

SCHEDULE B

**EnCana Oil & Gas Partnership,
EnCana Corporation
- and -
EnCana Border Pipelines Limited (collectively, Vendor)**

- and -

**Omimex Canada, Ltd.
(Purchaser)**

ASSET SALE AGREEMENT

REAGAN FIELD, ALBERTA

EFFECTIVE AS OF APRIL 1, 2003

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SCHEDULES

"A"	Lands, Leases, Hydrocarbon Interests and Wells
"B"	Facilities
"C"	Material Contracts
"D"	AFEs
"E"	General Conveyance

**ASSET SALE AGREEMENT
REAGAN FIELD, ALBERTA**

THIS AGREEMENT made effective as of the 1st day of April, 2003

BETWEEN:

EnCana Corporation, a body corporate registered to carry on business in the Province of Alberta and EnCana Oil & Gas Partnership, a general partnership and EnCana Border Pipelines Limited, a body corporate, all having an office in the City of Calgary, in the Province of Alberta (hereinafter collectively referred to as "Vendor")

- and -

Omimex Canada, Ltd., a body corporate registered to carry on business in the Province of Alberta and having an office in the City of Calgary, in the Province of Alberta (hereinafter referred to as "Purchaser")

WHEREAS Vendor has agreed to sell the Assets to Purchaser and Purchaser has agreed to purchase the Assets from Vendor on the terms and conditions set forth herein;

NOW THEREFORE in consideration of the premises and the mutual covenants and warranties herein contained, the parties agree as follows:

ARTICLE I – INTERPRETATION

1.01 **Definitions.** In this Agreement, including the recitals and the Schedules, the following terms have the following meanings:

- (a) "Abandonment and Reclamation Obligations" means all obligations under the Title and Operating Documents and the Regulations:
 - (i) to abandon the Wells;
 - (ii) to decommission and remove the Tangibles, including associated foundations and structures; and
 - (iii) to restore, remediate and reclaim the lands to which the Surface Rights relate;
- (b) "AFEs" means authorities for expenditure, mail ballots, cash calls or other similar approvals issued pursuant to the Title and Operating Documents;
- (c) "Affiliates" means, with respect to the relationship between corporations, that one of them is controlled by the other or that both or them are controlled by the same person, corporation or body politic; and for this purpose a corporation shall be deemed to be controlled by those persons, corporations or bodies politic who own or effectively control, other than by way of security only, sufficient voting shares of the corporation (whether directly through the ownership of shares of the corporation or indirectly through the ownership of shares of another

corporation which owns shares of the corporation), provided that a partnership which is a Party and which is comprised solely of corporations which are Affiliates, as described above, shall be deemed to be an Affiliate of each such corporation and its other Affiliates;

- (d) "Assets" means the Hydrocarbon Interests, Tangibles and Miscellaneous Interests;
- (e) "Business Day" means a day other than Saturday or Sunday or a statutory holiday in Calgary, Alberta;
- (f) "Closing" means the transfer of the Assets, the payment by Purchaser of the Purchase Price and the delivery of all documents required hereby;
- (g) "Closing Time" means the later of:
 - (i) 9:00 am (Calgary time) on October 31, 2003; or
 - (ii) the third Business Day following:
 - (A) the day on which all Rights of First Refusal have either been exercised, waived or the time period within which such rights may be exercised shall have expired under the terms of the Title and Operating Documents, and
 - (B) the day on which all required government and regulatory approvals have been granted, whichever shall be the last to occur;

or such other time and date as may be agreed upon in writing by Vendor and Purchaser;
- (h) "Confidentiality Agreement" means the Confidentiality Agreement with respect to the Assets between Vendor and Purchaser;
- (i) "Effective Time" means 7:00 am (Calgary time) on the 1st day of April, 2003;
- (j) "Environmental Liabilities" means all Losses and Liabilities pertaining to the Assets in respect of the environment, whether or not caused by a breach of the Regulations and whether or not resulting from operations conducted with respect to the Assets, including Losses and Liabilities related to:
 - (i) the transportation, storage, use or disposal of toxic or hazardous substances or hazardous, dangerous or non-dangerous oilfield substances or waste;
 - (ii) the release, spill, escape or emission of toxic or hazardous substances;
 - (iii) any other pollution or contamination of the surface, substrata, soil, air, ground water, surface water or marine environments;

- (iv) Losses and Liabilities suffered by Third Parties as a result of the occurrences in Paragraphs (i), (ii) and (iii) of this Subclause; and
 - (v) Any obligations imposed by the Regulations to protect the environment or to rectify environmental problems.
- (k) "Excluded Interests" means Vendor's fee simple title interest and any lessor royalty interest of Vendor in the Lands;
 - (l) "Facilities" means the facility or facilities, if any, identified to Purchaser by Vendor and set out in Schedule "B";
 - (m) "General Conveyance" means the form of document attached as Schedule "E";
 - (n) "GST" means the goods and services tax provided for under the *Excise Tax Act* (Canada), as amended, and the regulations thereunder, or any successor or parallel federal or provincial legislation that imposes a tax on the recipient of goods and services;
 - (o) "Hydrocarbon Interests" means the interests of Vendor set out in Schedule "A" under the heading "Vendor's Interest" in the Leases to the extent that they apply to the Lands and includes any of the following rights and interests to the extent derived from such Leases or the ownership of the Hydrocarbon Substances:
 - (i) the interest and right of Vendor in any lands or leases with which the Hydrocarbon Substances granted by the Leases have been pooled or unitized;
 - (ii) any existing contractual right to earn an interest under a farmin or similar arrangement; and
 - (iii) any overriding royalty, net profits interest or other encumbrance accruing to Vendor,
 but specifically excluding the Excluded Interests;
 - (p) "Hydrocarbon Substances" means petroleum, natural gas and related hydrocarbons and all other substances (whether hydrocarbon or not), including sulphur, capable of being produced in association with any of them the right to explore for which, or an interest in which, is granted under the Leases;
 - (q) "Interim Period" means the period from the Effective Time to, but not including the Closing Time;
 - (r) "Lands" means the lands, formations and associated Hydrocarbon Substances set out in Schedule "A" under the heading "Lands";
 - (s) "Leases" means the various leases, licences, permits, reservations, certificates of title and other documents of title and agreements by virtue of which Vendor is entitled to explore for, recover, remove or dispose of Hydrocarbon Substances within, upon or under the Lands or lands with which the Lands are pooled,

including those leases, licences, permits, reservations, certificates of title and other documents of title and agreements set out in Schedule "A" under the heading "Leases" and includes, if applicable, all renewals and extensions of those documents and all documents issued in substitution therefor;

- (t) "Losses and Liabilities" means all claims, liabilities, actions, proceedings, demands, losses, costs, penalties, fines, damages and expenses which may be sustained or incurred by any of a Party, its directors, officers, agents and employees, including reasonable legal fees and disbursements on a solicitor and its own client basis;
- (u) "Material Contracts" means to the extent directly related to the Assets, any of following agreements which are not terminable on thirty-one (31) days' notice or less without early termination penalty or cost:
 - (i) agreements for the sale of Hydrocarbon Substances;
 - (ii) gas balancing or similar agreements;
 - (iii) agreements for the transportation, processing, or disposal of the Hydrocarbon Substances;
 - (iv) agreements for the injection or subsurface disposal of substances;
 - (v) construction, ownership and operation agreements relating to any of the Tangibles; and
 - (vi) agreements for the use of wellbores or for the operation of any Wells or Tangibles by a Third Party;
- (v) "Miscellaneous Interests" means the interest of Vendor in all property, assets and rights (other than the Hydrocarbon Interests and the Tangibles) to the extent they pertain directly to the Hydrocarbon Interests or the Tangibles, including:
 - (i) the Title and Operating Agreements;
 - (ii) the Surface Rights;
 - (iii) the well bores and casing for the Wells; and
 - (iv) all non-interpretative production and engineering information, Facility and other records, files, reports, data, correspondence and documents that, in Vendor's reasonable judgement, relate directly to the Assets.

Unless otherwise agreed in writing by the parties, however, the Miscellaneous Interests shall not include agreements, documents or data to the extent that:

- (i) they pertain to Vendor's proprietary technology, interpretations or economic evaluations;

- (ii) they are owned or licensed by third parties with restrictions on their deliverability or disclosure by Vendor to any assignee which is not an affiliate of Vendor; or
- (iii) they are referred to specifically as exclusions in Schedule "A";
- (w) "Party" means a party to this Agreement;
- (x) "Permitted Encumbrances" means:
 - (i) liens for taxes, assessments and governmental charges which are not due or delinquent at the Effective Time, or the validity of which is being contested in good faith by Vendor, and which will be adjusted in accordance with Clause 16.01;
 - (ii) mechanics', builders', materialmen's or similar liens for services rendered or goods supplied for which payment is not then due, or the validity of which is being contested in good faith by Vendor, and which will be adjusted in accordance with Clause 16.01;
 - (iii) easements, rights of way, servitudes and other similar rights in lands which in total do not materially impair the use of the Assets as being used at the Effective Time;
 - (iv) the royalties, other encumbrances and reductions in interest described in Schedule "A";
 - (v) Rights of First Refusal;
 - (vi) the terms and conditions of the Title and Operating Documents and the express or implied reservations or exceptions in any grants or transfers of mineral rights from the Crown;
 - (vii) legally binding requirements imposed by statutes or governmental boards, tribunals or authorities concerning rates of production from operations on any of the Lands or otherwise affecting recoverability of Hydrocarbon Substances from the Lands and which are generally applicable to the oil and gas industry in Alberta;
 - (viii) provisions for penalties and forfeitures under operating procedures or similar agreements which will arise if Vendor elects, after the relevant time, not to participate in operations on the Lands to which the penalty or forfeiture will apply;
 - (ix) any defects or deficiencies in title to the Assets disclosed in this Agreement and any other Title Defects that are waived or deemed to be waived under Article IX;
- (y) "Place of Closing" means the office of Vendor located at 950 17th Street, Suite 2600, Denver, Colorado or such other place as Vendor and Purchaser may agree;

- (z) "Purchase Price" means Three Million U.S. (US\$3,000,000,00) dollars;
- (aa) "Prime Rate" means the per annum rate designated as the prime rate for Canadian dollar commercial loans by the main Calgary branch of the Royal Bank of Canada, with any change to that rate being effective under this Agreement on the same day as it is made effective by that bank;
- (bb) "Regulations" means all statutes, laws, rules, orders, directives and regulations in effect from time to time and made by governments or governmental agencies having jurisdiction over the Assets or the Parties;
- (cc) "Representatives" means in respect of a Party:
 - (i) its Affiliates; and
 - (ii) the respective directors, officers, agents and employees of such Party and its Affiliates;
- (dd) "Right of First Refusal" means a right of first refusal, pre-emptive right of purchase or similar right whereby a Third Party has the right to acquire or purchase a portion of the Assets as a consequence of Vendor having agreed to sell the Assets to Purchaser in accordance with the terms of this Agreement;
- (ee) "Specific Conveyances" means all conveyances, assignments, transfers, novations and other documents or instruments that are reasonably required or desirable, in accordance with normal oil and gas industry practices, to convey, assign and transfer the Assets to Purchaser and to novate Purchaser into the Title and Operating Documents in the place and stead of Vendor with respect to the Assets, effective as of the Effective Time;
- (ff) "Surface Rights" means all rights to use the surface of land in connection with the Assets, including the right to enter upon and occupy the surface of land on which the Tangibles and the Wells are located and rights to cross or otherwise use the surface of land for access to the Assets;
- (gg) "Tangibles" means Vendor's interests in the Facilities and all tangible depreciable property and assets used or intended to be used solely in connection with production, gathering, treatment, storage, compression, processing, transportation, injection, removal or other operations relating to the Hydrocarbon Interests and situated within or upon the Lands or lands with which they have been pooled, including the tangible equipment, if any, relating to the Wells and downhole equipment;
- (hh) "Third Party" means any individual or entity other than Vendor and Purchaser, or an Affiliate thereof, including any partnership, corporation, trust, unincorporated organization, union, government and any department or agency thereof and any heir, executor, administrator or other legal representative of an individual;
- (ii) "Thirteenth Month Adjustment" means the accounting procedure performed annually by an operator of particular Tangibles for the purpose of redistributing certain revenues and expenses, including operating expenses, processing fee

revenues, excess capacity utilization fees and recoveries, royalties and gas cost allowances (or similar cost allowances);

(jj) "Title and Operating Documents" means, to the extent directly related to the Hydrocarbon Interests and the Tangibles, or either of them all agreements and documents that relate to the ownership, operation or exploitation of the Hydrocarbon Interests or the Tangibles, including:

- (i) the Leases;
- (ii) the Material Contracts;
- (iii) operating agreements, royalty agreements, farmout or farmin agreements, option agreements, participation agreements, pooling agreements, sale and purchase agreements and asset exchange agreements;
- (iv) agreements pertaining to the Surface Rights;
- (v) agreements for the construction, ownership and operation of gas plants, gas gathering systems and other Tangibles;
- (vi) agreements for the sale of Hydrocarbon Substances, transportation agreements, treating agreements, processing agreements, injection or subsurface disposal of substance agreements, use of wellbore agreements and agreements for the operation of any Wells of Tangibles by a Third Party that are terminable on thirty-one (31) days' notice or less without an early termination penalty or other cost; and
- (vii) any approvals, authorizations or licences required under the Regulations for the conduct of operations with respect to the Assets, including Well and pipeline licences;

(kk) "Title Defect" means

in relation to a particular Asset, a material defect in the title of Vendor to such Asset other than the Permitted Encumbrances, which reduces the value of such Asset by more than US\$10,000.00.

(ll) "Wells" means all wells located on the Lands or lands pooled or unitized therewith, including all producing, shut-in, abandoned, suspended, capped, injection and disposal wells, and includes any well set out in Schedule "A": under the heading "Wells".

1.02 **Schedules.** The following are the Schedules attached to and forming part of this Agreement:

"A" Lands, Leases, Hydrocarbon Interests and Wells

"B" Facilities

- "C" Material Contracts
- "D" AFEs
- "E" Form of General Conveyance

1.03 **References and Interpretation.** Unless otherwise stated or the context otherwise requires:

- (a) words importing the singular number include the plural and vice versa and words importing the masculine gender include the feminine and neuter genders;
- (b) the division of this Agreement into sections and clauses and the insertion of headings are for convenience of reference only and do not affect the construction or interpretation of this Agreement;
- (c) the references "hereunder", "herein, and "hereof" refer to the provisions of this Agreement, and references to "Article", "Clause", "Subclause", "Paragraph" or "Subparagraph" herein refer to the specified Article, Clause, Subclause, Paragraph or Subparagraph of this Agreement;
- (d) a capitalized derivative of a defined term will have a corresponding meaning;
- (e) whenever there occurs a word of general application or of a general class which is stated to "include" a word or an enumerated list of words with a particular or specific meaning, such particular or specific word or enumerated list of words of particular or specific meaning shall not be interpreted so as to be an exhaustive list of those matters or things falling within the word or general application or of a general class; and
- (f) any reference to days refers to calendar days unless the reference is to Business Days, and if the phrase "within", "at least" or "not later than" is used with reference to a specific number of days or Business Days, the day of receipt of the relevant notice will be excluded and the day of the relevant response or event will be included in determining the relevant time period. However, if the time for doing any act expires on a day that is not a Business Day, the time for doing that act will be extended to the next Business Day.

1.04 **Interpretation If Closing Does Not Occur.** In the event that Closing does not occur, each provision of this Agreement which presumes that Purchaser has acquired the Assets shall be construed as having been contingent upon Closing having occurred.

1.05 **Conflicts.** If there is any conflict or inconsistency between a provision of the body of this Agreement and that of a Schedule or a conveyance document, the provision of the body of this Agreement shall prevail.

1.06 **Exclusion of Assets.** If a portion of the Assets is excluded from Closing because of uncured Title Defects or the exercise of any Right of First Refusal by a Third Party, or by the written agreement of the Parties:

- (a) the terms “Assets”, “Facilities”, “Hydrocarbon Interests”, “Lands”, “Leases”, “Miscellaneous Interests” and “Tangibles” will be deemed to be amended to reflect the exclusion of that portion of the Assets and this Agreement and the Schedules hereto will be deemed to be amended accordingly;
- (b) the Purchase Price will be reduced by the value attributed to the Assets for which Closing does not occur under Article VIII or Article X, as applicable, the “Purchase Price” will be construed to be that reduced amount, the allocations of value among the class of Assets under Clause 2.04 will be modified accordingly and adjustments under Article XVI and any interest accruing under Clause 2.06 will be calculated accordingly; and
- (c) the Parties will, as soon as practicable, execute such further documents, acknowledgements and amendments to properly evidence the removal of such Assets from this Agreement.

1.07 **Vendor’s Knowledge.** The knowledge or awareness of Vendor herein consists of the actual knowledge or awareness of its current officers and employees who are primarily responsible for the matter in question in the course of their normal duties (other than those employees employed in the field who do not have management responsibilities), after reasonable inquiry of Vendor’s applicable files and records. For these purposes, knowledge and awareness do not include the knowledge of any Third Party or constructive knowledge. Vendor does not have any obligation to make inquiry of Third Parties or the files and records of any Third Party or public authority in connection with representations and warranties that are made to its knowledge or awareness.

1.08 **Currency.** All references to “dollars”, unless otherwise specifically provided herein, shall be to currency of the United States of America.

ARTICLE II – SALE OF ASSETS AND RELATED MATTERS

2.01 **Sale of Assets.** Upon the terms and subject to the conditions of this Agreement, Vendor agrees to sell, assign, transfer, convey and set over to Purchaser, and Purchaser agrees to purchase from Vendor, at the Closing Time, all of the right, title and interest of Vendor in the Assets.

2.02 **Payment of Purchase Price.** At Closing, Purchaser shall pay to Vendor, the Purchase Price, as adjusted for interim adjustments, by way of Solicitor’s trust cheque or bank draft payable in immediately available funds to Vendor, or as Vendor may direct.

2.03 **Allocation.** The Purchase Price will be allocated as follows:

(a)	to the Hydrocarbon Interests:	90%
(b)	to the Tangibles:	10%
(c)	to the Miscellaneous Interests:	US\$1.00

	TOTAL	US\$3,000,000.00

In determining the Purchase Price, the parties have taken into account Purchaser's assumption of the Abandonment and Reclamation Obligations and the Environmental Liabilities and the release of Vendor of responsibility therefore.

2.04 **GST and Taxes.**

- (a) The Purchase Price does not include GST. At Closing, Purchaser shall pay to Vendor by certified cheque or bank draft, an amount equal to seven (7%) percent of the portion of the Purchase Price allocated to Tangibles and Miscellaneous Interests pursuant to Clause 2.04. Vendor shall remit such amount to the appropriate taxation authorities in accordance with the *Excise Tax Act* (Canada). Each Party represents that it holds a valid GST registration account number at the date of Closing and that its registration number for GST purposes is:

Vendor:	EnCana Corporation:	894135797RT 0003
	EnCana Border Pipelines Limited:	
	EnCana Oil & Gas Partnership:	896761046RT

Purchaser:	Omimex Canada, Ltd.	890408875
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- (b) Purchaser shall also be solely liable for any and all sales and similar taxes imposed by provincial or federal legislation in respect of the purchase of the Assets pursuant hereto. If Vendor, as agent for the Crown, is required to collect such taxes, Purchaser shall pay the aggregate amount of such taxes to Vendor at Closing. Vendor shall remit such amount to the appropriate authorities in accordance with applicable legislation.
- (c) After Closing, Purchaser shall be responsible for, and shall indemnify and save Vendor harmless in respect of any amounts of GST and sales and similar taxes (including interest and penalties) in respect of the purchase and sale of the Assets pursuant hereto which are in excess of the amounts collected by Vendor from Purchaser at Closing.

2.05 **Governmental Security Deposits.** In the event, prior to or after the Closing Time, a governmental authority or regulatory agency requires as a pre-requisite to or a condition of the transfer of any licence, permit or approval pertaining to the Assets, a security deposit or any kind of monetary payment, such amount shall be paid by Purchaser as and when due.

ARTICLE III – CLOSING

3.01 **The Closing.** The Closing will take place at the Place of Closing at the Closing Time.

3.02 **Transfer of Possession.** The transfer of the Assets from Vendor to Purchaser and the assumptions of the benefits, obligations and risks associated with the Assets by Purchaser will be effective as of the Effective Time. As between the parties, possession of the Assets will not pass to Purchaser until the Closing Time.

3.03 **Deliveries at Closing.**

- (a) At Closing, Vendor shall table the following:
- (i) The General Conveyance duly executed by Vendor;
 - (ii) All available Specific Conveyances duly executed by Vendor;
 - (iii) Copies of all consents to disposition and waivers of Rights of First Refusal obtained by Vendor prior to Closing with respect to the sale of the Assets to Purchaser; and
 - (iv) Such other items as may be specifically required hereunder.
- (b) At Closing, Purchaser shall table the following:
- (i) The amounts payable at Closing on account of the Purchase Price and GST in accordance with this Agreement;
 - (ii) Such other items as may be specifically required hereunder.

In addition, Purchaser will duly execute the General Conveyance and the Specific Conveyances tabled by Vendor.

3.04 **Delivery of Documents.** To the extent that Vendor is not reasonably able to deliver the Title and Operating Documents to Purchaser, Vendor shall, as soon as is practicable after Closing (and in any event within thirty (30) days of Closing), deliver to Purchaser the copies of the Title and Operating Documents which it has in its possession, provided that if Vendor retains any interest in any property to which any of the Title and Operating Documents relate, Vendor may retain the original copy of such Title and Operating Document and provide a photocopy of it to Purchaser.

3.05 **Access to Records.** Vendor may, at its sole expense, after Closing gain access to, during regular business hours, and obtain from Purchaser copies or photocopies of any Title and Operating Documents which were delivered to Purchaser at Closing and which Vendor requires for audits or claims by Third Parties.

3.06 **Specific Conveyances.**

- (a) It shall not be necessary for assignment and novation agreements to have been executed prior to or at Closing by parties thereto other than Vendor and Purchaser. After Closing, Vendor shall co-operate with Purchaser in its procurement of the execution of such documents and any substitutions, amendments or replacements thereof by the parties thereto other than Vendor and Purchaser. After Closing, Purchaser shall use all reasonable efforts to become, as soon as reasonably practicable, the recognized and beneficial holder of the Assets in the place and stead of Vendor and shall promptly register all Specific Conveyances; provided however, in furtherance thereof, Vendor may elect to register on behalf of Purchaser all transfers of well licences, pipeline permits and similar documents. Vendor, where Purchaser is the registering

Party, and Purchaser, where Vendor is the registering Party, shall promptly take whatever steps are necessary to verify such registrations.

- (b) Purchaser shall bear all costs, fees and deposits of every nature and kind incurred (whether by Vendor or Purchaser) in registering any Specific Conveyances and registering any further assurances required to convey the Assets to Purchaser; and Vendor, acting reasonably, may include an amount in respect thereof in the interim statement of adjustments contemplated by Article XVI.

ARTICLE IV – REPRESENTATIONS AND WARRANTIES

4.01 **Representations and Warranties of Vendor.** Vendor makes the following representations and warranties to Purchaser with respect to itself and the Assets:

- (a) **Standing.** Vendor is duly organized, valid and subsisting, registered to carry on business in the Province of Alberta and registered to carry on business in the jurisdiction(s) where the Assets are located;
- (b) **Requisite Authority.** Vendor has the requisite capacity, power and authority to execute this Agreement and to perform the obligations to which it thereby becomes subject;
- (c) **No Conflict.** The execution and delivery of this Agreement and the completion of the sale of the Assets in accordance with the terms of this Agreement are not and will not be in violation or breach of, or be in conflict with:
 - (i) any term or provision of the articles, bylaws or other governing documents of Vendor,
 - (ii) any agreement, instrument, permit or authority to which Vendor is a party or by which Vendor is bound, or
 - (iii) any law, statute, rule or regulation or any judicial order, award, judgment or decree applicable to Vendor or the Assets;
- (d) **Execution And Enforceability.** Vendor has taken all actions necessary to authorize the execution and delivery of this Agreement, and, as of the Closing Time, Vendor shall have taken all actions necessary to authorize and complete the sale of the Assets in accordance with the provisions of this Agreement. This Agreement has been validly executed and delivered by Vendor, and this Agreement does and all other documents executed and delivered on behalf of Vendor hereunder shall constitute valid and binding obligations of Vendor enforceable in accordance with their respective terms and conditions;
- (e) **Title to Assets.** Vendor does not warrant title to the Assets, but does warrant that its interest in the Assets is free and clear of any and all liens, mortgages, pledges, claims, options, encumbrances, overriding royalties, net profits interests or other burdens for which Purchaser will be responsible that were created by,

through or under Vendor or of which Vendor has knowledge, except for the Permitted Encumbrances;

- (f) **No Default Notices.** Vendor has not received any notice of default under the Regulations or the Title and Operating Documents or any notice alleging its default thereunder, which default remains outstanding or unsatisfied at the Closing Time;
- (g) **Compliance with Leases and Agreements.** To Vendor's knowledge, there has been no act or omission whereby it is, or would be, in default under the Regulations or any of the Title and Operating Documents, which default would reasonably be expected to have a material adverse effect on the aggregate value of the Assets;
- (h) **Taxes and Royalties Paid.** To Vendor's knowledge, all royalties and all ad valorem, property, production, severance and similar taxes and assessments based on or measured by the ownership of property or the production of Hydrocarbon Substances, or the receipt of proceeds therefrom, payable in respect of the Assets prior to the Effective Time have been fully paid and discharged, or will be paid by Vendor upon coming due;
- (i) **Residency.** Vendor is not a non-resident of Canada within the meaning of the *Income Tax Act* (Canada);
- (j) **Finders' Fees.** Vendor has not incurred any obligation or liability, contingent or otherwise, for brokers' or finders' fees in respect of the sale of the Assets for which Purchaser will have any obligation or liability;
- (k) **Alberta Royalty Tax Credits.** Vendor is an "above-limit corporation", a "restricted corporation" or a member of a "restricted partnership", and the Assets are a "restricted resource property" as those terms are defined in the Alberta Corporate Tax Act;
- (l) **Claims.** Except as described in Clause 15.08, no suit, action or other proceeding before any court or governmental agency has been commenced against Vendor, or to the knowledge of Vendor, has been threatened against Vendor or any Third Party, which might result in impairment or loss of the interest of Vendor in and to any of the Assets or which might otherwise adversely affect the Assets;
- (m) **Prepaid Obligations.** Vendor is not obligated by virtue of a prepayment, gas balancing, or other arrangement under any contract to make any production payment or to deliver Hydrocarbon Substances produced from the Assets to any Third Party at some future time without receiving in due course (and being entitled to retain) full payment therefore at current market prices or contract prices;
- (n) **Reduction of Interests.** Except as otherwise disclosed on Schedule "A", Vendor's interest in the Hydrocarbon Interests is not subject to reduction by reference to payout of or production penalty on any Well or otherwise through

any right or interest granted by, through or under it or of which Vendor has knowledge;

- (o) **Examination of Assets and Title**. To Vendor's knowledge, it will have delivered or made available to Purchaser all Title and Operating Documents in its possession or to which it has access, for the purpose of Purchaser's review of the Assets and Vendor's title thereto;
- (p) **Material Contracts**. Schedule "C" is a list of all Material Contracts applicable to the Assets. Further, to Vendor's knowledge there is no breach or default on its part in any material respect under any Material Contract, nor to Vendor's knowledge has there been any material breach or default by any Third Party under any Material Contract;
- (q) **Receipt of Revenues**. To Vendor's knowledge, it has been receiving the share of the net proceeds of production from the Assets attributable to its interests as shown in the schedules hereto, and no person is currently claiming that it is not entitled to such amounts, with the possible exception of claims of accounting errors which do not challenge the percentage share of revenues to which it is entitled and which are not material;
- (r) **Right of First Refusal**. To Vendor's knowledge, no person, firm or corporation has any Right of First Refusal, except as disclosed on Schedule "A";
- (s) **Removal of Tangibles**. No tangible depreciable property that would otherwise form part of the Tangibles have been removed from its location since the Effective Time, nor has Vendor alienated or encumbered any such tangible property;
- (t) **Financial Commitments**. In respect of the Assets, except in connection with the AFEs set forth in Schedule "D", there are no financial commitments of Vendor which are due as of the date hereof or which may become due by virtue of matters occurring or arising prior to the date hereof, other than usual operating expenses incurred in the normal conduct of operations; and
- (u) **Environmental Matters**. Vendor has not received, nor is it aware of:
 - (i) any orders or directives under any statute, law, rule, order or regulation which relates to environmental matters and which require any work, repairs, construction or capital expenditures with respect to the Assets, where such orders or directives have not been complied with in all material respects; or
 - (ii) any demand or notice issued under any statute, law, rule, order or regulation with respect to the breach of any environmental, health or safety law applicable to the Assets, including any statute, law, rule, order or regulation respecting the use, storage, treatment, transportation or disposition of environmental contaminants, which demand or notice remains outstanding at the date hereof;

except as have been specifically disclosed by Vendor by written notice to Purchaser prior to the date hereof.

4.02 **Representations and Warranties of Purchaser.** Purchaser makes the following representations and warranties to Vendor:

- (a) **Standing.** Purchaser is, and at the Closing Time shall continue to be, duly organized, valid and subsisting, registered to carry on business in the Province of Alberta and registered to carry on business in the jurisdiction(s) where the Assets are located;
- (b) **Requisite Authority.** Purchaser has the requisite capacity, power and authority to execute this Agreement and to perform the obligations to which it thereby becomes subject;
- (c) **No Conflict.** The execution and delivery of this Agreement and the completion of the sale of the Assets in accordance with the terms of this Agreement are not and will not be in violation or breach of, or be in conflict with:
 - (i) any term or provision of the articles, bylaws or other governing documents of Purchaser,
 - (ii) any agreement, instrument, permit or authority to which Purchaser is a party or by which Purchaser is bound, or
 - (iii) any law, statute, rule or regulation or any judicial order, award, judgment or decree applicable to Purchaser or the Assets;
- (d) **Execution And Enforceability.** Purchaser has taken all actions necessary to authorize the execution and delivery of this Agreement, and, as of the Closing Time, Purchaser shall have taken all actions necessary to authorize and complete the purchase of the Assets in accordance with the provisions of this Agreement. This Agreement has been validly executed and delivered by Purchaser, and this Agreement does and all other documents executed and delivered on behalf of Purchaser hereunder shall constitute valid and binding obligations of Purchaser enforceable in accordance with their respective terms and conditions;
- (e) **Investigation of Title.** Purchaser is relying upon its own investigation concerning the title to and fitness of the Assets and is not relying upon any representation, warranty or statement of Vendor except as contained in this Agreement;
- (f) **Finders' Fee.** Purchaser has not incurred any obligation or liability, contingent or otherwise, for broker's or finder's fees in respect of its purchase hereunder for which Vendor will have any obligation or liability;
- (g) **Investment Canada Act.** Purchaser is not a "non-Canadian" person within the meaning of the *Investment Canada Act*; and

- (h) **Qualification.** Purchaser meets all qualification requirements of Third Parties to purchase and take a transfer of the Assets, including the transfer of the applicable licence or approval for any Well or Tangibles for which it is intended to replace Vendor as operator or licensee following Closing, and shall accede to, comply with and perform the requirements of such Third Parties, including the placing of any security deposit which may be required as a result of Closing, the resulting well transfers or any change in the licensee liability rating for Purchaser as a direct result thereof.

ARTICLE V – SURVIVAL OF REPRESENTATIONS AND WARRANTIES

5.01 **Survival of Representations and Warranties.** Except where a time is specified therein, the representations and warranties in Article IV shall be true at the Effective Time and at the Closing Time, and such representations and warranties shall continue in full force and effect and shall survive the Closing Time for the benefit of the Party for which such representations and warranties were made. In the absence of fraud, however, no claim or action shall be commenced with respect to a breach of any such representation or warranty or indemnification under Article XV in respect thereof, unless, within twelve (12) months of the Closing Time, written notice specifying such breach in reasonable detail has been provided to the Party which made such representation or warranty and each Party waives any rights it may have at law or otherwise to commence a claim or action for breach of representation or warranty or indemnification under Article XV in respect thereof after that period. Nothing in this Agreement will preclude a Party that made such a representation or warranty from offering as a possible defence that the other Party did not, in fact, rely to its detriment on the representation or warranty alleged by it to have been breached.

5.02 **No Merger.** The representations and warranties in Article IV shall be deemed to apply to all assignments, conveyances, transfers and other documents conveying any of the Assets from Vendor to Purchaser. There shall not be any merger of any such representations or warranties in such assignments, conveyances, transfers or other documents, notwithstanding any rule of law, equity or statute to the contrary, and all such rules are hereby waived.

5.03 **No Additional Representations or Warranties by Vendor.** Vendor makes no representations or warranties to Purchaser in addition to those expressly enumerated in Article IV. Except and to the extent provided in Article IV, Vendor does not warrant title to the Assets or make representations or warranties with respect to: (a) the quantity, quality or recoverability of Hydrocarbon Substances; (b) any estimates of the value of the Assets or the revenues applicable to future production therefrom; (c) any engineering, geological or other interpretations or economic evaluations respecting the Assets; (d) the rates of production of Hydrocarbon Substances from the Assets; or (e) the quality, condition or serviceability of the Assets or the suitability of their use for any purpose.

ARTICLE VI – MAINTENANCE OF BUSINESS

6.01 **Operations.** During the Interim Period, Vendor will maintain the Assets in a prudent manner in accordance with good oil field practices, provided that nothing in this Article VI shall require Vendor to initiate any capital expenditures or incur other expenses other than operating expenditures in the ordinary course of business. Subject to the foregoing sentence, Vendor shall comply with all of its obligations with respect to the Assets under the Title and Operating Documents, will pay when due all expenses and other amounts payable in respect of

the Assets during the Interim Period and will maintain any insurance it holds respecting the Assets until Closing. Vendor will not be required to obtain additional insurance respecting the Assets during the Interim Period.

6.02 **Material Commitments.** During the Interim Period, Vendor will provide to Purchaser copies of all AFEs, notices and mail ballots that Vendor receives respecting the Assets and will not, without the prior written consent of Purchaser, which consent shall not be unreasonably withheld or delayed:

- (a) assume any new obligation or commitment respecting the Assets, if Vendor's share of the associated expenditure is estimated to exceed twenty-five thousand (\$25,000.00) dollars, except: (i) for amounts that Vendor is committed to expend or is deemed to authorize under the Title and Operating Documents without its specific authorization or approval; or (ii) to the extent that Vendor reasonably determines that those expenditures or actions are necessary for the protection of life and property in an emergency situation, provided that Vendor will promptly notify Purchaser of any such expenditure or action;
- (b) sell, transfer or otherwise dispose of any of the Assets, except for: (i) sales of Hydrocarbon Substances reasonably made by Vendor in the ordinary course of business under sales arrangements permitted herein; (ii) or to the extent required to comply with any Right of First Refusal;
- (c) surrender or abandon any of the Assets;
- (d) amend any of the Title and Operating Documents (other than for processing of assignments by Third Parties in the ordinary course of business), terminate any of the Title and Operating Documents, enter into any new agreement respecting the Assets or vote on any mail ballot or other similar notice issued under the Title and Operating Documents; or
- (e) subject to Clause 5.01 and Subclause 6.02(a), propose or initiate the exercise of any options arising as a result of ownership of the Assets (including rights under area of mutual interest provisions and any Right of First Refusal), or propose or initiate any operations with respect to the Assets if Vendor's share of the associated expenditure is estimated to exceed twenty-five thousand (\$25,000.00) dollars.

6.03 **Post Closing Maintenance of Assets.** For a period of ninety (90) days following the Closing Time, and to the extent that Purchaser must be recognized by Third Parties under the Title and Operating Documents or otherwise recognized as the owner of the Assets, Vendor shall forward to Purchaser all AFEs, notices, mail ballots, specific information and other documents Vendor receives respecting the Assets. To the extent that a Title and Operating Document contemplates or requires a response from Vendor, Vendor will provide such response pursuant to the written instruction of Purchaser, provided that such instruction is provided by Purchaser to Vendor in a timely manner.

6.04 **Vendor Deemed Agent.** Insofar as Vendor maintains the Assets and takes actions on behalf of Purchaser in compliance with the obligations under this Article:

- (a) Vendor shall be deemed to be an agent of Purchaser hereunder and Purchaser ratifies and confirms all actions taken, or refrained from being taken, by Vendor under this Article VI, with the intention that all of those actions will be deemed to be those of Purchaser, except to the extent that Vendor's actions constitute gross negligence or wilful misconduct; and
- (b) Purchaser shall be liable for and shall in addition indemnify Vendor its directors, officers, servants, agents and employees from and against all Losses and Liabilities as a result of maintaining the Assets or exercising any other rights as Purchaser's agent hereunder, insofar as those Losses and Liabilities are not a direct result of the gross negligence or wilful misconduct of Vendor or any of its directors, officers, servants, agents and employees. An act or omission will not be regarded as gross negligence or wilful misconduct under this Article to the extent that it was done or omitted to be done in accordance with Purchaser's written instructions or written concurrence.

6.05 **Costs.** Vendor may require that Purchaser advance or otherwise secure any costs to be incurred by Vendor on behalf of Purchaser under Clause 6.02 in such manner as may be reasonably appropriate in the circumstances.

ARTICLE VII – EMPLOYEES

7.01 **Employees.**

There are no employees specifically related to the Assets and no employees will be transferred to the Purchaser as a result of this transaction.

ARTICLE VIII – CONDITIONS OF CLOSING

8.01 **Vendor's Conditions.** The obligation of Vendor under this Agreement to consummate the transactions contemplated hereby is, at the option of Vendor, subject to the following conditions:

- (a) **Accuracy of Representations and Warranties.** Purchaser's representations and warranties herein contained were true when made and have continued to be true in all material respects from the date hereof to the Closing Time and are true in all material respects as of the Closing Time and Purchaser has delivered to Vendor a certificate dated as of the Closing Time signed by Purchaser so certifying in such detail as Vendor reasonably requests;
- (b) **Performance of Agreements.** Purchaser has performed all obligations and agreements and complied with all covenants and conditions contained in this Agreement to be performed or complied with by it at or prior to the Closing Time and Purchaser has delivered to Vendor a certificate dated as of the Closing Time signed by Purchaser so certifying in such detail as Vendor reasonably requests;
- (c) **Legal Matters.** All instruments and documents required to carry out the terms of this Agreement and to consummate the transactions contemplated hereby will be in form and substance satisfactory to Vendor, acting reasonably, and executed and delivered by Purchaser; and

- (d) **Payment.** Purchaser shall have tendered payment of the Purchase Price as contemplated herein.

8.02 **Purchaser's Conditions.** The obligation of Purchaser under this Agreement to consummate the transactions contemplated hereby is, at the option of Purchaser, subject to the following conditions:

- (a) **Accuracy of Representations and Warranties.** Vendor's representations and warranties herein contained were true when made, have continued to be true in all material respects from the date hereof to the Closing Time and are true in all material respects as of the Closing Time and Vendor has delivered to Purchaser a certificate dated as of the Closing Time signed by Vendor so certifying in such detail as Purchaser reasonably requests;
- (b) **Performance of Agreements.** Vendor has performed all obligations and Agreements and complied with all covenants and conditions contained in this agreement to be performed or complied with by it at or prior to the Closing Time and Vendor has delivered to Purchaser a certificate dated as of the Closing Time signed by Vendor so certifying in such detail as Purchaser reasonably requests;
- (c) **Legal Matters.** All instruments and documents required to carry out the terms of this Agreement and to consummate the transactions contemplated hereby will be in form and substance satisfactory to Purchaser, acting reasonably, and executed and delivered by Vendor; and
- (d) **Material Change.** Except as consented to in writing by Purchaser, and subject to Article XII, no substantial unrepaired damage or physical alteration of the Tangibles will have occurred during the Interim Period which, in Purchaser's reasonable opinion, would materially and adversely affect the value of the Assets.

ARTICLE IX – TITLE EXAMINATION

9.01 **Access.** At any time prior to the Closing Time, on reasonable notice, Vendor will make available, or cause to be made available at an office in Calgary, Alberta, during usual business hours, to Purchaser and its representatives, all Title and Operating Documents which Vendor is legally permitted to disclose and will use reasonable efforts to co-operate with Purchaser in securing access for Purchaser and its representatives to any records relating to the Assets that may be in the possession of other parties.

9.02 **Deficiency Statement.** At least ten (10) days prior to Closing Time, Purchaser may provide to Vendor a deficiency statement which lists all Title Defects in reasonable detail, together with Purchaser's requirements for rectifying the same (the "Deficiency Statement"). Vendor will use reasonable efforts to remedy the Title Defects disclosed in the Deficiency Statement. If and as requested by Purchaser, Vendor shall advise Purchaser of those Title Defects which Vendor has cured or failed to cure prior to the Closing Time, as the case may be.

9.03 **Election.** Insofar as the Title Defects described in the Deficiency Statement have not been cured to the reasonable satisfaction of Purchaser on or before the fifth Business Day prior to Closing Time, Purchaser may, on or before that date, give Vendor notice of any

Title Defects that Purchaser does not waive (the “Uncured Title Defects”), together with the value that Purchaser, acting reasonably, attributes to each of the Assets affected by the Uncured Title Defects (the cumulative amount of which is referred to herein as the “Defect Value”), provided that where the Defect Value is less than US\$1 million, Purchaser shall complete the purchase of the Assets without any adjustment of the Purchase Price on account of such Uncured Title Defects or further election under this Clause 9.03. Failure by Purchaser to provide a notice of Uncured Title Defects on or before the date specified herein shall be deemed to be an election to irrevocably waive all Title Defects. In the event that Purchaser delivers a notice of Uncured Title Defects hereunder, it shall make one of the following elections on or before one (1) Business Day prior to Closing Time:

- (a) with the agreement of Vendor, to delay Closing to a mutually agreeable time and date, in which case:
 - (i) Vendor shall make further attempts to cure or remove the Uncured Title Defects; and
 - (ii) when such mutually agreeable time and date arrives, the elections pursuant to this Subclause 9.03(a) shall once again be made;
- (b) to waive the Uncured Title Defects, in which case all of the Assets shall be purchased by Purchaser without an adjustment to the Purchase Price or removal of affected Assets from this Agreement;
- (c) with the agreement of Vendor, purchase only those Assets which are not subject to the Uncured Title Defects in which case the Purchase Price shall be reduced by the Defect Value; or
- (d) in the event that the Defect Value exceeds US\$1 million or Vendor does not agree to the purchase and sale of those Assets which are not subject to the Uncured Title Defects under Subclause 9.03(c), to terminate this Agreement by written notice to Vendor and the Parties shall have no further obligation to each other hereunder, except for obligations arising pursuant to the Confidentiality Agreement.

Failure of Purchaser to make an election at or before the Closing Time pursuant to Clause 9.03 shall be deemed to be an election by Purchaser pursuant to Subclause 9.03(b). Upon Closing, Purchaser will be deemed to have waived permanently all Title Defects pertaining to the acquired Assets that were identified by Purchaser in the Deficiency Statement.

9.04 **Arbitration.** If Vendor disagrees with the value allocated by Purchaser to an affected interest, the Parties shall forthwith meet in good faith to discuss the issue. If after such a meeting, the issue has not been resolved or if a Party does not forthwith meet to discuss the issue, the issue shall be resolved by referral to arbitration in accordance with the provisions of Article XIII. Closing shall proceed based upon the value allocated by Purchaser. Forthwith after the decision of the arbitrator has been rendered, if the value determined by the arbitrator differs from the value allocated by Purchaser, the Parties shall forthwith make an adjustment between themselves to reflect the decision of the arbitrator.

ARTICLE X – ENVIRONMENTAL ASSESSMENT

10.01 **Access.** At any time prior to the Closing Time, on reasonable notice, Vendor will give, or obtain for, Purchaser and its representatives access to the Assets at Purchaser's sole expense for the purposes of carrying out an environmental assessment of the Assets and will make available to Purchaser and its representatives, all Title and Operating Documents which relate to the environmental condition of the Assets which are in its possession, and will use reasonable efforts, upon the reasonable request of Purchaser, to gain access for Purchaser and its representatives to those in the possession of the operator(s) of the Assets. Purchaser will co-ordinate its assessment activities with Vendor to allow Vendor's representative to be present if Vendor so desires.

10.02 **Environmental Concerns.** At least ten (10) days prior to the Closing Time, Purchaser may provide to Vendor a written notification (the "Environmental Notice") in reasonable detail setting out any environmental concerns which it requires to be remedied and stating its estimate of the net present value of Vendor's working interest share of the cost to remedy the same (the "Estimated Cost"). For greater certainty, environmental concerns shall not include Abandonment and Reclamation Obligations or remediation obligations to the extent normally associated with similar tangible assets which have been operated in accordance with good oilfield practice. Notwithstanding the foregoing, where the Estimated Cost is less than US\$1 million, Purchaser shall complete the purchase of the Assets without any adjustment of the Purchase Price on account of such environmental concerns or further election under this Article X.

10.03 **Vendor's Options.** Vendor shall, if it has received an Environmental Notice, give notice to Purchaser (the "Vendor's Notice") at least five (5) Business Days prior to the Closing Time that:

- (a) it accepts the Environmental Notice, in which event the Purchase Price shall be reduced by Vendor's share of the Estimated Cost and clause 10.05 shall apply; or
- (b) it does not accept the Environmental Notice, and setting out the environmental concerns which it is prepared to have remedied, if any, and its estimate of the net present value of its working interest share of the cost to remedy same, in which case, Clause 10.04 shall apply.

10.04 **Purchaser's Options.** If Vendor's Notice is given pursuant to Subclause 10.03(b), Purchaser shall, prior to the Closing Time give notice to Vendor that:

- (a) it wishes to terminate the transaction, in which case this Agreement will terminate and the Parties shall have no further obligation to each other hereunder, except for obligations arising pursuant to the Confidentiality Agreement; or
- (b) it accepts Vendor's Notice, in which case the Purchase Price shall be reduced by the amount specified, if any, in Vendor's Notice and Clause 10.05 shall apply.

10.05 **No Recourse by Purchaser.** If the Purchase Price is reduced under Subclause 10.03(a) or 10.04(b), Purchaser shall have no recourse whatsoever against Vendor or its Representatives, notwithstanding any representation, warranty, covenant contained herein to

the contrary, in respect of those environmental concerns on account of which the Purchase Price was reduced.

ARTICLE XI – RIGHTS OF FIRST REFUSAL

11.01 **Notice.** It shall not be necessary for Vendor to obtain prior to Closing, the consent of any Third Party to the disposition of the Assets or portion thereof under a Title and Operating Document to the extent that such consent cannot be unreasonably withheld. If any portion of the Assets is subject to a Right of First Refusal, or if the disposition herein requires the consent or approval of any Third Party where such consent or approval can be withheld in the sole discretion of the Third Party holding such consent right, Vendor will promptly serve all required notices following execution of this Agreement or in the event that a notice requires a value or allocation by Purchaser under Clause 11.02, upon receipt of Purchaser's allocation thereunder. Each such notice will include a request for a waiver of any Right of First Refusal or for the granting of the required consent, as the case may be.

11.02 **Valuation.** Within seven (7) days of execution of this Agreement, Purchaser will supply to Vendor, in good faith and on a reasonable basis, the value or allocation proposed by Purchaser for any of the Assets for which a Right of First Refusal notice is required under this Clause.

11.03 **Amendments to Assets.** Insofar as any Third Party validly elects to exercise any Right of First Refusal, Vendor will promptly notify Purchaser of that exercise. In such event, Purchaser will proceed only with the acquisition of those interests in the Assets to which those exercised Third Party Rights of First Refusal do not directly pertain. The value and description of the Assets will be amended under Clause 1.06, and subject to the other terms of this Agreement, the Parties will proceed with Closing for those unaffected Assets, with a resultant adjustment of accounts.

11.04 **Right of First Refusal Sale Terminated.** In the event that a Third Party validly elects to exercise its Right of First Refusal, but the sale of such affected Assets is terminated, Vendor shall sell such Assets and Purchaser shall purchase such Assets forthwith after such Third Party sale is terminated, upon the same terms and conditions as this Agreement.

11.05 **Purchaser Indemnity.** Purchaser shall indemnify and save harmless Vendor and its Representatives from and against all Losses and Liabilities arising out of, or attributable to, Purchaser's allocation under Clause 11.02.

ARTICLE XII – LOSS

12.01 **Loss.** If, prior to the Closing Time, all or a substantial part of the Assets is destroyed by fire or other casualty, Vendor will promptly give Purchaser notice thereof. If the resulting loss is substantially reimbursable to Vendor under its insurance policies, this Agreement will remain in full force and effect notwithstanding the destruction and Vendor will at the Closing Time pay to Purchaser all insurance proceeds arising from the destruction pertaining to the Assets. In addition, Vendor at the Closing Time will assign, transfer and set over to Purchaser all of the right, title and interest of Vendor to any unpaid insurance proceeds arising out of the destruction pertaining to the Assets. Vendor will not voluntarily compromise, settle or adjust any insurance claim resulting from the destruction without first obtaining Purchaser's consent.

ARTICLE XIII – DISPUTE RESOLUTION

13.01 **Arbitration Proceedings.** The Parties will attempt to resolve any dispute arising hereunder through consultation and negotiation in good faith. If those attempts fail, a Party may, by notice to the other Party at any time during those negotiations, refer the dispute to binding arbitration for final resolution if the dispute pertains to: (i) adjustments under Article XVI; or (ii) the value of Assets for which Title Defects remain uncured under Clause 9.04. Any such arbitration, and any other arbitration the parties may agree to conduct hereunder, will be conducted under the Commercial Arbitration Rules of The Canadian Foundation for Dispute Resolution.

ARTICLE XIV – PROJECTIONS

14.01 **Projections.** If any information and materials pertaining to the Assets delivered or made available by Vendor to Purchaser pursuant to this Agreement includes any evaluations, projections, reports or interpretive or non-factual materials prepared by or for or received by Vendor, Purchaser hereby releases and discharges Vendor from any claim and all liability to Purchaser and Purchaser's assigns and successors as a result of use or reliance upon them. Purchaser agrees that it will rely solely on its own appraisal and estimates as to the quantum or value of the Assets and will rely solely on its own geological and engineering interpretation analysis related thereto.

ARTICLE XV – INDEMNITY

15.01 **Indemnity by Vendor.** Subject to Clauses 6.04, 10.05, 11.05 and 15.06, and provided that Closing has occurred, Vendor shall:

- (a) be liable to Purchaser for all Losses and Liabilities; and
- (b) indemnify and save Purchaser and its Representatives harmless from and against all Losses and Liabilities,

as a direct result of any matter or thing arising out of, resulting from, attributable to or connected with a breach of the representations and warranties of Vendor in Article IV and occurring prior to the Effective Time, except any Losses and Liabilities to the extent that the same either are reimbursed (or reimbursable) by insurance maintained by Purchaser or are caused by the gross negligence or wilful misconduct of Purchaser or its Representatives. In the absence of fraud, no claim or action may be commenced by the Purchaser under this Clause, unless within twelve (12) months following the Closing Time, written notice describing the claim in reasonable detail has been provided to the Vendor, and the Purchaser hereby waives any right it may have at law or otherwise to commence such a claim of action after that period.

15.02 **Indemnity by Purchaser.** Provided that Closing has occurred, Purchaser shall:

- (a) be liable to Vendor for all Losses and Liabilities; and
- (b) indemnify and save Vendor and its Representatives harmless from and against all Losses and Liabilities,

as a result of any matter or thing arising out of, resulting from, attributable to or in any way connected with the Assets and occurring subsequent to the Effective Time, except to the extent that any Losses and Liabilities are reimbursed (or reimbursable) by insurance maintained by Vendor, are caused by the gross negligence or wilful misconduct of Vendor or its Representatives or are matters or things for which Purchaser is entitled to indemnification under Clause 15.01. In the absence of fraud, no claim or action may be commenced by the Vendor under this Clause, unless within twelve (12) months following the Closing Time, written notice describing the claim in reasonable detail has been provided to the Purchaser, and the Vendor hereby waives any right it may have at law or otherwise to commence such a claim of action after that period.

15.03 **Assets Acquired On "As Is" Basis.** By Closing, and notwithstanding the foregoing provisions of this Article, Purchaser acknowledges that it is acquiring the Assets on an "as is" basis. Purchaser acknowledges that it is familiar with the condition of the Assets, including the past and present use of the Lands and the Tangibles, that Vendor has provided Purchaser with a reasonable opportunity to inspect the Assets and the Title and Operating Documents at the sole cost, risk and expense of Purchaser (insofar as Vendor could reasonably provide such access) and that Purchaser is not entitled to rely upon any representation or warranty of Vendor as to the condition, environmental or otherwise, of the Assets, except as is specifically made pursuant to Article IV. Subject to the foregoing, and provided that Closing has occurred, Purchaser further agrees that it shall:

- (a) be solely liable to Vendor for any and all Losses and Liabilities; and
- (b) indemnify and save Vendor and its Representatives harmless from any and all Losses and Liabilities,

as a result of any matter or thing arising out of, resulting from, attributable to or connected with any Environmental Liabilities and Abandonment and Reclamation Obligations, whether occurring or accruing before or after the Effective Time, except to the extent that any such Losses and Liabilities are matters or things for which Purchaser is entitled to indemnification under Clause 15.01. Subject to the foregoing, once Closing has occurred, Purchaser shall be solely responsible for all Environmental Liabilities and all Abandonment and Reclamation Obligations as between Vendor and Purchaser, and Purchaser hereby releases Vendor from any claims Purchaser may have against Vendor with respect to all Environmental Liabilities and Abandonment and Reclamation Obligations under the Regulations, at common law or otherwise, including the right to name Vendor as a third party under any action commenced or enforcement proceeding against Purchaser. In addition Vendor will also retain those other rights and remedies available to it under the Regulations, under the common law or otherwise with respect to any claim it may have against Purchaser under this Article XV.

15.04 **No Merger.** The indemnities set forth in Clauses 15.01, 15.02 and 15.03 will be deemed to apply to, and will not merge in, any assignment, transfer, conveyance, novation or other document conveying the Assets to Purchaser. Each Party will have full right of substitution and subrogation as to all covenants and warranties by others previously given or made in respect of the Assets or any part thereof.

15.05 **Carriage of Litigation.** If a claim is made under this Article XV involving a claim by a Third Party, the Party with greater exposure under this Agreement in respect of the claim

will have carriage of the Third Party litigation. It will consult with the other Party, which will be entitled to retain its own counsel and participate in the litigation at its own expense.

15.06 **Limit on Party's Responsibility.** Notwithstanding any other provision of this Agreement no claim shall be made against a Party by the other Party for a breach of a representation, warranty or covenant contained herein, or an indemnification in respect thereof unless the total Losses and Liabilities alleged by the Party making the claim, acting reasonably, exceeds twenty-five thousand (\$25,000.00) dollars. In no event shall the total of the Losses and Liabilities of Vendor under this Agreement, including any claims relating to its covenants, representations and warranties, or indemnification in respect thereof, exceed the Purchase Price, except in the event of fraud. This Clause shall not apply to the extent that any matter or thing is the proper subject of an operating adjustment under Article XVI.

15.07 **Assumption.** At Closing, as of the Effective Time and subject to the terms and conditions herein, Purchaser will assume all obligations and liabilities of Vendor in respect of the Assets, including Vendor's obligations under the Title and Operating Documents.

15.08 **McGreevey Litigation**

- (a) If the transfer of any portion of the Assets (the "Affected Assets") to **Purchaser** is invalidated after the Closing as a result of the litigation styled *EnCana Energy Holdings Inc. v. Entech et al.* or *McGreevey v. MPC, EnCana Corp et al.* (collectively, the "McGreevey Litigation"),. Vendor shall indemnify Purchaser for the loss of the Affected Assets; such indemnification shall be limited to (i) the proportionate share (based on the Allocated Value) of the Adjusted Purchase Price of the Affected Assets (reduced by a proportionate share of the **unpaid** portion of the Net Revenue Payment), plus (ii) Purchaser's capital expenditures related directly to the Affected Asset, up to a maximum of US\$500,000.00, less (iii) the net cash flow retained by Purchaser from the Affected Assets from the Effective Date. Vendor shall, and Purchaser shall permit Vendor to, assume control of any claim against Purchaser relating to the McGreevey Litigation, including the determination of all appropriate actions, the negotiation of settlement on behalf of Purchaser and the conduct of litigation through attorneys of Vendor's choice. Purchaser shall give Vendor all reasonable information and assistance, other than pecuniary, that Vendor deems necessary to the proper defence of such claim, legal action or other matter.
- (b) Notwithstanding the foregoing, the Parties acknowledge that a similar indemnity clause is contained in the Purchase and Sale Agreement between the Parties Dated Effective April 1, 2003 (the "U.S. Agreement") and that it is the intention of the Parties that the Purchaser shall be indemnified by the Vendor once only with respect to any adverse impact from the McGreevey Litigation and not pursuant to both this Agreement and the U.S. Agreement.

ARTICLE XVI – ADJUSTMENTS

16.01 **Adjustments.**

- (a) Except as otherwise provided in this Article XVI and subject to all other provisions of this Agreement, the Parties will adjust and apportion expenditures

and revenues of every kind and nature incurred, payable or paid in respect of the operation of the Assets including operating, maintenance, development and capital costs, proceeds from the sale of Hydrocarbon Substances, royalties, property taxes, gas cost allowance (or similar allowances), prepayments and deposits, duties, taxes and assessments, as at the Effective Time.

- (b) Where natural gas is not dedicated to specific sales contracts or other arrangements, any adjustment in favour of Purchaser in respect of the proceeds from the sale of such gas shall be based on the weighted average price received by Vendor for gas sold in the province in which such gas is sold.
- (c) Vendor is entitled to the revenues and benefits from the ownership and operation of the Assets accrued prior to the Effective Time and is responsible for and will pay for the expenditures pertaining to the ownership, operation and development of the Assets incurred prior to the Effective Time.
- (d) Purchaser is entitled to the revenues and benefits from the ownership and operation of the Assets accrued from and after the Effective Time and is responsible for and will pay for the expenditures pertaining to the ownership, operation and development of the Assets incurred from and after the Effective Time.
- (e) Vendor's share of all Hydrocarbon Substances beyond the wellhead at the Effective Time do not comprise part of the Assets and Vendor shall remove same immediately after the Closing Time or the parties shall agree upon an adjustment in respect of same.
- (f) There will be no adjustments for royalty tax credits or similar incentives that accrue to a Party because of financial or organizational attributes specific to it, other than gas cost allowances (or similar cost allowances).
- (g) All statements prepared under this Clause 16.01 will be prepared as contemplated herein and in accordance with generally accepted accounting principles applying the accrual method. Purchaser shall report all net revenue and pay all income tax on the net revenue from the Effective Time, whether assessed against Purchaser or Vendor, and Purchaser shall be liable for and shall in addition indemnify Vendor and its Representatives with respect to any Losses and Liabilities pertaining thereto.
- (h) By not less than two (2) Business Days prior to the Closing Time, Vendor shall deliver to Purchaser a written interim statement of adjustments under this Agreement and Vendor will make available to representatives of Purchaser all information necessary for Purchaser to confirm the calculations in the statement. The Parties will co-operate in settling the adjustments and payment to be made on an interim basis and the amount so agreed will be employed for the purposes of the Closing and completion of the transactions contemplated by this Agreement. For the purposes of the interim statement of adjustments only, there shall be no accrual of net operating revenue.
- (i) Within one hundred and twenty (90) days following the Closing Time, the parties will co-operate in preparing a final statement of all adjustments and payments to

be made pursuant to this Agreement. Upon agreement as to all adjustments and payments to be made, the net amount will be remitted by the Party who in the net result is obliged to make payment.

- (j) Notwithstanding the preceding Subclause, each Party will have the right, within the later of six (6) months following the distribution of the final statement of adjustments by Vendor under Subclause 16.01(i) or twelve (12) months following the Closing Time, to examine, copy and audit the records of the other relative to the Assets for the purpose of effecting or verifying adjustments required under this Article. The auditing Party will, upon reasonable notice, conduct that audit at its sole expense during normal business hours at the offices of the audited Party or at such other premises where those records are maintained. Any claims of discrepancies disclosed by that audit will be made in writing to the audited Party within two (2) months following the completion of that audit. That Party will respond in writing to any such claims within six (6) months of the receipt of notice of those claims. The Parties will resolve any outstanding claims of discrepancies under the arbitration provisions as set forth in Article XIII if they are unresolved within two (2) months of that response.
- (k) Notwithstanding Subclause 16.01(i), further adjustments on the basis indicated in this Article will be made as and when those items arise if notice requesting that adjustment, including reasonable particulars thereof, has been given by a Party to the other Party within thirty (30) days following receipt of a Thirteenth Month Adjustment or a completed and agreed to audit or other report and the need for that adjustment arises from:
 - (i) A Thirteenth Month Adjustment, operator error adjustments or errors established by joint venture audits within thirty-six (36) months after the Closing Time; or
 - (ii) Errors established by an audit or other review of lessor royalty payments that is conducted under the regulations or Leases within sixty (60) months after the Closing Time or such later time as may be prescribed by the Regulations.
- (l) Subject to the timing restrictions in this Article XVI, the Parties agree that the period for seeking a remedial order under Section 3(1)(a) of the *Limitations Act* (Alberta) is extended from two (2) years to four (4) years for all claims that may arise under this Article XVI respecting adjustments and audits.
- (m) Subject to Subclause 16.01(n) below, all payments made after the Closing Time are to be paid within thirty (30) days after the amount is determined and, if not paid within the thirty (30) days, will thereafter bear interest until paid at a rate of interest equal to the Prime Rate plus one (1%) percent compounded annually.
- (n) Vendor shall pay to Purchaser all revenues received in respect of the Assets for the period from and after the Effective Time on the later of the Closing Time or thirty (30) days after each receipt of such revenue by Vendor, failing which Vendor shall pay interest thereon to Purchaser at the rate set forth in Subclause 16.01(m) above to the date of payment.

- (o) All freehold mineral taxes, surface and mineral lease rentals and any similar payments made by Vendor to preserve any of the Lease or any Surface Rights shall be apportioned between Vendor and Purchaser on a per diem basis at the Effective Time.

ARTICLE XVII – MISCELLANEOUS

17.01 **Partial Invalidity.** If any provision of this Agreement is held to be invalid, illegal or unenforceable, the invalidity, illegality or unenforceability will not affect any other provision of this Agreement and this Agreement will be construed as if the invalid, illegal or unenforceable provision had never been contained herein unless the deletion of the provision would result in such material change to cause the completion of the transactions contemplated herein to be unreasonable.

17.02 **Counterparts.** This Agreement may be executed in one or more counterparts, each of which will be deemed an original instrument, and all counterparts together will constitute one agreement.

17.03 **Notice.** All notices, consents and other instruments which are required or may be given pursuant to this Agreement must be given in writing and delivered personally or by telecopy as follows:

If to Vendor:	To: EnCana Corporation, EnCana Oil & Gas Partnership and EnCana Border Pipelines Limited 1800, 855 – 2 nd Street SW, PO Box 2850 Calgary, AB T2P 2S5 Attention: Land Manager Telecopy: (403) 645-3400
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If to Purchaser:	To: Omimex Canada, Ltd. 5608 Malvey Avenue Penthouse Suite Fort Worth, Texas, 76107 Attention: Clark P. Storms Telecopy: 817-735-8033 Telephone: 817-735-1500
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With a copy to:	Patton Boggs LLP 1600 Lincoln Street, Suite 1900 Denver, CO, 80264 Attention: David E. Brody
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or in accordance with the latest unrevoked instructions delivered by one Party to the other. All notices will be deemed to have been duly given at the time of delivery or, in the case of telecopy, on the first business day after telecopying.

17.04 **Further Assurances.** After the Closing Time, at Purchaser's request, without further consideration, Vendor will execute and deliver or cause to be executed and delivered

such other instruments of conveyance and transfer as Purchaser reasonably may request to more effectively vest the Assets in Purchaser.

17.05 **Amendments and Waivers.** No supplement, modification, waiver or termination of this Agreement will be binding unless executed in writing by the Party to be bound thereby. No waiver of any provision of this Agreement will be deemed or will constitute a waiver of any other provision hereof (whether or not similar) nor will a waiver constitute a continuing waiver unless otherwise expressly provided.

17.06 **Expenses.** All expenses incurred by Vendor in connection with or related to the authorization, preparation and execution of this Agreement and all other matters related to the Closing of the transaction contemplated hereby, including all fees and expenses of counsel, accountants and financial advisors employed by Vendor, will be borne solely and entirely by Vendor; and all such expenses incurred by Purchaser will be borne solely and entirely by Purchaser.

17.07 **Transfer Taxes.** Purchaser will bear all sales, use, property, land transfer, business transfer, commodity and other taxes (other than income taxes imposed on Vendor) and duties, levies and other governmental charges incurred with respect to the transfer of the Assets and the transactions undertaken pursuant to Article II.

17.08 **Assignment.** Neither Party may assign this Agreement or any part thereof prior to Closing. Except as otherwise provided herein, this Agreement will be binding upon and enure to the benefit of the parties and their successors and assigns.

17.09 **Publicity.** Except as may be required by law, neither Party will make any press release or other public disclosure of this Agreement or the transactions contemplated herein without the prior consent of the other, not to be unreasonably withheld. The parties will consult with each other on public disclosure with a view to joint disclosure where practicable.

17.10 **Entire Agreement.** The provisions contained in any and all documents and agreements collateral hereto shall at all times be read subject to the provisions of this Agreement and, in the event of conflict, the provisions of this Agreement shall prevail. No amendments shall be made to this Agreement unless in writing, executed by the Parties. This Agreement supersedes all other agreements, documents, writings and verbal understandings except the Confidentiality Agreement among the Parties relating to the subject matter hereof and the Purchase and Sale Agreement Dated Effective April 1, 2003 and expresses the entire agreement of the Parties with respect to the subject matter hereof.

17.11 **Subrogation.** The assignment and conveyance to be effected by this Agreement is made with full right of substitution and subrogation of Purchaser in and to all covenants, representations, warranties and indemnities previously given or made by others in respect of the Assets or any part or portion thereof.

17.12 **Governing Law.** This Agreement shall, in all respects, be subject to, interpreted, construed and enforced in accordance with and under the laws of the Province of Alberta and applicable laws of Canada and shall, in all respects, be treated as a contract made in the Province of Alberta. The Parties irrevocably attorn and submit to the exclusive jurisdiction of the

courts of the Province of Alberta and courts of appeal therefrom in respect of all matters arising out of or in connection with this Agreement.

17.13 **Time is of Essence.** Time shall be of the essence in this Agreement.

17.14 **Remedies Cumulative.** No reference to or exercise of any specific right or remedy by a Party hereunder shall prejudice or preclude such Party from exercising or invoking any other remedy in respect thereof, whether allowed at law or in equity or expressly provided for herein. No such remedy shall be exclusive or dependent upon any other such remedy but each Party may exercise any one or more of such remedies independently or in combination.

17.15 **Signs and Notifications.** After Closing, Purchaser shall remove any signs which indicate Vendor's ownership or operation of the Assets. It shall be the responsibility of Purchaser, where necessary, to erect or install any signs that may be required by governmental agencies indicating Purchaser to be the operator of the Assets and to notify other working interest owners, gas purchasers, suppliers, contractors, governmental agencies and any other person of Purchaser's interest in the Assets.

17.16 **Limitations Act.** Subject to any limitation period specifically prescribed in this Agreement, the Parties expressly agree, a is permitted by the *Limitations Act*, RSA 2000, Ch. L-12, to extend the two year time period provided for under subclause 3(i)(a) thereof, to a period of four years.

IN WITNESS WHEREOF this Agreement has been duly executed by each Party as of the date first above written.

EnCana Corporation

Omimex Canada, Ltd.

Per: _____

Per: _____

Title: _____

Title: _____

EnCana Oil & Gas Partnership

Per: _____

Title: _____

EnCana Border Pipelines Limited

Per: _____

Title: _____

SCHEDULE "A-1"
Attached to and forming part of an Asset Sale Agreement
Dated as of the Effective Date April 1, 2003

REAGAN LAND SCHEDULE

Legal Description							Working Interest DOI				Royalty Information		Royalty Paid To DOI		Royalty Paid By DOI									
File Number	Expiry Date	Ptn.	Sec	Twp	Rge	Mer	Rights Granted	Ha	Net Ha	DOI Partner	DOI Int	Type	Royalty Type	Royalty Details	Royalty Owner	Pd to %	Royalty Payor	Pd by %	Contract File	ROFR	UWI	Well Fluid	Prod Stat	Unit
AB42007917	12-Jul-05	ALL	31	1	19	W4	PETROLEUM AND NATURAL GAS FROM SURFACE TO BASEMENT			ENCANA O&G	100	WI	CR SS	PNG	AB ENERGY	100	ENCANA O&G	100						
AB42008254	01-Jan-00	ALL	36	1	19	W4	PETROLEUM AND NATURAL GAS FROM SURFACE TO BASE OF BOW ISLAND	240	120	EPACT	25	WI	CR SS	PNG	AB ENERGY	100	ENCANA O&G	50	ABN0-0893	Y-20 days 1974	100103600119W400	NG	PR	
										REGENT ENCANA O&G	25	WI					EPACT REGENT	25						
AB42008254	01-Jan-00	ALL	1	2	19	W4	PETROLEUM AND NATURAL GAS FROM SURFACE TO BASE OF BOW ISLAND	240	120	EPACT	25	WI	CR SS	PNG	AB ENERGY	100	ENCANA O&G	50	ABN0-0893	Y-20 days 1974	100070100219W400	NG	PR	
										REGENT ENCANA O&G	25	WI					EPACT REGENT	25						
AB42008254	01-Jan-00	ALL	2	2	19	W4	PETROLEUM AND NATURAL GAS FROM SURFACE TO BASE OF BOW ISLAND	240	120	EPACT	25	WI	CR SS	PNG	AB ENERGY	100	ENCANA O&G	50	ABN0-0893	Y-20 days 1974	100100200219W400	NG	CA	
										REGENT ENCANA O&G	25	WI					EPACT REGENT	25						
AB42008210	01-Jul-04	ALL	1	1	20	W4	PETROLEUM AND NATURAL GAS FROM BASE OF FISH SCL ZN TO BASEMENT	256	256	ENCANA O&G	100	WI	CR SS	PNG	AB ENERGY	100	ENCANA O&G	100						
AB42008303	01-Jan-00	S&NW	1	1	20	W4	PETROLEUM AND NATURAL GAS FROM SURFACE TO BASE OF FISH SCL ZN. EXCLUDING: NATURAL GAS FROM TOP TO BASE OF FISH SCL ZN			ENCANA O&G	100	WI	CR SS	PNG	AB ENERGY	100	ENCANA O&G	100						
AB42008303	01-Jan-00	S&NW	1	1	20	W4	NATURAL GAS FROM TOP TO BASE OF FISH SCL ZN			ENCANA O&G	100	WI	CR SS	PNG	AB ENERGY	100	ENCANA O&G	100	ABU-9806	No	100060100120W400	NG	PR	TRACT # 11: 1-20-W4M: S&NW 1; E 2; 11; 14; 15
AB42008423	01-Jan-00	NE	1	1	20	W4	PETROLEUM AND NATURAL GAS FROM SURFACE TO BASE OF FISH SCL ZN. EXCLUDING: NATURAL GAS FROM TOP TO BASE OF FISH SCL ZN			ENCANA O&G	100	WI	GORR	10% on NG paid on 100% Prod.	NV R CORP	100	ENCANA O&G	100	ABRY-0302	No				
													CR SS	PNG	AB ENERGY	100	ENCANA O&G	100						
AB42008423	01-Jan-00	NE	1	1	20	W4	NATURAL GAS FROM TOP TO BASE OF FISH SCL ZN	64	64	ENCANA O&G	100	WI	GORR	10% on NG paid on 100% Prod	NV R CORP	100	ENCANA O&G	100	ABRY-0302 ABU-9806	No No	100060100120W400	NG	PR	TRACT # 15: 1-20-W4M: NE 1
													CR SS	PNG	AB ENERGY	100	ENCANA O&G	100						
AB42008210	01-Jul-04	ALL	2	1	20	W4	PETROLEUM AND NATURAL GAS FROM BASE OF FISH SCL ZN TO BASEMENT	256	256	ENCANA O&G	100	WI	CR SS	PNG	AB ENERGY	100	ENCANA O&G	100						

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AB42008303	01-Jan-00	E	2	1	20	W4	PETROLEUM AND NATURAL GAS FROM SURFACE TO BASE OF FISH SCL ZN. EXCLUDING: NATURAL GAS FROM TOP TO BASE OF FISH SCL ZN			ENCANA O&G	100	WI	CR SS	PNG	AB ENERGY	100	ENCANA O&G	100							
AB42008303	01-Jan-00	E	2	1	20	W4	NATURAL GAS FROM TOP TO BASE OF FISH SCL ZN			ENCANA O&G	100	WI	CR SS	PNG	AB ENERGY	100	ENCANA O&G	100	ABU-9806	No	100060200120W400	NG	PR	TRACT # 11: 1-20-W4M: S&NW 1; E2; 11; 14; 15	
AB42008377	01-Jan-00	W	2	1	20	W4	PETROLEUM AND NATURAL GAS FROM SURFACE TO BASE OF FISH SCL ZN. EXCLUDING: NATURAL GAS FROM TOP TO BASE OF FISH SCL ZN	128	128	ENCANA O&G	100	WI	GORR	10% on NG paid on 100% Prod	NV R CORP	100	ENCANA O&G	100	ABRY-0302	No					
													CR SS	PNG	AB ENERGY	100	ENCANA O&G	100							
AB42008377	01-Jan-00	W	2	1	20	W4	NATURAL GAS FROM TOP TO BASE OF FISH SCL ZN			ENCANA O&G	100	WI	GORR	10% on NG paid on 100% Prod	NV R CORP	100	ENCANA O&G	100	ABRY-0302 ABU-9806	No No	100060200120W400	NG	PR	TRACT # 14: 1-20-W4M: W 2	
													CR SS	NG	AB ENERGY	100	ENCANA O&G	100							
AB42008210	01-Jul-04	ALL	3	1	20	W4	PETROLEUM AND NATURAL GAS FROM BASE OF FISH SCL ZN TO BASEMENT	256	256	ENCANA O&G	100	WI	CR SS	PNG	AB ENERGY	100	ENCANA O&G	100							
AB42008411	01-Jan-00	ALL	3	1	20	W4	PETROLEUM AND NATURAL GAS FROM SURFACE TO BASE OF FISH SCL ZN. EXCLUDING: NATURAL GAS FROM TOP TO BASE OF FISH SCL ZN	256	256	ENCANA O&G	100	WI	CR SS	PNG	AB ENERGY	100	ENCANA O&G	100			100060300120W400	NG	PC		
AB42008411	01-Jan-00	ALL	3	1	20	W4	NATURAL GAS FROM TOP TO BASE OF FISH SCL ZN	256	256	ENCANA O&G	100	WI	CR SS	PNG	AB ENERGY	100	ENCANA O&G	100	ABU-9806	No	100060300120W400	NG	PC	TRACT # 12: 1-20-W4M: 3; 9; 10	
AB42008308	01-Jan-00	ALL	4	1	20	W4	PETROLEUM AND NATURAL GAS FROM SURFACE TO BASE OF FISH SCL ZN. EXCLUDING: NATURAL GAS FROM TOP TO BASE OF FISH SCL ZN			ENCANA O&G	100	WI	CR SS	PNG	AB ENERGY	100	ENCANA O&G	100			100050400120W4RF	NG	PT		
AB42008308	01-Jan-00	ALL	4	1	20	W4	NATURAL GAS FROM TOP TO BASE OF FISH SCL ZN			ENCANA O&G	100	WI	CR SS	PNG	AB ENERGY	100	ENCANA O&G	100	ABU-9806	No	100050400120W400	NG	PR	TRACT # 13: 1-20-W4M: 4	
AB42008153	01-Jan-00	ALL	9	1	20	W4	PETROLEUM AND NATURAL GAS FROM SURFACE TO BASE OF FISH SCL ZN. EXCLUDING: NATURAL GAS FROM TOP TO BASE OF FISH SCL ZN	176	176	ENCANA O&G	100	WI	CR SS	PNG	AB ENERGY	100	ENCANA O&G	100							

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File Number	Expiry Date	Ptn.	Sec	Twp	Rge	Mer	Rights Granted	Ha	Net Ha	DOI Partner	DOI Int	Type	Royalty Type	Royalty Details	Royalty Owner	Pd to %	Royalty Payor	Pd by %	Contract File	ROFR	UWI	Well Fluid	Prod Stat	Unit	
AB42008153	01-Jan-00	ALL	9	1	20	W4	NATURAL GAS FROM TOP TO BASE OF FISH SCL ZN	176	176	ENCANA O&G	100	WI	CR SS	NG	AB ENERGY	100	ENCANA O&G	100	ABU-9806	No	100070900120W400	NG	PR	TRACT # 12: 1-20-W4M: 3; 9; 10	
AB42008412	01-Jan-00	ALL	10	1	20	W4	PETROLEUM AND NATURAL GAS FROM SURFACE TO BASE OF FISH SCL ZN. EXCLUDING: NATURAL GAS FROM TOP TO BASE OF FISH SCL ZN	256	256	ENCANA O&G	100	WI	CR SS	PNG	AB ENERGY	100	ENCANA O&G	100							
AB42008412	01-Jan-00	ALL	10	1	20	W4	NATURAL GAS FROM TOP TO BASE OF FISH SCL ZN	256	256	ENCANA O&G	100	WI	CR SS	PNG	AB ENERGY	100	ENCANA O&G	100	ABU-9806	No	100071000120W400	NG	PR	TRACT # 12: 1-20-W4M: 3; 9; 10	
AB42008303	01-Jan-00	ALL	11	1	20	W4	PETROLEUM AND NATURAL GAS FROM SURFACE TO BASE OF FISH SCL ZN. EXCLUDING: NATURAL GAS FROM TOP TO BASE OF FISH SCL ZN			ENCANA O&G	100	WI	CR SS	PNG	AB ENERGY	100	ENCANA O&G	100							
AB42008303	01-Jan-00	ALL	11	1	20	W4	NATURAL GAS FROM TOP TO BASE OF FISH SCL ZN			ENCANA O&G	100	WI	CR SS	PNG	AB ENERGY	100	ENCANA O&G	100	ABU-9806	No	100061100120W400	NG	PR	TRACT # 11: 1-20-W4M: S&NW 1; E2; 11; 14; 15	
AB42008211	01-Jul-04	ALL	14	1	20	W4	PETROLEUM AND NATURAL GAS FROM BASE OF FISH SCL ZN TO BASEMENT	256	256	ENCANA O&G	100	WI	CR SS	PNG	AB ENERGY	100	ENCANA O&G	100							
AB42008303	01-Jan-00	ALL	14	1	20	W4	PETROLEUM AND NATURAL GAS FROM SURFACE TO BASE OF FISH SCL ZN. EXCLUDING: NATURAL GAS FROM TOP TO BASE OF FISH SCL ZN			ENCANA O&G	100	WI	CR SS	PNG	AB ENERGY	100	ENCANA O&G	100							
AB42008303	01-Jan-00	ALL	14	1	20	W4	NATURAL GAS FROM TOP TO BASE OF FISH SCL ZN			ENCANA O&G	100	WI	CR SS	PNG	AB ENERGY	100	ENCANA O&G	100	ABU-9806	No					TRACT # 11: 1-20-W4M: S&NW 1; E2; 11; 14; 15
AB42008303	01-Jan-00	ALL	15	1	20	W4	PETROLEUM AND NATURAL GAS FROM SURFACE TO BASE OF FISH SCL ZN. EXCLUDING: NATURAL GAS FROM TOP TO BASE OF FISH SCL ZN			ENCANA O&G	100	WI	CR SS	PNG	AB ENERGY	100	ENCANA O&G	100							
AB42008303	01-Jan-00	ALL	15	1	20	W4	NATURAL GAS FROM TOP TO BASE OF FISH SCL ZN			ENCANA O&G	100	WI	CR SS	PNG	AB ENERGY	100	ENCANA O&G	100	ABU-9806	No	100111500120W402	NG	CA	TRACT # 11: 1-20-W4M: S&NW 1; E2; 11; 14; 15	

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File Number	Expiry Date	Ptn.	Sec	Twp	Rge	Mer	Rights Granted	Ha	Net Ha	DOI Partner	DOI Int	Type	Royalty Type	Royalty Details	Royalty Owner	Pd to %	Royalty Payor	Pd by %	Contract File	ROFR	UWI	Well Fluid	Prod Stat	Unit	
AB42008153	01-Jan-00	ALL	16	1	20	W4	PETROLEUM AND NATURAL GAS FROM SURFACE TO BASE OF FISH SCL ZN. EXCLUDING: NATURAL GAS FROM TOP TO BASE OF FISH SCL ZN	176	176	ENCANA O&G	100	WI	CR SS	PNG	AB ENERGY	100	ENCANA O&G	100							
AB42008153	01-Jan-00	ALL	16	1	20	W4	NATURAL GAS FROM TOP TO BASE OF FISH SCL ZN	176	176	ENCANA O&G	100	WI	CR SS	NG	AB ENERGY	100	ENCANA O&G	100	ABU-9806	No	100071600120W400	NG	PR	TRACT # 10: 1-20-W4M: 16	
AB42008211	01-Jul-04	ALL	16	1	20	W4	PETROLEUM AND NATURAL GAS FROM BASE OF FISH SCL ZN TO BASEMENT	256	256	ENCANA O&G	100	WI	CR SS	PNG	AB ENERGY	100	ENCANA O&G	100							
AB42008211	01-Jul-04	ALL	17	1	20	W4	PETROLEUM AND NATURAL GAS FROM BASE OF FISH SCL ZN TO BASEMENT	256	256	ENCANA O&G	100	WI	CR SS	PNG	AB ENERGY	100	ENCANA O&G	100							
AB42008308	01-Jan-00	ALL	17	1	20	W4	PETROLEUM AND NATURAL GAS FROM SURFACE TO BASE OF FISH SCL ZN. EXCLUDING: NATURAL GAS FROM TOP TO BASE OF FISH SCL ZN			ENCANA O&G	100	WI	CR SS	PNG	AB ENERGY	100	ENCANA O&G	100							
AB42008308	01-Jan-00	ALL	17	1	20	W4	NATURAL GAS FROM TOP TO BASE OF FISH SCL ZN			ENCANA O&G	100	WI	CR SS	PNG	AB ENERGY	100	ENCANA O&G	100	ABU-9806	No	100061700120W400	NG	PR	TRACT # 9: 1-20-W4M: 17	
AB42008311	01-Jan-00	ALL	19	1	20	W4	PETROLEUM AND NATURAL GAS FROM SURFACE TO BASE OF FISH SCL ZN. EXCLUDING: NATURAL GAS FROM TOP TO BASE OF FISH SCL ZN			ENCANA O&G	100	WI	CR SS	PNG	AB ENERGY	100	ENCANA O&G	100	ABU-9806	No	100141900120W4RF	NG	PT		
AB42008311	01-Jan-00	ALL	19	1	20	W4	NATURAL GAS FROM TOP TO BASE OF FISH SCL ZN			ENCANA O&G	100	WI	CR SS	PNG	AB ENERGY	100	ENCANA O&G	100	ABU-9806	No	100141900120W400	NG	PR	TRACT # 4: 1-20-W4M: 19	
AB42008211	01-Jul-00	ALL	20	1	20	W4	PETROLEUM AND NATURAL GAS FROM BASE OF FISH SCL ZN TO BASEMENT	256	256	ENCANA O&G	100	WI	CR SS	PNG	AB ENERGY	100	ENCANA O&G	100							
AB42008252	01-Jan-00	ALL	20	1	20	W4	PETROLEUM AND NATURAL GAS FROM SURFACE TO BASE OF FISH SCL ZN. EXCLUDING: NATURAL GAS FROM TOP TO BASE OF FISH SCL ZN			ENCANA O&G	100	WI	CR SS	PNG	AB ENERGY	100	ENCANA O&G	100							
AB42008252	01-Jan-00	ALL	20	1	20	W4	NATURAL GAS FROM TOP TO BASE OF FISH SCL ZN	256	256	ENCANA O&G	100	WI	CR SS	PNG	AB ENERGY	100	ENCANA O&G	100	ABU-9806	No	100062000120W402	NG	PR	TRACT # 5: 1-20-W4M: 20	

SCHEDULE "A-1"
Attached to and forming part of an Asset Sale Agreement
Dated as of the Effective Date April 1, 2003

REAGAN LAND SCHEDULE

Legal Description							Working Interest DOI				Royalty Information		Royalty Paid To DOI		Royalty Paid By DOI										
File Number	Expiry Date	Ptn.	Sec	Twp	Rge	Mer	Rights Granted	Ha	Net Ha	DOI Partner	DOI Int	Type	Royalty Type	Royalty Details	Royalty Owner	Pd to %	Royalty Payor	Pd by %	Contract File	ROFR	UWI	Well Fluid	Prod Stat	Unit	
AB42008153	01-Jan-00	NE	21	1	20	W4	PETROLEUM AND NATURAL GAS FROM SURFACE TO BASE OF FISH SCL ZN. EXCLUDING: NATURAL GAS FROM TOP TO BASE OF FISH SCL ZN	176	176	ENCANA O&G	100	WI	CR SS	PNG	AB ENERGY	100	ENCANA O&G	100							
AB42008153	01-Jan-00	S	21	1	20	W4	PETROLEUM AND NATURAL GAS FROM SURFACE TO BASE OF FISH SCL ZN. EXCLUDING: NATURAL GAS FROM TOP TO BASE OF FISH SCL ZN	176	176	ENCANA O&G	100	WI	CR SS	PNG	AB ENERGY	100	ENCANA O&G	100							
AB42008153	01-Jan-00	NE	21	1	20	W4	NATURAL GAS FROM TOP TO BASE OF FISH SCL ZN	176	176	ENCANA O&G	100	WI	CR SS	NG	AB ENERGY	100	ENCANA O&G	100	ABU-9806	No	100062100120W400	NG	PR	TRACT # 7: 1-20-W4M: S&NE 21	
AB42008153	01-Jan-00	S	21	1	20	W4	NATURAL GAS FROM TOP TO BASE OF FISH SCL ZN	176	176	ENCANA O&G	100	WI	CR SS	NG	AB ENERGY	100	ENCANA O&G	100	ABU-9806	No	100062100120W400	NG	PR	TRACT # 7: 1-20-W4M: S&NE 21	
AB42008211	01-Jul-04	ALL	21	1	20	W4	PETROLEUM AND NATURAL GAS FROM BASE OF FISH SCL ZN TO BASEMENT	256	256	ENCANA O&G	100	WI	CR SS	PNG	AB ENERGY	100	ENCANA O&G	100							
AB42008316	01-Jan-00	NW	21	1	20	W4	PETROLEUM AND NATURAL GAS FROM SURFACE TO BASE OF FISH SCL ZN. EXCLUDING: NATURAL GAS FROM TOP TO BASE OF FISH SCL ZN			ENCANA O&G	100	WI	CR SS	PNG	AB ENERGY	100	ENCANA O&G	100							
AB42008316	01-Jan-00	NW	21	1	20	W4	NATURAL GAS FROM TOP TO BASE OF FISH SCL ZN			ENCANA O&G	100	WI	CR SS	PNG	AB ENERGY	100	ENCANA O&G	100	ABU-9806	No	100062100120W400	NG	PR	TRACT # 6: 1-20-W4M: NW 21	
AB42008211	01-Jul-04	ALL	22	1	20	W4	PETROLEUM AND NATURAL GAS FROM BASE OF FISH SCL ZN TO BASEMENT	256	256	ENCANA O&G	100	WI	CR SS	PNG	AB ENERGY	100	ENCANA O&G	100							
AB42008419	01-Jan-00	ALL	22	1	20	W4	PETROLEUM AND NATURAL GAS FROM SURFACE TO BASE OF FISH SCL ZN. EXCLUDING: NATURAL GAS FROM TOP TO BASE OF FISH SCL ZN	64	64	ENCANA O&G	100	WI	GORR	1/15 (5-15%) on NV R CORP Oil; 15% on NG (min: 0.10) on 100% Prod		100	ENCANA O&G	100	ABF0-4079	No					
													CR SS	PNG	AB ENERGY	100	ENCANA O&G	100							
AB42008419	01-Jan-00	ALL	22	1	20	W4	NATURAL GAS FROM TOP TO BASE OF FISH SCL ZN	64	64	ENCANA O&G	100	WI	GORR	1/15 (5-15%) on NV R CORP Oil; 15% on NG (min: 0.10) on 100% Prod		100	ENCANA O&G	100	ABF0-4079	No	100062200120W400	NG	CA	TRACT # 8: 1-20-W4M: 22	
													CR SS	PNG	AB ENERGY	100	ENCANA O&G	100	ABU-9806	No					
AB42008219	01-Jul-04	ALL	23	1	20	W4	PETROLEUM AND NATURAL GAS FROM SURFACE TO BASEMENT	256	256	ENCANA O&G	100	WI	CR SS	PNG	AB ENERGY	100	ENCANA O&G	100							

SCHEDULE "A-1"
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REAGAN LAND SCHEDULE

Legal Description							Working Interest DOI				Royalty Information		Royalty Paid To DOI		Royalty Paid By DOI									
File Number	Expiry Date	Ptn.	Sec	Twp	Rge	Mer	Rights Granted	Ha	Net Ha	DOI Partner	DOI Int	Type	Royalty Type	Royalty Details	Royalty Owner	Pd to %	Royalty Payor	Pd by %	Contract File	ROFR	UWI	Well Fluid	Prod Stat	Unit
AB42008219	01-Jul-04	ALL	24	1	20	W4	PETROLEUM AND NATURAL GAS FROM SURFACE TO BASEMENT	256	256	ENCANA O&G	100	WI	CR SS	PNG	AB ENERGY	100	ENCANA O&G	100						
AB42008219	01-Jul-04	ALL	25	1	20	W4	PETROLEUM AND NATURAL GAS FROM SURFACE TO BASEMENT	256	256	ENCANA O&G	100	WI	CR SS	PNG	AB ENERGY	100	ENCANA O&G	100						
AB42008219	01-Jul-04	NE	26	1	20	W4	PETROLEUM AND NATURAL GAS FROM SURFACE TO BASE OF BOW ISLAND	160	160	ENCANA O&G	100	WI	CR SS	PNG	AB ENERGY	100	ENCANA O&G	100						
AB42008219	01-Jul-04	ALL	27	1	20	W4	PETROLEUM AND NATURAL GAS FROM SURFACE TO BASE OF BOW ISLAND	160	160	ENCANA O&G	100	WI	CR SS	PNG	AB ENERGY	100	ENCANA O&G	100						
AB42008219	01-Jul-04	ALL	28	1	20	W4	PETROLEUM AND NATURAL GAS FROM BASE OF FISH SCL ZN TO BASEMENT	256	256	ENCANA O&G	100	WI	CR SS	PNG	AB ENERGY	100	ENCANA O&G	100						
AB42008253	01-Jan-00	NW	28	1	20	W4	PETROLEUM AND NATURAL GAS FROM SURFACE TO BASE OF FISH SCL ZN. EXCLUDING: NATURAL GAS FROM TOP TO BASE OF FISH SCL ZN	64	64	ENCANA O&G	100	WI	CR SS	PNG	AB ENERGY	100	ENCANA O&G	100						
AB42008253	01-Jan-00	NW	28	1	20	W4	NATURAL GAS FROM TOP TO BASE OF FISH SCL ZN	64	64	ENCANA O&G	100	WI	CR SS	PNG	AB ENERGY	100	ENCANA O&G	100	ABU-9806	No	100062800120W400	NG	PR	TRACT # 2: 1-20-W4M: NW 28
AB42008419	01-Jan-00	NE	28	1	20	W4	PETROLEUM AND NATURAL GAS FROM SURFACE TO BASE OF FISH SCL ZN. EXCLUDING: NATURAL GAS FROM TOP TO BASE OF FISH SCL ZN	64	64	ENCANA O&G	100	WI	GORR	1/15 (5-15%) on NV R CORP Oil; 15% on NG (min: 0.10) on 100% Prod		100	ENCANA O&G	100	ABF0-4079	No				
													CR SS	PNG	AB ENERGY	100	ENCANA O&G	100						
AB42008419	01-Jan-00	S	28	1	20	W4	PETROLEUM AND NATURAL GAS FROM SURFACE TO BASE OF FISH SCL ZN. EXCLUDING: NATURAL GAS FROM TOP TO BASE OF FISH SCL ZN	64	64	ENCANA O&G	100	WI	GORR	1/15 (5-15%) on NV R CORP Oil; 15% on NG (min: 0.10) on 100% Prod		100	ENCANA O&G	100	ABF0-4079	No				
													CR SS	PNG	AB ENERGY	100	ENCANA O&G	100						
AB42008419	01-Jan-00	NE	28	1	20	W4	NATURAL GAS FROM TOP TO BASE OF FISH SCL ZN	64	64	ENCANA O&G	100	WI	GORR	1/15 (5-15%) on NV R CORP Oil; 15% on NG (min: 0.10) on 100% Prod		100	ENCANA O&G	100	ABF0-4079	No	100062800120W400	NG	PR	TRACT # 3: 1-20-W4M: S&NE 28
													CR SS	PNG	AB ENERGY	100	ENCANA O&G	100						
AB42008419	01-Jan-00	S	28	1	20	W4	NATURAL GAS FROM TOP TO BASE OF FISH SCL ZN	64	64	ENCANA O&G	100	WI	CR SS	PNG	AB ENERGY	100	ENCANA O&G	100	ABF0-4079	No	100062800120W400	NG	PR	TRACT # 3: 1-20-W4M: S&NE 28

SCHEDULE "A-1"
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REAGAN LAND SCHEDULE

Legal Description							Working Interest DOI			Royalty Information		Royalty Paid To DOI		Royalty Paid By DOI											
File Number	Expiry Date	Ptn.	Sec	Twp	Rge	Mer	Rights Granted	Ha	Net Ha	DOI Partner	DOI Int	Type	Royalty Type	Royalty Details	Royalty Owner	Pd to %	Royalty Payor	Pd by %	Contract File	ROFR	UWI	Well Fluid	Prod Stat	Unit	
													GORR	1/15 (5-15%) on NV R CORP Oil; 15% on NG (min: 0.10) on 100% Prod		100	ENCANA O&G	100							
AB42008301	01-Jan-00	ALL	29	1	20	W4	PETROLEUM AND NATURAL GAS FROM SURFACE TO BASE OF FISH SCL ZN. EXCLUDING: NATURAL GAS FROM TOP TO BASE OF FISH SCL ZN			ENCANA O&G	100	WI	CR SS	PNG	AB ENERGY	100	ENCANA O&G	100							
AB42008301	01-Jan-00	ALL	29	1	20	W4	NATURAL GAS FROM TOP TO BASE OF FISH SCL ZN			ENCANA O&G	100	WI	CR SS	PNG	AB ENERGY	100	ENCANA O&G	100	ABU-9806	No	100112900120W400	NG	PR	TRACT # 1: 1-20-W4M: 29; 30	
																					100112900120W4RF	NG	PT		
AB42008301	01-Jan-00	ALL	30	1	20	W4	PETROLEUM AND NATURAL GAS FROM SURFACE TO BASE OF FISH SCL ZN. EXCLUDING: NATURAL GAS FROM TOP TO BASE OF FISH SCL ZN			ENCANA O&G	100	WI	CR SS	PNG	AB ENERGY	100	ENCANA O&G	100							
AB42008301	01-Jan-00	ALL	30	1	20	W4	NATURAL GAS FROM TOP TO BASE OF FISH SCL ZN			ENCANA O&G	100	WI	CR SS	PNG	AB ENERGY	100	ENCANA O&G	100	ABU-9806						TRACT # 1: 1-20-W4M: 29; 30
AB42007917	12-Jul-05	ALL	36	1	20	W4	PETROLEUM AND NATURAL GAS FROM SURFACE TO BASEMENT			ENCANA O&G	100	WI	CR SS	PNG	AB ENERGY	100	ENCANA O&G	100							
AB12000850	21-Mar-08	ALL	1	1	21	W4	PETROLEUM AND NATURAL GAS FROM SURFACE TO BASEMENT	256	256	ENCANA O&G	100	WI	CR SS	PNG	AB ENERGY	100	ENCANA O&G	100							
AB12000850	21-Mar-08	ALL	2	1	21	W4	PETROLEUM AND NATURAL GAS FROM SURFACE TO BASEMENT	256	256	ENCANA O&G	100	WI	CR SS	PNG	AB ENERGY	100	ENCANA O&G	100			100160200121W400	P	AB		
																					100160200121W402	NG	AB		
																					100160200121W403	NG	CA		
																					100160200121W4RF	NG	PT		
AB12000850	21-Mar-08	ALL	3	1	21	W4	PETROLEUM AND NATURAL GAS FROM SURFACE TO BASEMENT	256	256	ENCANA O&G	100	WI	CR SS	PNG	AB ENERGY	100	ENCANA O&G	100							
AB12000850	21-Mar-08	ALL	10	1	21	W4	PETROLEUM AND NATURAL GAS FROM SURFACE TO BASEMENT	256	256	ENCANA O&G	100	WI	CR SS	PNG	AB ENERGY	100	ENCANA O&G	100			100151000121W400	NG	AB		
																					100151000121W402	NG	AB		
																					100151000121W403	NG	AB		
																					100151000121W404	NG	CA		
																					100151000121W4RF	NG	PT		
AB12000850	21-Mar-08	ALL	11	1	21	W4	PETROLEUM AND NATURAL GAS FROM SURFACE TO BASEMENT	256	256	ENCANA O&G	100	WI	CR SS	PNG	AB ENERGY	100	ENCANA O&G	100			100091100121W400	NG	CA		
																					100091100121W402	NG	CA		
																					100091100121W4RF	NG	PT		

SCHEDULE "A-1"
Attached to and forming part of an Asset Sale Agreement
Dated as of the Effective Date April 1, 2003

REAGAN LAND SCHEDULE

Legal Description							Working Interest DOI				Royalty Information		Royalty Paid To DOI		Royalty Paid By DOI				UWI	Well Fluid	Prod Stat	Unit				
File Number	Expiry Date	Ptn.	Sec	Twp	Rge	Mer	Rights Granted	Ha	Net Ha	DOI Partner	DOI Int	Type	Royalty Type	Royalty Details	Royalty Owner	Pd to %	Royalty Payor	Pd by %	Contract File	ROFR						
AB12000850	21-Mar-08	ALL	12	1	21	W4	PETROLEUM AND NATURAL GAS FROM SURFACE TO BASEMENT	256	256	ENCANA O&G	100	WI	CR SS	PNG	AB ENERGY	100	ENCANA O&G	100					100061200121W400	NG	CA	
																							100061200121W402	NG	CA	
																							100041500221W4RF	NG	PT	

SCHEDULE "A-2"

Attached to and forming part of an Asset Sale Agreement

Dated as of the Effective Date April 1, 2003

WELLS

UWI	Well Name	Well Status	EnCana W.I.	Operator
100/10-36-001-19W4/00	ALTANA ET AL REAGAN 10-36-1-19	Flowing GAS	50.0000	EnCana Oil & Gas Partnership
100/06-01-001-20W4/00	ALTANA REAGAN 6-1-1-20	Flowing GAS	100.0000	EnCana Oil & Gas Partnership
100/06-02-001-20W4/00	ALTANA REAGAN 6-2-1-20	Flowing GAS	100.0000	EnCana Oil & Gas Partnership
100/06-03-001-20W4/00	ALTANA REAGAN 6-3-1-20	Flowing GAS	100.0000	EnCana Oil & Gas Partnership
100/05-04-001-20W4/00	PCP PCR REAGAN 5-4-1-20	Flowing GAS	100.0000	EnCana Oil & Gas Partnership
100/07-09-001-20W4/00	ALTANA REAGAN 7-9-1-20	Flowing GAS	100.0000	EnCana Oil & Gas Partnership
100/07-10-001-20W4/00	ALTANA REAGAN 7-10-1-20	Flowing GAS	100.0000	EnCana Oil & Gas Partnership
100/06-11-001-20W4/00	ALTANA REAGAN 6-11-1-20	Flowing GAS	100.0000	EnCana Oil & Gas Partnership
100/11-15-001-20W4/00	ALTANA REAGAN 11-15-1-20	ABD Zone	100.0000	EnCana Oil & Gas Partnership
100/11-15-001-20W4/02	ALTANA REAGAN 11-15-1-20	Drilled & Cased	100.0000	EnCana Oil & Gas Partnership
100/07-16-001-20W4/00	ALTANA REAGAN 7-16-1-20	Flowing GAS	100.0000	EnCana Oil & Gas Partnership
100/06-17-001-20W4/00	PCP PCR REAGAN 6-17-1-20	Flowing GAS	100.0000	EnCana Oil & Gas Partnership
100/14-19-001-20W4/00	PCP PCR REAGAN 14-19-1-20	Flowing GAS	100.0000	EnCana Oil & Gas Partnership
100/06-20-001-20W4/00	ALTANA REAGAN 6-20-1-20	ABD Zone	100.0000	EnCana Oil & Gas Partnership
100/06-20-001-20W4/02	ALTANA REAGAN 6-20-1-20	Flowing GAS	100.0000	EnCana Oil & Gas Partnership
100/06-21-001-20W4/00	ALTANA REAGAN 6-21-1-20	Flowing GAS	100.0000	EnCana Oil & Gas Partnership
100/06-22-001-20W4/00	ALTANA REAGAN 6-22-1-20	Drilled & Cased	100.0000	EnCana Oil & Gas Partnership
100/06-28-001-20W4/00	ALTANA REAGAN 6-28-1-20	Flowing GAS	100.0000	EnCana Oil & Gas Partnership
100/11-29-001-20W4/00	PCP PCR REAGAN 11-29-1-20	Flowing GAS	100.0000	EnCana Oil & Gas Partnership
100/11-30-001-20W4/00	PCP PCR REAGAN 11-30-1-20	Flowing GAS	100.0000	EnCana Oil & Gas Partnership
100/16-02-001-21W4/00	PCP PCR REAGAN 16-2-1-21	ABD Zone	100.0000	EnCana Oil & Gas Partnership
100/16-02-001-21W4/02	PCP PCR REAGAN 16-2-1-21	ABD Zone	100.0000	EnCana Oil & Gas Partnership
100/16-02-001-21W4/03	PCP PCR REAGAN 16-2-1-21	Drilled & Cased	100.0000	EnCana Oil & Gas Partnership
100/15-10-001-21W4/00	PCP PCR REAGAN 15-10-1-21	ABD Zone	100.0000	EnCana Oil & Gas Partnership
100/15-10-001-21W4/02	PCP PCR REAGAN 15-10-1-21	ABD Zone	100.0000	EnCana Oil & Gas Partnership
100/15-10-001-21W4/03	PCP PCR REAGAN 15-10-1-21	ABD Zone	100.0000	EnCana Oil & Gas Partnership
100/15-10-001-21W4/04	PCP PCR REAGAN 15-10-1-21	Drilled & Cased	100.0000	EnCana Oil & Gas Partnership
100/09-11-001-21W4/00	PCP PCR REAGAN 9-11-1-21	Drilled & Cased	100.0000	EnCana Oil & Gas Partnership
100/09-11-001-21W4/02	PCP PCR REAGAN 9-11-1-21	Drilled & Cased	100.0000	EnCana Oil & Gas Partnership
100/06-12-001-21W4/00	PCP PCR REAGAN 6-12-1-21	Drilled & Cased	100.0000	EnCana Oil & Gas Partnership
100/06-12-001-21W4/02	PCP PCR REAGAN 6-12-1-21	Drilled & Cased	100.0000	EnCana Oil & Gas Partnership
100/07-01-002-19W4/00	ALTANA ET AL REAGAN 7-1-2-19	Flowing GAS	50.0000	EnCana Oil & Gas Partnership
100/10-02-002-19W4/00	ALTANA ET AL REAGAN 10-2-2-19	Drilled & Cased	50.0000	EnCana Oil & Gas Partnership

SCHEDULE "B"

Attached to and forming part of an Asset Sale Agreement

Dated as of the Effective Date April 1, 2003

FACILITIES

UWI	Description
	FACILITIES
07-10-001-20W4	Meter Station Licence #15251003A (EnCana Corporation 100% interest)
07-16-001-20W4	Meter Station Licence #15251001A (EnCana Corporation 100% interest)
06-02-001-20W4	Battery Licence #7600002 (EnCana Oil & Gas Partnership 100% interest)
02-02-001-20W4	Gas Gathering System Licence #2649 (EnCana Oil & Gas Partnership 100% interest)
	Reagan Second White Speckled Shale Unit No. 1, Unit Agreement and Unit Operating Agreement (EnCana Oil & Gas Partnership 100% interest)
	EQUIPMENT
06-02-001-20W4	Methanol Textstream Pump / 5500 Ltr Dog Dish / 500 Gal Methanol Tank
01-02-001-20W4	100 Barrel Produced Water Tank
06-01-001-20W4	45 Gal Methanol Drum & Methanol Textstream Pump (Williams) / 1100 Ltr Dog Dish
06-03-001-20W4	45 Gal Methanol Drum & Methanol Pump (Williams) / 1100 Ltr Dog Dish
05-04-001-20W4	Methanol Pump / 500 Gal Methanol Tank
07-10-001-20W4	Dog Dish / 45 Gal Methanol Drum & Williams Methanol Pump
07-09-001-20W4	Methanol Pump & 300 Gal Methanol Tank / Dog Dish
06-11-001-20W4	Methanol Pump & 300 Gal Methanol Tank / 1100 Ltr Dog Dish
07-16-001-20W4	45 Gal Methanol Drum & Williams Methanol Pump / Dog Dish
06-17-001-20W4	Methanol Pump & 300 Gal Methanol Tank
14-19-001-20W4	Methanol Pump & 500 Gal Methanol Tank
06-20-001-20W4	45 Gal Methanol Drum & Williams Pump / Dog Dish
06-21-001-20W4	45 Gal Methanol Drum & Williams Pump / Dog Dish
11-30-001-20W4	Methanol Pump & 500 Gal Methanol Tank
06-28-001-20W4	45 Gal Methanol Tank & Williams Pump
06-21-001-20W4	Building with 1 Catadyne Heater & 2 Dry-Flow Meters
07-10-001-20W4	Building with 1 Catadyne Heater & 2 Dry-Flow Meters
07-16-001-20W4	Building with 1 Catadyne Heater
06-02-001-20W4	Building with 1 Catadyne Heater & 3 Dry-Flow Meters
	OLD COMPRESSOR
Suction Scrubber (Flexpac System) 06-02-001-20W4	Serial # 671 CRN # F6533.23 JUR # A0228447
Line Drip at Border 01-02-001-20W4	Equipment #E201001

SCHEDULE "C"

Attached to and forming part of an Asset Sale Agreement

Dated as of the Effective Date April 1, 2003

MATERIAL CONTRACTS

None

SCHEDULE "D"

Attached to and forming part of an Asset Sale Agreement

Dated as of the Effective Date April 1, 2003

AFE'S

April to Aug TOTAL			
AFE/ CostCent	AFE CostCentre Desc	Object Sub Gross Desc	Total
0365385	REAGAN 00/10-36-001-19W4/00	Surface Rights/Survey/Easement	\$1,920
0365385 Total			\$1,920
0365386	REAGAN 00/11-15-002-19W4/00	Surface Rights/Survey/Easement	\$705
0365386 Total			\$705
0365387	102 REAGAN 11-15-002-19W4/0	Surface Rights/Survey/Easement	\$705
0365387 Total			\$705
0365388	PCP PCR REAGAN 100/06-22-001-2	Surface Rights/Survey/Easement	\$1,170
0365388 Total			\$1,170
0365537	REAGAN 10-2-2-19W4	Surface Rights/Survey/Easement	\$1,410
0365537 Total			\$1,410
0365546	PCP PCR REAGAN 16-2-1-21-W4	Surface Rights/Survey/Easement	\$2,010
0365546 Total			\$2,010
0365547	PCP PCR REAGAN 15-10-1-21-W4	Surface Rights/Survey/Easement	\$1,890
0365547 Total			\$1,890
0365549	PCP PCR REAGAN 6-12-1-21-W4	Surface Rights/Survey/Easement	\$1,560
0365549 Total			\$1,560
0365568	REAGAN 6-8-1-20W4	Surface Rights/Survey/Easement	\$2,125
0365568 Total			\$2,125
0386585	REAGAN 9-11-1-21-W4	Surface Rights/Survey/Easement	\$1,890
0386585 Total			\$1,890
GL04629	REGENT 100/01-01-002-19W4/00	Lease/Road Maint/Standby Cat Overhead	\$1,085 \$11
GL04629 Total			\$1,096
Grand Total			\$16,481

Company	JDE Bus U	JDE Prosp	BATMAN F	Project Na	AFE/ Cost	AFE Cost	CUWI	Object (Gr	Object Gro
00211	LETHBRIC	JENSEN	WRNEG01	2003 WAR	GL04629	REGENT	1100/01-01-	8760 Gas	Gathe
00211	LETHBRIC	JENSEN	WRNEG01	2003 WAR	GL04629	REGENT	1100/01-01-	8760 Gas	Gathe
00211	LETHBRIC	Not Applic	CAP_LBB	GAS PRO.	0365388	PCP PCR	100/06-22-	8715 Intangibles	
00211	LETHBRIC	Not Applic	CAP_LBB	GAS PRO.	0365547	PCP PCR	100/15-10-	8715 Intangibles	
00211	LETHBRIC	Not Applic	CAP_LBB	GAS PRO.	0365568	REAGAN	100/06-08-	8715 Intangibles	
00211	LETHBRIC	REAGAN	CAP_LBB	NA PROJE	0386585	REAGAN		8715 Intangibles	
00211	LETHBRIC	REAGAN	CAP_LBB	GAS PRO.	0365385	REAGAN	100/10-36-	8715 Intangibles	
00211	LETHBRIC	REAGAN	CAP_LBB	GAS PRO.	0365386	REAGAN	100/11-15-	8715 Intangibles	
00211	LETHBRIC	REAGAN	CAP_LBB	GAS PRO.	0365387	102 REAG	102/11-15-	8715 Intangibles	
00211	LETHBRIC	REAGAN	CAP_LBB	GAS PRO.	0365537	REAGAN	100/10-02-	8715 Intangibles	
00211	LETHBRIC	REAGAN	CAP_LBB	GAS PRO.	0365546	PCP PCR	100/16-02-	8715 Intangibles	
00211	LETHBRIC	REAGAN	CAP_LBB	GAS PRO.	0365549	PCP PCR	100/06-12-	8715 Intangibles	

Object.Sut	Object Sut	Currency	Unit of Me:	APR	MAY	JUN	JUL	AUG	SEP
8760.330	Lease/Roa	CAD		0	0	1085.25	0	0	0
8760.396	Overhead	CAD		0	0	10.85	0	0	0
8715.324	Surface Ri	CAD		0	0	0	0	1170	0
8715.324	Surface Ri	CAD		0	0	0	0	1890	0
8715.324	Surface Ri	CAD		0	0	0	0	2125	0
8715.324	Surface Ri	CAD		0	0	0	1890	0	0
8715.324	Surface Ri	CAD		0	0	0	1920	0	0
8715.324	Surface Ri	CAD		0	0	0	705	0	0
8715.324	Surface Ri	CAD		0	0	0	705	0	0
8715.324	Surface Ri	CAD		0	0	0	1410	0	0
8715.324	Surface Ri	CAD		0	0	0	2010	0	0
8715.324	Surface Ri	CAD		0	0	0	1560	0	0

SCHEDULE "E"

attached to and forming part of an Asset Sale Agreement

• Area, Alberta

dated the • day of •

between

EnCana Corporation, as Vendor

and

•, as Purchaser

GENERAL CONVEYANCE

THIS CONVEYANCE made this • day of •, 2003

BETWEEN:

EnCana Corporation, a body corporate and EnCana Oil & Gas Partnership, a general partnership; and EnCana Border Pipelines Limited, a body corporate; all having an office and carrying on business in the City of Calgary, in the Province of Alberta (hereinafter collectively referred to as "Vendor")

- and -

•, a body corporate having an office and carrying on business in the City of Calgary, in the Province of Alberta (hereinafter referred to as "Purchaser")

WHEREAS pursuant to the Asset Sale Agreement, • Area, Alberta dated •, 2003 between the Vendor and the Purchaser (the "Sale Agreement"), Vendor has agreed to sell and convey the Assets to Purchaser and Purchaser has agreed to purchase and receive the Assets from Vendor;

NOW THEREFORE for the consideration provided in the Asset Sale Agreement and in consideration of the premises hereto and the covenants and agreements hereinafter set forth and contained, the parties hereto covenant and agree as follows:

1. DEFINITIONS

In this General Conveyance the definitions provided for in the Sale Agreement are incorporated herein by this reference.

2. CONVEYANCE

Vendor, pursuant to and for the consideration provided for in the Sale Agreement, the receipt and sufficiency of such consideration being hereby acknowledged by Vendor, hereby sells, assigns, transfers, conveys and sets over to Purchaser, the Assets, to have and to hold the same absolutely, together with all benefit and advantage to be derived therefrom.

3. **EFFECTIVE TIME**

This General Conveyance shall be effective as of the Effective Time provided that possession and title to the Assets shall be not passed to Purchaser until the Closing Time.

4. **SUBORDINATE DOCUMENT**

This General Conveyance is executed and delivered by the parties hereto pursuant to and for the purposes of the provisions of the Sale Agreement and the provisions of the Sale Agreement shall prevail and govern in the event of a conflict between the provision of the Sale Agreement and this Conveyance.

5. **INUREMENT**

This General Conveyance shall be binding upon and shall inure to the benefit of each of the parties hereto and their respective trustees, receivers, receiver managers, successors and assigns.

6. **FURTHER ASSURANCES**

Each party hereto will, from time to time and at all times hereafter, at the request of the other party but without further consideration, do all such further acts and execute and deliver all such further documents as shall be reasonably required in order to fully perform and carry out the terms hereof.

7. **GOVERNING LAW**

This Conveyance shall be governed by and construed in accordance with the laws of the Province of Alberta and the federal laws of Canada applicable therein.

8. **NON-MERGER**

This General Conveyance is not intended to supersede the Sale Agreement or to vary or affect, or effect a merger of any of the terms, conditions, covenants, representations or warranties thereof or contained therein, but is entered into only for the purpose of effecting the sale and conveyance of the Assets in the manner and on the terms set forth in the Sale Agreement.

9. COUNTERPART EXECUTION

This General Conveyance may be executed and delivered in counterparts and, if so executed and delivered, the execution and delivery of a counterpart by each of the parties hereto shall constitute execution and delivery of this General Conveyance.

IN WITNESS WHEREOF the parties hereto have executed this General Conveyance on the date first above written.

EnCana Corporation

Omimex Canada, Ltd.

Per: _____

Per: _____

EnCana Oil & Gas Partnership

Per: _____

EnCana Border Pipelines Limited

Per: _____