

INDUSTRY AGREEMENT REGARDING LIMITATIONS

dated January 1, 2001

AMONG:

OIL AND GAS INDUSTRY PARTICIPANTS

WHEREAS the Parties have agreed to extend the period for seeking a remedial order under section 3(1)(a) of the *Limitations Act*, S.A. 1996 c. L-15.1, as amended, as permitted under section 7 of that *Act*;

NOW THEREFORE in consideration of the mutual promises and agreements of current and future signatories, the Administrator and each of the Parties, by its execution of this Industry Agreement, agrees to accept and be bound by the terms and conditions set out below.

Article 1 DEFINITIONS

- 1.1** In this Industry Agreement, the following terms, when capitalized, shall have the meaning assigned to each below:
- (a) "**Act**" means the *Limitations Act*, S.A. 1996 c. L-15.1, as amended.
 - (b) "**Administrator**" means the party, industry association or contractor from time to time appointed pursuant to this Industry Agreement to administer this Industry Agreement and to keep a record of the subscribing Parties.
 - (c) "**Agreement**" means any agreement which:
 - (i) is effective before February 15, 2001; and
 - (ii) relates to: exploration, development, production, gathering, processing, compression, transportation, marketing or storage of oil, natural gas, related hydrocarbons or substances produced in association with them; or construction, ownership and/or operation of facilities used in connection with such activities; or the grant of subsurface or surface rights or an overriding royalty; and
 - (iii) is governed by Alberta law, or applies to a claim which may be brought before the courts of the Province of Alberta.
 - (d) "**Industry Agreement**" means this agreement.

- (e) **"New Limitation Period"** means the period for seeking a remedial order as provided for in the *Act*, as amended by section 2.1 of this Industry Agreement.
- (f) **"Party"** means a party to one or more Agreements who executes this Industry Agreement.

Article 2

NEW LIMITATION PERIOD

2.1 Each Agreement amended by this Industry Agreement is amended to include one of the following two provisions, whichever is applicable:

If the Agreement provides for audits to be performed during a specified period:

"The two-year period for seeking a remedial order under section 3(1)(a) of the *Limitations Act*, S.A. 1996 c. L-15.1, as amended, for any claim (as defined in that *Act*) arising in connection with this agreement is extended to:

- (a) for claims disclosed by an audit, two years after the time this agreement permitted that audit to be performed; or
- (b) for all other claims, four years."

If the Agreement does not provide for audits to be performed during a specified period:

"The two-year period for seeking a remedial order under section 3(1)(a) of the *Limitations Act*, S.A. 1996 c. L-15.1, as amended, for any claim (as defined in that *Act*) arising in connection with this agreement is extended to four years."

Article 3

AMENDMENT OF AGREEMENTS

- 3.1** An Agreement shall be amended by this Industry Agreement if all of the parties to the Agreement on February 15, 2001 are also Parties to this Industry Agreement, unless a Party provides notice of the Agreement's exclusion in accordance with section 3.3.
- 3.2**
 - (a) Subject to section 3.2(b), for any Agreement amended by this Industry Agreement, the New Limitation Period shall apply to that Agreement effective February 15, 2001 so that the New Limitation Period applies to all past, present and future claims under the Agreement.
 - (b) If an Agreement already contains a provision that amends the limitation period established under the *Act*, then effective February 15, 2001 the limitation period for that Agreement shall be the longer of the New Limitation Period and the limitation period provided for in that Agreement.
- 3.3**
 - (a) If a Party (in this section 3.3 called the assignor) has assigned or has agreed to assign an interest in an Agreement to an entity (or entities) who is (are) neither a

party to the Agreement nor a Party to this Industry Agreement (in this section 3.3 called the assignee) then the assignor shall make a reasonable effort to persuade the assignee to become a Party to this Industry Agreement on or before February 15, 2001.

- (b) From February 15, 2001 to and including February 23, 2001, an assignor (as defined in section 3.3(a)) may exclude an Agreement from amendment by this Industry Agreement by providing notice. A notice to exclude an Agreement shall:
 - (i) be dated and in writing; and
 - (ii) specify the Agreement to be excluded; and
 - (iii) be delivered on or before February 23, 2001 to the Administrator and all Parties who are parties to the excluded Agreement to the best of the assignor's knowledge as of the date of the notice.

A notice to exclude an Agreement that is so delivered shall have the effect of excluding such Agreement from being amended by this Industry Agreement.

- (c) Each Party represents and warrants that it has full power and authority to act:
 - (i) for itself in amending each Agreement; and
 - (ii) on behalf of its assignee in amending each Agreement in relation to which it is an assignor and which is not excluded pursuant to section 3.3(b);

and agrees to indemnify and save harmless each other Party to such Agreement and the Administrator against all actions, proceedings, claims and demands made by any party if such representations and warranties are not true.

- (d) If a Party has been assigned an interest in an Agreement but is not a party to such Agreement on February 15, 2001, that Party agrees that the assignor is duly authorized to amend such Agreement as its trustee with respect to this Industry Agreement.

3.4 Except as provided in section 3.2(b), if there is a conflict between the New Limitation Period and the provisions of an Agreement, the New Limitation Period shall prevail.

Article 4

AGREEMENT BY SUBSCRIPTION

4.1 Each Party agrees that this Industry Agreement is not only an agreement between it and each other Party as at the date of its execution, but is also an offer to each future signatory who subscribes on or before February 15, 2001 to be bound in accordance with the terms of this Industry Agreement. The Industry Agreement shall be a continuing agreement binding each Party to its terms on and after the date of that Party's subscription

under section 4.2 notwithstanding that other Parties may be added up to and including February 15, 2001.

- 4.2** To subscribe to this Industry Agreement, a party shall deliver to the Administrator one executed counterpart execution page showing the party's address for service. The counterpart execution page may be delivered by courier or mail to the Administrator at the Administrator's address for service, or by fax. An executed counterpart received by the Administrator after February 15, 2001 shall not be effective.

Article 5
ADMINISTRATOR'S DUTIES

- 5.1** The Administrator shall, within 2 business days from January 31 and February 15, 2001, provide each Party with an alphabetical list of the Parties who have subscribed as of January 31 and February 15, 2001, respectively. The list provided as of February 15, 2001 shall include all Parties and shall be considered the definitive list of Parties to this Industry Agreement.
- 5.2** The Administrator or its successor shall maintain the duplicate original executed counterparts to this Industry Agreement in its files for the reference of the Parties until February 15, 2011. Until February 15, 2011, copies of any of the counterparts shall be provided by the Administrator or its successor on request by a Party subject to section 5.3.
- 5.3** The Administrator shall charge for its services as follows:
- (a) for each list of the Parties (except as provided under section 5.1) \$25.00
 - (b) for each complete set of executed counterparts (available after February 15, 2001) fees to be determined on a cost recovery basis
 - (c) a reasonable fee for any other services requested and provided under this Industry Agreement.

Article 6
LIABILITY AND INDEMNITY OF ADMINISTRATOR

- 6.1** Each Party waives the right to claim against the Administrator, its officers, directors, agents and employees for any loss, costs, damages or expenses suffered or incurred by the Parties from any act or omission of the Administrator, its officers, directors, agents and employees whether negligent or otherwise, except when and to the extent that losses, costs, damages or expenses are a result of the gross negligence or willful misconduct of the Administrator, its officers, directors, agents or employees.
- 6.2** Each Party, in relation to Agreements to which it is a party and which are amended under this Industry Agreement, indemnifies and saves harmless the Administrator, its officers, directors, agents and employees against all actions, proceedings, claims or demands made by any third party for loss, costs, damages and expenses in relation to such Agreements

which may be brought against or suffered by the Administrator or which it may sustain, pay or incur by reason of anything arising out of or in any way attributable to the activities carried on or to be carried on by the Administrator or its officers, directors, agents or employees pursuant to the Industry Agreement or by reason of any breach of contract or negligence of any of them in the performance, purported performance or non-performance of any of the obligations of the Administrator under this Industry Agreement, except when and to the extent that losses, costs, damages or expenses are a result of the gross negligence or willful misconduct of the Administrator, its officers, directors, agents or employees.

Article 7

APPOINTMENT AND REPLACEMENT OF ADMINISTRATOR

- 7.1** The Petroleum Accountants Society of Canada shall be the Administrator unless replaced in accordance with a vote of the Parties under either (a) or (b) of this section below:
- (a) After March 1, 2001 the Administrator shall be entitled to resign on 30 days' written notice to the Parties. The Administrator's successor shall be nominated by at least four of the Parties and will be the party, association or contractor who receives a plurality of votes in its favour. The Administrator shall conduct the election of its successor within the 30 day notice period.
 - (b) The Administrator shall be relieved of its duties on the affirmative vote of a simple majority of the voting Parties. If the Administrator is relieved by this method, the Parties who proposed the vote succeeds as the new Administrator, effective 30 days after the date of the vote.
- 7.2** The Administrator shall promptly deliver all files and records relating to this Industry Agreement to its successor, and the successor shall agree as Administrator to be bound by and subject to all the terms and conditions of this Industry Agreement.
- 7.3** Any party who has executed this Industry Agreement who proposes a vote under this Article 7 shall be responsible for preparing and distributing a mail ballot to each Party, tabulating the results and reporting the outcome of the vote to the Parties. A Party may vote by recording its vote on the mail ballot and returning it to the originator within twenty (20) days of receipt.

Article 8

EXECUTION AND DELIVERY

- 8.1** This Industry Agreement may be executed in counterpart and, when a counterpart has been executed by a Party, that counterpart shall be binding against that Party as of the date of that Party's subscription. Notwithstanding the foregoing, this Industry Agreement shall not be binding on any Party until the Administrator has signed a counterpart. All counterparts together shall constitute one agreement.
- 8.2** In witness of its agreement to be bound by the terms of this Industry Agreement, the undersigned:

- (a) has caused this counterpart copy of the Industry Agreement to be duly executed on the date indicated below, and
- (b) has caused this counterpart to be delivered to the Administrator of the Industry Agreement.

8.3 A counterpart delivered to the Administrator with conditions will not be effective.

Article 9
ENUREMENT

9.1 This Industry Agreement shall enure to the benefit of and be binding upon the Administrator and the Parties, and their respective successors and assigns.

Party's Full Name:

Address for Service:

Per: _____

Per: _____

Date: _____

Attn: _____

Fax: _____

Email: _____

PETROLEUM ACCOUNTANTS SOCIETY OF CANADA

Address for Service:

Per: _____

1500, 888 - 3rd Street S.W.
Calgary, Alberta T2P 5C5

Per: _____

Fax: (403) 265-4573

Email: info@petroleumaccountants.com

Date: _____