

POOLING AND JOINT OPERATING AGREEMENT

THIS AGREEMENT made the ____ day of _____, _____.

BETWEEN:

□, a body corporate having an office and carrying on business in the City of Calgary, in the Province of Alberta (hereinafter called "□")

OF THE FIRST PART

- and -

□, a body corporate having an office and carrying on business in the City of Calgary, in the Province of Alberta (hereinafter called "□")

OF THE SECOND PART

(□ and □ are hereinafter collectively called "the parties")

WHEREAS the parties have agreed to pool and combine their working interest in all of the lands referred to in Schedule "A" hereto; and

WHEREAS pursuant to an understanding reached between the parties they wish to provide for a manner in which operations will be conducted on the said lease and the joint lands as and from the date hereof.

NOW THEREFORE THIS AGREEMENT WITNESSES that in consideration of the mutual covenants and agreements herein contained and subject to the terms and conditions hereinafter set out, the parties hereto agree as follows:

1. DEFINITIONS

In this Agreement, including the recitals and the Schedules, unless the context otherwise requires, definitions contained in Clause 101 of the Operating Procedure shall apply hereto. In addition to such definitions in the Operating Procedure, the following expressions shall have the respective meanings herein assigned to them, namely:

- a. "pooled lands" means the lands as more particularly set out and described and from time to time remaining in Schedule "A" (which lands include all geological formations thereunder, insofar as such formations are granted under the said lease);
- b. "Operating Procedure" means the ____ CAPL Operating Procedure attached as Schedule "B", including the ____ PASC Accounting Procedure annexed thereto;
- c. "the said lease" means the documents more particularly described in Schedule "A" by virtue of which the parties are entitled to drill for, win, take and remove petroleum substances underlying the joint lands and all renewals or extensions thereof or title documents thereunder; and
- d. "Assignment Procedure" means the ____ CAPL Assignment Procedure attached hereto as Schedule "C".

2. CONFLICT OF PROVISIONS

Wherever there is a conflict between this Agreement and the Operating Procedure, the terms and provisions of this Agreement shall prevail and wherever there is a conflict between this Agreement and the said lease, the terms and provisions of the said lease shall prevail.

3. **INTERPRETATION**

Whenever the singular or masculine or neuter is used herein, the same shall be construed as meaning plural or feminine or body politic or corporate and vice versa as the context requires.

4. **POOLING**

From and after the date of this Agreement, and subject to the terms and conditions of this Agreement, the parties do hereby pool, consolidate and integrate their respective rights, titles and interests in and to the said lease and the joint lands. The participating interests of the parties in the said lease, the joint lands, the petroleum substances and in the operations to be carried out pursuant to this Agreement, are as follows:

<input type="checkbox"/>	%
<input type="checkbox"/>	%

(hereinafter called the "participating interests").

5. **WARRANTY OF TITLE**

None of the parties hereto warrants title to its participating interest but each party covenants that it has complied with the terms of the title documents to the extent necessary to keep them in full force and effect, has good right, full power and authority to enter into this Agreement and represents that it has not received any notice of default in respect thereof.

6. **ENCUMBRANCES**

The parties covenant with each other insofar as each party's participating interest is concerned, that each party shall, except as otherwise provided, in the event its participating interest is now or hereafter becomes subject to an encumbrance other than the Lessor royalty and any gross overriding royalties set forth in Schedule "A" hereto, including but not restricted to an overriding royalty, created by such party (including the predecessor or successor in title to such party) be responsible for and pay out of its sole account, all such encumbrances and hold the other parties harmless for and against all claims, demands and causes of action relating hereto.

7. **OPERATING AND ASSIGNMENT PROCEDURES**

- a. As of the effective date hereof the Operating Procedure shall be deemed to have come into full force and effect with respect to the said lease and the joint lands, without any further execution by the parties, and thenceforth shall govern the relationship of the parties in accordance with their respective participating interests with respect to all operations conducted in connection with the exploration, development and maintenance of the said lease and the joint lands for the production of petroleum substances.
- b. The Assignment Procedure, as set out in Schedule "C" hereof, shall govern the parties to this Agreement.

8. **OPERATOR**

Operations on the said lease and the joint lands shall be conducted pursuant to the Operating Procedure with named as initial operator of the respective pooled lands.

9. **GOODS AND SERVICES TAX (G.S.T.)**

In executing this Agreement the participants herein authorize the initial Operator of each respective unit, on its behalf as participant, to make an election jointly with the Operator under Section 273(1) of the *Excise Tax Act*.

The participants agree to be bound by such election for the duration of this Agreement.

Should, however, any participant choose to take its product share in kind, that participant will be responsible for the G.S.T. on its portion of the sales taken.

Notwithstanding the foregoing, , as the case may be, shall not be held individually liable for the collection and remittance of the G.S.T. but moreover the participant(s) herein shall be liable jointly and severally for the G.S.T.

10. **PRODUCTION FACILITIES**

If any party hereto chooses to build or participate in building a production facility which will be used to produce any of the joint petroleum and natural gas rights governed by this Agreement, then the participating party shall offer to each of the parties herein the right, but not the obligation, to join in the construction and ownership of such plant, gathering system or related production facility.

The participating party shall provide to the other party(s) herein a complete breakdown of costs and design relating to such production facility in order that the party(s) may evaluate the project to determine if it desires to participate.

Participation interest in such a production facility shall be determined on a through put basis as per standard industry practice.

THIS IS A 7-PAGE DOCUMENT, including schedules.