

OFFER TO SELL LETTER AGREEMENT
* indicates Optional Clause

Date

Addressees

Re: Offer to Sell
_____ Area, Alberta
... file:

... (the "Vendor") hereby offers to sell to _____ (the "Purchaser"), subject to and in accordance with the terms and conditions herein contained, all of the Vendor's right, title, estate and interest in and to the lands described on Schedule "A" attached hereto, including the leases, leased substances and wells, all equipment related thereto and the contracts and permits pertaining thereto (the "Assets").

1. **PURCHASE PRICE**

The purchase price shall be _____ (\$ _____), Canadian funds.

2. **ALLOCATION OF PURCHASE PRICE**

The purchase price for the Assets shall be allocated as follows:

Petroleum and Natural Gas Rights	\$
Tangibles	\$
Miscellaneous Interests	\$

3. **INTEREST ON PURCHASE PRICE**

There shall be no interest payable on the purchase price between the Effective Date and the Closing Date.

OR

- * **Interest shall be payable on the purchase price from the Effective Date to and including the day prior to the Closing Date, calculated daily and not compounded at the rate of two (2%) percent per annum above the rate designated as the prime rate for Canadian dollar commercial loans by the main branch in Calgary of the Vendor's primary banking institution.**

4. **ENCUMBRANCES**

The Vendor's interest in the Assets shall be unencumbered except for the applicable Crown royalty and any other encumbrances set out in Schedule "A" attached hereto.

5. **EFFECTIVE DATE**

The transaction contemplated by this offer shall be effective at 8:00 a.m. on _____ (the "Effective Date"). The Vendor and the Purchaser shall adjust and apportion benefits and obligations of every kind and nature incurred, payable, paid, receivable or received with respect

to the Assets, as of the Effective Date in accordance with generally accepted accounting principles. Such benefits and obligations accruing up to the Effective Date shall be for the Vendor's account and such benefits and obligations accruing after the Effective Date shall be for the Purchaser's account.

6. **CLOSING**

The closing of the transaction contemplated by this offer shall be held at the offices of the Vendor at 2:00 p.m. on _____ (the "Closing Date") or any other place, time or date mutually agreeable to the Purchaser and the Vendor.

7. **FORMAL AGREEMENT**

This offer is subject to the Vendor and the Purchaser entering into a mutually acceptable formal purchase and sale agreement embodying the terms of this offer. If this offer is accepted, the Vendor will prepare a formal agreement containing such representations and warranties by the Vendor and the Purchaser in each other's favour as are normally provided for in formal agreements relating to purchases and sales of this nature.

8. **PURCHASER'S REVIEW**

During the period prior to closing and completion of the within purchase, the Vendor shall provide the Purchaser with access to all books, records and files of the Vendor relating to the Assets in order for the Purchaser and its representatives to review all matters which it may consider relevant in relation to the purchase of the Assets.

9. **PURCHASER'S CLOSING CONDITIONS**

The obligation of the Purchaser to close and complete the purchase of the Assets is subject to the following conditions which are inserted for the sole benefit of the Purchaser and which may be waived in whole or in part by the Purchaser prior to the Closing Date:

- (a) the Purchaser shall have received a satisfactory title opinion from its legal counsel;
- (b) the Purchaser shall have received all necessary regulatory approvals for the purchase;
- (c) any consents, rights of first refusal or other restrictions on the transfer, sale or assignment of the Assets shall have been waived or complied with;

THIS IS A 3-PAGE CONTRACT with 1-page attachment.