

MASTER AGREEMENT

THIS AGREEMENT made this 12th day of December, 2019

BETWEEN:

AVALIE ANN PECK, Businesswoman, residing in Drayton Valley, Alberta and having an office at 6402 54th Ave., Drayton Valley, AB T7A 1R5

(the "**Land Owner**")

AND:

CPE PEMBINA LANDS LTD., a body corporate, duly incorporated pursuant to the laws of the Province of Alberta and having an office at Suite 1180 – 625 Howe Street, Vancouver, BC V6C 2T6

("CPE ")

WHEREAS:

- A. The Land Owner is the registered owner of the Lands which are located to the northeast of the Town of Drayton Valley, Alberta;
- B. CPE owns a 100% working interest in the Nisku P&NG Rights in its capacity as general partner of the Partnership;
- C. CPE wishes to interest an Oil & Gas Operator to acquire all or substantially all of the working interest of CPE in the Nisku P&NG Rights and to take all further actions to apply for and obtain drilling licences from the AER to drill wells on and produce Petroleum Substances from the Nisku P&NG Rights in full compliance with the AER Regulations;
- D. On March 28, 2018, the AER denied the Bashaw Application;
- E. Based upon the reasons given in the AER 2018 Decision and the submissions of residents and owners of land in the Rocky Rapids area made at the AER hearing in respect of the Bashaw Application, CPE has determined that in order for any future Oil & Gas Operator Application to be successful the Oil & Gas Operator will, in addition to other matters, have to address adequately: (i) the Secondary Egress Issue; and (ii) the Community Benefit Issue;
- F. In order to respond to the Secondary Egress Issue, CPE wishes to obtain from the Land Owner an easement over the Easement Area which includes the Private Road to

provide such Secondary Egress and a lease of the Vehicle Storage Area for the purposes described below;

- G. The Land Owner is prepared to grant to the Oil & Gas Operator the Easement and Lease on the condition that the Oil & Gas Operator is prepared to provide the Proposed Community Benefit as described herein and on the other terms and conditions as set forth in this Master Agreement;

WITNESSETH that in consideration of the mutual covenants contained herein, the payment of Ten Dollars (\$10.00) from CPE to the Land Owner and such other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereby agree as follows:

ARTICLE 1 INTERPRETATION

1.1 **Definitions.** In this Agreement, the following words and phrases when capitalized will have the following meanings:

- (a) **"AER"** means the Alberta Energy Regulator or any other government entity that has been established in replacement thereof to administer on behalf of the government of Alberta the oil and gas operations of wells drilled and operated in Alberta;
- (b) **"AER 2018 Decision"** means the decision of the AER in March 2018 to deny the Bashaw Application;
- (c) **"AER Licence Approval"** means the final approval by the AER of the Oil & Gas Operator Application which approval, if appealed, has been confirmed by the Alberta Court of Appeal and, if not appealed, where the period under the AER Regulations for filing any objection or appeal to such approval has expired;
- (d) **"AER Regulations"** means the regulations and policies of the AER that govern the drilling and operation of oil and gas wells in Alberta;
- (e) **"Agreement"** means this Master Agreement and all amendments thereto, together with all the above recitals and Schedules attached hereto;
- (f) **"Bashaw Application"** means the previous application by Bashaw Oil Corp. to the AER for drilling licences to drill, test and complete three (3) critical sour wells to test the Nisku Formation on the Target Lands;
- (g) **"BOE"** means barrel of oil equivalent (using 6,000 cubic feet of natural gas as the energy equivalent of one (1) barrel of oil);
- (h) **"CPE"** means CPE Pembina Lands Ltd., an Alberta corporation, having an office in the City of Vancouver in the Province of British Columbia and its successor

and assigns including any purchaser or assignee of the rights of CPE under this Agreement;

- (i) **“Community Benefit Issue”** means the issue raised by a number of Rocky Rapids Residents at the December 2017 AER hearing relating to the Bashaw Application that the proposed Drilling Operations and subsequent oil production from the Target Lands, although beneficial to the citizens of Alberta generally, would not directly benefit the Rocky Rapids Residents where the wells and production facilities would be located;
- (j) **“Community Benefit”** means the cash amounts and the terms upon which the Oil & Gas Operator will agree with the Land Owner to pay such amounts to the Trust established for the benefit of the Rocky Rapids Residents as set forth in Section 5.1 as modified, if any, by Section 5.2;
- (k) **“Critical Drilling Operations”** means any Drilling Operations being carried on after the relevant well has entered the Nisku Formation;
- (l) **“Delivery Conditions”** mean those conditions set forth in Section 6.1 (as modified by Section 6.2) which, when met by the Oil & Gas Operator, will require the Land Owner to execute and deliver to the Oil & Gas Operator the Lease and the Easement;
- (m) **“Drilling Operations”** means any operations by the Oil & Gas Operator or its contractors to drill, complete, test or tie-in any oil and gas wells drilled to test and produce Petroleum Substances from the Target Lands and any related operations or activities, including, without limitation, negotiation of any surface lease (or application to any authority for surface access) and preparation of any well site for drilling the wells;
- (n) **“Easement”** means the easement agreement to be entered between the Land Owner and the Oil & Gas Operator at the time and in accordance with this Agreement in the form attached hereto as Schedule C comprising the Easement Area;
- (o) **“Easement Area”** means that portion of the Lands more particularly described in the Easement which encompasses the Private Road;
- (p) **“Initial Term”** means the initial term of this Agreement as set forth in Section 11.1 hereof during which the time CPE may locate and assign this Agreement to an Oil & Gas Operator;
- (q) **“Land Owner”** means Avalie Ann Peck, the registered owner of the Lands and her heirs, executors, and assigns and any subsequent purchaser or transferee of the Lands;

- (r) **"Lands"** means the lands owned by the Land Owner located near Drayton Valley, Alberta and legally described as set out in Schedule "A" attached hereto;
- (s) **"Lease"** means the lease of land to be entered between the Land Owner and the Oil & Gas Operator at the time and in accordance with the terms of this Agreement in the form attached hereto as Schedule B hereto comprising the Vehicle Storage Area;
- (t) **"Nisku Formation"** means the Devonian Nisku geological formation which is known to contain commercial oil reserves in the Pembina area which oil reserves may contain associated natural gas with H₂S concentrations of up to 22% by volume;
- (u) **"Nisku P&NG Rights"** means the P&NG Rights in the Nisku Formation in respect of the Target Lands;
- (v) **"Oil & Gas Operator"** means an oil and gas corporation which meets the requirements set forth in Section 3.1 and to which CPE has assigned its rights hereunder and any successor or permitted assignee thereof;
- (w) **"Oil & Gas Operator Application"** means the application to be made by the Oil & Gas Operator to the AER for drilling licences to drill, test and complete not less than three (3) critical sour wells to test the Nisku Formation on the Target Lands, which application may include, in the discretion of the Oil & Gas Operator, an application for the approval by the AER of the production facilities and pipeline to produce Petroleum Substances from the Target Lands;
- (x) **"Operator Vehicles"** means the vehicles, owned or leased by the Oil & Gas Operator, and any similar vehicles of any of the Oil & Gas Operator's contractors, subcontractors or agents including, without limitation, snow clearing, sanding and road grading vehicles, trucks, cars, tracked vehicles and trailers;
- (y) **"Partnership"** means CPE Pembina Lands Limited Partnership, an Alberta limited partnership, of which CPE is the sole general partner;
- (z) **"Permitted Use"** means, in respect of the Easement Area, the permitted uses set forth in the Easement and, in respect of the Vehicle Storage Area, the permitted uses set forth in the Lease;
- (aa) **"P&NG Rights"** means petroleum and natural gas rights granted by the Province of Alberta entitling the holder to explore for and produce Petroleum Substances over the lands covered by such rights;

- (bb) **“Petroleum Substances”** means petroleum and natural gas and related hydrocarbons and all other substances produced in association with such hydrocarbons;
- (cc) **“Private Road”** means the road within the Easement Area owned by the Land Owner as more particularly described in the Easement;
- (dd) **“Public”** means any member of the public who has any need to utilize the Private Road for the purpose of egress during any Drilling Operations and “Public” will also include Brazeau County, the AER, and any other Alberta government entities and their employees and contractors who have any need to access the Private Road during Drilling Operations or at any other time in respect of the Oil & Gas Operator Application;
- (ee) **“Public Vehicles”** means any vehicles owned or used by the Public for a Permitted Use of the Easement Area or the Vehicle Storage Area including any snow clearing, sanding and road grading vehicles used by Brazeau County;
- (ff) **“Road Upgrades”** means the upgrades, by paving, to Township Rd 500 and Range Roads 70, 71 and 72 more particularly described in paragraphs (a), (b) and (c) of Section 5.1 hereof;
- (gg) **“Rocky Rapids Resident”** means, at any relevant time, any adult person who, at that time, resides or is an owner of any lands within the area outlined in red on the land plat attached hereto as Schedule D and **“Rocky Rapids Residents”** means, as the context requires, all or some of those persons;
- (hh) **“Secondary Egress”** means, in respect of Rocky Rapids Residents who live east of any Critical Drilling Operations, in addition to the egress out of the area of Critical Drilling Operations to the west along Township Rd 500, a secondary egress route in respect thereof first east along Township Rd 500, then north along Range Rd 70 and then, in some manner, connecting to the existing county grid road system to the northeast;
- (ii) **“Secondary Egress Issue”** means the issue raised by the AER in the AER 2018 Decision regarding the need for a Secondary Egress for Rocky Rapids Residents living east of the Critical Drilling Operations in the event an evacuation of the Rocky Rapids Residents is required owing to Critical Drilling Operations;
- (jj) **“Target Lands”** means Sections 1 and 2, Township 50 Range 7 W5M and Sections 34, 35 and 36, Township 49 Range 7 W5M;
- (kk) **“Trust”** means the inter vivos trust established for the benefit of the Rocky Rapids Residents pursuant to Article 4 hereof; and

- (ll) **“Vehicle Storage Area”** means that portion of the Lands more particularly described in the Lease, which will be used, inter alia, for the storage of Operator Vehicles.
- 1.2 **Other Definitions.** Any other terms used herein denoted with initial capital letters and not otherwise defined herein will have the meanings assigned by the Easement and, if not so defined, then by the Lease.
- 1.3 **Currency.** All dollar amounts in this Agreement are expressed in Canadian funds.
- 1.4 **Schedules.** The following Schedules are attached to and form part of this Agreement:
- Schedule A – Lands
 - Schedule B – Lease
 - Schedule C – Easement
 - Schedule D – Land Plat

ARTICLE 2 CONSIDERATION

- 2.1 **Initial Consideration.** On the execution and delivery of this Agreement by the Land Owner, CPE will forthwith pay to the Land Owner the sum of Fifteen Thousand Dollars (\$15,000) in consideration of entering into this Agreement.
- 2.2 **Additional Consideration.** The Oil & Gas Operator will pay the Land Owner the sum of Two Hundred and Fifty Thousand Dollars (\$250,000) as additional consideration for entering into the Lease and Easement if:
- (a) the AER Licence Approval has been granted; and
 - (b) all of the Delivery Conditions have been met by the Oil & Gas Operator.
- 2.3 **Allocation of Additional Consideration.** The Oil & Gas Operator and the Land Owner agree that the additional consideration described in Section 2.2 is paid for and is allocable between the Lease and Easement in the following percentages:
- (a) 10% thereof in respect of the grant of the Lease; and
 - (b) 90% thereof in respect of the grant of the Easement.

The parties agree that any additional consideration payable under Section 6.5 or 6.6 hereof will be allocated between the Lease and Easement in the same percentages.

ARTICLE 3 ASSIGNMENT TO QUALIFIED OIL & GAS OPERATOR

- 3.1 **Qualifications for Oil & Gas Operator.** At any time during the Initial Term, CPE will have the right to assign (the “CPE Assignment”) all of its rights under this Agreement

(including the assumption of any future obligations of CPE hereunder) to an oil and gas corporation which meets all of the following requirements:

- (a) the oil and gas corporation carries on the exploration and development of Petroleum Substances in the Province of Alberta and has its principal office in Alberta;
- (b) the oil and gas corporation has oil and gas daily production in Alberta of not less than 2,000 BOE/d;
- (c) the management of the oil and gas corporation has experience in the drilling of sour oil and gas wells in Alberta;
- (d) the management of the oil and gas corporation has agreed with CPE that it will retain competent drilling and emergency response consultants who are qualified to carry on Critical Drilling Operations in accordance with the AER Regulations and it has agreed with CPE that it will enter into an agreement with the Land Owner to that effect;
- (e) concurrent with the CPE Assignment, the oil and gas corporation has acquired from CPE not less than a 51% working interest in the Nisku P&NG Rights; and
- (f) concurrent with the CPE Assignment, the oil and gas corporation offers to the Land Owner to become bound by the terms of this Agreement in the place and stead of CPE by way of a novation agreement as described in Section 3.2 hereof including the agreement of the Oil & Gas Operator as set forth in Section 3.3.

3.2 **Assignment and Novation.** Upon the CPE Assignment and the transfer by CPE of not less than 51% of the Nisku P&NG Rights to an oil and gas corporation that meets the requirements described in Section 3.1:

- (a) the Land Owner and CPE agree that such oil and gas corporation will thereafter be deemed to be the "Oil & Gas Operator" for the purposes of this Agreement; and
- (b) the Land Owner will forthwith enter into a novation agreement with CPE and the oil and gas corporation (the "Novation Agreement") whereunder the oil and gas corporation will, as of the effective date of the CPE Assignment, assume all of the future rights and obligations of CPE under this Agreement and will be bound, in the place and stead of CPE, to all of the obligations of CPE hereunder and will be entitled to all of the rights of the Oil & Gas Operator under this Agreement.

3.3 **Critical Sour Well Consultants Provision.** The Oil & Gas Operator will agree with the Land Owner, as a term of the Novation Agreement, that it will retain competent

drilling and emergency response consultants to carry on the Critical Drilling Operations who are qualified to do so in accordance with the AER Regulations.

ARTICLE 4
ESTABLISHMENT OF INTER VIVOS TRUST

- 4.1 **Establishment of Trust.** At any time after the AER Licence Approval has been obtained and the Oil & Gas Operator has determined to proceed with the Oil & Gas Drilling Operations, the Oil & Gas Operator will settle an inter vivos trust (the “Trust”), in consultation with the Land Owner, in favour of the Rocky Rapids Residents, on the following terms:
- (a) the sole trustee of the Trust will be determined by the Land Owner who must be either a lawyer qualified to practice law in Alberta or some other person who is entitled to act as a trustee under the laws of Alberta (the “Trustee”);
 - (b) the initial trust property will be \$100 contributed to the Trust by the Oil & Gas Operator, as settlor of the Trust;
 - (c) the beneficiaries of the Trust will be the Rocky Rapids Residents;
 - (d) the contribution of funds to the Trust and the principal uses to which the trust property will be applied will be those set forth in Section 5.1 hereof, as modified, if any, pursuant to Section 5.2 hereof;
 - (e) the Trustee may, from time to time, constitute an advisory committee of not more than five (5) Rocky Rapids Residents (the “Advisory Committee”);
 - (f) the Land Owner will have the right, but not obligation, at all times, to be a member of the Advisory Committee;
 - (g) the Advisory Committee will only have the power to recommend a course of action to the Trustee so that the final decision on any matter relating to the Trust will be made by the Trustee acting alone;
 - (h) the Trustee will have the power to remove and replace any member of the Advisory Committee (other than the Land Owner if a member), if the Trustee considers, in its absolute discretion, that it would be in the best interests of the Rocky Rapid Residents and the efficient administration of the business and affairs of the Trust;
 - (i) the specific uses of any trust funds not required for the purposes set forth in paragraphs 5.1(a) to (c) inclusive will be those determined by the Trustee, in consultation with the Advisory Committee, if any, in accordance with paragraphs 5.1(d) and (e) hereof;

- (j) the administrative costs and fees of the Trustee for administering the Trust may be deducted and paid from any funds paid by the Oil & Gas Operator to the Trust (“Trust Administration Costs”);
- (k) the boundaries as set forth in Schedule D hereof for the determination of persons who will constitute Rocky Rapids Residents (and consequently beneficiaries of the Trust) may be modified by the Oil & Gas Operator prior to the settlement of the Trust with the consent in writing of the Land Owner;
- (l) the other terms of the trust, including the remuneration to the Trustee, will be those determined by the Land Owner in consultation with the Oil & Gas Operator.

4.2 **Formation of Trust without Land Owner Participation.** If for any reason the Land Owner indicates to the Oil & Gas Operator that she does not wish to participate or otherwise refuses to participate in the establishment and determination of the terms of the Trust then the Oil & Gas Operator will have the right to establish the Trust and make its own determinations on substantially the same terms as described in Section 4.1 without the consent or participation of the Land Owner.

ARTICLE 5 COMMUNITY BENEFIT

5.1 **Community Benefit.** In order to respond to the Community Benefit Issue, CPE intends to propose to the Oil & Gas Operator that the Oil & Gas Operator agree in writing with the Land Owner as follows:

- (a) immediately prior to spudding the first well approved by the AER Licence Approval, the Oil & Gas Operator will pay to the Trust, as a capital contribution, the sum of \$1,000,000 (the “Initial Contribution”) which trust funds, net of Trust Administration Costs, will be paid by the Trust to Brazeau County, from time to time, upon the agreement of Brazeau County to use the funds to upgrade, by paving, that portion of Township Rd 500 and Range Road 70 as outlined in green on the land plat attached hereto as Schedule D (the “First Road Upgrade”);
- (b) immediately prior to the commencement of commercial production from the Nisku wells located on the Target Lands, the Oil & Gas Operator will pay to the Trust, as a capital contribution, the sum of \$1,000,000 (the “Second Contribution”) which trust funds, net of Trust Administration Costs, will be paid by the Trust to Brazeau County, from time to time, upon the agreement of Brazeau County to use the funds required, if any, to complete the First Road Upgrade and then to upgrade, by paving, that portion of Township Rd 500 and Range Road 71 as outlined in blue on the land plat attached hereto as Schedule D (the “Second Road Upgrade”);

- (c) any surplus funds not required for the purposes described in First Road Upgrade will be carried over and used for the Second Road Upgrade and any surplus funds not required to complete the work described in (a) and (b) will be used to upgrade, by paving, that portion of Range Road 72 as outlined in yellow on the land plat attached hereto as Schedule D (the “Third Road Upgrade”);
- (d) any surplus funds not required for the purposes described in paragraphs (a) to (c) inclusive, will be retained by the Trust to be used by the Trustee for the other trust purposes for the benefit of the Rocky Rapids Residents as determined by the Trustee in consultation with any Advisory Committee established by the Trustee; and
- (e) if for any reason Brazeau County is not prepared to accept the cash contributions for the Road Upgrades then the trust funds paid to the Trustee pursuant to paragraphs (a) and (b) will be used for such purposes for the benefit of the Rocky Rapids Residents as determined by the Trustee in consultation with any Advisory Committee established by the Trustee.

5.2 **Modification of Community Benefit.** The Land Owner and the Oil & Gas Operator may agree in writing, from time to time, to modify the terms of the Community Benefit as described in Section 5.1 prior to filing of the Oil & Gas Operator Application.

5.3 **Condition Precedent re Lease and Easement.** Notwithstanding any other provision of this Agreement, until the Oil & Gas Operator has agreed in writing with the Land Owner to pay the Community Benefit as described in Section 5.1 hereof (or as modified in accordance with Section 5.2 hereof) the Oil & Gas Operator will not be entitled to require the Land Owner to enter into the Lease and Easement described in this Agreement.

5.4 **Consultations with Rocky Rapids Residents.** Prior to filing the Oil & Gas Operator Application with the AER, the Oil & Gas Operator will, in accordance with the AER Regulations, undertake a comprehensive consultation process with the Rocky Rapids Residents to explain the proposed Drilling Operations, the Critical Drilling Operations, the proposed method of producing and transporting any Petroleum Substances located on the Target Lands and the comprehensive safety procedures required by the AER in drilling critical sour wells in Alberta including, without limitation, an explanation to the Rocky Rapids Residents of the requirement to run intermediate casing prior to entering the Nisku Formation (which, CPE understands, has resulted in not one uncontrolled release of H₂S during the drilling of critical sour wells in Alberta since the implementation of the intermediate casing requirement approximately 35 years ago). The consultation process will also include a response to both the Secondary Egress Issue and the Community Benefit Issue with a description of the Community Benefit proposed to be paid by the Oil & Gas Operator

if the AER approves the Oil & Gas Operator Application and the intention of the Oil & Gas Operator to utilize the Private Road to resolve the Secondary Egress Issue.

ARTICLE 6
DELIVERY CONDITIONS - LEASE AND EASEMENT

6.1 **Delivery Conditions.** The Oil & Gas Operator will have the right at any time to require the Land Owner to execute and deliver to the Oil & Gas Operator the Lease and the Easement provided that the Oil & Gas Operator has met all of the following conditions:

- (a) the Oil & Gas Operator has entered into a written agreement with the Land Owner as contemplated by Section 5.3 hereof in respect of the Community Benefit;
- (b) at any time prior to the AER Licence Approval, the Oil & Gas Operator has given notice to the Land Owner that it wishes to undertake all or part of the improvements to the Private Road described in Article 7 hereof in an amount that is estimated to be not less than \$100,000 (the "Initial Improvements") in order to ensure that the Private Road will be able to serve as part of the Secondary Egress for Rocky Rapids Residents, if necessary; and
- (c) the Oil & Gas Operator has advised the Land Owner in writing that it has commenced the consultation process described in Section 5.4 and has now met with at least two (2) separate family groups of Rocky Rapids Residents (other than the Land Owner) in order to explain its proposals with respect to the future development of the Nisku potential of the Target Lands which preliminary consultations have disclosed to those Rocky Rapid Residents the intention of the Oil & Gas Operator to pay the Community Benefit in the amounts and times described in Article 5 hereof and the proposed use of the Private Road to resolve the Secondary Egress Issue.

(the "Delivery Conditions")

6.2 **Execution and Delivery of Lease and Easement.** If the Delivery Conditions have been met, the Land Owner will, upon payment by the Oil & Gas Operator to the Land Owner of the additional consideration described in Section 2.2 (if not previously paid), forthwith concurrently execute and deliver to the Oil & Gas Operator the Lease and Easement in the forms attached hereto as Schedule B and C respectively.

6.3 **Final Form of Lease and Easement.** The final form of the Lease and Easement to be executed and delivered by the Land Owner will reflect the Oil & Gas Operator as the Tenant and Grantee, respectively, will reflect the mail and email addresses of the Oil & Gas Operator and will be dated and effective the date that the Land Owner executes and delivers the Lease and the Easement to the Oil & Gas Operator. The Land Owner

also agrees to cause the accompanying affidavit of execution in each case to be completed and sworn.

- 6.4 **Registration of Lease and Easement.** After the Lease and Easement have been executed and delivered by the parties, the Oil & Gas Operator will be entitled to register the Lease and Easement against the title to the Lands by way of caveat only so that the terms and conditions of the Lease and Easement will remain confidential.
- 6.5 **Renewal of Lease and Easement.** Prior to the expiry of the term of the Lease and the Easement, the Oil & Gas Operator will have the right to renew the Lease and the Easement for a further one (1) year period upon the payment by the Oil & Gas Operator to the Land Owner of an additional single payment of Fifty Thousand Dollars (\$50,000) and thereafter for a further successive four (4) years of one (1) year periods upon the payment prior to the commencement of each such renewal period of Fifty Thousand Dollars (\$50,000), representing, in the aggregate an additional Two Hundred and Fifty Thousand Dollars (\$250,000) consideration if all of the five (5) renewals are exercised by the Oil & Gas Operator. On each renewal, the parties will take all steps to confirm that the Lease and Easement have been extended to reflect the additional term.
- 6.6 **Extension of Lease and Easement for Production Facilities.** If, for any reason, the Oil & Gas Operator determines that it will require the Private Road and Vehicle Storage Area as Secondary Egress for Rocky Rapids Residents in connection with the construction of a pipeline or other facilities to produce the Petroleum Substances from the Target Lands, the Oil & Gas Operator and the Land Owner will agree to amend the Lease and Easement to entitle the Oil & Gas Operator to utilize the Private Road and Vehicle Storage Area for such purposes upon the payment by the Oil & Gas Operator to the Land Owner of a further Fifty Thousand Dollars (\$50,000). The payment in respect of any additional one (1) year term beyond the original five (5) year term will be Ten Thousand (\$10,000).

ARTICLE 7 IMPROVEMENT OF PRIVATE ROAD

- 7.1 **Improvements to Private Road.** In order to ensure that the Private Road will be able to serve as the Secondary Egress during any Drilling Operations, in accordance with the provisions of the Easement, the Oil & Gas Operator will be entitled, at its sole cost, expense and labour to:
- (a) improve and maintain the Private Road and other portions of the Easement Area as recommended by an independent engineering consultant retained by the Grantee, or as required by any governmental authority (including without limitation, the AER), in the Grantee's sole discretion; and
 - (b) grade or install drainage features to the Private Road and Easement Area so that the drainage from the Private Road meets all municipal requirements to reduce the accumulation of rain or snow melt on the Private Road.

- 7.2 **Consultation with Land Owner.** Prior to undertaking any work described in Section 7.1, the Oil & Gas Operator will consult with the Land Owner with respect to the general plans and specifications recommended by the Oil & Gas Operator's engineering consultant in order to allow the Land Owner to provide its input provided that it is understood and agreed that the Oil & Gas Operator will have the right to make the final determination of what improvements will and will not be undertaken provided that the improvements undertaken form part of the recommendations of its independent engineering consultant.
- 7.3 **Initial Improvements.** If the Oil & Gas Operator has delivered a notice of Initial Improvements to the Land Owner pursuant to paragraph 6.1(b) hereof, then the Oil & Gas Operator will diligently proceed with such improvements as described in such notice in accordance with the Easement forthwith after the Land Owner has executed and delivered to the Oil & Gas Operator the Lease and Easement as contemplated herein.
- 7.4 **No Improvements Without Easement.** It is understood and agreed that the Oil & Gas Owner may not make any of the improvements to the Private Road until the Delivery Conditions have been met and the Lease and Easement have been executed and delivered by the Land Owner pursuant to Section 6.3 hereof.

ARTICLE 8 CONFIDENTIALITY

- 8.1 **Non-Disclosure Before Assignment.** Prior to the CPE Assignment, CPE and the Land Owner agree that neither party will disclose the existence of this Agreement or the contents thereof to any other person without the consent in writing of the other party save and except that CPE will be entitled to disclose the terms of this Agreement including the Schedules to prospective Oil & Gas Operators (including an unsigned copy of this Agreement) on the condition that CPE requires those prospective Oil & Gas Operators to agree with CPE to keep the existence of this Agreement and its contents confidential.
- 8.2 **Disclosure after Novation.** After the Oil and Gas Operator has been novated into this Agreement in accordance with Section 3.2 hereof, the Oil & Gas Operator and the Land Owner will be entitled to disclose the general existence of this Agreement relating to the execution and delivery of the Lease and Easement but not the specific terms thereof unless such proposed disclosure by one party has been approved in writing by the other party.
- 8.3 **No Disclosure of Consideration.** CPE and the Oil & Gas Operator specifically agree that they will not disclose the existence of any of the consideration for the Lease and Easement as set forth in Articles 2 and 6 of this Agreement. Notwithstanding the foregoing, the Land Owner may, in the future, authorize in writing CPE or the Oil & Gas Operator to disclose the existence of some form of additional consideration that may be paid if the AER Licence Approval is obtained but not the amount thereof. Any

such disclosure must conform to the specific disclosure authorized in writing by the Land Owner.

- 8.4 **Disclosure of Community Benefit.** CPE and the Oil & Gas Operator will be entitled to disclose to the Rocky Rapids Residents that the Land Owner required, as a condition of delivery of the Lease and Easement, that the Oil & Gas Operator agree with the Land Owner to provide the Community Benefit to the Rocky Rapids Residents in accordance with this Agreement.

ARTICLE 9 NOTICE

- 9.1 **Notice.** Any notice or other communication required or permitted to be given hereunder will be in writing and will be sufficiently given if: (i) delivered to the party for whom it is intended at the address of such party as set forth below or if sent by prepaid registered mail or courier addressed to the party for whom it is intended at the address of such party set forth below; or (ii) delivered by way of email to the email address set forth below (receipt confirmed):

If to the Land Owner by delivery at:

6402 54th Ave.,
Drayton Valley, AB
T7A 1R5

If to the Land Owner by mail at:

P.O. Box 6062
Drayton Valley, AB
T7A 1R5
Email: apeck@telus.net

If to CPE at:

Suite 710
750 West Pender Street,
Vancouver, BC
V6C 2T8
Attention: Norris Morgan
President
Email: nmorgan@coastpacific.ca

Any delivery by mail will be deemed to have been received on the fifth (5th) business day after the date of mailing. Any delivery by email (receipt confirmed) will be deemed to have been received on the date receipt is confirmed or otherwise acknowledged by the recipient.

- 9.2 **Change of Address.** Any party hereto may change its address or email address by notice to the other parties in accordance with Section 9.1 hereof.

ARTICLE 10 ASSIGNMENT

- 10.1 **Assignment by CPE.** CPE will only be entitled to assign its rights under this Agreement to an Oil & Gas Operator in accordance with the provisions of Article 3 hereof.
- 10.2 **Assignment by Oil & Gas Operator.** The Oil & Gas Operator will be entitled to assign its rights under this Agreement to another oil and gas corporation that meets the requirements of Section 3.1 hereof provided that concurrently with such assignment the Oil & Gas Operator also sells not less than a 51% interest in the Nisku P&NG Rights to that assignee (the "Nisku P&NG Rights Purchaser"). As a condition of the sale of the Nisku P&NG Rights, the Oil & Gas Operator will require the Nisku P&NG Rights Purchaser to enter into an assumption agreement with the Land Owner agreeing to be bound by the terms of this Agreement.
- 10.3 **Assignment by Land Owner.** The Land Owner will be entitled to assign her rights under this Agreement to any person provided that concurrently with such assignment the Land Owner also sells the Lands to that assignee (the "Land Purchaser"). As a condition of the sale of the Lands, the Land Owner will require the Land Purchaser to enter into an assumption agreement with CPE or the Oil & Gas Operator, as the case may be, agreeing to be bound by the terms of this Agreement. In such event, any consideration payable to the Land Owner hereunder not otherwise paid at that time will become payable to the Land Purchaser.

ARTICLE 11 MISCELLANEOUS

- 11.1 **Term.** This Agreement will terminate and be of no further force or effect if CPE has not assigned its rights under this Agreement to an Oil & Gas Operator in accordance with Section 3.1 within three (3) years of the date of this Agreement (the "Initial Term"). If the rights of CPE under this Agreement have been assigned to an Oil & Gas Operator in accordance herewith then this Agreement will continue for so long as the Lease and Easement are in full force and effect.
- 11.2 **Use of Services of Drayton Valley Sand & Gravel.** In conducting the Oil & Gas Operations, the Oil & Gas Operator agrees to offer Drayton Valley Sand & Gravel (2003) Ltd. the first right to provide sand, gravel and concrete services to the Oil & Gas Operator relating the preparation of the well site for any of the wells to be drilled by the Oil & Gas Operator on the Target Lands provided that such services can be reasonably provided by it and are provided at industry rates existing at that time. For

greater certainty, it is understood and agreed that this provision will not apply to the provision of concrete required for running intermediate casing in any such well.

- 11.3 **Independent Legal Advice.** The Land Owner acknowledges and agrees that she has read and understands the terms of this Agreement, and that she had an opportunity to seek independent legal advice in connection with the negotiation and execution of this Agreement. The Land Owner acknowledges that Norris Morgan, a lawyer, was acting solely in his capacity as President of CPE in the negotiation and preparation of this Agreement and its Schedules and was not acting for or providing legal advice to the Land Owner.
- 11.4 **Waiver.** No delay or omission by any party hereto in exercising any right or remedy hereunder will operate as a waiver thereof or of any other right or remedy, and no single or partial exercise thereof will preclude any other or further exercise thereof or the exercise of any other right or remedy. Each party may, from time to time, and at any time, waive in whole or in part any right, benefit or default under any provision of this Agreement but any such waiver will be deemed not to be a waiver of any such right, benefit or default thereafter. No waiver will be effective unless in writing and delivered in accordance with Section 9.1.
- 11.5 **Severability.** 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 will 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.
- 11.6 **Further Assurances.** Each of the parties hereto agrees from time to time to do such further acts and execute and deliver all further deeds and documents as are reasonably required in order to fully perform and carry out the terms of this Agreement.
- 11.7 **Governing Law.** This Agreement will be construed, interpreted and enforced in accordance with, and the respective rights and obligations of the parties will be governed by the laws of the Province of Alberta and the federal laws of Canada applicable therein and each party irrevocably and unconditionally submits to the exclusive jurisdiction of the courts of the Province of Alberta.
- 11.8 **Entire Agreement.** This Agreement constitutes the entire agreement between the parties hereto 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.

11.9 **Amendment.** No modification, variation or amendment of any provision of this Agreement will be made except by written agreement executed by the each of the parties to this Agreement.

11.10 **Time of Essence.** Time is of the essence of this Agreement.

11.11 **Counterparts.** This Agreement and any amendments hereto may be executed in counterparts, each of which will constitute an original and all of which taken together will constitute one and the same instrument. Any signature by any party may be evidenced and transmitted by a facsimile or emailed PDF copy or other electronic transmission of an originally executed copy of the counterpart which will have the same force and effect as an executed original.

[remainder of page left intentionally blank]

11.12 **Binding Agreement.** This Agreement will be binding upon and enure to the benefit of the parties hereto and their respective heirs, executors, successors, and permitted assigns.

IN WITNESS WHEREOF the parties hereto have duly executed this Agreement to be effective on the date first above written.

Witness

AVALIE ANN PECK

CPE PEMBINA LANDS LTD.

Per

Norris Morgan
President

SCHEDULE A

LANDS

THE WHOLE OF LEGAL SUBDIVISIONS TWO (2), SEVEN (7) AND EIGHT (8) AND ALL THAT PORTION OF LEGAL SUBDIVISION ONE (1), LYING TO THE NORTH AND WEST OF THE LEFT BANK OF THE SASKATCHEWAN RIVER,

ALL OF SECTION SEVEN (7) TOWNSHIP FIFTY (50) RANGE SIX (6) WEST OF THE FIFTH MERIDIAN

AS SHOWN ON A PLAN OF SURVEY OF THE SAID TOWNSHIP SIGNED AT OTTAWA ON THE 6TH DAY OF MARCH A.D. 1908 CONTAINING 64.264 HECTARES (158.90 ACRES), MORE OR LESS. EXCEPTING THEREOUT ALL MINES AND MINERALS

SCHEDULE B

LEASE

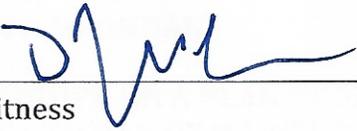
SCHEDULE C

EASEMENT

SCHEDULE D
LAND PLAT
(see attached)

11.12 **Binding Agreement.** This Agreement will be binding upon and enure to the benefit of the parties hereto and their respective heirs, executors, successors, and permitted assigns.

IN WITNESS WHEREOF the parties hereto have duly executed this Agreement to be effective on the date first above written.



Witness



AVALIE ANN PECK

CPE PEMBINA LANDS LTD.

Per 

Norris Morgan
President

SCHEDULE A

LANDS

THE WHOLE OF LEGAL SUBDIVISIONS TWO (2), SEVEN (7) AND EIGHT (8) AND ALL THAT PORTION OF LEGAL SUBDIVISION ONE (1), LYING TO THE NORTH AND WEST OF THE LEFT BANK OF THE SASKATCHEWAN RIVER,

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Handwritten signature in blue ink, appearing to be 'AP' or similar initials.

SCHEDULE B

LEASE

THIS LEASE made this ___ day of _____, 202__

BETWEEN:

AVALIE ANN PECK, Businesswoman, residing in Drayton Valley, Alberta and having an office at 6402 54th Ave., Drayton Valley, AB T7A 1R5

(the "**Landlord**")

AND:

[OIL & GAS OPERATOR], a body corporate, duly incorporated pursuant to the laws of the Province of Alberta and having an office at Suite ____ - _____, Calgary, AB T2P____

(the "**Tenant**")

WHEREAS

- A. The Landlord is the registered owner of the Lands which are located to the northeast of the Town of Drayton Valley, Alberta;
- B. The Tenant wishes to lease the Demised Premises forming a part of the Lands for the purposes set forth herein;
- C. Concurrently with the execution and delivery of this Lease, the parties have entered into the Easement providing to the Tenant the right of ingress and egress to and from the Demised Premises;
- D. The Landlord has agreed to lease to the Tenant and the Tenant has agreed to lease from the Landlord the Demised Premises, for a term of five (5) years, on the terms and conditions as set out in this Lease.

WITNESSETH that in consideration of the rents, mutual covenants, and agreements contained herein and such other good and valuable consideration as the parties have agreed upon, the receipt and sufficiency of which is hereby acknowledged, the parties hereby agree as follows:

1. **Definitions**

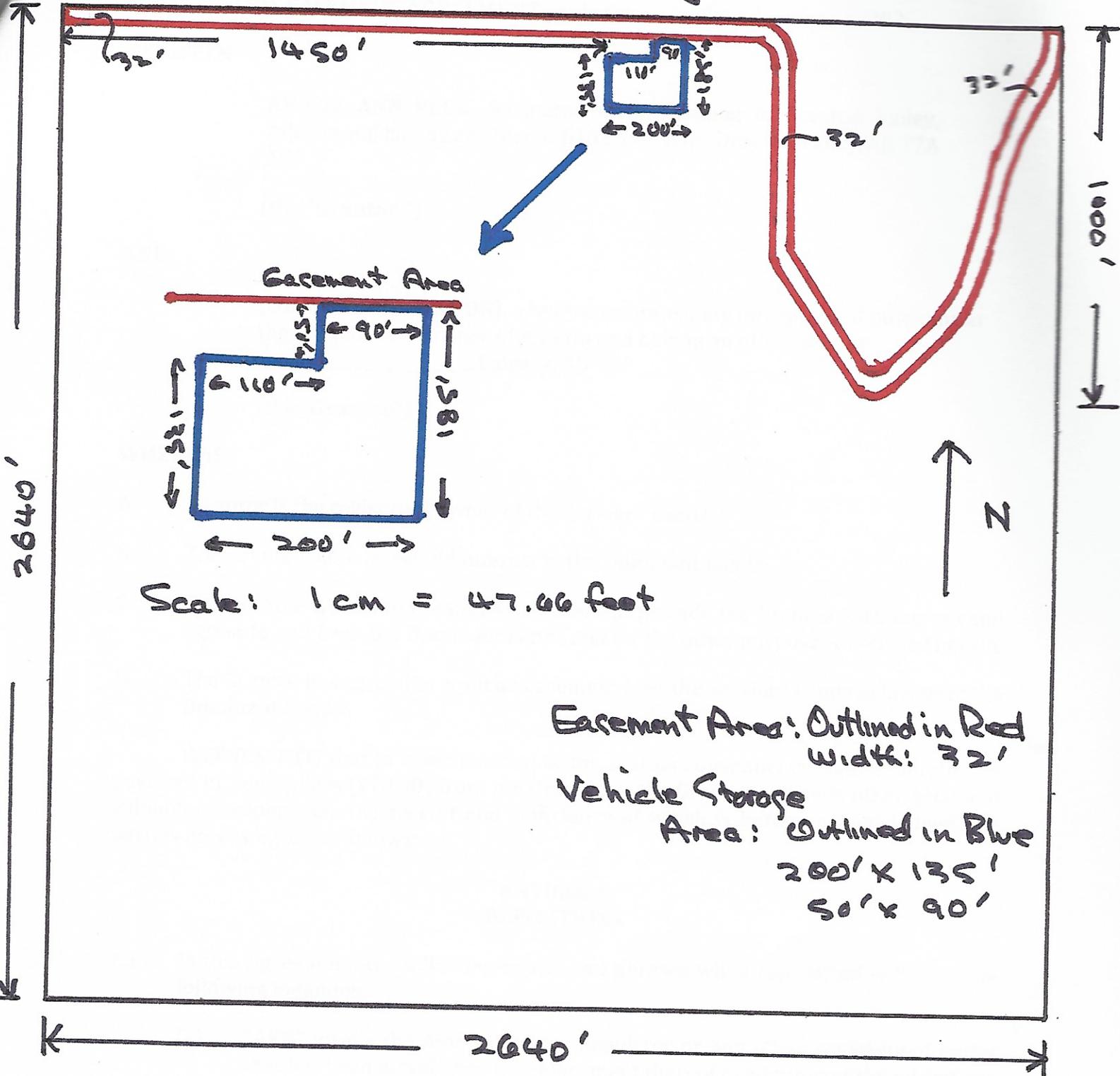
In this Lease, the following words and phrases when capitalized will have the following meanings:



Schedule B

Site Plan

SE $\frac{1}{4}$ Section 7 Twp 50 Rge 6 W5M



Scale: 1 cm = 47.66 feet

Easement Area: Outlined in Red
width: 32'

Vehicle Storage
Area: Outlined in Blue
200' x 135'
50' x 90'

Scale: 1 cm = 143 feet

**SCHEDULE C
EASEMENT**

THIS EASEMENT AGREEMENT made this ____ day of _____, 202_

BETWEEN:

AVALIE ANN PECK, Businesswoman, residing in Drayton Valley,
Alberta and having an office at 6402 54th Ave., Drayton Valley, AB T7A
1R5

(the "Grantor ")

AND:

[OIL & GAS OPERATOR], a body corporate, duly incorporated pursuant to
the laws of the Province of Alberta and having an office at Suite ____ -
_____, Calgary, AB T2P ____

(the "Grantee")

WHEREAS:

- A. Grantor is the registered owner of the Servient Lands;
- B. The Grantee has a leasehold interest in the Dominant Lands;
- C. The Grantee wishes to obtain an easement to provide the Grantee with ingress and egress to and from the Dominant Lands and for the other purposes described herein;
- D. The Grantor has agreed to grant an easement over the Servient Lands in favour of the Dominant Lands;

WITNESSETH that in consideration of the mutual covenants contained herein, the payment of Ten Dollars (\$10.00) from the Grantee to the Grantor and such other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereby agree as follows:

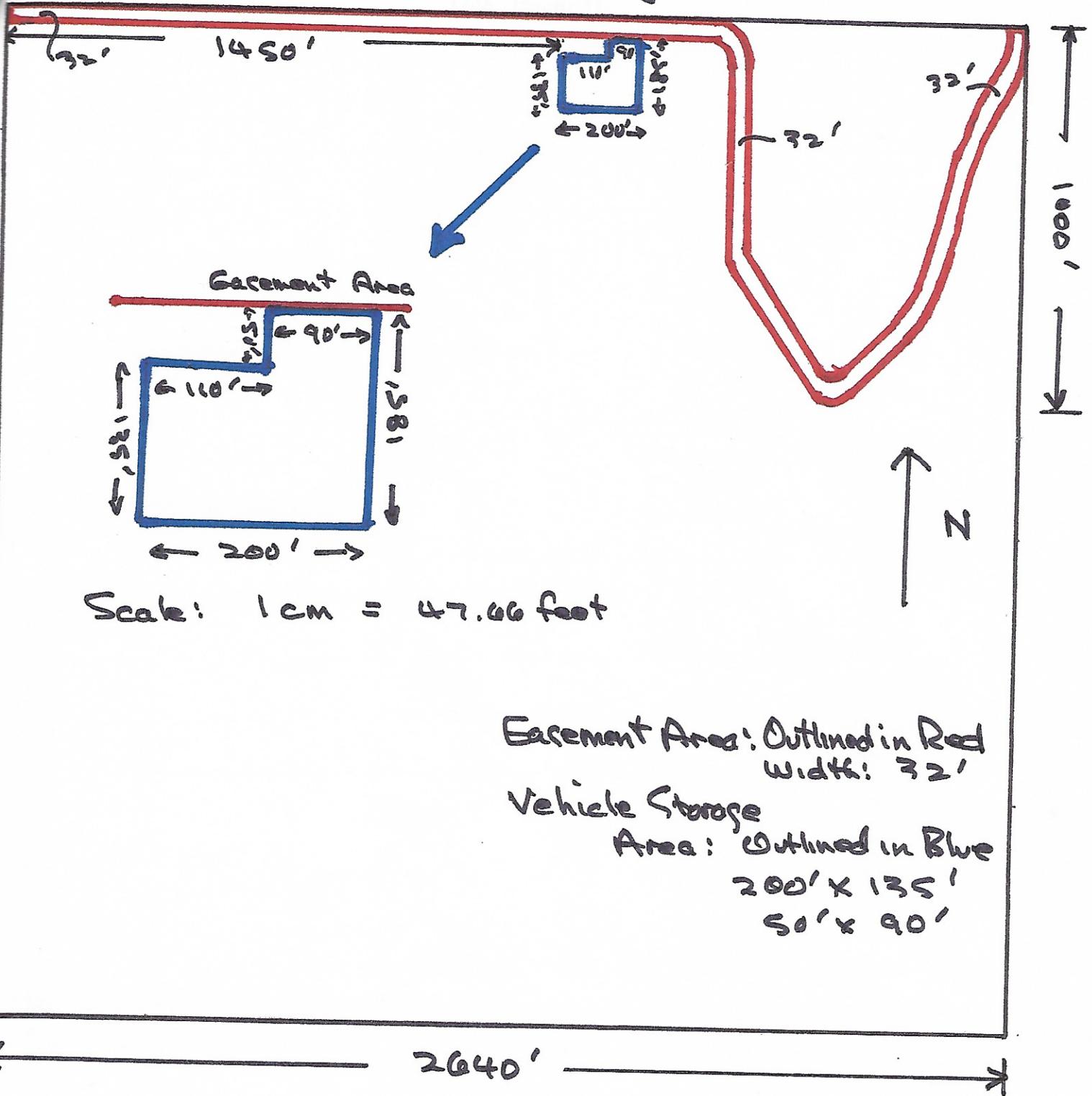
**ARTICLE 1
DEFINITIONS**

- 1.1 In this Agreement, the following words and phrases when capitalized will have the following meanings:
 - (a) "AER" means the Alberta Energy Regulator or any other government entity that has been established in replacement thereof to administer the oil and gas operations of wells drilled and operated in Alberta;

Schedule B

Site Plan

SE 1/4 Section 7 Twp 50 Rge 6 W5M



Easement Area: Outlined in Red
width: 32'

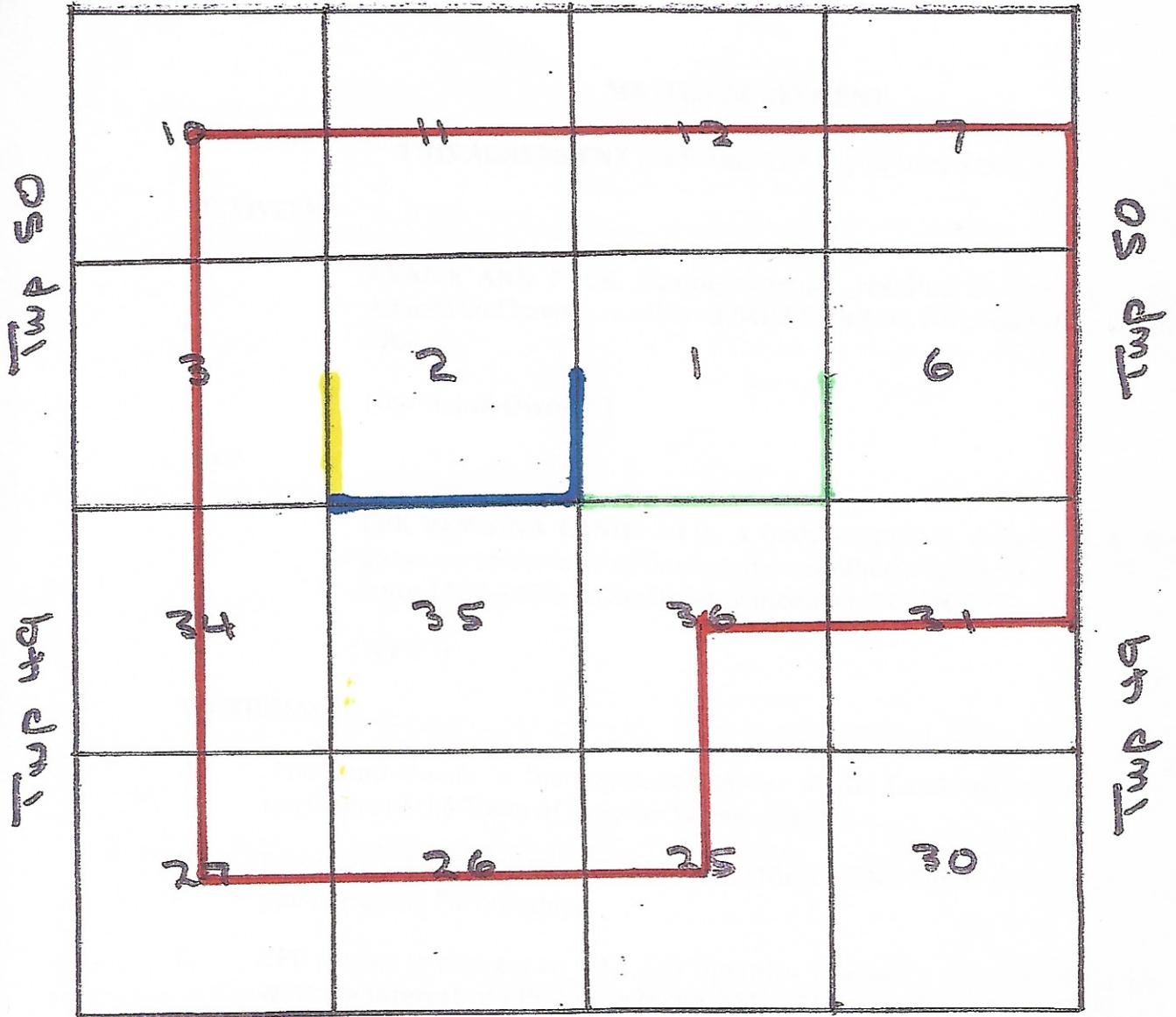
Vehicle Storage
Area: Outlined in Blue
200' x 135'
50' x 90'

Scale: 1 cm = 143 feet

Schedule D Land Plat

Range 7 WSM

Range 6 WSM



Range 7 WSM

Range 6 WSM

Scale: 1.5" = 1 mile

- Rocky Rapid Residents area outlined in Red
- First Road Upgrade outlined in green
- Second Road Upgrade outlined in Blue
- Third Road Upgrade outlined in yellow

[Handwritten signature] AP