

PART 2
TERMS OF INSTRUMENT
PROVINCE OF BRITISH COLUMBIA
SITE LEASE

GENERAL INSTRUMENT

This Indenture of Lease made this _____ day of _____, A.D. 20_____.

BETWEEN:

THE PARTY OF THE FIRST PART BEING DESCRIBED IN ITEM (5) OF FORM C
(hereinafter called the "Grantor")

- and -

POUCE COUPÉ PIPE LINE LTD.
THE PARTY OF THE SECOND PART BEING DESCRIBED IN ITEM (6) OF FORM C
(hereinafter called the "Grantee")

WHEREAS the Grantor is the registered owner (or entitled to become the registered owner under an agreement for sale or unregistered transfer or otherwise) of an estate in fee simple, subject, however, to the exceptions, conditions, encumbrances, liens and interests contained in or noted upon the existing Certificate of Title and in that certain parcel of land situate, lying and being in the Province of British Columbia and described as follows:

«LEGAL DESCRIPTION»

AS MORE PARTICULARLY DESCRIBED AND SET FORTH ON CERTIFICATE(S) OF TITLE AS PARCEL IDENTIFER NUMBER(S)
«PID NUMBER»,
(hereinafter referred to as the "Said Lands"); and

WHEREAS the Grantor has agreed to lease and grant a certain portion of the Said Lands to the Grantee for the purposes and upon the terms and conditions hereinafter set forth;

NOW THEREFORE THIS INDENTURE WITNESSETH THAT:

THE GRANTOR, in consideration of One Dollar (\$1.00) (receipt and sufficiency of which is hereby acknowledged), HEREBY LEASES AND GRANTS to the Grantee all and singular those parts or portions of the Said Lands shown outlined in red on the sketch or plan attached hereto and marked as (hereinafter called the "Demised Premises"), to be held by the Grantee as tenant for the term of Twenty-five (25) years from the date hereof for any and all purposes and uses as may be necessary for the construction, operation and reclamation of any above or below ground oil, gas, or related hydrocarbon pipelines and production facilities in association therewith.

YIELDING AND PAYING UNTO THE GRANTOR:

a) First Year Compensation

For the first year, the sum of _____ (\$ _____) Dollars.

Sum includes compensation in full for compulsory aspect, value of applicable land, damages and first year annual compensation as described in paragraph (b). First year compensation shall be paid to the Grantor by the Grantee prior to the entry upon the Demised Premises for any and all purposes set forth above, other than for survey and assessment purposes.

b) Annual Compensation

For each subsequent year the sum of _____ (\$ _____) Dollars,

payable annually in advance of the anniversary of the date hereof in each year during the currency hereof, which sum includes annual compensation in full for rental, loss of right or profit, nuisance, disturbance, and severance to the Demised Premises.

THE GRANTOR HEREBY COVENANTS AND AGREES TO AND WITH THE GRANTEE:**2. Quiet Enjoyment**

That if the Grantor has good right and full power to grant and lease the Said Lands, rights and privileges in the manner aforesaid, and that the Grantee, upon observing and performing the covenants and conditions on the Grantee's part herein contained, shall and may peaceably possess and enjoy the Demised Premises and the rights and privileges hereby granted during the said term and any extension thereof without any interruption or disturbance from or by the Grantor or any other persons claiming by, through or under the Grantor.

3. Renewal

That if the Grantee is not in default in respect of any of the covenants and conditions contained in this Lease Agreement at the date of expiration of the term of Twenty-five (25) years hereinbefore mentioned, then this Lease Agreement shall be renewed automatically and the term extended for a further period of Twenty-five (25) years at an Annual Compensation calculated from time to time as hereinafter provided for the term subsequent to the first year thereof. Such extended term shall be subject to all the provisions hereof, including this provision for renewal.

THE GRANTEE HEREBY COVENANTS AND AGREES TO AND WITH THE GRANTOR:**4. Indemnification**

To indemnify and save harmless the Grantor from and against any and all claims or demands that may result from the Grantee's use and occupation of the Demised Premises, other than through wilful damage or gross negligence by the Grantor.

5. Fencing

During the continuance of this Lease Agreement, the Grantee shall erect and put upon the boundaries of the Demised Premises and roadways constructed or placed by the Grantee on the Demised Premises a good substantial fence, if reasonably required by the Grantor or Grantee, and replace all fences which the Grantee may have required removed for its purposes and repair all fences which it may have damaged, and if and when so required by the Grantor, to provide a proper livestock guard at any point of entry upon the Said Lands used by it and, upon the use thereof, to close all gates.

6. Roadways

The Grantee will ensure that any roadway on the Demised Premises is constructed to a low profile unless topography dictates otherwise.

7. Culverts

The Grantee will construct and maintain culverts and other structures on the Demised Premises as required to ensure the unimpeded flow of water through natural drainage courses.

8. Weeds

The Grantee will control all weeds on the Demised Premises but in so doing will not use a soil sterilant without the written consent of the Grantor.

9. Topsoil

The Grantee shall conserve and preserve the topsoil as required or regulated from the Leased Area, having regard to good soil conservation practices.

10. Abandonment and Restoration

Prior to abandoning the Demised Premises, the Grantee shall remove all above ground equipment and all excavations shall be filled in, in compliance with all applicable laws and regulations; the Grantee shall restore the Demised Premises to the same condition that existed immediately prior to the Grantee's entry.

11. Compensation for Damages

The Grantee shall pay compensation for damage done by its servants and agents which, without restricting the generality thereof, shall include crops, machinery, livestock, fences, buildings, or other improvements of the Grantor upon the Said Lands other than the Demised Premises.

THE GRANTOR AND THE GRANTEE DO HEREBY MUTUALLY COVENANT AND AGREE EACH WITH THE OTHER AS FOLLOWS:**12. Non-Entry**

Notwithstanding anything herein before contained, if the Demised Premises covered by this Lease Agreement are not entered upon, except for survey or assessment purposes, within two (2) years of the date of this Lease Agreement, the Grantee shall pay to the Grantor the sum of _____ (\$_____) Dollars for the right to survey and all other nuisance and disturbance, and the said Lease Agreement shall terminate. However, should the Grantee make payment of the full initial consideration in the amount of \$_____ as previously set out, within the two (2) year period, the Grantee shall have full right on the demised premises pursuant to the terms of the said Lease Agreement.

13. Repair, Removal or Replacement of Equipment

The Grantee may at all times during the continuance of this Lease Agreement remove or cause to be removed from the Demised Premises all buildings, structures, fixtures, facilities, pipelines, material and equipment of whatsoever nature or kind which it may have placed on or in the Demised Premises or in any area to be surrendered.

14. Taxes

The Grantor and the Grantee shall each promptly pay and satisfy all taxes, rates and assessments that may be assessed or levied against the Said Lands as a result of their respective use and occupation of the Said Lands. The Grantee shall reimburse the Grantor for any such taxes that may be levied against the Grantor as the result of the Grantee's occupation of or operations on the Demised Premises. The Grantor or any person to whom the Grantor assigns any right to receive payments hereunder (whether by Direction to Pay or otherwise) shall be and shall remain liable for all income taxes assessed against either of them in respect of such payment, without recourse to the Grantee.

If the Grantor is a non-resident of Canada, the Grantor agrees that the Grantee may deduct income, withholding or other taxes from any payment to the Grantor in compliance with the provisions of the Income Tax Act, tax agreements or treaties or other statutes of Canada or its Provinces as are from time to time enacted and amended, whereupon the timely remittance by the Grantee of the balance of the payment to the Grantor shall be deemed to constitute full performance by the Grantee in respect of such payment.

15. Compliance with Laws and Regulations

The Grantor and the Grantee shall comply with all applicable laws and regulations as may be in force from time to time and any other Act pertaining to the activities herein and regulations passed thereunder.

16. Review of Annual Compensation

The Annual Compensation set forth in paragraph (b) shall be reviewed in accordance with Part V of the National Energy Board Act.

17. Surrender & Restoration

Subject to clause 1 and other, the Grantee shall have the right at any time and from time to time by written consent of the Grantor to surrender all or any portion of the Leased Premises and terminate this Lease as it relates to the surrendered premises, provided however, that there shall be no refund to the Grantee of any compensation which may have been paid in advance and that all provisions for abandonment and restoration have been complied with in accordance with applicable laws and regulations.

18. Discharge or Encumbrances

The Grantee may, where reasonably required to protect its interests under this Lease Agreement, pay or discharge all or any balance owing under any Agreement for Sale or Mortgage, or of any tax, charge, lien or encumbrance of any kind or nature whatsoever which may now or hereafter exist on or against or in any way affect the Said Lands, in which event the Grantee shall be subrogated to the rights of the holder or holders thereof, and may in addition thereto, at its option, reimburse itself by applying on account of repayment of the amount so paid by it, the rentals or other sums accruing to the Grantor under the terms of this Lease Agreement.

19. Additional Terms

Any additional terms, expressed or implied, shall be of no force or effect unless made in writing and agreed to by the Grantor and the Grantee.

20. Assignment

The Grantee or the Grantor may delegate, assign or convey to other persons or corporations or agents all of the powers, rights and interests obtained by or conferred upon the Grantor or the Grantee herein, and may enter into all agreements, contracts and writings and do all necessary acts and things to give effect to the provisions of this clause. However, no delegation, assignment or conveyance is effective or binding upon the other party until the party has received notice of such delegation, assignment or conveyance.

21. Default

Notwithstanding anything herein contained to the contrary, but subject to clause 1, the Grantee shall not be in default in the performance of any of its covenants or obligations under this Lease Agreement, including the payment of Compensation unless and until the Grantor has notified the Grantee of such default and the Grantee has failed to commence action to remedy the same within thirty (30) days of the receipt of such notice. For the purpose of this clause, a letter by the Grantee of its intent to remedy a default shall constitute a commencement of action to remedy the said default.

22. Arbitration

In the event of any dispute or claim arising out of or relating to clauses 5 to 11 inclusive or the determination of annual compensation pursuant to clause 16 of this Lease, in such cases the determination of whether there has been a breach of this Lease and the remedy for the breach, if any, shall be determined by the Surface Rights Board, pursuant to the provisions of the Petroleum and Natural Gas Act.

23. Notices

All notices herein shall be given in writing. All notices to given herein may be given personally or by letter addressed to the party to who the notice is to be given. Any such notice shall be deemed given to and received by, the addressee one (1) day after delivery if given personally, ten (10) days after the mailing thereof, if mailed postage prepaid.

24. Addresses

Unless changed by written notice, the addresses of the parties hereto shall be:

Grantee: «CLIENT_ADDRESS», «CLIENT_CITY», BC «CLIENT_POSTAL»
Grantor: «ADDRESS», «CITY», AB «POSTAL»

25. Enurement

These presents and everything herein contained shall enure to the benefit of and be binding upon the Grantor, his/her heirs, executors, administrators, successors and assigns and upon the Grantee, its successors and assigns.

26. Personal Information Consent

By providing personal information to the Grantee, the Grantor hereby irrevocably consents to the Grantee's collection, use, retention and disclosure of the information for any and all purposes and uses as permitted or contemplated under this Lease Agreement and as needed to comply with any legal requirements, including the Personal Information Protection Act.

IN WITNESS WHEREOF the parties have caused this agreement to be executed the day and year first above written.

SIGNED AND DELIVERED

By the above named Grantor in the presence of:

GRANTOR:

Witness:

«LANDOWNER_1»

Witness:

«LANDOWNER_2»

by a duly Authorized Signatory
of **POUCE COUPÉ PIPE LINE LTD.**

Per: _____
(Authorized Signatory)

Per: _____
(Authorized Signatory)

SCHEDULE "A"

Attached to and made part of a Lease dated this _____ day of _____, 20____, between «LANDOWNER 1» and «LANDOWNER 2» (Grantor) and «CLIENT_NAME» (Grantee).

See attached Sketch of Leased Premises

PID: « **PID_NUMBER** »
CANADA
PROVINCE OF
BRITISH COLUMBIA
TO WIT:

AFFIDAVIT OF EXECUTION

I, _____ of _____, in the Province of
British Columbia, Land Agent, make oath and say:

- 1. I am 16 years of age or older and am acquainted with the person named in the instrument as the transferor.
- 2. I am acquainted with the signature of the transferor and believe that the signature subscribed to the instrument is the signature of the transferor.
- 3. The signature of the transferor was not certified by an officer under Part 5 of the Land Title Act, R.S.B.C. 1996, c. 250 because : _____

4. I make this Affidavit in support of an application that the Registrar receive the attached instrument for the purpose of registration pursuant to section 49 of the Act, and not require the certification of an officer to the signature(s) on the attached instrument.

SWORN before me at the district _____)
of _____)
In the Province of British Columbia
this __ day of _____ 20____) _____
_____)

END OF DOCUMENT