand and seal and the Lessee has caused its corporate seal to be hereunto affixed attested to by the hands of its proper officers duly authorized in that behalf the day and year first above written.

**SIGNED, SEALED AND DELIVERED**  
by the Lessor in the presence of:

**XXXXXXXXXXXXXXXXXX**

\_\_\_\_\_  
Witness:

Lessee: **DURHAM CREEK ENERGY INC.**

\_\_\_\_\_  
Witness

Per: \_\_\_\_\_

Per: \_\_\_\_\_

**AFFIDAVIT VERIFYING  
CORPORATE SIGNING AUTHORITY**

I/We, **XXXXXXXXXX**, of **XXXXXXXXXX** in the Province of Saskatchewan, make oath and say:

- 1. I/We am/are an officer(s) or a director(s) of **XXXXXXXXXX**., named in the within or annexed instrument.
- 2. I am authorized by the corporation to execute the instrument without affixing a corporate seal.

SWORN before me at the District of \_\_\_\_\_ )  
\_\_\_\_\_, in the Province \_\_\_\_\_ )  
of Saskatchewan this \_\_\_\_\_ day \_\_\_\_\_ )  
of \_\_\_\_\_, A.D. 20\_\_\_\_. )  

**XXXXXXXXXXXXXXXXXX**

\_\_\_\_\_  
A Commissioner for Oaths for Saskatchewan.

**AFFIDAVIT OF EXECUTION**

CANADA \_\_\_\_\_ ) I, \_\_\_\_\_, of  
PROVINCE OF SASKATCHEWAN \_\_\_\_\_ ) Swift Current, in the Province of Saskatchewan  
TO WIT: \_\_\_\_\_ ) Landman, make oath and say:

- 1. That I was personally present and did see **XXXXXXXXXXXXXX**, **signing officer of XXXXXXXXXXXXXXXX** named in the within instrument, who is personally known to me to be the person named therein, duly sign and execute the same for the purpose named therein.
- 2. That the same was executed at/near \_\_\_\_\_, in the Province of Saskatchewan, and that I am the subscribing witness thereto.
- 3. That I know the said **XXXXXXX**, **signing officer of XXXXXXXXXXXXXXXXX**., and in my belief he (or she) is (or they are each) of the full age of eighteen years.

SWORN before me at the City of \_\_\_\_\_ )  
Swift Current, in the Province \_\_\_\_\_ )  
of Saskatchewan this \_\_\_\_\_ day \_\_\_\_\_ )  
of \_\_\_\_\_, A.D. 20\_\_\_\_. )  
\_\_\_\_\_

\_\_\_\_\_  
A Commissioner for Oaths for Saskatchewan.

SW1/4 Sec 24

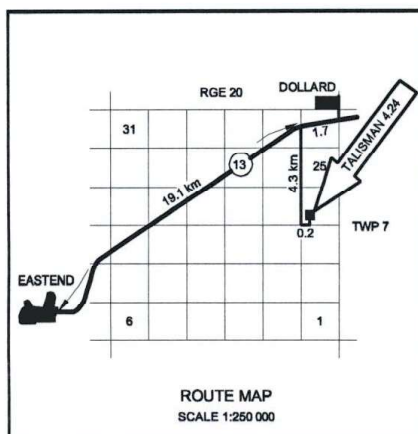
LAND OWNERS(S):

- TALISMAN ENERGY INC.

Title No. 121380061

OCCUPANT(S):

- Roland Piquette



# TALISMAN ET AL DOLLARD UNIT 4-24-7-20

## Well Site and Access Road

## SW1/4, Sec 24, Twp 7, Rge 20, W3 Mer

RURAL MUNICIPALITY OF ARLINGTON No. 79

I, Roger L. Morrow, Saskatchewan Land Surveyor, certify that the survey represented by this plan is true and correct to the best of my knowledge, has been carried out in accordance with the Saskatchewan Land Surveyors' Association Standards of Practice, and was completed on the 30th day of June, 2004.

*R. Morrow*  
Saskatchewan Land Surveyor

*Michael Hancock*  
Witness (Michael Hancock)



### MIDWEST SURVEYS INC.

#### WELL LICENCE INFORMATION THE PROPOSED WELL CENTRE IS:

- |                                                                       | YES                                 | NO                                  |
|-----------------------------------------------------------------------|-------------------------------------|-------------------------------------|
| - At least 1.5 km from the Corporate Limits of a City Town or Village | <input checked="" type="checkbox"/> | <input type="checkbox"/>            |
| - At least 75m from any shoreline                                     | <input checked="" type="checkbox"/> | <input type="checkbox"/>            |
| - At least 75m from any surface Improvements                          | <input type="checkbox"/>            | <input checked="" type="checkbox"/> |
| - At least 40m from any surveyed road                                 | <input checked="" type="checkbox"/> | <input type="checkbox"/>            |
| - At least 75m from any aircraft runway or taxiway                    | <input checked="" type="checkbox"/> | <input type="checkbox"/>            |
| - At least 75m from any water well                                    | <input checked="" type="checkbox"/> | <input type="checkbox"/>            |
| - Approximately 15.4 km from the nearest urban centre.(SHAUNAVON)     | <input checked="" type="checkbox"/> | <input type="checkbox"/>            |
| - Approximately 2.3 km from the nearest residence.(SW 18-7-19)        | <input checked="" type="checkbox"/> | <input type="checkbox"/>            |

\* ALL BURIED INSTALLATIONS SHOULD BE LOCATED BY THE RESPECTIVE AUTHORITIES PRIOR TO CONSTRUCTION

SaskTel - 611  
SaskPower - 1-888-757-6937  
SaskEnergy - 1-866-828-4888

#### OPERATOR:

**TALISMAN**

E N E R G Y

#### CO-ORDINATES:

194.99 North of South Bdy } Sec 24  
219.99 East of West Bdy }

#### CARTESIAN CO-ORDINATES:

194.91 North } of SW Corner Sec 24  
219.91 East }

#### GEOGRAPHIC CO-ORDINATES:

N 49°34'08.76" Latitude } TFM Ver. 2.5  
W 108°35'57.04" Longitude } NAD 83

N 49°34'08.68" Latitude } TFM Ver. 2.5  
W 108°35'54.49" Longitude } NAD 27

#### ELEVATIONS: 943.82m Ground @ Well Center

Well Site Corner Elevations:

|          |          |
|----------|----------|
| NW 943.1 | NE 941.6 |
| SW 946.0 | SE 945.0 |

#### GEODETIC DATUM:

Geod BM 80S072, Elevation = 923.21m.  
Near W1/4 Sec 36-7-20 W3 Mer

#### AREAS:

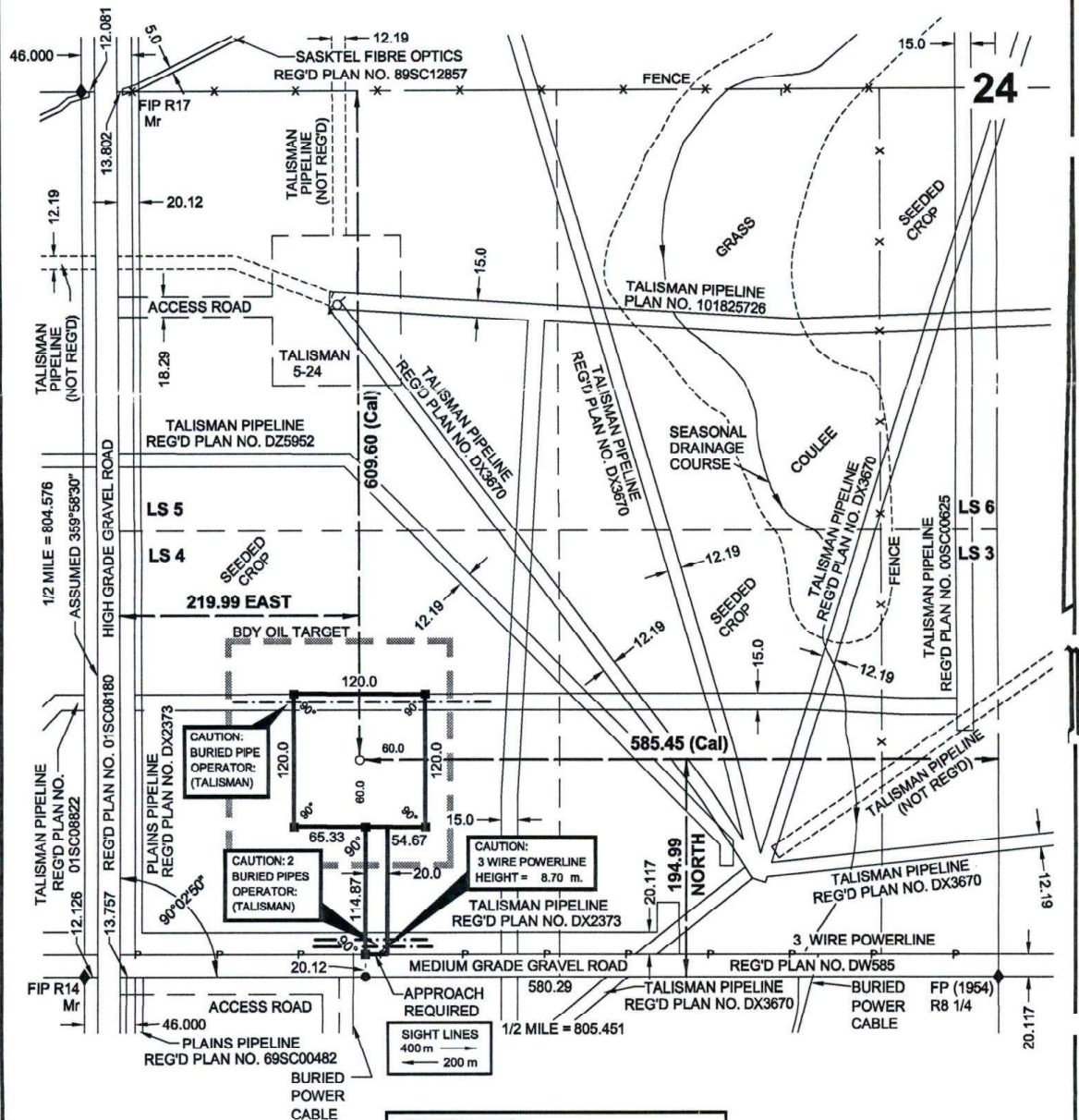
|              | hectares | acres |
|--------------|----------|-------|
| Well Site:   | 1.44     | 3.56  |
| Access Road: | 0.23     | 0.57  |
| TOTAL:       | 1.67     | 4.13  |



SCALE 1:5000

Survey monuments found shown thus: ◆  
Survey monuments (Iron spikes) planted shown thus: ●  
Wooden hubs planted shown thus: ■  
Portions referred to shown thus: —  
Distances are in metres and decimals thereof.





PROXIMITY NOTE:  
 PROPOSED 4-24 WELL CENTRE TO:  
 - BURIED PIPE (TALISMAN) = 52.2m @ 0°26'35"

**CO-ORDINATE INFORMATION**  
 REQUESTED CO-ORDINATES:  
 195.00 N of S  
 220.00 E of W } SW 24  
 SURVEYED CO-ORDINATES:  
 194.99 N of S  
 219.99 E of W } SW 24  
 NO MOVEMENT

- WELL LEGEND:**
- LOCATION
  - ⊙ GAS WELL
  - OIL WELL
  - ⊕ INJECTION WELL
  - ⊙ GAS INJECTION WELL
  - ⊙ SERVICE WELL
  - ⊙ SUSPENDED WELL
  - ⊙ ABANDONED WELL
  - ⊙ ABANDONED GAS WELL
  - ⊙ SUSPENDED GAS WELL
  - ⊙ ABANDONED OIL WELL
  - ⊙ SUSPENDED OIL WELL
  - ⊙ WATER WELL

Revisions:

**TALISMAN ET AL DOLLARD UNIT 4-24-7-20 (W3 Mer)**

# SASKATCHEWAN SURFACE LEASE

THIS LEASE made this \_\_\_\_\_ day of \_\_\_\_\_, A.D. 20\_\_\_\_.

BETWEEN:

of XXXXXXXXXX, in the Province of SASKATCHEWAN  
(hereinafter called the "Lessor")

-AND-

**DURHAM CREEK ENERGY INC.,**

a body corporate having an office in the city of CALGARY, in the Province of ALBERTA  
(hereinafter called the "Lessee")

WHEREAS the Lessor is the registered owner (or is entitled to become registered as owner under an agreement for sale or unregistered transfer or otherwise) of an estate in fee simple, subject however to the exceptions, conditions, encumbrances and interests contained in the existing Certificate of Title, of and in that certain parcel of land situated, lying and being in the Province of Saskatchewan and described as follows:

THE SOUTH WEST QUARTER OF SECTION TWENTY-FOUR (24),  
IN TOWNSHIP SEVEN (07),  
RANGE TWENTY (20),  
WEST OF THE THIRD MERIDIAN, SASKATCHEWAN  
EXTENSION(s) XXXX  
(SURFACE PARCEL NO(s). 143037378  
EXCEPTING THEREOUT ALL MINES AND MINERALS.  
AS DESCRIBED IN CERTIFICATE OF TITLE NO(s). XXXXXXXXX

(hereinafter referred to as "the said lands")

AND WHEREAS the Lessor has agreed to lease certain portions of the said lands to the Lessee for the purposes and upon the terms and conditions hereinafter set forth.

NOW THEREFORE this Lease witnesseth that:

## 1. DEMISED PREMISES

The Lessor for the purposes and at the rent, including compensation for capital damage, hereinafter set forth does hereby lease to the Lessee all and singular those parts of the said lands outlined in red on the sketch or plan annexed hereto as Schedule "A" to this Lease (hereinafter called "the demised premises"), to be held by the Lessee as tenant for the term of 21 years from the date hereof for any and all purpose and uses as may be necessary or useful in connection with any of the Lessee's operations.

## 2. RENTAL AND COMPENSATION

The Lessee shall pay to the Lessor the following sums, namely:

(a) **First year.** For the first year the sum of \_\_\_\_\_ (\$ \_\_\_\_\_) Dollars,  
which sum includes rental and compensation in full for severance, nuisance, noise, inconvenience and capital damage done to  
the said lands and the demised premises as follows:

(i) compensation payment \_\_\_\_\_ (\$ \_\_\_\_\_) Dollars.

(ii) initial rental payment - Four Thousand Forty Two Dollars and Fifty Cents (\$4,042.50) Dollars,

(b) Subsequent years. For each subsequent year during the term of this Lease the sum of Four Thousand Forty Two Dollars and Fifty Cents (\$4,042.50) Dollars, as rental payable annually in advance on or before the anniversary of the date hereof.

### 3. LESSOR'S COVENANTS

The Lessor hereby covenants and agrees with the Lessee that:

(a) **Taxes Payable by Lessor.** The Lessor will promptly pay and satisfy all taxes, rates and assessments that may be assessed or levied against the said lands during the continuance of this Lease.

(b) **Quiet Enjoyment.** The Lessor has good title to the said lands and has good right and full power to lease the said lands and grant the rights and privileges in the manner aforesaid, and the Lessee, upon observing and performing the covenants and conditions on the Lessee's part herein contained, shall and may peaceably possess and enjoy the demised premises and the rights and privileges hereby granted during the said term and any extension thereof without any interruption or disturbance from or by the Lessor or any other person claiming by, through or under the Lessor.

(c) **Renewal.** If the Lessee is not in default in respect of any of the covenants and conditions contained in this Lease at the date of expiration of the term of 21 years hereinbefore mentioned, then this Lease shall be automatically renewed for a further term of 21 years commencing on the day following the expiration of the aforesaid term at an annual rental calculated from time to time as herein provided for that portion of the term subsequent to the first year thereof. Such extended term shall be subject to all the provisions of this Lease, including this provision for automatic renewal.

(d) **Site Assessments and Restoration.** The Lessee shall have the right to conduct soil and water samples on the said lands and to condition, maintain, reclaim and restore the surface of the demised premises during the term of the within Lease.

#### 4. LESSEE'S COVENANTS

The Lessee hereby covenants and agrees with the Lessor that:

- (a) **Rental.** The Lessee will pay the rental hereinbefore reserved in each and every year in advance during the continuance of this Lease.
- (b) **Fencing.** The Lessee will during the continuance of this Lease erect and maintain upon the boundaries of the sites and roadways constructed or placed by the Lessee on the demised premises a good substantial fence if so requested by the Lessor, or if required by the Lessee for safety or security purposes, and will replace all fences which the Lessee may remove for its purposes and repair all fences which it may damage, and if and when so required by the Lessor, will provide a proper livestock guard at any point of entry upon the said lands used by it and, upon the use thereof, will close all gates.
- (c) **Taxes.** The Lessee will pay all taxes, rates and assessments that may be assessed or levied in respect of machinery, equipment, structures or works placed by the Lessee in, on or under the demised premises.
- (d) **Compensation for Damages.** The Lessee will pay compensation for damage done by the Lessee to growing crops, fences, buildings or other improvements of the Lessor upon the said lands other than the demised premises.
- (e) **Indemnity.** The Lessee will indemnify and save harmless the Lessor from and against all actions, suits, claims and demands by any person in respect of any loss, injury, damage or obligation arising out of or connected with the operations of the Lessee on the demised premises.
- (f) **Culverts.** The Lessee shall construct and maintain such culverts and other structures on the demised premises as may be reasonably required to ensure the unimpeded flow of water through natural drainage courses.

#### 5. MUTUAL COVENANTS

The Lessor and the Lessee do hereby mutually covenant and agree each with the other as follows:

- (a) **Review of Rental.** Notwithstanding anything contained in this Lease, upon the request of either party to this Lease the amount of annual rental payable in respect of the demised premises shall be subject to review at the end of three years from the date hereof and at the end of each succeeding three year period. Such request shall be in writing and shall be given to the other party within three months before or within three months after the date of commencement of the period in respect of which the review of rent is sought. In case of disagreement as to the amount of rent to be payable or any other matter in connection therewith, the same shall be determined by the Board of Arbitration appointed pursuant to the Surface Rights Acquisition and Compensation Act.
- (b) **Operations.** The Lessee shall restrict its operations to the demised premises and whenever the Lessee breaks open the surface of the soil the Lessee shall take all reasonable steps to reserve separately the top soil and the subsoil and shall, with reasonable care, and as soon as conveniently possible having regard to the nature of the Lessee's operations, restore the subsoil and top soil in their original order. Upon a complete surrender of the Lease the rights and procedures with respect to abandonment and restoration shall be governed by the laws of the Province of Saskatchewan.
- (c) **Construction of ditches and approaches where required.** The Lessee shall construct the roadway with shallow ditches where required and, if necessary, with reasonable number of approaches for the Lessor in order that the Lessor may cross the roadway with farm machinery in moving from one field in the said lands to another field that lies across the roadway.
- (d) **Weed Control.** During the term of the Lease the Lessee shall take all necessary precautions to keep down and destroy all noxious weeds on the demised premises.
- (e) **Surrender.** The Lessee shall have the right at any time and from time to time to surrender and terminate this Lease by written notice to the Lessor, provided however, that such surrender will not take effect until such time as the well has been properly abandoned in compliance with regulations or direction of the Government of the Province of Saskatchewan in that regard, and until the Lessee has ceased the use and occupation of the Demised Premises by removing or causing to be removed from the Demised Premises all structures, materials and equipment of whatsoever nature or kind which the Lessee may have placed on or in the Demised Premises.
- (f) **Reduction in Acreage.** The Lessee may from time to time and at any time surrender any portion of the demised premises by written notice to the Lessor. Such notice shall be accompanied by a plan of the portion or portions of the demised premises which are to be retained by the Lessee and upon receipt of such notice the plan attached thereto shall be deemed to be Schedule "A" hereto and the term "the demised premises" shall thereafter include only the portion of the said lands retained by the Lessee pursuant to the provisions of this clause. Upon the surrender of a portion of the demised premises the rental payable hereunder shall be no less than the amount payable immediately prior to the surrender being made, provided that on a review of rent pursuant to the provisions of subclause (a) of this clause the future rent to be thereby determined shall only be calculated on the basis of the reduced area of the demised premises remaining subject to this Lease.
- (g) **Removal of Equipment.** The Lessee shall have the right at all times during the continuance of this Lease to remove or cause to be removed from the demised premises all buildings, structures, fixtures, casing in wells, pipelines, material and equipment of whatsoever nature or kind which it may have placed in, on or under the demised premises.
- (h) **Discharge of Encumbrances.** The Lessee shall have the option to pay or discharge all or part of any balance owing under any agreement for sale or mortgage, or of any tax, charge, lien or encumbrance of any kind or nature whatsoever which may now or hereafter exist on or against or in any way affect the said lands, and in that event the Lessee shall be subrogated to the rights of the holder or holders thereof and shall have, in addition thereto, the option to be reimbursed by applying to the amounts so paid the rent or other sums accruing to the Lessor under the terms of this Lease.
- (i) **Assignment by Lessee.** The Lessee may delegate, assign or convey to other persons or corporations, all or any of the powers, rights, privileges, and interests obtained by or conferred upon the Lessee hereunder, and may enter into all agreements, contracts, and writings and do all necessary acts and things to give effect to the provisions of this clause.
- (j) **Notification of Change of Ownership.** In the event of the Lessor disposing of the said lands or the Lessee disposing of its interests in the said lands, the party disposing of its interest shall give the other party notice of such change and the name and address of the new Lessor or Lessee, as the case may be.
- (k) **Default.** Notwithstanding anything herein contained to the contrary, the Lessee shall not be in default in the performance of any of its covenants or obligations under this Lease, including the payment of rental, unless and until the Lessor shall have notified the Lessee in writing of such default. The Lessor may terminate this Lease at the expiration of 45 days following receipt of such notice of default by the Lessee unless the Lessee within the said 45 days period commences action to remedy such default and thereafter diligently continues to complete such remedial action.

(l) **Notices.** Any notice or other written communication required or permitted to be given hereunder shall be in writing and may be delivered personally or, except during periods of postal disruption, by registered mail, postage prepaid, to the party to whom the notice is to be given. All such notices shall be addressed to the party to whom it is directed at the following addresses:

Lessor:

NEW OWNER  
ADDRESS 1  
ADDRESS 2  
ADDRESS 3

Lessee:

DURHAM CREEK ENERGY INC.  
420, 600 – 6<sup>th</sup> Avenue S.W.  
Calgary, Alberta  
T2P 0S5

Any party may at any time change its address hereunder by giving written notice of such change of address to the other party in the manner specified in this subclause. Any notice given hereunder by personal delivery shall be deemed to have been given and received on the day of delivery, and if given by registered mail, shall be deemed to have been given and received five days after the mailing thereof, provided that if a notice is so mailed and prior to the expiration of the time period after which such notice is deemed to be given and received by the addressee there exists a disruption of postal services, then such notice shall not be deemed to be given and received until the expiration of five days following the resumption of postal service.

- (m) **Payment of Rental.** Any rent or payment required to be made to the Lessor by the Lessee hereunder may be made by personal delivery or by mail to the Lessor at his address for service of notices hereinbefore set forth, or by depositing same to the Lessor's credit at such place as the Lessor may in writing from time to time designate.
- (n) **Saskatchewan Law.** This Lease shall for all purposes be construed according to the laws of the Province of Saskatchewan.
- (o) **Acceptance.** The Lessee hereby accepts this Lease of the demised premises, to be held by it as tenant and subject to the conditions, restrictions and covenants above set forth.
- (p) **Successor and Assigns.** This Lease and everything herein contained shall inure to the benefit of and be binding upon the Lessor, his heirs, executors, administrators, successors and assigns and upon the Lessee, its successors and assigns. References to the terms "Lessor" and "Lessee" in the singular number and masculine gender shall also include the plural number and feminine or neuter gender where the context so requires.
- (q) ~~If the demised premises covered by this Surface Lease are not entered upon, except for survey purposes, within one (1) year of the date of this Lease, The Lessee shall pay to the Lessor the sum of \$ 250.00 for the right to survey and all other inconveniences and the said Lease shall terminate. However, should Lessee enter the demised premises to drill or should the Lessee make payment of the full initial consideration in the amount of \$ \_\_\_\_\_ as previously set out, within the one (1) year period, then the Lessee shall have full rights on the demised premises pursuant to the terms of the said Surface Lease.~~
- (r) By providing personal information to the Lessee, the Lessor consents to the Lessee's collection, use, retention and disclosure of that information for any and all purposes and uses as permitted and contemplated under this Agreement and as needed to comply with any legal requirements.
- (s) The Lessor hereby agrees that the Lessee shall have the option, if required, to construct power lines on, over, across, or along the demised premises.

IN WITNESS WHEREOF the Lessor has hereunder set his hand and seal and the Lessee has caused its corporate seal to be hereunto affixed attested to by the hands of its proper officers duly authorized in that behalf the day and year first above written.

SIGNED, SEALED AND DELIVEREDXXXXXXXXXXXXXXXXXX

by the Lessor in the presence of:

\_\_\_\_\_  
Witness:

\_\_\_\_\_

Lessee: DURHAM CREEK ENERGY INC.

\_\_\_\_\_  
Witness

Per: \_\_\_\_\_

Per: \_\_\_\_\_

**AFFIDAVIT VERIFYING  
CORPORATE SIGNING AUTHORITY**

I/We, **XXXXXXXXXX**, of **XXXXXXXXXX** in the Province of Saskatchewan, make oath and say:

1. I/We am/are an officer(s) or a director(s) of **XXXXXXXXXX**., named in the within or annexed instrument.
2. I am authorized by the corporation to execute the instrument without affixing a corporate seal.

SWORN before me at the District of )  
\_\_\_\_\_, in the Province )  
of Saskatchewan this\_\_\_\_\_day )  
of \_\_\_\_\_, A.D. 20\_\_\_\_. )

**XXXXXXXXXXXXXXXXXX**

\_\_\_\_\_  
A Commissioner for Oaths for Saskatchewan.

**AFFIDAVIT OF EXECUTION**

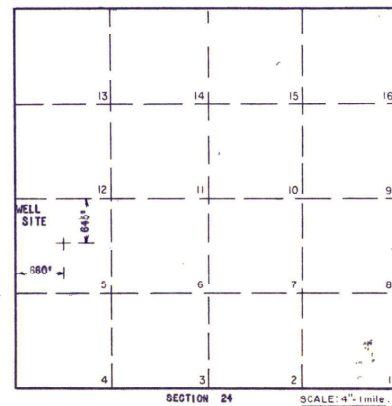
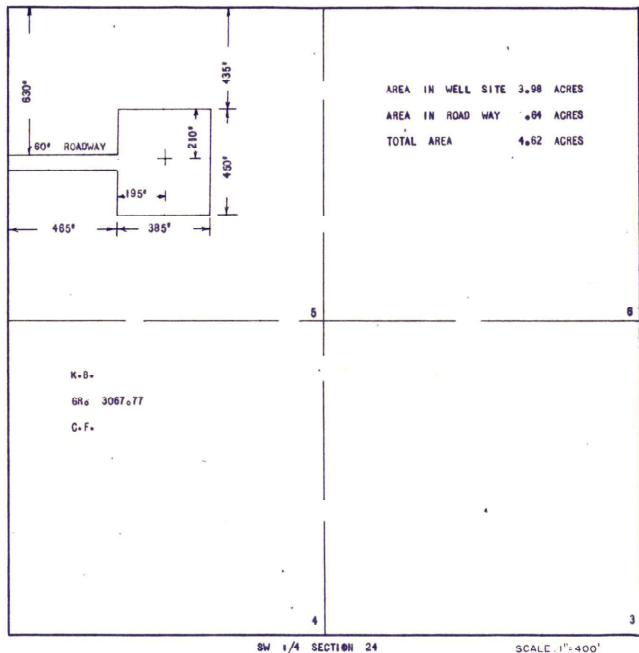
CANADA ) I, \_\_\_\_\_, of  
PROVINCE OF SASKATCHEWAN ) Swift Current, in the Province of Saskatchewan  
TO WIT: ) Landman, make oath and say:

1. That I was personally present and did see **XXXXXXXXXXXXXX**, **signing officer of XXXXXXXXXXXXXXXX** named in the within instrument, who is personally known to me to be the person named therein, duly sign and execute the same for the purpose named therein.
2. That the same was executed at/near \_\_\_\_\_, in the Province of Saskatchewan, and that I am the subscribing witness thereto.
3. That I know the said **XXXXXXX**, **signing officer of XXXXXXXXXXXXXXXXX**., and in my belief he (or she) is (or they are each) of the full age of eighteen years.

SWORN before me at the City of )  
Swift Current, in the Province )  
of Saskatchewan this\_\_\_\_\_day )  
of \_\_\_\_\_, A.D. 20\_\_\_\_. )

\_\_\_\_\_

\_\_\_\_\_  
A Commissioner for Oaths for Saskatchewan.



TIDE WATER DOLLARD CR. 5-24

K-B-D. 5, 3, 2, 1 To 7, 8, 20, 4, 3, 2

COORDS. 845' S. & 680' E. OF NW. COR. L.S.D. 5, SECTION 24

SURVEY BY R. BLAIR OF T.W.A.O.C. OPERATOR

Owner - Tide Water Associated Oil Co. Operator

Agent W. E. P. P. P. Date - JUNE 27

Surveyor - C. H. H. Date - JUNE 27

Witness - W. N. M. M. Date -

TIDE WATER ASSOCIATED OIL CO-OPERATOR.

Regina, Saskatchewan, Canada.

M.S. 2473

Monuments found shown thus - ♦