

UNIT OPERATING AGREEMENT

LOUGHEED MIDALE BEDS VOLUNTARY UNIT NO. 1

Nov 1/95

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TABLE OF CONTENTS

ARTICLE		Page
I	DEFINITIONS	1
	101. Definitions	1
II	CONFIRMATION OF UNIT AGREEMENT	2
	201. Confirmation of Unit Agreement	2
III	EXHIBITS	2
	301. Exhibits Incorporated	2
	302. Exhibits Attached	2
	303. Revisions and Corrections	3
	304. Supplying of Exhibits	3
	305. Conflicts	3
IV	SUPERVISION AND CONTROL OF UNIT OPERATIONS	3
	401. Operating Committee	3
	402. Chairman	3
	403. Meetings	4
	404. Voting Procedure	4
	405. Initial Voting Interest	5
	406. Minutes	6
	407. Parties Bound by Voting	6
V	RIGHTS AND POWERS OF THE OPERATING COMMITTEE	6
	501. Rights and Powers of the Operating Committee	6
VI	INDIVIDUAL RIGHTS AND PRIVILEGES OF THE PARTIES	6
	601. Reservation of Rights	6
	602. Specific Rights	7

ARTICLE		Page
VII	UNIT OPERATOR	7
	701. Unit Operator	7
	702. Resignation or Removal	7
	703. Designation of Successor	8
	704. Takeover by Successor	8
	705. Audit Upon Change of Operator	8
	706. No Assignment of Operating Rights	8
VIII	PERFORMANCE BY UNIT OPERATOR	9
	801. Status	9
	802. Rights, Powers, Duties and Obligations	9
	803. Employees	10
	804. Expenditures	10
IX	LIABILITIES AND OBLIGATIONS	10
	901. Liability of Unit Operator	10
	902. Taxes, Rentals and Royalties	11
X	UNIT FACILITIES	12
	1001. Delivery of Wells and Equipment	12
	1002. Delivery of Records	12
	1003. Testing of Unit Wells	12
	1004. Adequacy of Wellsite and Other Operating Equipment	12
	1005. Representation and Indemnity	13
	1006. Agreements for Use of Facilities	13
XI	ADJUSTMENT OF INVESTMENT	13
	1101. Adjustment Investment	13
	1102. General Facilities	14
	1103. Ownership of Unit Facilities	14
	1104. Adjustment on Failure of Title	14
	1105. Pre-Unit Cost	14

ARTICLE		Page
XII	COSTS OF UNIT OPERATIONS	15
	1201. Basis of Charges to Parties	15
	1202. Forecasts	15
	1203. Advance Billings for Capital Items	15
	1204. Operating Fund	16
	1205. Regular Billings	16
	1206. Commingling of Funds	16
	1207. Unit Operator's Remedies	16
	1208. Contributions by Parties	17
XIII	OIL IN LEASE TANKAGE AND OVERPRODUCTION AS OF THE EFFECTIVE DATE	17
	1301. Gauge of Merchantable Oil	17
XIV	SURFACE RIGHTS	18
	1401. Submission of List to Unit Operator	18
	1402. Surface Rights Required for Unit Operations	18
	1403. Surface Rights Jointly Used	18
	1404. Assignment of Surface Rights	18
	1405. Surface Rights No Longer Required	19
	1406. Surface Rights Held in Fee Simple	19
	1407. Acquisition of Additional Surface Rights	19
	1408. Sharing of Surface Rights	19
XV	ABANDONMENT OF WELLS	19
	1501. Rights of Former Owners	19
	1502. Surface Clean-up	20
	1503. Abandonments	20
XVI	TERM OF AGREEMENT	20
	1601. Term	20
XVII	COMMENCEMENT DATE	21
	1701. Commencement Date	21

ARTICLE		Page
XVIII	ABANDONMENT OF OPERATIONS	21
	1801. Rights to Operate	21
	1802. Salvaging Wells	21
	1803. Cost of Salvaging	21
XIX	GENERAL	22
	1901. Affects Working Interest Only	22
	1902. Execution Without Prejudice	22
	1903. Lien on or Assignment of Production	22
	1904. No Partitioning	22
	1905. No Surrender Without Consent	22
	1906. Waivers	22
	1907. Suits	22
	1908. Further Assurances	23
	1909. Restriction on Dispositions	23
	1910. United States Internal Revenue Provision	23
	1911. Use of Canadian Funds	23
	1912. Laws of Saskatchewan to Apply	23
	1913. Notices and Communications	23
	1914. Execution in Counterpart	24
	1915. Inuring Clause	24
	1916. Time of the Essence	24
	1917. Force Majeure	24
	1918. Mortgages	24
	EXHIBIT "D" - Unit Participation	26
	EXHIBIT "E" - Unit Wells	27
	EXHIBIT "F" - Accounting Procedure	28
	EXHIBIT "G" - Insurance Provisions	43
	EXHIBIT "H" - Equalization of Capital Investment	45

UNIT OPERATING AGREEMENT
LOUGHEED MIDALE BEDS VOLUNTARY UNIT NO. 1

WHEREAS the Parties own Working Interests in the Unitized Zone and desire to conduct Unit Operations;

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

ARTICLE I
DEFINITIONS

101. Definitions

Unless otherwise defined herein, the definitions in the Unit Agreement are adopted. In addition, in this Agreement:

(a) "Affiliate" means a corporation which is a Party to this Agreement and which fulfils one of the following requirements:

- (i) a corporation controlled by a Party; or
- (ii) a corporation controlled by any other corporation which other corporation also controls a Party.

For purposes here "controls" or "controlled" means control in any manner that results in control in fact, whether directly through the ownership of shares, or indirectly through a trust, a contract, the ownership of shares of any other body corporation, or otherwise;

(b) "Commencement Date" means the time and date referred to in Article XVII;

(c) "Joint Account" means the account for the benefit and risk and at the expense of the Parties in accordance with their Unit Participations;

(d) "Operating Committee" means the committee, composed of duly appointed representatives of the Parties, exercising supervision and control of Unit Operations;

(e) "Party" or "Parties" means a person or persons, as the case may be, who is or are bound by this Agreement;

(f) "Unit Agreement" means the agreement entitled "Unit Agreement, Lougheed Midale Beds Voluntary Unit No. 1";

(g) "Unit Facilities" means all real and personal property of every kind, nature and description (excepting Unitized Substances, the Unitized Zone, rental equipment and the Unit Operator's solely owned equipment) in the possession of the Unit Operator pursuant to this Agreement;

- (h) "Unit Operations" means any operation authorized and provided for in the Unit Agreement and this Agreement, or either of them, for or in respect of the development and operations of the Unitized Zone for the production of Unitized Substances;
- (i) "Unit Operator" means the person, firm or corporation designated in Article VII herein to conduct Unit Operations;
- (j) "Unit Participation" of a Party means the sum of the Party's shares of Tract Participations as set forth in Exhibit "D";
- (k) "Unit Well" means a well listed in Exhibit "E" and any well drilled or acquired for the Joint Account.

ARTICLE II CONFIRMATION OF UNIT AGREEMENT

201. Confirmation of Unit Agreement

The Unit Agreement is ratified and confirmed. In the event of any conflict between the Unit Agreement and this Agreement, the Unit Agreement shall prevail. With respect to all matters not specifically provided for in this Agreement, the relative provisions of the Unit Agreement shall apply, mutatis mutandis.

ARTICLE III EXHIBITS

301. Exhibits Incorporated

Exhibits "A", "B" and "C" of the Unit Agreement are incorporated in this Agreement by this reference.

302. Exhibits Attached

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

- (a) Exhibit "D" which is a list of the Parties and their respective Unit Participations;
- (b) Exhibit "E" which is a list of the Unit Wells;
- (c) Exhibit "F" which is the accounting procedure;

(d) Exhibit "G" which is the provision for insurance;

(e) Exhibit "H" which is the equalization of capital investments schedule.

303. Revisions and Corrections

Whenever Exhibits "A" and "B" are revised or corrected, corresponding revisions or corrections of Exhibits "D" and "E" shall be made with concurrent effect. Exhibit "E" shall also be revised as required to reflect additions or deletions of Unit Wells.

304. Supplying of Exhibits

Each time that an exhibit is revised or corrected pursuant to this Agreement, the Unit Operator shall supply each Party with the number of copies of the exhibit it requires.

305. Conflicts

If a provision of Exhibit "F" or "G" conflicts with a provision in the body hereof, the latter shall prevail.

ARTICLE IV
SUPERVISION AND CONTROL OF UNIT OPERATIONS

401. Operating Committee

The Parties shall supervise and control Unit Operations through the Operating Committee. Each Party shall as soon as possible notify Unit Operator of the name and address of its representative and one or more alternate representatives who are authorized to represent and bind the Party with respect to Unit Operations. A Party may change any of its representatives from time to time by notice to the Unit Operator. Two or more Parties may appoint the same person as their representative who shall cast a separate vote for each of his principals.

402. Chairman

The representative of the Unit Operator shall be chairman of the Operating Committee.

403. Meetings

The Operating Committee shall hold meetings wherever called by the Unit Operator, or if there is no Unit Operator, by Parties having Unit Participations totaling five percent (5%) or more. The Unit Operator may call meetings at any time on its own motion, and shall call meetings whenever requested to do so by Parties having Unit Participation totaling five percent (5%) or more. Unless the representatives of all Parties waive, in writing, their right to notice, at least ten (10) days written notice of each meeting shall be given to the Parties, with an agenda attached. Reasonable details of matters on the agenda involving proposed expenditures and enlargements of the Unit Area shall be given. Matters not on the agenda may be voted upon only if the representatives of all Parties, whether or not present at the meeting, unanimously agree.

404. Voting Procedure

The representatives of the Parties shall determine all matters properly coming before the Operating Committee as follows:

- (a) Voting Interest. Except as otherwise provided in this Clause, and Clause 405, in voting on any matter each Party shall have a voting interest equal to its Unit Participation;
- (b) Vote Required – Generally. Except as otherwise provided in this Agreement, the Operating Committee shall determine matters by the affirmative vote of three or more Parties having voting interests totaling eighty percent (80%) or more. If a single Party having a sufficient voting interest to defeat the motion is the only one voting negatively, the matter shall be carried nevertheless unless the Party casting the negative vote holds a voting interest of fifty percent (50%) or more; this negative vote provision does not apply to a vote under Subclause 404 (c)(i) or Subclause 404 (c)(vi) hereof;

If the number of Participants having Participating Equities decreases after the effective date to a level equal to or less than the minimum number of Participants required to determine a matter under Section 4.05 (b) or (c), the minimum number of Participants required to determine a matter shall always be one less than the number of Participants entitled to vote.

min REQUIRED = 1
1 less than # of partic
ent. Had to vote, which is 2

If and for so long as there are only two (2) Participants having Participating Equities all matters coming before them shall be determined by the unanimous approval of all Participants. If the Participants fail to agree, the Participants will attempt to resolve any dispute through consultation and negotiation in good faith. If those attempts fail, any Participant may refer the dispute for resolution through mediation, with costs of the mediation being shared equally by both Participants. If either Participant refers a dispute for resolution through mediation, the other Participant agrees to participate in the mediation. If the Participants cannot agree to a mediator, they shall have one appointed by the Canadian Foundation for Dispute Resolution or its successor. However, either Participant may terminate the mediation at any time upon giving reasonable notice to the other Participant. If mediation fails or is terminated, then the Participants may agree to refer the matter to binding arbitration pursuant to the Arbitration Act, R.S.A. 2000 c. A-43, and any subsequent revisions to the Act, or a Party may resort to judicial proceedings to resolve the dispute.

UNANIMOUS

- (c) Vote Required – Special Matters

(i) Removal of the Operator. The Unit Operator may be removed by the affirmative vote of three or more Parties having voting interests totaling ninety percent (90%) or more of the total voting interest of all the Parties excepting the

Unit Operator and its Affiliates, but for the purposes hereof Subclause (e) of this Clause shall not apply;

(ii) Qualification of Tracts. Matters in respect of the qualification of Tracts for inclusion in the Unit Area shall be determined by the affirmative vote of three or more Parties having voting interests totaling ninety percent (90%) or more;

(iii) Enlargement of Unit Area. Matters in respect of the enlargement of the Unit Area shall be determined by the affirmative vote of three or more Parties having voting interests totaling ninety percent (90%) or more;

(iv) Amendment or Replacement of Exhibit "F". Exhibit "F" may be amended or replaced by the affirmative vote of three or more Parties having voting interests totalling eighty percent (80%) or more;

(v) Amendment or Replacement of Exhibit "G". Exhibit "G" may be amended or replaced by the affirmative vote of three or more Parties having voting interests totalling eighty percent (80%) or more;

(vi) Termination. The Unit Agreement, pursuant to the provision thereof, and this Agreement, may be terminated by the affirmative vote of three or more Parties having voting interests totaling ninety percent (90%) or more; but for the purposes hereof, subclause (e) of this Clause shall not apply.

(d) Vote by Notice

(i) A Party not represented at a meeting may vote on any matter on the agenda by prior notice to the Unit Operator;

(ii) The Unit Operator may submit any matter, with reasonable details to each party by mail ballot notice. Each Party shall by notice cast its vote with the Unit Operator with fifteen (15) full days, excluding Saturdays, Sundays and statutory holiday, from the date of receipt of the mail ballot notice. Such vote shall be binding unless the Unit Operator calls a meeting or is requested to call a matter pursuant to Clause 403 with five (5) days from the receipt of mail ballot notice. The Unit Operator shall promptly notify each Party of the result of a vote hereunder;

(e) Failure to Vote. A Party who does not vote or abstains from voting on any matter shall be deemed conclusively to have voted affirmatively, but in recording the vote in the minutes, the Party shall be shown as having been present and abstained, been absent, or failed to vote pursuant to a mail ballot notice, as the case may be;

(f) Affiliates. In determining the number of Parties having voted or deemed to have voted on any matter hereunder, Affiliates shall be deemed conclusively to be one (1) Party only and shall be entitled to one (1) vote representing their entire combined interest.

405. Initial Voting Interest

Each Party shall, during the period from the Commencement Date until ninety (90) days after the Effective Date, be deemed conclusively to have a voting interest equal to the proportion, expressed as a percentage that is Unit Participation bears to the combined Unit participation of the Parties, as set forth in Exhibit "D".

406. Minutes

The Unit Operator shall keep minutes of the proceedings of each meeting of the Operating Committee and a copy thereof shall be forwarded to each Party within thirty (30) days of each meeting. The minutes shall include the names of the representatives present, the Parties they represent and any formal action taken by the Operating Committee. The minutes shall be deemed to be correct forty-five (45) days after delivery thereof to the Parties unless, within such 45 day period a Party or Parties shall have notified the Unit Operator in writing of any error or omission in the minutes. A copy of the corrected minutes shall then be forwarded to each Party.

407. Parties Bound by Voting

A determination of a matter by the voting of Parties in accordance with this Agreement shall be binding upon all the Parties.

ARTICLE V
RIGHTS AND POWERS OF THE OPERATING COMMITTEE

501. Rights and Powers of the Operating Committee

The Operating Committee shall have and exercise all the rights and powers granted to the Working Interest Owners by the Unit Agreement, except to the extent that certain of the said rights and powers are by this Agreement specifically delegated to the Unit Operator to be exercised by the Unit Operator subject to the orders, directions and limitations given or imposed by the Operating Committee.

ARTICLE VI
INDIVIDUAL RIGHTS AND PRIVILEGES OF THE PARTIES

601. Reservation of Rights

Except as otherwise provided in this Agreement or the Unit Agreement, each Party reserves to itself all of its rights, powers, authorities and privileges.

602. Specific Rights

Each Party shall have:

- (a) at all reasonable times, upon notice to the Unit Operator, the right to inspect all records and data pertaining to Unit Operations in the possession of the Unit Operator and to make copies thereof, and the right of access to the Unit Area, at the Party's sole risk and expense, to inspect Unit Operations and the Unit Facilities;
- (b) the right to conduct operations on its Tracts for the discovery and production of Petroleum Substances other than Unitized Substances on condition that the Party shall protect the Unitized Zone and prevent interference with Unit Operations. Each Party who exercises this right agrees to indemnify all other Parties against all actions, suits, claims, costs, loss, liability, damages, and expenses that may be brought against or suffered by them as a result of anything done pursuant or relative to the exercising of such right.

ARTICLE VII
UNIT OPERATOR

701. Unit Operator

The Parties hereby designate Transwest Energy Inc. as Unit Operator and Transwest Energy Inc. agrees to act as such.

702. Resignation or Removal

The Unit Operator may resign at any time by giving ninety (90) days notice to the Parties. The Unit Operator may be removed by a vote of the Operating Committee. A Unit Operator who resigns or is removed shall continue to have all its rights, powers, duties, and obligations as Unit Operator hereunder until 07:00 hours, Central Standard Time, on the first day of the month immediately following the month in which the said period of ninety (90) days expires or until a designated successor Unit Operator has taken over Unit Operations, whichever is the sooner. If the Unit Operator becomes bankrupt or insolvent or is placed into receivership or purports to assign its general rights, duties, and responsibilities of supervision and management, or ceases to be a Working Interest Owner, it shall thereupon cease to be the Unit Operator.

703. Designation of Successor

If the Unit Operator resigns or is removed or ceases to be Unit Operator, a successor Unit Operator shall forthwith be designated by the Operating Committee. In voting on the successor a Unit Operator may not vote to succeed itself, or vote for its Affiliate(s).

704. Takeover by Successor

Upon the effective time of a resignation, removal or cessation, the departing Unit Operator shall turn over to its successor, or if no successor has been designated, to the Parties or to any one of them on behalf of all, control and possession of all Unit Facilities, unit production on hand, documents, books, records and accounts (or copies thereof) pertaining to the performance of its functions as Unit Operator, together with all monies held by it in its capacity as Unit Operator. If the title to any real property included in the Unit Facilities is held in its name, it shall transfer title to such property to the successor Operator unless otherwise directed by the Operating Committee. Upon the transfer and delivery thereof, the departing Unit Operator shall be released and discharged from and the successor Unit Operator shall assume all duties and obligations of Unit Operator except the unsatisfied duties and obligations of departing Unit Operator accrued prior to the effective date of change of Unit Operator and for which the departing Unit Operator shall, notwithstanding its release or discharge, continue to remain liable.

705. Audit Upon Change of Operator

Within sixty (60) days of the effective time of a Unit Operator's resignation, removal or cessation as Unit Operator, the Operating Committee shall cause an audit to be made of the records of the Joint Account maintained by the departing Unit Operator, and may cause an inventory of Controllable Material to be conducted, the cost of which shall be charged to the Joint Account. The Operating Committee may waive this requirement if the change of Unit Operator is in consequence of a merger or amalgamation of the departing Unit Operator with another company.

706. No Assignment of Operating Rights

No assignment of any or all of the Unit Operator's Working Interest shall include the assignment of operating rights or obligations except as authorized by the Operating Committee under this Agreement. The Unit Operator shall not assign its rights, duties and obligations hereunder as Unit Operator without the approval of the Operator Committee.

ARTICLE VIII
PERFORMANCE BY UNIT OPERATOR

801. Status

The Unit Operator shall, in addition to its rights, powers, duties and obligations as Unit Operator, have all the rights, powers, duties and obligations of a Party.

802. Rights, Powers, Duties and Obligations

Subject to this Agreement and the Unit Agreement and to any orders, directions and limitations given or imposed by the Operating Committee, the Unit Operator shall conduct or cause to be conducted all Unit Operations. Without limiting the generality of the foregoing, the Unit Operator shall:

- (a) make all necessary reports relating to Unit Operations to any appropriate governmental authority;
- (b) keep in Alberta true and correct books, accounts and records of the Unit Operations and furnish to each Party on or before the 25th day of each calendar month a statement of the amount of Unitized Substances produced and the sales and inventory of such production in the preceding calendar month and such other data and information as the Operating Committee may require;
- (c) furnish to each Party such reports of Unit Operations as the Operating Committee may direct and consult with the Operating Committee and keep the Parties advised of all matters arising in connection with Unit Operations which the Unit Operator considers important;
- X (d) conduct all Unit Operations in a good and workmanlike manner, [in accordance with good oil and gas field practices] and in accordance with all applicable laws, orders and regulations;
- (e) keep the Leases, the Unit Area and the Unit Facilities free from all liens and encumbrances resulting or arising from Unit Operations, except liens being contested in good faith;
- (f) comply with, and require its contractors and sub-contractors to comply with, all occupational health and safety legislation, environmental laws and regulations, workers' compensation legislation, and shall carry and require its contractors to carry, with respect to Unit Operations, such liability insurance as set forth in Exhibit "G".

- (g) let contracts for portions of Unit Operations on a competitive basis, but Unit Operator may use its own facilities and equipment for such operations and charge therefore in accordance with Exhibit "F", Paragraph 208 (c) of Part II;
- (h) prepare and submit to Operating Committee for approval the forecast provided for in Clause 1202 herein;
- (i) furnish to each Party a detailed report relating to any expenditures made or incurred pursuant to Clause 804; and
- (j) pay and discharge promptly for and on behalf of the Parties all costs and expenses incurred in connection with the operations conducted by the Unit Operator pursuant to this Agreement and the Unit Agreement.

In the absence of any specific instructions from the Operating Committee, the Unit Operator shall conduct, or cause to be conducted, such Unit Operations as would a prudent operator under the same, or similar circumstances.

803. Employees

The number, selection, hours of labour and remuneration of employees used by the Unit Operator in conducting Unit Operations shall be determined by the Unit Operator. Such employees shall be the employees solely of the Unit Operator.

804. Expenditures

The Unit Operator shall not make or incur any expenditure for the Joint Account, other than an expenditure allowed by an approved forecast, without the prior approval of the Operating Committee except as provided for in Exhibit "F", Paragraph 111 of Part I.

ARTICLE IX
LIABILITIES AND OBLIGATIONS

901. Liability of Unit Operator

The Unit Operator shall not be liable to the other Parties for any loss or damage suffered by the Parties resulting or arising from Unit Operations except when and

to the extent that such loss or damage results from the gross negligence or wilful or wanton misconduct of the Unit Operator. Each Party in the proportion of its Unit Participation indemnifies and agrees to hold harmless the Unit Operator against any claim of, or liability to, any third person resulting from acts or omissions of the Unit Operator in respect of Unit Operations, except when and to the extent that such claim or liability results from the gross negligence or wilful or wanton misconduct of the Unit Operator. For the purposes of this Clause, an act or omission of the Unit Operator shall not be deemed gross negligence or wilful or wanton misconduct if such act or omission is done or omitted pursuant to the instructions of, or with the concurrence of, the Operating Committee.

902. Taxes, Rentals and Royalties

- (a) Each Party shall pay or be responsible for the payment of all taxes (other than taxes on Unit Facilities which shall be paid by the Unit Operator for the Joint Account) rentals and royalties applicable to the Party's Working Interest in the respective Tracts and shall indemnify and save harmless all other Parties from all claims, suits, losses, costs, expenses and damages paid or incurred by them as a result of its failure to do so.
- (b) In executing this Unit Operating Agreement the Parties authorize the Unit Operator to file an election pursuant to Subsection 273 (1) of the Excise Tax Act and agree that they will be bound by the election signed by the Unit Operator respecting any joint operations conducted as a result of this Unit Operating Agreement. This election will be deemed to continue in force upon a change of Unit Operator. For greater clarity, this election will allow the Unit Operator to administer the Goods and Services Tax on behalf of the Parties with respect to any joint operations contemplated by this Unit Operating Agreement.

For the purposes of Subsection 273 (1) of the Excise Tax Act, any production governed by the Unit and Unit Operating Agreements which is marketed by the Unit Operator on behalf of the Parties, or any of them, and whether it is subject to a separate agreement or not, will be deemed to be marketed by the Unit Operator under the Unit and Unit Operating Agreements unless the Parties otherwise specifically agree. For greater certainty, the election made by the Unit Operator pursuant to the immediately preceding paragraph shall also apply to any income or proceeds received by the Unit Operator from the sale of a Party's share of production and the Unit Operator is authorized to administer the Goods and Services Tax with respect to such income or proceeds on behalf of that party.

ARTICLE X
UNIT FACILITIES

1001. Delivery of Wells and Equipment

Upon the Effective Date each Party shall deliver to the Unit Operator the exclusive use and possession of such Party's interest in:

- (a) all Unit Wells, together with all casing therein, completed for production from, or for injection into the Unitized Zone;
- (b) all tubing, wellsite equipment, battery, satellite and salt water disposal facilities, flowlines and other operating equipment used in the operation of the Unit Wells which the Operating Committee determines is necessary or desirable for conducting Unit Operations, except warehouses, lease houses, camps, automobiles and other equipment; and
- (c) all access roads in service of Unit Operations.

1002. Delivery of Records

Upon the Effective Date each Party shall deliver to the Unit Operator copies of all records and information pertaining to Unit Wells, and any other pertinent information and records requested by Unit Operator.

1003. Testing of Unit Wells

If, by a test conducted by Unit Operator within ninety (90) days after the Effective Date or the effective date of a Unit enlargement as applicable, any Unit Well is found by Unit Operator not to be in sound working condition, the Party delivering it shall bear the entire cost and risk of putting it in sound working condition; provided that if a Party disagrees with the Unit Operator's finding, the matter shall be finally decided by the Operating Committee. Either the Party shall authorize the Unit Operator to carry out the remedial work on its behalf, or the Operating Committee shall determine how and by whom the work shall be carried out or the amount that, in lieu of the work being carried out, shall be paid by the Party to the Unit Operator for the Joint Account. All costs incurred by the Unit Operator hereunder, or the amount to be paid by the Party in lieu thereof, shall be deemed conclusively to be amounts owing by the Party within the meaning of Article XII.

1004. Adequacy of Wellsite and Other Operating Equipment

If, within ninety (90) days after the Effective Date or the effective date of a Unit enlargement as applicable, the Unit Operator determines that a Unit Well does not have adequate wellsite and other operating equipment, the Party delivering it shall bear the entire cost and risk of providing and installing adequate wellsite and other

operating equipment; provided that if a Party disagrees with the Unit Operator's decision, the matter shall be finally decided by the Operating Committee.

Either the Party shall authorize the Unit Operator to provide and install the necessary equipment on its behalf or the Operating Committee shall determine who shall provide and install the equipment or the amount that, in lieu of the equipment being provided and installed, shall be paid by the Party to the Unit Operator for the Joint Account. All costs incurred by the Unit Operator hereunder or the amount to be paid by the Party in lieu thereof, shall be deemed conclusively to be amounts owing by the Party within the meaning of Article XII.

1005. Representation and Indemnity

Each Working Interest Owner represents and warrants that it is the owner of the Unit Facilities which it delivers pursuant to Clause 1001 and each Party indemnifies and agrees to hold harmless the other Parties from any and all liability, loss, cost or damage sustained by them and resulting from any liens, charges, encumbrances, suits or actions of whatsoever kind or nature, or failure of or deficiencies in its title to the Unit Facilities which it so delivers. Unit Operator, on behalf of the Parties, shall be entitled to exercise the remedies set out in this Agreement with respect to the collection of any monies owing by a Party in respect of such liability, loss, costs or damage.

1006. Agreements for Use of Facilities

With the prior approval of the Operating Committee, [the Unit Operator may enter into agreements with any person] to operate facilities other than Unit Facilities or [for the use or joint use by any person of any Unit Facilities, or for the use or joint use by the Unit Operator of any facilities owned by any person, and all costs and expenses recovered or incurred pursuant to said agreements shall be for the Joint Account.]

ARTICLE XI
ADJUSTMENT OF INVESTMENT

1101. Adjustment of Investment

Each Party shall be credited with the value of its interests, delivered to the Unit Operator, as follows:

- (a) Tangible equipment of each Unit Well and wellsite equipment, based on current new price adjusted to "B" condition in accordance with Clause 403(b)(1) of Exhibit F, and

- (b) Flowlines, satellites and related battery and salt water disposal facilities, depreciated at a rate of five percent (5%) per annum on a straight-line basis from the original year of expenditure to a minimum of 50% of original capital expenditure.

Each Party shall be charged an amount equal to that Party's Unit Participation times the total value of all material delivered to the Unit Operator by the Parties and credited for the value of materials delivered by that Party. The Unit Operator shall invoice the Working Interest Owners for equalization payments in accordance with the equalization of capital investments tabulated in Exhibit "H" within ninety (90) days of the Effective Date of this Agreement or any subsequent Unit Enlargement.

The Parties agree to settle all accounts for such equalization of capital investment within thirty (30) days of receipt of the Operator's statement of amounts to be debited or credited to each Party.

1102. General Facilities

With the approval of the Operating Committee, Unit Operator may acquire warehouse space, warehouse stocks and leases to houses, camps, office buildings and automobiles and other service equipment necessary for Unit Operations.

1103. Ownership of Unit Facilities

Each Party shall own an undivided interest in the Unit Facilities that is equal to its Unit Participation.

1104. Adjustment on Failure of Title

The Operating Committee shall determine whether any compensation shall be payable by other Parties to a Party whose title to a Tract fails for such Party's undivided interest so lost in the Unit Facilities and the amount of such compensation.

1105. Pre-Unit Cost

With the approval of the Operating Committee, any or all costs and expenses incurred prior to the Effective Date that are directly related to effecting unitization hereunder shall be for the Joint Account.

ARTICLE XII
COSTS OF UNIT OPERATIONS

1201. Basis of Charges to Parties

Except as otherwise provided in this Agreement, the Unit Operator initially shall pay and discharge all costs and expenses incurred for the Joint Account. The Parties shall reimburse the Unit Operator for all such costs and expenses in proportion to their respective Unit Participations. All charges, credits and accounting for costs and expenses shall be in accordance with Exhibit "F".

1202. Forecasts

As soon as practicable after the Effective Date, the Unit Operator shall submit to the Operating Committee, a forecast of proposed expenditures for Unit Operations for the remainder of the calendar year, and on or before the last day of each October thereafter shall submit to the Operating Committee such a forecast for the succeeding calendar year. Forecasts shall set forth the proposed expenditures by quarterly periods, showing the capital items separately. The Operating Committee may approve a forecast or any portion thereof or it may conditionally approve any proposed expenditure or it may instruct the Unit Operator to revise a forecast or any portion thereof. A copy of each forecast and revised forecast shall be promptly furnished to each Party. Approval of a forecast by the Operating Committee shall constitute approval of proposed expenditures for Unit Operations except an expenditure for any single capital undertaking, the total estimated cost of which is in excess of the amount specified in or determined pursuant to Exhibit "F", Paragraph 111 of Part I.

1203. Advance Billings for Capital Items

The Unit Operator may submit to each Party on or before the fifteenth (15th) day of any calendar month a reasonably detailed estimate of approved capital items for the succeeding calendar month with a request for payment in advance. Within thirty (30) days after receipt of such request each Party shall pay the Unit Operator its share thereof. The Unit Operator's monthly billings shall reflect credit for any advances, and any differences between actual costs and expenses and amounts advanced will be adjusted as required. Any amounts advanced by a party hereunder and then not required by the Unit Operator within the time and in the manner proposed shall be refunded to that Party in a prompt and timely manner but, in any event, within thirty (30) days following the month to which such advance applied. Any amounts not so refunded may, at that Party's option, bear interest (payable by the Unit Operator for the account of that Party) at the rate provided for in Clause 1207 of this Agreement from the day such refund is due until it is paid.

1204. Operating Fund

The Unit Operator may by notice require the Parties to advance for an operating fund their respective proportions of one-twelfth (1/12) of the expenditures, other than expenditures for capital items, proposed for a calendar year in an approved forecast. After the establishment of the operating fund, each Party shall remit its share of actual costs and expenses in accordance with Clause 1205, thus maintaining the operating fund intact. The amount of the operating fund may be increased or decreased at the direction of the Operating Committee, who shall review the matter annually or whenever requested by a Party. If revenues are received and distributed to the Parties by the Unit Operator through a net billing and notwithstanding the other provisions of this Clause 1204, the Unit Operator shall not request advances for an operating fund from the Parties.

1205. Regular Billings

The Unit Operator shall bill each Party on or before the last day of each month for its share of charges recorded during the preceding calendar month in accordance with Exhibit "F". Each Party shall pay all such bills within thirty (30) days after receipt.

1206. Commingling of Funds

The Unit Operator may commingle funds received by it hereunder with its own funds and with other funds in its possession. Any such commingling shall be for administrative convenience only, and any monies advanced or paid to the Unit Operator by or for a Working Interest Owner shall be deemed to be trust monies and shall be applied only to their intended use.

1207. Unit Operator's Remedies

If a Party fails to pay when due a bill rendered by the Unit Operator, the Unit Operator may give the Party a notice of non-payment. After receipt of such notice, the amount unpaid as set forth in the notice shall at the Unit Operator's discretion bear interest at the prime rate in effect for Canadian dollar commercial loans at such time charged by the principal chartered bank in Canada used by the Unit Operator, plus two percent (2%) per annum, which interest shall be for the Unit Operator's sole account except as provided in Clause 1208. Further, the Unit Operator may, after notice of non-payment and while the bill remains unpaid, without limiting the Unit Operator's other rights at law, exercise any or all of the following remedies:

- (a) set off against the amount unpaid, sums due or accruing to the Party from the Unit Operator hereunder;

- (b) by notice accompanied by a copy of this Agreement to any purchaser of the Party's share of production, require such purchaser to pay to the Unit Operator the proceeds of such production which shall be applied towards payment of the amount unpaid and the Unit Operator is hereby constituted irrevocably the attorney of the Party for the purpose of executing the instruments necessary to effect an assignment of such proceeds. Any excess revenue over and above the amount of the debt, shall be paid promptly by the Unit Operator to the defaulting party.

In addition, after notice of non-payment and while the bill remains unpaid, the defaulting party shall not be entitled to be represented on the Operating Committee nor vote on any matter pursuant to Article IV.

Books and records kept by the Unit Operator with respect to Unit Operations shall constitute conclusive proof of the existence or non-existence of any default, subject, however, to all rights of inspection, verification and audit provided in this Agreement. The exercise of the rights granted in this Clause shall not relieve a defaulting Party from its obligations to pay royalty currently due, as provided elsewhere in this Agreement.

1208. Contributions by Parties

If the Unit Operator has not received full payment of a Party's share of the costs and expenses of Unit Operations within three (3) months following the date when payment was due, each of the Parties shall, upon being billed therefor by the Unit Operator, contribute a fraction of the unpaid amount, excluding interest thereon, having as its numerator the Party's Unit Participation and as its denominator the aggregate of the Unit Participations of all the Parties exclusive of the Unit Participation of the defaulting Party; and thereupon each Party so contributing shall be proportionately subrogated to the Unit Operator's rights pursuant to Clause 1207.

ARTICLE XIII
OIL IN LEASE TANKAGE AND OVERPRODUCTION
AS OF THE EFFECTIVE DATE

1301. Gauge of Merchantable Oil

The Unit Operator shall gauge all lease and other tanks delivered to it by the Parties to ascertain the amount of merchantable oil in them as of the Effective Date and the disposition of the merchantable oil so ascertained shall be in accordance with Clause 707 of the Unit Agreement.

ARTICLE XIV
SURFACE RIGHTS

1401. Submission of List to Unit Operator

As soon as reasonably possible after executing this Agreement, each Party shall submit to the Unit Operator a list of all easements, rights-of-way, surface leases, rights of entry and other surface rights which it holds in connection with its operations in the proposed Unit Area, together with particulars thereof including rentals payable, if any.

1402. Surface Rights Required for Unit Operations

The Unit Operator shall, as soon as practicable after the receipt of each of the aforesaid lists, advise in writing the Party submitting the list which, if any, of its listed surface rights will be required for Unit Operations. Subject to the other provisions of this Article, each Party shall continue to hold the surface rights so required and pay the applicable rentals and bill the Unit Operator for the amount of rentals applicable to periods subsequent to the Effective Date. The Unit Operator shall reimburse each party for rentals so paid and the amounts thereof shall be for the Joint Account. Notwithstanding the foregoing, each Party holding surface rights required for Unit Operations may, at any time at its election, assign such surface rights to the Unit Operator in accordance with Clause 1404.

1403. Surface Rights Jointly Used

Where there is a well or wells on a Tract in addition to a Unit Well, and surface rights are being used for production jointly from one or more of such other wells and the Unit Well, the rentals applicable to the surface rights shall be divided equally between the wells with respect to which the surface rights are being jointly used, and the Unit Operator shall only be billed for the portion of such rentals which is applicable to the production of Unitized Substances from the Unit Well. For the purpose of this Clause, a well producing from more than one formation shall be considered a separate well for each such formation.

1404. Assignment of Surface Rights

The Unit Operator may require that any surface rights which are being used solely for Unit Operations be assigned to it. Any such assignment shall, however, contain an express reservation to the assignor of the right at any time upon request to use the assigned surface rights jointly with the Unit Operator on the basis provided in Clause 1403. When the assigned surface rights are no longer required, the Unit Operator shall so notify the assignor who may require the Unit Operator to re-assign the surface rights to the assignor. The provisions of Clause 1405 shall apply, mutatis mutandis, in respect of any surface rights which are the subject of a notice given under this Clause.

1405. Surface Rights No Longer Required

The Unit Operator may notify a Party that its surface rights or any of them are no longer required for Unit Operations, but any such notice shall be given at least sixty (60) days prior to the date on which notice of surrender must be given to the surface owner or the accrual of a rental obligation, whichever is sooner. The Unit Operator shall clean up the surface to the satisfaction of any governmental body having jurisdiction and to the reasonable satisfaction of the owner and occupier thereof. After giving such notice the Unit Operator shall be relieved of its responsibility and liability with respect to the surface rights except any obligations already accrued and shall be denied all benefits with respect to the surface rights, and shall thereafter be held harmless by the Party holding them from responsibility and liability as to the surface rights, which shall not thereafter be subject to this Agreement.

1406. Surface Rights Held in Fee Simple

Subject to any prior grant thereof, the Unit Operator may use for Unit Operations any surface rights held in fee simple by a Party upon payment to the Party of a rental commensurate with rentals paid for other surface rights in the Unit Area.

1407. Acquisition of Additional Surface Rights

The Unit Operator may acquire such additional surface rights as it deems necessary or desirable for Unit Operations.

1408. Sharing of Surface Rights

Notwithstanding the provisions of Clause 1006, the Unit Operator may enter into agreements with any person for the sharing of any surface rights and all costs and expenses recovered or incurred by the Unit Operator pursuant to such agreements shall be for the Joint Account.

ARTICLE XV
ABANDONMENT OF WELLS

1501. Rights of Former Owners

If the Operating Committee decides to plug and abandon permanently any Unit Well, the Unit Operator shall give notice of this decision to the Party owning the Working Interest in the Tract upon which the well is located. The Party may elect by notice to Unit Operator within sixty (60) days, or forty-eight (48) hours if a drilling

rig is in place, of receipt of notice, to take over and own the well and deepen or plug it back to a formation other than the Unitized Zone. Within ten (10) days after the Party has so elected it shall pay to the Unit Operator for the Joint Account the fair net salvage value of the production casing and equipment in and on the well, as estimated and fixed by the Operating Committee. The Unit Operator shall seal off the Unitized Zone in the well before handing it over to the Party and thereupon the Unit Operator shall be relieved of its responsibility and liability with respect to the well, except any obligations already accrued, and shall be denied all benefit with respect to the well and shall thereafter be held harmless by the Party so electing from responsibility and liability as to the well, which shall not thereafter be subject to this Agreement.

1502. Surface Clean-up

Upon the abandonment of any well in the Unit Area, the Unit Operator or the Party abandoning the well shall clean up the surface at the wellsite to the satisfaction of any governmental body having jurisdiction and to the reasonable satisfaction of the owner and occupier thereof.

1503. Abandonments

If the Party receiving a notice pursuant to Clause 1501 does not elect to take over the Unit Well proposed for abandonment, the Unit Operator shall abandon the well to the satisfaction of any governmental body having jurisdiction and to the reasonable satisfaction of the Party. These abandonment costs shall be for the Joint Account.

ARTICLE XVI
TERM OF AGREEMENT

1601. Term

This Agreement is binding upon a person who executes and delivers a counterpart thereof to the Unit Operator, and that person is bound by this Agreement as of the time of such delivery. Subject to Article XVII, this Agreement shall remain in full force and effect while Unitized Substances are produced or are capable of being produced from the Unitized Zone in paying quantities and thereafter until all Unit Wells have been plugged and abandoned or assigned to a Party pursuant to Clause 1501, and the Unit Facilities have been salvaged and the accounts among the Parties have been settled. Notwithstanding anything herein contained, this Agreement may be terminated by the vote provided for in Clause 404 (c) (vi).

Notwithstanding the termination of this Agreement, the provisions respecting audit, salvage, disposition, liability and indemnification shall remain in force and effect to the extent of any liabilities which may have accrued prior to the date of termination of this Agreement, and provisions respecting audits, inventories and settlement of account shall survive the termination of this Agreement.

ARTICLE XVII
COMMENCEMENT DATE

1701. Commencement Date

Although this Agreement is binding upon a person from the time that person executes and delivers a counterpart thereof to the Unit Operator, the Commencement Date for actions to be taken by the Parties to carry out the purposes of this Agreement in accordance with its provisions shall be at 07:00 hours, Central Standard Time, on the day next following the day when the Unit Operator is satisfied that owners of Working Interests having Unit Participations totalling Ninety percent (90%) as set forth in the original Exhibit "D", have become Parties. The Unit Operator shall notify the Parties thereof. If the unitization provided for in the Unit Agreement has not become effective within the time limited therein, this Agreement shall thereupon terminate. If this Agreement so terminates, all expenditures made in anticipation of the unitization becoming effective shall be borne by the Parties in the proportion that the voting interest of each bears to the combined voting interests of all the Parties.

ARTICLE XVIII
ABANDONMENT OF OPERATIONS

1801. Rights to Operate

The owner of the working interest in a Tract may elect to take over and continue to operate a well located thereon upon the termination of this Agreement by paying the Unit Operator for the Joint Account, the fair net salvage value of the casing and equipment in and on the well as estimated and fixed by the Operating Committee, and by agreeing to plug the well when it is finally abandoned.

1802. Salvaging Wells

With respect to all wells not taken over for continued operations pursuant to Clause 1801, the Unit Operator shall, for the Joint Account, salvage as much of the casing and equipment in or on such wells as can economically and reasonably be salvaged, and cause the wells to be properly plugged and abandoned.

1803. Cost of Salvaging

The cost of salvaging, liquidation or other distribution of assets and properties used in the Unit Operations shall be for the Joint Account.

ARTICLE XIX
GENERAL

1901. Affects Working Interest Only

This Agreement affects only the Working Interests of the Parties. Any Royalty Interest is governed solely by the Unit Agreement.

1902. Execution Without Prejudice

The execution of this Agreement by Parties who claim title to any interest in the Unit Area shall not constitute a waiver of any such claim, but any Party who succeeds to the title to a Working Interest in a Tract shall be bound by this Agreement with respect to such Working Interest.

1903. Lien on or Assignment of Production

If any interest of a Party in a Tract or Unitized Substances, or the proceeds or value thereof, is subject to a lien, assignment of production or other encumbrance, the owner or holder of such lien, assignment or encumbrance, by consenting to this Agreement in writing, agrees that such lien, assignment or encumbrance shall, from the Effective Date, continue in effect, but shall apply only to such interest as the same is amended, modified and affected by this Agreement and the Unit Agreement, and shall be subject to such agreements as to the Party and such interest.

1904. No Partitioning

A Party shall not resort to any action for partition or sale in lieu of partition of the Unit Facilities or any lands affected by this Agreement.

1905. No Surrender Without Consent

A Party owning a registered leasehold interest with respect to the Unitized Zone shall not surrender such leasehold interest to the lessor without the prior consent of the Operating Committee, which consent shall not be unreasonably withheld.

1906. Waivers

A waiver of any breach of a provision of this Agreement shall not be binding upon a Party unless it is in writing and signed by the Party or its duly authorized representative and such waiver shall not affect a Party's rights with respect to any other or future breach.

1907. Suits

A Party who is sued on an alleged cause of action arising out of Unit Operations shall forthwith notify every other Party, and upon the request of that Party, the

Operating Committee shall meet to decide what action, if any, the Parties shall take.

1908. Further Assurances

Each Party shall from time to time and at all times do all such further acts and execute and deliver all such further deeds and documents as required in order fully to perform and carry out this Agreement.

1909. Restriction on Dispositions

A Party shall not make any disposition of a Working Interest which does not include a corresponding interest in the Unit Facilities. No Working Interest shall be owned apart from a corresponding interest in the Unit Facilities and vice versa.

1910. United States Internal Revenue Provision

Each Party who is subject to United States Income Tax agrees that if for purposes of the United States Internal Revenue Code of 1954 or 1986 as the case may be, or any other internal revenue code substituted therefore ("the code") this Agreement or the relationship established thereby constitutes a partnership, as defined in Section 761 (a) of the said Code, each Party who is entitled under the said Section 761 (a) to elect, hereby elects to have the said partnership excluded from the application of Subchapter K of Chapter 1 of Subtitle A of the said Code, or such portion thereof as the Secretary of the Treasury of the United States or his delegates shall permit by election to be excluded therefrom.

1911. Use of Canadian Funds

In this Agreement including Exhibit "F" attached hereto, all reference to "dollars" or "\$" shall mean lawful currency of Canada, and all payments and receipts shall be made and recorded in lawful currency of Canada.

1912. Laws of Saskatchewan to Apply

This Agreement shall be construed in accordance with the laws of the Province of Saskatchewan and any disputes arising between the Parties which cannot be resolved by negotiations between the Parties, shall be determined by the Courts of Saskatchewan.

1913. Notices and Communications

All notices or communications hereunder shall be in writing and in lieu of personal service may be given or made by prepaid telecommunication or by mailing in a sealed and properly addressed envelope with postage prepaid. Notices or communications shall be deemed to have been received twelve (12) hours after the sending thereof in the case of a telecommunication, and seventy-two (72) hours after the date of mailing in the case of mailing, in either

case excluding Saturdays, Sundays and statutory holidays. The address appearing below the execution of each Party shall be the address to which notices and communications to it shall be directed. A Party may change its address by notice to the Unit Operator. Upon request the Unit Operator shall furnish to any Party the address for service of any other Party. No party shall mail any notice hereunder during any period in which Canadian postal workers are on strike or if any such strike is imminent and may be anticipated to affect normal delivery.

1914. Execution in Counterpart

This Agreement may be executed in separate counterparts and all the executed counterparts together shall constitute one Agreement.

1915. Inuring Clause

This Agreement shall inure to the benefit of and be binding upon the Parties and their respective heirs, executors, administrators, successors and assigns.

1916. Time of the Essence

Time is of the essence of this Agreement.

1917. Force Majeure

Neither Unit Operator nor any other Party shall be deemed to be in default with respect to non-performance of its obligations hereunder, other than financial, if and so long as its non-performance is due, in whole or in part, to any cause beyond its reasonable control, but lack of funds shall not be deemed to be a cause beyond the Party's reasonable control. The performance of such obligations shall begin or be resumed within a reasonable time after such cause has been removed. Nothing herein contained shall be construed to require Unit Operator or any Party to settle any strike, lockout or other difficulty by acceding against its judgment to the demands of opposing persons in any labour dispute.

1918. Mortgages

A Party may mortgage its interest in the Unit Facilities. Any such mortgage shall expressly provide that the mortgagee shall hold the interest subject to all the terms and provisions of this Agreement, and shall also provide that upon any realization of the security the purchaser shall be required to assume all future obligations of the mortgagor under this Agreement.

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

December 8, 2016
Date

SPARTAN ENERGY CORP.

A handwritten signature in dark ink, appearing to read 'Randy Berg', written over a horizontal line.

Randy Berg, P. Land

Vice President Land

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

March 1, 2016

Date

ARC Resources Ltd.

Carla Kruschel

Carla Kruschel, Supervisor
Contracts and Land Administration

ADDRESS FOR SERVICE
ARC Resources Ltd.
1200, 308 – 4th Avenue S.W. Calgary,
Alberta T2P 0H7

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

Apr 27, 2001
Date

ARC (Sask.) ENERGY TRUST

S. D. Healy
Susan D. Healy
Vice President, Land

Address for Service:

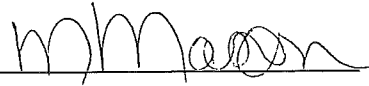
Suite 2100, 440 – 2nd Avenue S.W.
Calgary, Alberta T2P 5E9

This is a counterpart execution page of the Unit Operating Agreement – Loughheed
Midale Beds Voluntary Unit No. 1

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

Date

Startech Resources Limited
Party


Per:

Per:

Address for Service:

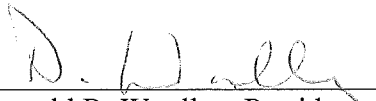
Suite 2600, Sunlife Plaza-North Tower
140 – 4th Avenue S.W.
Calgary, Alberta
T2P 3N3

This is a counterpart execution page of the Unit Operating Agreement - Loughheed Midale
Beds Voluntary Unit No. 1

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

December 31, 2012
Date

Seek Energy Ltd.


Per: Donald R. Woolley, President

Address for Service:

Seek Energy Ltd.
1250, 396 – 11 Avenue SW
Calgary Alberta T2R 0C5

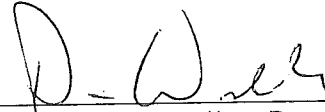
This is counterpart execution page of the
Unit Operating Agreement – Lougheed Midale Beds Voluntary Unit No. 1

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

January 1, 2003

Date

Phase Energy Ltd.



Per: Donald R. Woolley, President

Address for Service:

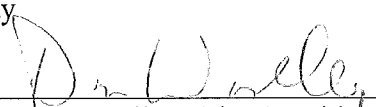
Phase Energy Ltd.
850, 540 – 5th Ave SW
Calgary Alberta T2P 0M2

This is counterpart execution page of the Unit Operating Agreement – Loughheed
Midale Beds Voluntary Unit No. 1

January 1, 2000
Date

Intrigue Energy Ltd.

Party


Per: Don Woolley, Vice-President

Address for Service:

Intrigue Energy Ltd.
850, 540 – 5th Ave SW
Calgary AB T2P 0M2

This is counterpart execution page of the Unit Operating Agreement – Loughheed Midale Beds
Voluntary Unit No. 1

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

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

June 25, 1996
Date

FLATLAND RESOURCES LTD
Party

Per: _____
Don W. Colley
Per: _____

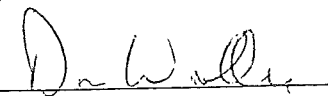
Address for Service:

1540, 521-3 AVE. S.W.
CALGARY, AB.
T2P 3W2

This is a counterpart execution page of the Unit Operating Agreement - Lougheed Midale Beds Voluntary Unit No. 1

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

January 30, 1997
Date

705479 ALBERTA LTD.
Party

Per: Don Woolley, President

Per:

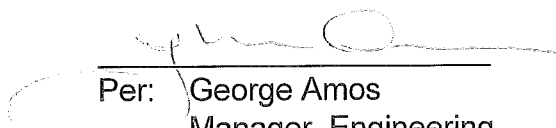
Address for Service:
705479 ALBERTA LTD.
850, 540 - 5 Avenue S.W.
Calgary, Alberta, T2P 0M2

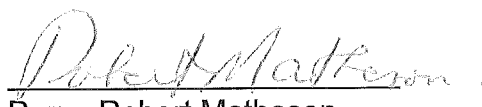
This is a counterpart execution page of the Unit Operating Agreement - Lougheed Midale Beds Voluntary Unit No. 1

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

June 19, 1996
Date

Transwest Energy Inc.
Party


Per: George Amos
Manager, Engineering


Per: Robert Matheson
Vice President

Address for Service:

400, 255 - 5th Ave. S.W.

Calgary, Alberta

T3A 4J4

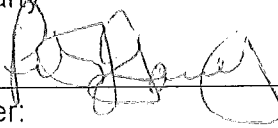
This is a counterpart execution page of the Unit Operating Agreement - Loughheed Midale Beds Voluntary Unit No. 1

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

JUN 18 1996
Date

ELAN ENERGY INC.

Party


Per:

P.D. SAMETZ, P. Eng.
VICE PRESIDENT, PRODUCTION

Per:

Address for Service:

ELAN Energy Inc.

4100, 150 - 6 Avenue S.W.

Calgary, AB T2P 3Y7

This is a counterpart execution page of the Unit Operating Agreement - Loughheed Midale Beds Voluntary Unit No. 1

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

JUN 25 1996
Date

NEW ENERGY WEST CORPORATION
Party



Per: PAUL HAMILTON, PRESIDENT

Per:

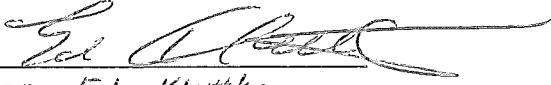
Address for Service:

NEW ENERGY WEST CORPORATION
1000, 2424 - 4 STREET S.W.
CALGARY, ALBERTA T2S 2T4

This is a counterpart execution page of the Unit Operating Agreement - Loughheed Midale Beds Voluntary Unit No. 1

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

JUNE 25/86
Date

TARRAGON
Party

Per: Ed Kietzke

Per:

Address for Service:

TARRAGON OIL AND GAS LIMITED
2500, 500 - 4 AVENUE S.W.

CALGARY, ALBERTA
T2P 2V6

This is a counterpart execution page of the Unit Operating Agreement - Loughheed Midale Beds Voluntary Unit No. 1

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

Date June 24/96

RIGEL OIL & GAS LTD.

Party

Per: 

Per: 

Address for Service:

RIGEL OIL & GAS LTD.

1800 BOW VALLEY SQUARE 3

255 - 8th AVENUE S.W.

CALGARY, ALBERTA

T2P 3G6

This is a counterpart execution page of the Unit Operating Agreement - Lougheed Midale Beds Voluntary Unit No. 1

EXHIBIT "D"

Attached to and made part of an Agreement entitled
"UNIT OPERATING AGREEMENT – LOUGHEED MIDALE BEDS VOLUNTARY
UNIT NO. 1"

UNIT PARTICIPATION

<u>WORKING INTEREST OWNERS</u>	<u>UNIT PARTICIPATION</u>
Spartan Energy Corp.	98.62497
Seek Energy Ltd.	<u>1.37503</u>
TOTAL	100.00000

EXHIBIT "D"

Attached to and made part of an Agreement entitled
"UNIT OPERATING AGREEMENT – LOUGHEED MIDALE BEDS VOLUNTARY
UNIT NO. 1"

UNIT PARTICIPATION

<u>WORKING INTEREST OWNERS</u>	<u>UNIT PARTICIPATION</u>
ARC Resources Ltd.	98.62497
Seek Energy Ltd.	<u>1.37503</u>
TOTAL	100.00000

Revision #15
Effective Date: March 01, 2016

EXHIBIT "D"

Attached to and made part of an Agreement entitled
"UNIT OPERATING AGREEMENT – LOUGHEED MIDALE BEDS VOLUNTARY
UNIT NO. 1"

UNIT PARTICIPATION

<u>WORKING INTEREST OWNERS</u>	<u>UNIT PARTICIPATION</u>
ARC Resources General Partnership	98.62497
Seek Energy Ltd.	<u>1.37503</u>
 TOTAL	 100.00000

Revision #14
Effective Date: February 1, 2013

inserted
Dec 6/99

EXHIBIT "E"

Attached to and made part of an Agreement entitled
"UNIT OPERATING AGREEMENT – LOUGHEED MIDALE BEDS VOLUNTARY UNIT NO. 1"

LIST OF UNIT WELLS

PRODUCING WELLS	UNIQUE WELL IDENTIFIER
TRANSWEST ET AL WEYBURN 3-18-6-14	31/03-18-06-14 W2
TRANSWEST ET AL WEYBURN 5-18-6-14	01/05-18-06-14 W2
TRITON ETAL LOUGHD VOL L U 2HZ 2C1-13-2D6-18-6-14	91/06-18-06-14 W2
STARTECH LOUGHEED V/U HZ 4B8-13 3A11-18-6-14	91/11-18-06-14 W2
STARTECH LOUGHEED VIU HZ 4D9-13 2C14-18-6-14	91/14-18-06-14 W2
TRANSWEST ET AL WEYBURN 15-1-6-15	31/15-01-06-15 W2
TRANSWEST ETAL LOUGHEED 2HZ 3D7-11-4C2-11-6-15	91/02-11-06-15 W2
TRANSWEST ETAL LOUGHEED 2HZ 2B11-12-1B7-12-6-15	91/07-12-06-15 W2
TRANSWEST ET AL WEYBURN 7-12-6-15	31/07-12-06-15 W2
STARTECH LOUGHEED V/U HZ 1D16-12-1D8-12-6-15	91/08-12-06-15 W2
TRANSWEST ET AL WEYBURN 9-12-6-15	30/09-12-06-15 W2
STARTECH LOUGHEED VIU HZ 1D16-12 2A9-12-6-15	91/09-12-06-15 W2
STARTECH LOUGHEED VIU HZ 1B2-13 3B10-12-6-15	91/10-12-06-15 W2
TRANSWEST ET AL WEYBURN 11-12-6-15	11/11-12-06-15 W2
STARTECH LOUGHEED VIU HZ 4A3-13 6B11-12-6-15	91/11-12-06-15 W2
TRANSWEST ETAL LOUGHEED HZ 3C14-12-4B12-12-6-15	91/12-12-06-15 W2
TRANSWEST ET AL WEYBURN 15-12-6-15	41/15-12-06-15 W2
TRITON ET AL LOUGHEED 2HZ 3A2-13-2D16-12-6-15	91/16-12-06-15 W2
TRANSWEST ET AL WEYBURN 1-13-6-15	21/01-13-06-15 W2
STARTECH LOUGHEED V/U HZ 2A11-13 4C2-13-6-15	91/02-13-06-15 W2
TRANSWEST ET AL WEYBURN 5-13-6-15	50/05-13-06-15 W2
TRANSWEST ET AL LOUGHEED RE 2HZ B11-13-A6-13-6-15	91/06-13-06-15 W2
TRANSWEST ET AL WEYBURN 7-13-6-15	01/07-13-06-15 W2
TRITAN ET AL LOUGHEED VOL L U 2HZ 2A5-18-1D7-13-6-15	91/07-13-06-15 W2
TRANSWEST ET AL WEYBURN 13-13-6-15	01/13-13-06-15 W2
TRITON ET AL LOUGHEED 3HZ 3D9-14-1B14-13-6-15	91/14-13-06-15 W2

EXHIBIT "E"

Attached to and made part of an Agreement entitled
"UNIT OPERATING AGREEMENT – LOUGHEED MIDALE BEDS VOLUNTARY UNIT NO. 1"

LIST OF UNIT WELLS

STARTECH LOUGHEED HZ 1D11-13 4D16-13-6-15	91/16-13-06-15 W2
TRANSWEST ET AL WEYBURN 9-14-6-15	31/09-14-06-15 W2
STARTECH LOUGHEED U 2HZ 1A12-13 2B9-14-6-15	92/09-14-06-15 W2
TRITON ET AL LOUGHEED 3HZ 3C13-13-3D9-14-6-15	91/09-14-06-15 W2
TRANSWEST ET AL WEYBURN 16-14-6-15	31/16-14-06-15 W2
TRANSWEST ET AL LOUGHEED 1-23-6-15	41/01-23-06-15 W2 ✓
STARTECH LOUGHEED VIU HZ 2C10-23 4B2-23-6-15	91/02-23-06-15 W2
FLATLAND ET AL LOUGHEED 7-23-6-15	31/07-23-06-15 W2 ✓
TRANSWEST ETAL LOUGHEED 3HZ 3D7-23-2A8-23-6-15	91/08-23-06-15 W2
TRANSWEST ET AL LOUGHEED 9-23-6-15	31/09-23-06-15 W2
TRANSWEST ETAL LOUGHEED 2HZ 2B4-25-4C10-23-6-15	91/10-23-06-15 W2
TRANSWEST ET AL LOUGHEED 11-23-6-15	30/11-23-06-15 W2
TRANSWEST ETAL LOUGHEED 3HZ 1A9-22-3B14-23-6-15	91/14-23-06-15 W2
TRANSWEST ET AL LOUGHEED 15-23-6-15	41/15-23-06-15 W2
TRANSWEST ET AL LOUGHEED 1-26-6-15	01/01-26-06-15 W2
TRANSWEST ET AL LOUGHEED 3HZ 1D8-26-4A2-26-6-15	91/02-26-06-15 W2
LOUGHEED UNIT 2HZ 1A12-13/2B9-14-6-15	92/09-14-06-15 W2
LOUGHEED UNIT 1HZ 4A3-13/6B11-12-6-15	91/11-12-06-15 W2
LOUGHEED V1U 1HZ 2A11-13/4C2-13-6-15	91/02-13-06-15 W2
LOUGHEED V1U 1HZ 1D16-12/2A9-12-6-15	91/08-12-06-15 W2
LOUGHEED V1U 1HZ 4B8-13/3A11-18-6-14	91/11-18-06-14 W2
LOUGHEED V1U 1HZ 4B13-13/2D14-13-6-15	92/14-13-06-15 W2
LOUGHEED V1U 1HZ 1B2-13/3C10-12-6-15	91/10-12-06-15 W2
LOUGHEED V1U 1HZ 4D9-13/2C14-18-6-14	91/14-18-06-14 W2
LOUGHEED V1U 1HZ 2C10-23/4B2-23-6-15	91/02-23-06-15 W2
LOUGHEED V1U 1HZ 5D8-26/2A1-26-6-15	91/01-26-06-15 W2

EXHIBIT "E"

Attached to and made part of an Agreement entitled
"UNIT OPERATING AGREEMENT – LOUGHEED MIDALE BEDS VOLUNTARY UNIT NO. 1"

LIST OF UNIT WELLS

PRODUCING WELLS (cont'd.)	UNIQUE WELL IDENTIFIER
LOUGHEED V1U 1HZ 3B15-1/3D2-12-6-15	91/02-12-06-15 W2
LOUGHEED V1U 1HZ 2C11-12/2A8-11-6-15	91/08-11-06-15 W2
LOUGHEED V1U 1HZ 2C13-12/3B9-11-6-15	91/07-11-06-15 W2
INJECTION WELLS	UNIQUE WELL IDENTIFIER
LOUGHEED V1U INJ 15-14-6-15	41/15-14-06-15 W2
LOUGHEED V1U INJ 10-12-6-15	11/10-12-06-15 W2
LOUGHEED V1U INJ 14-23-6-15	11/14-23-06-15 W2
LOUGHEED V1U INJ 2-26-6-15	11/02-26-06-15 W2
TRANSWEST LOUGHD V/U INJ 12-18-6-14	41/12-18-06-14 W2
TRANSWEST ET AL WEYBURN 15-11-6-15	41/15-11-06-15 W2
TRANSWEST ET AL WEYBURN 1-12-6-15	01/01-12-06-15 W2
TRANSWEST LOUGHEED V/U INJ 4-12-6-15	31/04-12-06-15 W2
TRANSWEST ET AL WEYBURN 13-12-6-15	41/13-12-06-15 W2
TRANSWEST ET AL WEYBURN 3-13-6-15	41/03-13-06-15 W2
TRNSWST ETAL LOUGHEED INJ 7-14-6-15	21/07-14-06-15 W2

1812-13-1415-12 6-15 W2

EXHIBIT "H" - REVISION #2
UNIT PAYOUT CAPITAL EQUALIZATION SUMMARY

Attached To And Made Part Of An Agreement Entitled

"Unit Operating Agreement - Loughheed Midale Beds Voluntary Unit No. 1"

	BPO BATTERY FACILITIES (97-07-01)	BPO SWD FACILITIES (97-07-01)	BPO INVENTORY ACCOUNT (95-12-31)	BPO CONTROLLABLE WELL EQUIPMENT AT 75%	BPO FLOWLINE AFE'S (97-07-01)	TOTAL AMOUNT TO EQUALIZE
TRANSWEST	\$ (510.03)	\$ (335.65)	\$ (306.63)	\$ (856.35)	\$ (341.58)	\$ (2,350.23)
TARRAGON	\$ (510.03)	\$ (335.65)	\$ (306.63)	\$ (856.35)	\$ (341.58)	\$ (2,350.23)
RIGEL	\$ 510.03	\$ 335.65	\$ (306.63)	\$ 856.35	\$ 341.58	\$ 1,736.97
STARTTECH	\$ 510.03	\$ 335.65	\$ (306.64)	\$ 856.35	\$ 341.58	\$ 1,736.96
FLATLAND	CARRIED	CARRIED	\$ 892.91	CARRIED	CARRIED	\$ 892.91
NEW ENERGY	CARRIED	CARRIED	\$ 333.62	CARRIED	CARRIED	\$ 333.62
TOTAL	(\$0.00)	(\$0.00)	\$0.00	\$0.00	(\$0.00)	(\$0.00)

BPO VALUES \$ 1,204,189.87 \$ 792,472.92 \$ 90,506.23 \$ 2,021,858.25 \$ 882,385.52

Inserted Oct 31/97

[Signature]

TABLE 1

HISTORICAL CAPITAL EQUALIZATION (BPO)

DEPRECIATED TO 97-07-01

	BATTERY FACILITIES				SWD FACILITIES				TOTAL		TOTAL EQUAL. AFTER PAYOUT ACCT. ADJUSTMENT	TOTAL AMOUNT TO EQUALIZE	TOTAL EQUAL. AFTER PAYOUT ACCT. ADJUSTMENT	TOTAL AMOUNT TO EQUALIZE	TOTAL EQUAL. AFTER PAYOUT ACCT. ADJUSTMENT
	BPO UNIT W.I. SHARE	APO UNIT W.I. SHARE	AMOUNT TO EQUALIZE	EQUAL. AFTER PAYOUT ACCT. ADJUSTMENT	BPO UNIT W.I. SHARE	APO UNIT W.I. SHARE	AMOUNT TO EQUALIZE	EQUAL. AFTER PAYOUT ACCT. ADJUSTMENT							
TRANSWEST	\$ 247,353.97	\$ 243,274.17	\$ (4,079.80)	\$ (510.03)	\$ 162,782.73	\$ 160,097.84	\$ (2,684.90)	\$ (335.65)	\$ (6,764.69)	\$ (845.67)					
TARRAGON	\$ 244,586.26	\$ 240,506.46	\$ (4,079.80)	\$ (510.03)	\$ 160,961.31	\$ 158,276.42	\$ (2,684.90)	\$ (335.65)	\$ (6,764.69)	\$ (845.67)					
RIGEL	\$ 249,415.54	\$ 245,335.86	\$ (4,079.67)	\$ 510.03	\$ 164,139.45	\$ 161,454.63	\$ (2,684.82)	\$ 335.65	\$ (6,764.49)	\$ 845.67					
STARTECH	\$ 456,518.86	\$ 452,439.18	\$ (4,079.67)	\$ 510.03	\$ 300,433.38	\$ 297,748.56	\$ (2,684.82)	\$ 335.65	\$ (6,764.49)	\$ 845.67					
FLATLAND	\$ 4,677.80	\$ 16,557.97	\$ 11,880.18	CARRIED	\$ 3,078.44	\$ 10,896.74	\$ 7,818.30	CARRIED	\$ 19,698.48	\$ -					
NEW ENERGY	\$ 1,637.46	\$ 6,076.22	\$ 4,438.76	CARRIED	\$ 1,077.60	\$ 3,998.74	\$ 2,921.13	CARRIED	\$ 7,359.90	\$ -					
TOTAL	\$1,204,189.87	\$1,204,189.87	\$ (0.00)	\$ (0.00)	\$ 792,472.92	\$ 792,472.92	\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ (0.00)					

TABLE 2

**LOUGHEED MIDALE BEDS VOLUNTARY UNIT NO. 1
INVENTORY ACCOUNT EQUALIZATION**

	BPO INVENTORY ACCOUNT W.I.%	BPO INVENTORY ACCOUNT SHARE	APO INVENTORY ACCOUNT W.I.%	APO INVENTORY ACCOUNT SHARE	AMOUNT TO EQUALIZE
TRANSWEST	20.54111%	\$ 18,590.98	20.20231%	\$ 18,284.35	\$ (306.63)
TARRAGON	20.31127%	\$ 18,382.96	19.97247%	\$ 18,076.33	\$ (306.63)
RIGEL	20.71231%	\$ 18,745.93	20.37352%	\$ 18,439.30	\$ (306.63)
STARTECH	37.91087%	\$ 34,311.71	37.57208%	\$ 34,005.07	\$ (306.64)
FLATLAND	0.38846%	\$ 351.58	1.37503%	\$ 1,244.49	\$ 892.91
NEW ENERGY	0.13598%	\$ 123.07	0.50459%	\$ 456.69	\$ 333.62

TABLE 3

LOUGHEED MIDALE BEDS VOLUNTARY UNIT NO. 1
75% OF CONTROLLABLE WELL EQUIPMENT VALUES

WELL	75% EQUIPMENT VALUES \$	TRANSWEST W.I.	TARRAGON W.I.	RIGEL W.I.	STARTTECH W.I.	FLATLAND W.I.	NEW ENERGY W.I.
1 3-18-6-14 W2M	\$ 47,414.25	19.30017%	19.30017%	19.30017%	42.09949%	0.00000%	0.00000%
2 5-18-6-14 W2M	\$ 75,122.25	19.30017%	19.30017%	19.30017%	42.09949%	0.00000%	0.00000%
3 A5-18-07-13-6-15 W2M	\$ 89,808.75	19.30017%	19.30017%	19.30017%	42.09949%	0.00000%	0.00000%
4 15-1-6-15 W2M	\$ 47,845.50	12.50000%	12.50000%	12.50000%	62.50000%	0.00000%	0.00000%
5 D7-11-83-11-6-15 W2M	\$ 58,689.75	47.50000%	17.50000%	17.50000%	17.50000%	0.00000%	0.00000%
6 7-12-6-15 W2M	\$ 46,739.25	25.00000%	25.00000%	25.00000%	25.00000%	0.00000%	0.00000%
7 9-12-6-15 W2M	\$ 48,246.00	25.00000%	25.00000%	25.00000%	25.00000%	0.00000%	0.00000%
8 11-12-6-15 W2M	\$ 48,270.75	25.00000%	25.00000%	25.00000%	25.00000%	0.00000%	0.00000%
9 B11-12-A2-12-6-15 W2M	\$ 101,604.75	25.00000%	25.00000%	25.00000%	25.00000%	0.00000%	0.00000%
10 C14-12-B12-12-6-15 W2	\$ 81,532.50	25.00000%	25.00000%	25.00000%	25.00000%	0.00000%	0.00000%
11 15-12-6-15 W2M	\$ 48,646.50	25.00000%	25.00000%	25.00000%	25.00000%	0.00000%	0.00000%
12 C1-13-D6-18-6-14 W2M	\$ 94,947.00	19.30017%	19.30017%	19.30017%	42.09949%	0.00000%	0.00000%
13 1-13-6-15 W2M	\$ 53,484.75	19.30017%	19.30017%	19.30017%	42.09949%	0.00000%	0.00000%
14 A2-13-D16-12-6-15 W2M	\$ 79,746.75	25.00000%	25.00000%	25.00000%	62.50000%	0.00000%	0.00000%
15 3-13-6-15 W2M	\$ 47,501.25	12.50000%	12.50000%	12.50000%	62.50000%	0.00000%	0.00000%
16 5-13-6-15 W2M	\$ 47,337.00	12.50000%	12.50000%	12.50000%	62.50000%	0.00000%	0.00000%
17 7-13-6-15 W2M	\$ 59,775.75	19.30017%	19.30017%	19.30017%	42.09949%	0.00000%	0.00000%
18 B11-13-A4-13-6-15 W2M	\$ 88,082.25	12.50000%	12.50000%	12.50000%	62.50000%	0.00000%	0.00000%
19 13-13-6-15 W2M	\$ 48,407.25	15.50000%	15.50000%	15.50000%	53.50000%	0.00000%	0.00000%
20 C13-13-B15-14-6-15 W2	\$ 63,972.00	25.00000%	25.00000%	25.00000%	25.00000%	0.00000%	0.00000%
21 9-14-6-15 W2M	\$ 58,353.00	25.00000%	25.00000%	25.00000%	25.00000%	0.00000%	0.00000%
22 D9-14-D14-13-6-15 W2M	\$ 76,450.50	15.50000%	15.50000%	15.50000%	53.50000%	0.00000%	0.00000%
23 16-14-6-15 W2M	\$ 47,426.25	25.00000%	25.00000%	25.00000%	25.00000%	0.00000%	0.00000%
24 1-23-6-15 W2M	\$ 47,324.25	12.50000%	12.50000%	12.50000%	12.50000%	33.00000%	17.00000%
25 7-23-6-15 W2M	\$ 47,026.50	0.00000%	0.00000%	0.00000%	12.50000%	58.00000%	17.00000%
26 D7-23-A8-23-6-15 W2M	\$ 64,117.50	15.62500%	15.62500%	21.87500%	21.87500%	18.20000%	6.80000%
27 9-23-6-15 W2M	\$ 46,975.50	12.50000%	12.50000%	12.50000%	62.50000%	0.00000%	0.00000%
28 11-23-6-15 W2M	\$ 48,133.50	12.50000%	12.50000%	12.50000%	62.50000%	0.00000%	0.00000%
29 B4-25-C10-23-6-15 W2M	\$ 48,311.25	12.50000%	12.50000%	12.50000%	62.50000%	0.00000%	0.00000%
30 D9-22-D14-23-6-15 W2M	\$ 78,858.75	12.50000%	12.50000%	12.50000%	62.50000%	0.00000%	0.00000%
31 15-23-6-15 W2M	\$ 57,075.00	12.50000%	12.50000%	12.50000%	62.50000%	0.00000%	0.00000%
32 1-26-6-15 W2M	\$ 47,106.00	12.50000%	12.50000%	12.50000%	62.50000%	0.00000%	0.00000%
33 D8-26-A2-26-6-15 W2M	\$ 77,526.00	12.50000%	12.50000%	12.50000%	62.50000%	0.00000%	0.00000%

TOTAL \$ 2,021,858.25

BPO UNIT INTERESTS	100.000000%	20.54111%	20.31127%	20.71231%	37.91087%	0.38846%	0.13598%
BPO W.I. CAPITAL	\$	\$ 415,312.13	\$ 410,685.09	\$ 418,773.55	\$ 766,504.05	\$ 7,854.11	\$ 2,749.32

APO UNIT INTERESTS	100.000000%	20.20231%	19.97247%	20.37352%	37.57208%	1.37503%	0.50459%
APO W.I. CAPITAL	\$	\$ 408,462.07	\$ 403,815.03	\$ 411,923.69	\$ 759,654.20	\$ 27,801.16	\$ 10,202.09

EQUALIZATION AMOUNT	\$	\$ (6,850.06)	\$ (6,850.06)	\$ (6,849.85)	\$ (6,849.85)	\$ 19,947.05	\$ 7,452.77
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SHARING OF CARRIED CAPITAL	\$	\$ 5,993.71	\$ 5,993.71	\$ 7,706.20	\$ 7,706.20	CARRIED	CARRIED
EQUALIZATION AMOUNT AFTER PAYOUT ACCOUNT	\$	\$ (856.35)	\$ (856.35)	\$ 856.35	\$ 856.35	CARRIED	CARRIED

TABLE 4

LOUGHEED MIDALE BEDS VOLUNTARY UNIT NO. 1
UNIT ENLARGEMENT CAPITAL EQUALIZATION

FLOWLINE, SATELLITE & ELECTRIFICATION AFES:										SUM
Gross AFE Amount	Well % of AFE	Well portion of AFE	Discounted Value (at 5%/yr)	TRANSWEST W.L. % W.L. Share	TARRAGON W.L. % W.L. Share	RIGEL W.L. % W.L. Share	STARTTECH W.L. % W.L. Share	FLATLAND W.L. % W.L. Share	NEW ENERGY W.L. % W.L. Share	
1985 AFE's										
506866 - 3 inch Flowline 15-1	100.0000%	\$34,727.38	\$17,363.69	12.50000% \$ 2,170.46	12.50000% \$ 2,170.46	12.50000% \$ 2,170.46	62.50000% \$ 10,852.31	0.00000% \$ -	0.00000% \$ -	100.00%
506874 - Install Phase 1 Flowline										
Unit (3-18):	21.9782%	\$23,128.93	\$11,553.47	19.30017% \$ 2,231.77	19.30017% \$ 2,231.77	19.30017% \$ 2,231.77	42.09849% \$ 4,868.16	0.00000% \$ -	0.00000% \$ -	100.00%
Unit (5-18):	19.1400%	\$20,140.39	\$10,070.19	19.30017% \$ 1,943.56	19.30017% \$ 1,943.56	19.30017% \$ 1,943.56	42.09849% \$ 4,239.50	0.00000% \$ -	0.00000% \$ -	100.00%
Unit (1-13):	6.0009%	\$6,314.55	\$3,157.27	19.30017% \$ 609.36	19.30017% \$ 609.36	19.30017% \$ 609.36	42.09849% \$ 1,329.20	0.00000% \$ -	0.00000% \$ -	100.00%
15-1	19.3374%	\$20,348.10	\$10,174.05	12.50000% \$ 1,271.76	12.50000% \$ 1,271.76	12.50000% \$ 1,271.76	25.00000% \$ 6,358.78	0.00000% \$ -	0.00000% \$ -	100.00%
7-12	3.8663%	\$4,089.42	\$2,044.71	25.00000% \$ 511.18	25.00000% \$ 511.18	25.00000% \$ 511.18	25.00000% \$ 511.18	0.00000% \$ -	0.00000% \$ -	100.00%
15-12	2.8562%	\$3,005.48	\$1,502.74	25.00000% \$ 375.69	25.00000% \$ 375.69	25.00000% \$ 375.69	25.00000% \$ 375.69	0.00000% \$ -	0.00000% \$ -	100.00%
15-11	26.8010%	\$28,201.80	\$14,100.90	21.13000% \$ 2,979.52	18.75000% \$ 2,643.92	21.13000% \$ 2,979.52	38.99000% \$ 5,497.94	0.00000% \$ -	0.00000% \$ -	100.00%
Gross AFE expenditure	100.0000%									
507039 - Purchase & String 2" Flowline										
Unit (3-18):	33.2184%	\$24,501.22	\$12,250.61	19.30017% \$ 2,364.39	19.30017% \$ 2,364.39	19.30017% \$ 2,364.39	42.09849% \$ 5,157.45	0.00000% \$ -	0.00000% \$ -	100.00%
Unit (5-18):	30.6593%	\$22,613.68	\$11,306.84	19.30017% \$ 2,182.24	19.30017% \$ 2,182.24	19.30017% \$ 2,182.24	42.09849% \$ 4,760.12	0.00000% \$ -	0.00000% \$ -	100.00%
Unit (1-13):	18.8103%	\$13,874.10	\$6,937.05	19.30017% \$ 1,338.86	19.30017% \$ 1,338.86	19.30017% \$ 1,338.86	25.00000% \$ 2,920.46	0.00000% \$ -	0.00000% \$ -	100.00%
7-12	7.0092%	\$5,169.85	\$2,584.92	25.00000% \$ 646.23	25.00000% \$ 646.23	25.00000% \$ 646.23	25.00000% \$ 646.23	0.00000% \$ -	0.00000% \$ -	100.00%
15-12	10.3028%	\$7,959.14	\$3,795.57	25.00000% \$ 949.89	25.00000% \$ 949.89	25.00000% \$ 949.89	25.00000% \$ 949.89	0.00000% \$ -	0.00000% \$ -	100.00%
Gross AFE expenditure	100.0000%	\$73,757.99								
507625 - Electricity Section 12 & 18										
Gross AFE expenditure = 0										
507633 - Electricity Section 1 & 13										
Gross AFE expenditure = 0										
507708 - Install Phase 2 Flowline (3, 5, 7, & 11-13):	64.4276%									
Split based on footage:										
3-13:	10.84841%	\$6,949.82	\$3,474.91	12.50000% \$ 434.36	12.50000% \$ 434.36	12.50000% \$ 434.36	62.50000% \$ 2,171.82	0.00000% \$ -	0.00000% \$ -	100.00%
5-13:	17.73453%	\$11,361.28	\$5,680.64	12.50000% \$ 710.08	12.50000% \$ 710.08	12.50000% \$ 710.08	62.50000% \$ 3,550.40	0.00000% \$ -	0.00000% \$ -	100.00%
7-13 (Unit):	16.65190%	\$10,667.71	\$5,333.86	19.30017% \$ 1,029.44	19.30017% \$ 1,029.44	19.30017% \$ 1,029.44	42.09849% \$ 2,245.53	0.00000% \$ -	0.00000% \$ -	100.00%
11-13:	19.19277%	\$12,255.47	\$6,147.73	12.50000% \$ 768.47	12.50000% \$ 768.47	12.50000% \$ 768.47	62.50000% \$ 3,842.33	0.00000% \$ -	0.00000% \$ -	100.00%
13-13	35.5724%	\$22,788.76	\$11,394.38	15.50000% \$ 1,766.13	15.50000% \$ 1,766.13	15.50000% \$ 1,766.13	53.50000% \$ 6,095.99	0.00000% \$ -	0.00000% \$ -	100.00%
Gross AFE expenditure	100.0000%	\$64,063.04								
508219 - Purchase & String 2" (3, 5, 7, & 11-13):	70.5810%									
Split based on footage:										
3-13:	11.89452%	\$15,174.43	\$7,587.22	12.50000% \$ 948.40	12.50000% \$ 948.40	12.50000% \$ 948.40	62.50000% \$ 4,742.01	0.00000% \$ -	0.00000% \$ -	100.00%
5-13:	19.42633%	\$24,806.54	\$12,403.27	12.50000% \$ 1,550.41	12.50000% \$ 1,550.41	12.50000% \$ 1,550.41	62.50000% \$ 7,752.04	0.00000% \$ -	0.00000% \$ -	100.00%
7-13 (Unit):	18.24230%	\$23,292.19	\$11,646.09	19.30017% \$ 2,247.72	19.30017% \$ 2,247.72	19.30017% \$ 2,247.72	42.09849% \$ 4,902.95	0.00000% \$ -	0.00000% \$ -	100.00%
11-13:	21.02584%	\$26,846.28	\$13,423.14	12.50000% \$ 1,677.89	12.50000% \$ 1,677.89	12.50000% \$ 1,677.89	62.50000% \$ 8,389.46	0.00000% \$ -	0.00000% \$ -	100.00%
13-13	29.4180%	\$37,562.86	\$18,781.43	15.50000% \$ 2,911.12	15.50000% \$ 2,911.12	15.50000% \$ 2,911.12	53.50000% \$ 10,048.06	0.00000% \$ -	0.00000% \$ -	100.00%
Gross AFE expenditure	100.0000%	\$127,682.30								
Subsequent AFE's										
T91001 Install 2 inch flowline to 9-12		\$13,012.00	\$9,108.40	25.00000% \$ 2,277.10	25.00000% \$ 2,277.10	25.00000% \$ 2,277.10	25.00000% \$ 2,277.10	0.00000% \$ -	0.00000% \$ -	100.00%

RECONCILED HISTORICAL CAPITAL COSTS - BATTERY ONLY
AS OF 97-07-01

AFE NO.	YEAR	AFE DESCRIPTION	EQUALIZATION CAPITAL
506601	1985	INSTALL BATTERY FACILITIES	\$392,171.91
507757	1985	PURCHASE RENTAL TREATER	\$49,920.98
TOTAL UNDEPRECIATED 1985 AFE'S:			\$442,092.89
TOTAL DEPRECIATED 1985 AFE'S AS OF 95/12/31:			\$221,046.45
TOTAL DEPRECIATED 1985 AFE'S AS OF 97/07/01:			\$221,046.45
711825	1987	INTERNALLY COAT 1000 BBL TANK	\$6,000.00
711817	1987	X-PROOF HEATER FOR TREATER BLDG	\$3,500.00
713490	1987	INTERNALLY COAT PROD'N TANK	\$6,000.00
713375	1987	INSTALL ADD'L 500 BBL WATER TANK	\$15,126.00
713367	1987	INSTALL FWKO/ HORIZONTAL TREATER	\$97,570.00
712625	1987	PURCHASE & INSTALL WAREHOUSE	\$14,000.00
712757	1987	VAPOUR RECOVERY SYSTEM	\$31,647.00
712765	1987	CATHODIC PROTECTION	\$135,305.00
712773	1987	PLASTIC COAT PROD'N TANKS	\$7,000.00
TOTAL UNDEPRECIATED 1987 AFE'S:			\$316,148.00
TOTAL DEPRECIATED 1987 AFE'S AS OF 95/12/31:			\$189,688.80
TOTAL DEPRECIATED 1987 AFE'S AS OF 97/07/01:			\$165,977.70
816097	1988	INSTALL FLARESTACK	\$10,029.00
816113	1988	TANK GAUGE BOARD	\$4,176.00
817194	1988	PAINT OIL & WATER TANKS	\$9,082.00
817285	1988	PAINT OFFICE & REPAIR ROOF	\$4,301.00
816121	1988	INSTALL YARD LIGHTS	\$2,625.00
TOTAL UNDEPRECIATED 1988 AFE'S:			\$30,213.00
TOTAL DEPRECIATED 1988 AFE'S AS OF 95/12/31:			\$19,638.45
TOTAL DEPRECIATED 1988 AFE'S AS OF 97/07/01:			\$17,372.48
B94001 & B94001-S1	1994	INCREASE BATTERY FACILITY CAPACITY WITH ADDITIONAL TREATERS & UPGRADES	\$747,950.00
B94003	1994	INSTALLATION OF H2S DETECTION & ALARM, AUTO TANK GAUGING AND BATTERY SCHEMATICS.	\$ 106,688.00
TOTAL UNDEPRECIATED 1994 AFE'S:			\$854,638.00
TOTAL DEPRECIATED 1995 AFE'S AS OF 95/12/31:			\$811,906.10
TOTAL DEPRECIATED 1994 AFE'S AS OF 97/07/01:			\$747,808.25
B95001	1995	FOR INSTALLATION OF INSULATION AND MODIFICATIONS TO BUILDINGS ETC.	\$56,200.00
TOTAL UNDEPRECIATED 1995 AFE'S:			\$56,200.00
TOTAL DEPRECIATED 1995 AFE'S AS OF 97/07/01:			\$51,985.00
GRAND TOTAL UNDEPRECIATED AFE'S:			\$1,699,291.89
GRAND TOTAL DEPRECIATED AFE'S AS OF 95/12/31:			\$ 1,298,479.80
GRAND TOTAL DEPRECIATED AFE'S AS OF 97/07/01			\$ 1,204,189.87

RECONCILED HISTORICAL CAPITAL COSTS - SWD SYSTEM ONLY

AS OF 97-07-01

AFE NO.	YEAR	AFE DESCRIPTION	EQUALIZATION CAPITAL
504978	1985	DRILL & CASE 15-11 SWD WELL (DEEMED COST BASED ON ORIGINAL AGREEMENT)	\$221,223.15
507526	1985	COMPLETE 15-11 SWD WELL	\$80,930.52
508227	1985	PURCHASE & STRING 2" SWD FLOWLINE	\$34,620.97
TOTAL UNDEPRECIATED 1985 AFE'S:			\$336,774.64
TOTAL DEPRECIATED 1985 AFE'S AS OF 95/12/31:			\$168,387.32
TOTAL DEPRECIATED 1985 AFE'S AS OF 97/07/01:			\$168,387.32
713300	1987	COMPLETE 1-12 SWD WELL	\$150,703.00
713383	1987	TIE-IN 1-12 SWD WELL	\$52,202.00
TOTAL UNDEPRECIATED 1987 AFE'S:			\$202,905.00
TOTAL DEPRECIATED 1987 AFE'S AS OF 95/12/31:			\$121,743.00
TOTAL DEPRECIATED 1987 AFE'S AS OF 97/07/01:			\$106,525.13
817202	1988	1-12 SWD CATHODIC PROT'N	\$7,000.00
TOTAL UNDEPRECIATED 1988 AFE'S:			\$7,000.00
TOTAL DEPRECIATED 1988 AFE'S AS OF 95/12/31:			\$4,550.00
TOTAL DEPRECIATED 1988 AFE'S AS OF 97/07/01:			\$4,025.00
B93001-R	1992	REPLACE TRIPLEX PUMP FOR LARGER CAPACITY	\$48,800.00
TOTAL UNDEPRECIATED 1992 AFE'S:			\$48,800.00
TOTAL DEPRECIATED 1992 AFE'S AS OF 95/12/31:			\$41,480.00
TOTAL DEPRECIATED 1992 AFE'S AS OF 97/07/01:			\$37,820.00
B93001-S1	1993	SUPPLEMENTAL TO COVER UPGRADES AND INSTALLATION CHARGES.	\$13,784.00
W94001 & W94001-S1	1993	REPERF 15-11 SWD WELL IN FROBISHER AND ACIDIZE, ALSO ISOLATE LEAK AND SUBSEQUENTLY REPLACE DAMAGED FIBREGLASS TUBING.	\$ 106,169.00
TOTAL UNDEPRECIATED 1993 AFE'S:			\$119,953.00
TOTAL DEPRECIATED 1993 AFE'S AS OF 95/12/31:			\$107,957.70
TOTAL DEPRECIATED 1993 AFE'S AS OF 97/07/01:			\$98,961.23
C94012 & C94012-S1	1994	RE-COMPLETE 13-12 AS SWD WELL IN FROBISHER LOWER VUGGY	\$107,001.00
P94014	1994	INSTALLATION OF FLOWLINE FOR 13-12 SWD AND PURCHASE OF TRIPLEX PUMP.	\$ 207,501.00
TOTAL UNDEPRECIATED 1994 AFE'S:			\$314,502.00
TOTAL DEPRECIATED 1994 AFE'S AS OF 95/12/31:			\$298,776.90
TOTAL DEPRECIATED 1994 AFE'S AS OF 97/07/01:			\$275,189.25
P95008	1995	INSTALLATION OF FLOWLINE FOR 7-14 SWD	\$109,800.00
TOTAL UNDEPRECIATED 1995 AFE'S:			\$109,800.00
TOTAL DEPRECIATED 1995 AFE'S AS OF 97/07/01:			\$101,565.00
GRAND TOTAL UNDEPRECIATED AFE'S:			\$1,139,734.64
GRAND TOTAL DEPRECIATED AFE'S AS OF 95/12/31:			\$ 852,694.92
GRAND TOTAL DEPRECIATED AFE'S AS OF 97/07/01:			\$ 792,472.92

THE FOLLOWING RECENT AFE'S WERE BILLED AT THE APO W.I. AND THEREFORE DID NOT REQUIRE EQUALIZATION.

		CATEGORY	AFE	SPENT
D17205	CONVERSION OF 15-1 TO WATER SOURCE WELL.	SWD CAP.	\$ 277,200.00	\$ 33,932.64
D37-147	FLOWLINE D7-11 HZ OIL WELL TO 11-12 BATTERY.	FLOWLINE	\$ 54,900.00	\$ 56,507.08
D17-172	DRILL, COMPLETE & EQUIP. 12-18-6-14W2M INJ.WELL.	SWD CAP.	\$ 401,000.00	\$ 383,684.12
D17-173	DRILL, COMPLETE & EQUIP. 4-12-6-15W2M INJ.WELL.	SWD CAP.	\$ 401,000.00	\$ 328,600.99
D37-174	FLOWLINE 12-18 & 4-12 INJECTION WELLS.	SWD CAP.	\$ 292,660.00	IN PROGRESS
D17-203	WORKOVER/REPERF 15-23-6-15W2M.	CONTROLLABLE	\$ 30,400.00	\$ 29,041.00
D37-263	WATER INJECTION FACILITY UPGRADE.	SWD CAP.	\$ 458,400.00	\$ -