PETROLEUM OR NATURAL GAS LEASE
General Terms and Conditions

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ARTICLE 1 DEFINITIONS, INTERPRETATION AND DRAFTING

1.01 Definitions

In this Lease, including this Clause and Appendix I attached to this Lease:

(a) "**Affiliate**" means a Person that is controlled or under common control by:

(i) another Person; or

(ii) a group of Persons that act in concert, directly or indirectly; and,

(iii) for the purposes of this definition, the term "control" means the possession, directly or indirectly, by that Person or group of Persons acting in concert, of the power to direct or cause the direction of the management and policies of the Person that is under its control, whether through ownership of voting securities, by contractual interest or otherwise;

(b) **"API"** means the American Petroleum Institute;

(c) **"API Density"** means the API's gravity value, expressed as a degree, based on the API Manual of Petroleum Measurement Standards;

(d) **"Appendix I"** means the appendix attached to these Petroleum or Natural Gas Lease General Terms and Conditions entitled Appendix I Royalty Calculations;

(e) "**Barrels of Oil Equivalent**" or "**BOE**" means the amount of energy that is equivalent to the amount of energy found in a barrel of crude oil using the following conversion factors:

(i) for Petroleum, Field Condensate and Natural Gas Liquids, one barrel is equal to one BOE (one M3 equals 6.29287 barrels); and

(ii) for Natural Gas and Solution Gas, six MCF (thousand cubic feet) is equal to one BOE (one E3M3 equals 35.49373 MCF);

(f) **"Bitumen"** means Petroleum that is a naturally occurring solid or semi-solid hydrocarbon having a relative API Density less than ten degrees (10°) and a viscosity greater than ten thousand (10,000) centipoises, measured at the original reservoir temperature and at atmospheric pressure on a gas-free basis, that will not flow to a well in its natural state;

(g) **"Business Day"** means any day other than a Saturday, Sunday or statutory holiday in the Province of Alberta, Canada;

(h) **"Continuation Application Form"** means the document named "Lease Continuation Application" to be used by Lessee in the form as found on Lessor's Website for the applicable lease type at the relevant time when making application for continuation of this Lease;

(i) **"Current Market Value"** has the meaning as set out in Appendix I;

(j) **"Default"** has the meaning as set out in Article 24;

(k) **"Drilling Operations"** means, in accordance with good oilfield practice:

(i) spudding a well;

(ii) re-entering a well to drill additional legs to deepen a well; or

(iii) re-entering an inactive, suspended or abandoned well or zone,

and thereafter diligently and continuously carrying out the drilling or re-entry operations to fully evaluate all penetrated or re-entered Formations to the extent reasonably necessary to determine whether Leased Substances can be produced from such well or zone in Paying Quantities, including any acts in furtherance of the foregoing to and including commencement of Production Operations, or abandonment of that well under the provisions of Article 18;

(l) **"Environmental Liability"** means any liability, responsibility or obligation arising out of this Lease in respect of the environment (whether surface, subsurface, soil, air, water, surface water, wet lands or marine environments), including any and all environmental damage, contamination or other environmental problems on, under or associated with the Leased Lands or resulting from operations conducted thereon or related thereto, however and by whomsoever caused, and whether caused by any non-compliance with or a breach of the applicable Regulations or otherwise, including without limitation:

(i) any release of any Hazardous Products;

(ii) any abandonment and reclamation obligations;

(iii) the restoration, cleanup or reclamation of or failure to restore, cleanup or reclaim any part of the Leased Lands or the surface or subsurface thereof;

(iv) the removal or failure to remove any foundations, substances or Equipment including any costs incurred to clean-up, decommission, abandon, decontaminate and reclaim the Leased Lands or any other lands from the effects resulting from any of the foregoing; and

(v) any damages or losses suffered by third parties as a result of any of the occurrences described in this Subclause 1.01(l);

(m) **"EOR Scheme"** means any method of enhancing oil recovery through a scheme that has been approved under Regulations for injecting hydrocarbons, water, steam, carbon dioxide, nitrogen or other chemicals or substances into a reservoir using a certain pattern of injection wells to increase the amount of recoverable reserves from other wells producing from that same reservoir;

(n) **"Equipment"** means all machinery, buildings, structures, facilities, equipment, appliances and materials that Lessee may have placed or caused to be placed in a well, on a wellsite or, more generally, on the Leased Lands for the purpose of producing Leased Substances;

(o) **"Event of Force Majeure"** has the meaning as set out in Article 25;

(p) **"Excess Flare Gas"** means all flare volumes for a well exceeding 900m3/day, and for the purposes of Appendix I “Excess Flare Gas” shall be deemed to be a Marketable Product for the calculation of the Royalty;

(q) **"Excluded Substances"** means all substances other than the Leased Substances;

(r) **"Field Condensate"** means a mixture of primarily pentanes and heavier hydrocarbons that are dissolved with Natural Gas or Solution Gas at their virgin reservoir conditions and condenses from a vapor to a liquid upon certain changes to temperature or pressure in the reservoir or at surface and are extracted or separated from the Natural Gas or Solution Gas prior to the gas stream entering a processing, extraction, or fractionation facility;

(s) **"Formation"** means a subsurface interval of rock strata that can be or is correlated and delineated as a lithostratigraphic unit based on its relative lithologic properties and stratigraphic position and, for purposes of this Lease, also means any named subdivision of such a lithostratigraphic unit that can be or is distinguishable apart from other members for purposes of recovering Leased Substances;

(t) **"Freehold Mineral Tax"** means the taxing or levying of fees, as may be applicable:

(i) in Alberta, in accordance with the Freehold Mineral Rights Tax Act, Chapter F-26 RSA 2000;

(ii) in Saskatchewan, in accordance with The Mineral Rights Tax Regulations, 1998 (Mineral Taxation Act, 1983), and The Freehold Oil and Gas Production Tax Act, Chapter F-22.11 of the Statutes of Saskatchewan, 2010 (effective April 1, 2012, subsections 35(3) and (4) effective May 25, 2012); and

(iii) in Manitoba, in accordance with the Oil and Gas Production Tax Act, C.C.S.M. c. 037,

or any replacement, similar or additional legislation;

(u) "**Fuel Gas**" means that portion of the Leased Substances used as fuel to operate Equipment directly for the production of Leased Substances upon the Leased Lands provided that the portion of the Leased Substances determined to be used from any given well is based on the percentage that the volume of production from such well bears to the total volume of production from all wells handled together through that Equipment in each month;

(v) "**Hazardous Products**" means:

(i) products, mixtures, materials or substances which meet the criteria to be classified in one or more of the hazard classes of the applicable Regulations, such Regulations to encompass, for greater certainty, the Workplace Hazardous Materials Information System (WHMIS 2015); and

(ii) any other chemicals, materials, substances or wastes prohibited, limited or regulated by the Regulations, or present in concentrations or at locations that present a threat to human health or the environment;

(w) **"Heavy Oil"** means Petroleum that has a relative API Density greater than ten degrees (10°) and less than or equal to twenty-two decimal three degrees (22.3°);

(x) **"Helium"** means a non-hydrocarbon odourless, inert gas which ordinarily may be produced with associated gases;

(y) **"Horizontal Well"** means a single wellbore where the Productive Portion of the well is drilled with an inclination of at least eighty (80°) degrees from vertical into a Formation (or heel) and thereafter laterally along the same stratigraphic interval to its termination point (or total depth) and is classified as a horizontal well pursuant to Regulations;

(z) **"Horizontal and Multilateral Well Allocation Procedure"** means the allocation of production from a Horizontal Well and/or a Multilateral Well, expressed as a percentage, that is calculated based on the Productive Portion as may be further detailed in the Regulations;

(aa) **"Initial Consideration"** means the sum of money or other consideration specified under the term "Initial Consideration" in the Lease Specific Terms;

(bb) **"Lease"** means, collectively:

(i) the Lease Specific Terms; and

(ii) these Petroleum or Natural Gas Lease General Terms and Conditions, including Appendix I;

(cc) **"Lease Assignment"** means the document named "Assignment of PrairieSky Fee Lease" to be used by Lessee in the form as found on Lessor's Website at the relevant time when preparing an assignment of this Lease;

(dd) **"Lease Date"** means the date specified in the Lease Specific Terms and is the effective date of this Lease;

(ee) **"Lease Specific Terms"** means the form entitled "Lease Specific Terms" which sets out specific terms and conditions of this Lease;

(ff) **"Leased Formations"** means the Formation or Formations set out in the Lease Specific Terms underlying the Leased Lands, as amended at any time in accordance with the terms of this Lease, or so much of those Formations as remain subject to this Lease at any time and excludes any intervals specifically excluded in the Lease Specific Terms;

(gg) **"Leased Lands"** means the lands and number of hectares described in the Lease Specific Terms, as amended at any time in accordance with the terms of this Lease, or so much of those lands and hectares as remain subject to this Lease at any time, and, for purposes of interpretation of this Lease, any reference to Leased Lands shall also include the related Pooled Lands, the Production Allocation Area or Unitized Lands, as applicable;

(hh) **"Leased Substances"** means those substances, naturally occurring and contained within the Leased Formations, that are specified in the Lease Specific Terms and that remain subject to this Lease at the applicable time. For certainty:

(i) when Natural Gas is listed on the Lease Specific Terms, Natural Gas shall also include associated by-products including Field Condensate, Natural Gas Liquids, Sulphur, and Marketable Products, as are determined under the Regulations to be attributable to the owner of natural gas mineral rights; and

(ii) when Petroleum is listed on the Lease Specific Terms, Petroleum shall also include associated by-products including Solution Gas, Field Condensate, Natural Gas Liquids, Sulphur, and Marketable Products, as are determined under the Regulations to be attributable to the owner of petroleum mineral rights;

(ii) **"Lessee"** means the Party designated as such, including its registered interest percentage, in the Lease Specific Terms;

(jj) **"Lessor"** means the Party designated as such in the Lease Specific Terms;

(kk) **"Lessor's Website"** means http://www.prairiesky.com or any future websites or other electronic access as directed by Lessor at any time;

(ll) **"Marketable Products"** means any substances that are recovered from the Leased Substances and processed to a state ready:

(i) for sale to an end user market;

(ii) to be used by the Lessee as fuel to operate machinery, buildings, structures, facilities, equipment, appliances and materials of any nature located off of the Leased Lands; or

(iii) to be used or sold by the Lessee for any other operation, whether located on or off the Leased Lands, including power generation, cryptocurrency mining, data centers to support various digital operations or otherwise;

(mm) **"Multilateral Well"** means a Horizontal Well consisting of more than one productive legs (or drains) that has been drilled from and is connected to a main wellbore and has one licence number;

(nn) **"Natural Gas"** means a mixture of primarily methane and ethane that is not Solution Gas and that is in a gaseous state at both the virgin reservoir conditions and at surface conditions, and which may be contaminated with Sulphur and mixed in solution with Natural Gas Liquids within the reservoir;

(oo) **"Natural Gas Liquids"** means those heavier hydrocarbon components found in solution with Natural Gas or Solution Gas in the reservoir and recovered or recoverable through extraction and separation from the gas stream at a processing, extraction, or fractionation facility, including, but not limited to, ethane, propane, butanes and pentanes plus;

(pp) **"Offset Election Period"** means a period of six (6) months from either (i) the date of this Lease with respect to any Offset Triggering Well obtaining production at the date of this Lease or (ii) from the date of any Offset Triggering Well being placed on production after the date of this Lease;

(qq) **"Offset Formation"** means that Formation from which production is being obtained from an Offset Triggering Well;

(rr) **"Offset Satisfying Well"** means, in respect of any Offset Triggering Well, a well on or within a Spacing Unit comprised of the Leased Lands that laterally or diagonally adjoins the Offset Spacing Unit that:

(i) is producing Leased Substances from the Offset Formation; or

(ii) was drilled or reentered, evaluated and determined not capable of producing Leased Substances in Paying Quantities,

provided that a Horizontal Well or a Multilateral Well shall only be considered an Offset Satisfying Well if the Productive Portion, calculated in accordance with the Horizontal and Multilateral Well Allocation Procedure, covers not less than fifty percent (50%) of the distance between the boundaries of such Spacing Unit;

(ss) **"Offset Spacing Unit"** means any Spacing Unit laterally or diagonally adjoining a Spacing Unit wholly or partially comprised of the Leased Lands, as is applicable to the well product type classification of the Offset Triggering Well;

(tt) **"Offset Triggering Well"** means any well drilled before or after the Lease Date on or within any Offset Spacing Unit, where the lands in that Offset Spacing Unit are:

(i) not owned by Lessor; or

(ii) if owned by Lessor, are not under lease to Lessee,

and such well is obtaining production of the same kind of substance as is the Leased Substances from a Formation that is comprised within the Leased Formations;

(uu) **"Other Operations"** has the meaning as set out in Subclause 2.03(b);

(vv) **"Party"** means either Lessor or Lessee and "Parties" means Lessor and Lessee collectively;

(ww) **"Paying Quantities"** means the production of a sustainable quantity of Leased Substances from a well that is sufficient to generate a reasonable Royalty for Lessor taking into consideration the operating costs, the kind and quality of production, the availability of markets, the market price to be received for production of Leased Substances, and the Royalty or other royalties and burdens payable;

(xx) **"Person"** means an individual, or their heirs, executors, administrators or other legal representatives, a partnership, a corporation, a trust or a joint venture;

(yy) **"Petroleum"**, also otherwise known as crude oil (inclusive of Heavy Oil and Bitumen unless excluded from the Leased Substances in the Lease Specific Terms), means a mixture mainly of hydrocarbons heavier than pentanes that are in a liquid, solid or semi-solid state at both the

prevailing reservoir conditions and at surface conditions, which are not derived from but may be found in association with Natural Gas or Solution Gas in the reservoir and which may contain Sulphur;

(zz) **"Petroleum or Natural Gas Lease General Terms and Conditions"** means these Petroleum or Natural Gas Lease General Terms and Conditions, including Appendix I, as modified or amended pursuant to the Lease Specific Terms;

(aaa) **"Pooled Lands"** means the Leased Lands or any portion of the Leased Lands and any other lands that are pooled with Leased Lands or any portion of the Leased Lands to form a Spacing Unit for a well that is not a Horizontal Well or a Multilateral Well;

(bbb) **"Primary Term"** means the period specified in the Lease Specific Terms from and including the Lease Date;

(ccc) **"Production Allocation Agreement"** means the documents named "Production Allocation Agreement (Horizontal Well - Leases)" to be used by Lessee in the form as found on Lessor's Website at the relevant time when submitting a production allocation to Lessor;

(ddd) **"Production Allocation Area"** means the Leased Lands or any portion of the Leased Lands and any other lands that are contributed to form the area required under the Regulations to drill and produce a Horizontal Well or a Multilateral Well;

(eee) **"Production Operations"** means any of the following conducted in accordance with good oilfield practice for the purpose of obtaining production of Leased Substances in Paying Quantities:

(i) production from a well;

(ii) well completion or re-completion operations, including the testing and installation of the production casing, tubing and wellhead equipment and all other equipment and materials necessary for the permanent preparation of a well;

(iii) reworking, fracture stimulating, acidizing or stimulating a well;

(iv) equipping and tie-in of a well; or

(v) maintaining, repairing or replacing equipment, facilities or pipelines used for the production, gathering, treating or processing of production from a well;

(fff) "**Productive Portion**" means for:

(i) a fracture-stimulated Horizontal Well, that section of the completed interval from which production is obtained, or is reasonably expected to be obtained, measured from the termination point (or total depth) of that horizontal leg to the last completed facture stage nearest to the heel of the horizontal leg, or as otherwise determined under the applicable Regulations;

(ii) an unstimulated Horizontal Well, that section of the completed interval measured from the first point of entry into the Formation (ICP or heel) from which production is obtained, or is reasonably expected to be obtained, to the termination point (or total depth) of that horizontal leg; and

(iii) a Multilateral Well, separately, (1) that section of the main wellbore measured from the first point of entry into the Formation (ICP or heel) from which production is obtained, or is reasonably expected to be obtained, to the termination point (or total depth), and (2) for each lateral leg (or drain) its entry point (sidetrack) from the main wellbore to its termination point (or total depth),

either as drilled or permanently plugged back to a shorter distance;

(ggg) **"Quantity"** has the meaning as set out in Appendix I;

(hhh) **"Regulations"** means any statute, law, bylaw, rule, regulation, policy, order, information letter, interim directive, general bulletin, guideline, notice requirements or other legislation of any kind in effect at any time and made by governments or governmental agencies having jurisdiction over the Leased Lands, the Drilling Operations or the Production Operations and any environmental requirements or other operations incidental thereto, including any judicial or administrative order, written request, consent decree or judgment or any provision or condition of any permit, licence, approval or other operating authorization;

(iii) **"Rental"** is the amount specified in the Lease Specific Terms;

(jjj) **"Representatives"** means in respect of a Party:

(i) its Affiliates; and

(ii) each of its respective directors, officers, employees, agents, advisors, consultants and representatives retained by that Party;

(kkk) **"Royalty"** means that royalty interest reserved out of the Leased Substances obtained from the Leased Lands as provided for in Article 6;

(lll) **"Royalty Data Requirement Sheet"** means the document named "Royalty Data Requirement Sheet" to be used by Lessee in the form as found on Lessor's Website at the relevant time when submitting royalty data to Lessor;

(mmm) **"Royalty Determination Point"** has the meaning as set out in Appendix I;

(nnn) **"Royalty Rate"** means that percentage share of the Royalty as set forth in the Lease Specific Terms;

(ooo) **"Solution Gas"** means a mixture of primarily ethane and methane produced from any Petroleum well (classified as such pursuant to Regulations) that is dissolved in solution with the Petroleum at virgin reservoir conditions and is gaseous at surface conditions, and which may be contaminated with Sulphur and mixed in solution with Natural Gas Liquids within the reservoir;

(ppp) **"Spacing Unit"** means, as applicable to the classification of a well under the Regulations, that area of land, as defined or prescribed by the Regulations, required to be held in common by the working interest owners in that well for the drilling, re-entry or production of that well;

(qqq) **"Sulphur"** means elemental sulphur recovered from the hydrogen-sulphide contained within the Natural Gas, Solution Gas or Petroleum by processing the Natural Gas, Solution Gas or Petroleum;

(rrr) **"Title Documents"** means the documents of title as specified on the Lease Specific Terms by virtue of which the Lessor holds its fee simple mineral interest in and to the Leased Lands, including all amendments, renewals, extensions, or replacements;

(sss) **"Unitized Lands"** means lands that are unitized under a plan of unitization consented to in writing by Lessor and is reduced to a formal unit agreement that allocates production from an area greater than a single Spacing Unit; and

(ttt) **"Well Data Requirement Sheet"** means the document named "Well Data Requirement Sheet" to be used by Lessee in the form as found on Lessor's Website at the relevant time when submitting well data to Lessor.

1.02 Interpretation

Unless otherwise stated or the context otherwise requires, in this Lease:

(a) the terms "in writing" or "written" include hand or type written, electronically printed or transmitted by email;

(b) when the context reasonably permits, words importing the singular shall be construed to suggest the plural and vice versa, and words importing gender or gender neutrality shall be construed to suggest the masculine, feminine and neutral genders;

(c) if a term is defined in this Lease, a derivative of that term used in this Lease shall have a corresponding meaning;

(d) the terms "herein", "hereby", "hereof", "hereunder", "hereto" and similar expressions mean or refer to this Lease and not to any particular provision of this Lease;

(e) "including" and "includes" or similar words when followed by any general statement, term or matter, shall mean "including without limitation" and "includes without limitation" and such particular listed words that follow shall not be interpreted so as to be an exhaustive list but rather such references shall be construed to refer to all items that could reasonably fall within the broadest possible scope of such general statement, term or matter;

(f) the division of this Lease into articles, sections, subsections, clauses, subclauses, paragraphs or other sub-divisions and the insertion of headings for any of the foregoing or the use of a table of contents, as applicable, are solely for convenience of reference and are not intended to be full or accurate descriptions of the contents hereof and shall not affect the construction or interpretation of this Lease;

(g) reference to an article, section, subsection, clause, subclause, paragraph, schedule or appendix, whether or not capitalized or followed by a number or letter or combination thereof, refers to the applicable article, section, subsection, clause, subclause, paragraph, schedule or appendix of or to this Lease, unless otherwise specifically stated;

(h) reference to any Party includes such Party's permitted successors and assigns;

(i) reference to any Person in a particular capacity is and is deemed to be a reference to that Person in that capacity and not in any other capacity;

(j) reference to any other contract, agreement, document or instrument is a reference to such contract, agreement, document or instrument in effect at the applicable time as amended, supplemented, replaced or otherwise varied or modified, in whole or in part, from time to time;

(k) reference to any law, statute or any other requirement of law, including Regulations, rules, enactments, by-laws or other ancillary legislation promulgated thereunder, or any reference to a section or provision thereof or to any government consent, approval, permit or other authorization, means such as is in effect at the applicable time as amended, supplemented, codified, replaced, restated, re-enacted or otherwise varied or modified, in whole or in part, from time to time;

(l) terms and expressions that are not specifically defined in this Lease, but which have generally accepted meanings in the custom and usage of the energy industry in Western Canada, shall have such generally accepted meanings when used in this Lease unless the contrary is specified or provided for elsewhere in this Lease;

(m) unless otherwise indicated, reference to a particular time refers to Mountain Standard Time or Mountain Daylight Savings Time during the respective periods in which each is in force in Alberta and reference to a date means that day occurring during such same time zone as is in force in Alberta;

(n) unless otherwise specified herein, or as the context may require, computation of any period of time referred to in this Lease shall exclude the first day and include the last day of such period;

(o) where any payment is to be calculated or made, or an action is to be taken or notice is to be given on or as of a day that is not a Business Day, then unless otherwise provided herein, such payment is to be made or calculated, or that action is to be taken or the notice is to be given, as applicable, on or as of the next following Business Day;

(p) reference to "dollars", or the use of the symbol "$", means the lawful currency of Canada unless the contrary is specified or provided for elsewhere in this Lease; and

(q) the rule of contractual interpretation known as "contra proferentem" shall not apply to the interpretation or construction of this Lease, such that it shall be irrelevant which Party drafted any particular provision hereof and any interpretation of the terms of this Lease shall not be construed against the Party who reduced to writing the terms of this Lease arrived at jointly by the Parties.

1.03 Appendices

Appendix I to these Petroleum or Natural Gas Lease General Terms and Conditions is incorporated into and made part of this Lease as fully and effectively as if it was set forth in the body of these Petroleum or Natural Gas Lease General Terms and Conditions.

ARTICLE 2 GRANT, CONTINUATION AND REVERSION

2.01 Grant

For the Initial Consideration and in consideration of the covenants of Lessee contained in this Lease, Lessor does hereby grant and lease to Lessee for the Primary Term the Leased Substances in the Leased Formations together with the exclusive right and privilege to explore and drill for, win, take, remove and dispose of the Leased Substances from the Leased Formations. This grant and lease does not include the Excluded Substances.

2.02 Permitted Injection Operations

The injection and subsequent production and recovery of injected water or any other substances is permitted on the Leased Lands, subject to Subclause 6.01(b) and Article 13, to the extent such operations are for the purpose of, and are favorable to, obtaining, maintaining or increasing production of Leased Substances in Paying Quantities from the Leased Lands, including, without limitation, any such operations related to an EOR Scheme. However, prior to the commencement of any such injection operations on the Leased Lands, Lessee must:

(a) provide Lessor with Lessee's approvals obtained under the Regulations;

(b) provide Lessor with sufficient details describing the method for determining the Royalty on Marketable Products recovered from the Leased Substances produced with any other injected substance having the same properties and permitted to be injected into, and recovered from, the same Formation of the Leased Lands; and

(c) obtain Lessor's written consent to conduct any such injection operations on the Leased Lands.

Thereafter, in every case, Lessee must provide Lessor with written notice prior to drilling or converting any well on the Leased Lands for injection purposes. Lessor may, at any time, object to the continuation of any such injection operations if they deviate materially from the initial plan described by Lessee and consented to by Lessor or to the detriment of the recovery of Leased Substances from the Leased Lands. For clarity, this Lease does not grant any rights for Lessee to inject substances into any of the Leased Formations for disposal purposes.

2.03 Continuation At Expiry of Primary Term

(a) If Leased Substances are being produced in Paying Quantities at expiration of the Primary Term and if, prior to expiration of the Primary Term, Lessor has received from Lessee:

(i) payment of the Rental for the next ensuing Lease year; and

(ii) a Continuation Application Form,

then this Lease shall remain in effect and continue beyond such expiration for that portion of the Leased Lands contained within the Spacing Unit of a well as with respect only to those Leased Formations within that well and the applicable Leased Substances in such Leased Formations until such time as that portion of the Leased Lands and those Leased Formations are surrendered or deemed to have been surrendered in accordance with this Lease, subject always to sooner termination as otherwise provided for in this Lease.

(b) If Lessee is diligently and continuously conducting Drilling Operations or Production Operations other than production from a well (collectively, "Other Operations") at expiration of the Primary Term and if, prior to expiration of the Primary Term, Lessor has received from Lessee:

(i) payment of the Rental for the next ensuing lease year; and

(ii) a Continuation Application Form, completed with the relevant details to advise Lessor that Other Operations are then being conducted on the Leased Lands,

then this Lease shall remain in effect and continue beyond expiration of the Primary Term for a period of three (3) months, upon expiry of which this Lease shall be deemed continued pursuant to Subclause 2.03(a) if Leased Substances are then being produced in Paying Quantities.

(c) For certainty, if the well is a Horizontal Well or Multilateral Well, it must also satisfy the requirements of Clause 3.01 to continue this Lease

(d) The Leased Substances for which Production Operations or Drilling Operations are being conducted for the purpose of continuing this Lease beyond expiry of the Primary Term will be either Natural Gas, if the subject well is classified under the applicable Regulations as a gas well, or Petroleum, if the subject well is classified under the Regulations as an oil well.

2.04 Reversion

Any Leased Lands, Leased Formations and Leased Substances that are not continued beyond expiration of the Primary Term pursuant to Clause 2.03 shall automatically revert to Lessor effective as of the expiration of the Primary Term or the cessation of such operations, as applicable.

ARTICLE 3 HORIZONTAL AND MULTILATERAL WELLS

3.01 Continuing a Spacing Unit with a Horizontal Well and/or a Multilateral Well

Lessee may, without Lessor's prior written consent, drill a Horizontal Well and/or a Multilateral Well anywhere wholly or partially on or within the Leased Lands, provided however the provisions for continuation of a Spacing Unit in Clause 2.03 will only apply if:

(a) the Productive Portion of a Horizonal Well covers not less than fifty percent (50%) of the distance between the boundaries of such Spacing Unit; or

(b) the Productive Portion of any lateral leg (or drain) of a Multilateral Well that enters a Spacing Unit covers not less than fifty percent (50%) of the distance between the boundaries of the applicable Spacing Unit.

3.02 Drilling Survey

Upon drilling a Horizontal Well or Multilateral Well anywhere on or within the Leased Lands, in every case, Lessee shall promptly provide Lessor with a copy of the as drilled and directional surveys noting the Productive Portion of the well.

3.03 Allocation of Total Production

If the Productive Portion of a Horizontal Well or a Multilateral Well is drilled across multiple Spacing Units comprised of lands:

(a) where not all Spacing Units are owned by Lessor; or

(b) owned entirely by Lessor but not all Spacing Units are leased to Lessee; or

(c) owned entirely by Lessor, where all Spacing Units are leased to Lessee under various leases and require a different calculation of royalty payments to Lessor related to each lease,

then the total production from such Horizontal Well or Multilateral Well attributable to the Leased Lands will be calculated in accordance with the Horizontal and Multilateral Well Allocation Procedure. The Lessee will prepare and deliver to Lessor a Production Allocation Agreement for the purposes of governing matters related to production allocation as further outlined in Article 12, unless a form of agreement is otherwise stipulated by the Regulations, in which case Lessor acknowledges that the allocation of production attributable to this Lease will be as determined pursuant to such agreement.

3.04 Waiver of Minimum Distance of Productive Portion

If, prior to drilling a Horizontal Well and/or Multilateral Well, Lessee wishes to obtain a waiver of the distance requirements set out in Clause 3.01, it shall submit a waiver application, as found on Lessor's Website at the relevant time, for consideration by Lessor. For certainty, such request must be acceptable to Lessor, in its sole discretion, and the waiver shall be conditional upon satisfaction of the terms which are detailed in the approved waiver application.

ARTICLE 4 RENTALS

4.01 Lessee shall pay or cause to be paid to Lessor the Rental for the entire Primary Term prior to or concurrent with the Lease Date and thereafter in advance of the anniversary date of the Lease Date. Lessee is not entitled to any refunds or adjustments on Rentals paid.

ARTICLE 5 NON-PRODUCING FORMATIONS

5.01 Non-producing Formations

If, beyond expiration of the Primary Term, Lessee ceases at any time to diligently and continuously conduct Production Operations in a Leased Formation within the Spacing Unit applicable to that Production Operation, then Lessor may any time thereafter give notice to Lessee that requires Lessee, no later than ninety (90) days after receipt of Lessor's notice, to:

(a) commence, and thereafter diligently and continuously conduct, Drilling Operations or Production Operations in respect of that Leased Formation within such Spacing Unit; or

(b) surrender that Leased Formation within such Spacing Unit to Lessor and, if other Formations within that Spacing Unit are continuing under this Lease, Lessee shall, at its sole cost and expense, promptly plug or cement that surrendered Formation to prevent any release or flow of substances.

5.02 Deemed Surrender of Non-producing Formations

Lessee's failure to commence Drilling Operations or Production Operations within ninety (90) days after it receives Lessor's notice shall be deemed a surrender under Subclause 5.01(b) of that Leased Formation within such Spacing Unit as described in Lessor's notice, effective on the ninety-first (91st) day after receipt of Lessor's notice by Lessee. No further documentation or agreement between the Parties shall be required to effect the surrender.

5.03 Provisions of Surrender or Deemed Surrender

A surrender or deemed surrender shall not:

(a) relieve Lessee of its obligation under Subclause 5.01(b) to plug or cement a surrendered Formation to prevent any release or flow of substances;

(b) entitle Lessee to a refund of any monies paid to Lessor under this Lease; or

(c) release Lessee from any obligations and liabilities that may have accrued prior to the date of the surrender or deemed surrender or from any obligations or liabilities that survive the surrender or deemed surrender of this Lease.

5.04 No Default Remedy for Deemed Surrender

The default remedies provided for in Article 24 shall not apply to a deemed surrender in this Article 5 and nothing in this Article 5 shall relieve Lessee of any of its obligations in accordance with any other provisions of this Lease.

ARTICLE 6 ROYALTY AND TAKING IN KIND

6.01 Reservation of Royalty

(a) Lessee shall pay a Royalty to Lessor, in cash, for any Marketable Products recovered from the Leased Substances, as calculated in accordance with Appendix I, with each calculation rounded to two (2) decimal places.

(b) If, pursuant to Clause 2.02, any Leased Substances obtained from the Leased Lands are reinjected into the Leased Lands, the Royalty shall be payable on only that portion of the Marketable Products recovered from the Leased Substances that are sold or deemed to have been sold herein.

(c) For certainty, Marketable Products recovered from Leased Substances, other than Sulphur, shall be deemed to have been sold in that month they are produced.

(d) No Royalty is payable on Fuel Gas.

(e) No deductions whatsoever for any costs or expenses incurred are permitted in the calculation of the Royalty under this Lease.

6.02 Payment of Royalty

The Royalty as determined under Clause 6.01 shall be paid before the last day of the month following the month in which the quantity of Marketable Products recovered from the Leased Substances is determined in accordance with Appendix I. Lessee shall provide a statement accompanying each monthly Royalty payment that includes all the data set forth in the Royalty Data Requirement Sheet and any supporting documentation as Lessor may request from time to time. In no event is the Royalty payable for any substance or product to be set off against the Royalty payable for any other substance or product.

6.03 Sale and Custody Transfer Deemed in Canada

In the event Lessee's point of sale of Marketable Products recovered from the Leased Substances occurs outside of Canada, Lessor shall be entitled to require Lessee to effect a deemed sale or custody transfer, as applicable, at the Royalty Determination Point within Canada in accordance with the terms and conditions of this Lease.

6.04 Affiliate Transactions

(a) If any sale, transfer, exchange or otherwise disposition of, directly or indirectly, Marketable Products to or through an Affiliate occurs, then for the purposes of calculating the Royalty, the price and terms of such disposition shall be deemed to occur at Current Market Value. For greater certainty:

(i) the Royalty shall not be less than the total economic benefit, whether monetary or non-monetary, received or realizable by an Affiliate in respect of such Marketable Products, including any payments, fees, credits, rebates or other consideration received from any source; and

(ii) the Royalty shall be calculated so as to place the Lessor in no worse economic position than if the Marketable Products had been initially sold directly to an arm's-length third party at the most favourable price reasonably obtainable in the relevant market.

(b) All amounts realized over time or through multiple transactions, including under long-term or structured arrangements, shall be fully attributed to the applicable Marketable Products for the purposes of Royalty calculations.

6.05 Taking In Kind

(a) Lessor, on thirty (30) days written notice to Lessee, shall have the option, exercisable from time to time, to take its Royalty share of production of any or all of the Marketable Products recovered from the Leased Substances in kind at the applicable Royalty Determination Point, in lieu of the Royalty payment under Clause 6.01, free and clear of all deductions, charges, liens and encumbrances on the following basis:

(i) Lessee shall, at its cost, treat Lessor's Royalty share of production in order to meet market or downstream specifications, as is applicable;

(ii) Lessee shall, at its cost, deliver Lessor's Royalty share of production in kind to Lessor or to Lessor's nominee at the applicable Royalty Determination Point in accordance with usual product handling and shipping practices; and

(iii) if, on exercising this option, Lessee has storage facilities for the applicable Marketable Products recovered from the Leased Substances, then Lessee shall provide, at Lessee's cost, storage facilities for at least ten (10) days' accumulation of Lessor's Royalty share of production to be taken in kind.

(b) Lessor may, on thirty (30) days written notice to Lessee, revoke its option to take in kind. If Lessor serves notice to revoke, Lessee shall pay Lessor's Royalty share of production as set out in Clause 6.01.

6.06 No Further Encumbrances

During the entire tenure of this Lease, Lessee shall not encumber the Leased Lands nor any proceeds of production or deemed production of the Leased Substances with an incremental encumbrance of any nature whatsoever, including an overriding royalty or net profits interest, whether such encumbrance is an interest in land or an interest in production, without the prior written consent of Lessor in its sole and absolute discretion.

ARTICLE 7 LESSEE RESPONSIBLE FOR ALL TAXES

7.01 Taxes Payable by Lessor and Reimbursable by Lessee

(a) Lessor shall promptly pay any tax, including Freehold Mineral Tax, that is assessed or levied, directly or indirectly, against Lessor by reason of Lessor's title interest in, or production obtained from, the Leased Lands.

(b) Lessee shall be responsible for, and shall reimburse Lessor for, all taxes, including Freehold Mineral Taxes, levies, charges, rates, and assessments that may be assessed or levied, directly or indirectly, against Lessor's title interest in, or production obtained from, the Leased Lands, notwithstanding Lessor's Royalty share. Subject to Subclause 7.01(c), Lessor shall invoice Lessee for any such amounts paid by Lessor under Subclause 7.01(a) accompanied by a copy of the applicable receipts, statements and notices. All invoices are payable to Lessor no later than twenty (20) days after Lessee's receipt of the invoice.

(c) Notwithstanding the foregoing, Lessor shall have the right, at its sole discretion, to invoice Lessee on a quarterly basis during each calendar year for any tax, including Freehold Mineral Tax reasonably estimated to have accrued for the prior quarter and Lessee shall reimburse Lessor no later than twenty (20) days after Lessee's receipt of such invoice, provided however that if Lessee, by reason of actual or anticipated financial difficulties, has in any way demonstrated an inability to meet its financial obligations or is unable, or admits its inability, to meet its financial obligations as they become due, Lessor shall have the right, at its sole discretion, to invoice Lessee at any time during a calendar year for any tax, including Freehold Mineral Tax reasonably estimated to have accrued to such point and Lessee shall immediately reimburse Lessor upon Lessee's receipt of such invoice. A final statement of reconciliation accompanied by a copy of the applicable receipts, statements, and notices will be provided by Lessor to Lessee within sixty (60) days of its receipt of the actual Freehold Mineral Tax invoice. If, upon final determination of the taxes owed for the prior calendar year, any payments made by Lessee pursuant to this Subclause exceeds the final statement of reconciliation, then, within twenty (20) days of receipt of the final statement of reconciliation by Lessee, the difference between the amounts shall be paid by Lessor to Lessee. In the event any payments made by Lessee were less than the final statement of reconciliation, then, within twenty (20) days of receipt of the final statement of reconciliation by Lessee, the difference between the amounts shall be paid by Lessee to Lessor.

7.02 Taxes Payable by Lessee

Lessee shall pay and be responsible for all taxes, levies, charges, rates, duties and assessments that may be assessed or levied in respect of the works, undertakings and operations of Lessee on, in, over,

or under the Leased Lands, including but not limited to any carbon taxes, value-added and excise taxes, international duties and import taxes or levies, notwithstanding Lessor's Royalty share.

7.03 Survival

Subclauses 7.01(b) and 7.02 shall survive the expiry, surrender or termination of this Lease for the benefit of Lessor and shall not be limited in any matter whatsoever.

ARTICLE 8 OFFSET OBLIGATION

8.01 Offset Triggering Well

If production is being obtained at any time on or after the date of this Lease from an Offset Triggering Well, then, with respect to each Spacing Unit comprised in whole or in part of the Leased Lands which laterally or diagonally adjoins the Offset Spacing Unit containing the Offset Triggering Well, and on or into which an Offset Satisfying Well does not exist, Lessee shall, prior to expiry of the Offset Election Period:

(a) commence Drilling Operations and/or Production Operations that will result in an Offset Satisfying Well being completed or re-completed in the Offset Formation and, thereafter, promptly place the Offset Satisfying Well(s) on production;

(b) surrender all the Leased Lands and the Leased Formations within such Spacing Unit to the base of the Offset Formation, provided that where production of a Leased Substance is being obtained in Paying Quantities from any Formation within any such Spacing Unit other than the Offset Formation, Lessee shall not be required to surrender the Leased Lands or Leased Formations being produced in that producing Formation; or

(c) pay Lessor a compensatory royalty as calculated in Clause 8.03 to extend the time period under either Subclause 8.01(a) or Subclause 8.01(b).

8.02 Deemed Election

If Lessee fails to commence Drilling Operations and/or Production Operations under Subclause 8.01(a) or surrender the applicable portion of the Leased Lands and Leased Formations under Subclause 8.01(b) within the Offset Election Period, then Lessee is deemed to have elected to pay a compensatory royalty under Subclause 8.01(c).

8.03 Payment of Compensatory Royalty

If Lessee elects, or is deemed to have elected, to pay the compensatory royalty pursuant to Subclause 8.01(c):

(a) The compensatory royalty payable shall be equal to the Royalty that would be payable to Lessor pursuant to Clause 6.01 if the production being obtained from the Offset Triggering Well was being produced from an Offset Satisfying Well on the Leased Lands, provided that:

  (i) if there is more than one Offset Triggering Well in any Offset Spacing Unit, such compensatory royalty shall be based on the aggregate of production from the same Offset Formation obtained from all the wells in each month;

  (ii) if there is more than one Offset Spacing Unit adjoining the same Spacing Unit of the Leased Lands, such compensatory royalty shall be based on that Offset Spacing Unit having the highest aggregate of production from the same Offset Formation obtained from all the wells in each month;

  (iii) in the event there is production from more than one Offset Formation, the compensatory royalty shall be determined on the basis of the production in each month from each Offset Formation; and

  (iv) if any Offset Triggering Well is a Horizontal Well contained partially within the Offset Spacing Unit, the production attributable to that portion of the Horizontal Well contained within the Offset Spacing Unit shall be determined in accordance with the Horizontal and Multilateral Well Allocation Procedure;

(b) Lessee's obligation to pay a compensatory royalty as set out in this Article 8 shall commence on the first (1st) day of the month following the date the Offset Triggering Well commenced production, or from the Lease Date if the Offset Triggering Well was on production on or before the Lease Date, notwithstanding that the Offset Election Period may expire at a date later than such payment commencement date;

(c) Compensatory royalties will continue to be payable until the first (1st) day of the month following receipt by Lessor of a written notice from Lessee that:

(i) the Offset Triggering Well has been abandoned;

(ii) an Offset Satisfying Well has been placed on production in accordance with Subclause 8.01(a); or

(iii) all or any portion of the Leased Lands and Leased Formations are surrendered in accordance with Subclause 8.01(b).

(d) Lessee is not entitled to refunds or adjustments on compensatory royalties paid.

8.04 Third Party Offset Obligations

Notwithstanding anything to the contrary contained in this Lease (including the Lease Specific Terms), Lessee acknowledges that if the Leased Lands are burdened by a prior agreement where a third party may serve an offset notice to Lessor, then, upon Lessee's receipt of a copy of such notice from Lessor, the provisions of Clause 8.01 shall be deemed amended to the extent necessary to comply with the third party offset notice as follows:

(a) Within fifteen (15) days of Lessee's receipt of a copy of a third party offset notice from Lessor, Lessee shall elect in writing to:

(i) drill a well within six (6) months of the date of the third party notice at a location and into such geological strata as is required to satisfy the offset obligation under the third party notice;

(ii) surrender all of that portion of the Leased Lands comprising each Spacing Unit as provided for in Subclause 8.01(b) down to the base of the Formation comprising such geological strata to which the offset obligation under the third party notice pertains; or

(iii) pay to Lessor a compensatory royalty that is the greater of the compensatory royalty owing to Lessor pursuant the provisions of Clause 8.03 and the compensatory royalty owing pursuant to the third party offset provisions, as and when due on a monthly basis, subject to Subclause 8.04(b);

(b) If Lessee fails to respond with its election in accordance with Subclause 8.04(a), Lessee will be deemed to have elected to surrender the Leased Lands pursuant to Subclause 8.04(a)(ii);

(c) If Lessee has elected to pay a compensatory royalty pursuant to Subclause 8.04(a)(iii) and, at the end of the ten (10) month period following expiry of the ninety (90) day election period under the third party notice, Lessee has not yet drilled a well on the Leased Lands to otherwise satisfy the third party offset obligation if it still applies, then Lessee may continue to pay the compensatory royalty pursuant to the provisions set forth herein for so long thereafter as the third party continues to accept same, subject always to any other rights of Lessor under the Lease; provided, however, Lessee shall be deemed to have surrendered such Leased Lands, pursuant to Subclause 8.01(b), immediately upon Lessor’s receipt of notice from the third party terminating its acceptance of the compensatory royalty at any time after expiry of such ten (10) month period;

(d) All third party compensatory royalty payments shall be made by Lessee directly to Lessor and Lessor shall be responsible and liable to the third party for remitting all such amounts owing to third party; and

(e) The indemnity provisions contained in Article 22 shall apply mutatis mutandis with respect to any matter or thing Lessor may suffer, sustain, pay or incur by reason of Lessee's failure to drill the well if Lessee so elects under Subclause 8.04(a)(i) or to remit any compensatory royalty as and when due to the third party if Lessee so elects under Subclause 8.04(a)(iii).

ARTICLE 9 INCREASED WELL DENSITY

9.01 Where, at any time following expiry of the Primary Term, more than one well is producing the same substance as a Leased Substance from the same Formation that is a Leased Formation in an Offset Spacing Unit and the number of wells in any one Offset Spacing Unit is greater than those that have been completed or opened to production by Lessee in the same Formation in the adjoining Spacing Unit comprised in whole or in part of the Leased Lands, Lessor may put Lessee on notice to develop that adjoining Spacing Unit to the same density using equivalent exploitation technology and design to that used on laterally or diagonally adjoining lands (including the adjoining Spacing Unit and any lands containing the Leased Lands) to ensure that the Leased Lands are developed and optimized in a similar manner as surrounding lands. In that case, Lessee shall:

(a) within twelve (12) months of receipt of such notice, commence Drilling Operations and thereafter, promptly and diligently, conclude such operations to increase the well density for production from such Formation in that adjoining Spacing Unit comprised in whole or in part

of the Leased Lands equal to the greatest number of wells producing from such Formation in any one Offset Spacing Unit; or

(b) within thirty (30) days of receipt of such notice, submit a written request for a waiver from Lessor of increased well density in that Spacing Unit by submitting technical evidence demonstrating the lack of similar geological or reservoir characteristics to support the increased well density, which evidence must be acceptable to Lessor, in its sole discretion.

ARTICLE 10 REDUCTION OF SPACING UNIT

10.01 If Lessee applies under Regulations for a reduction in the size of a Spacing Unit on the Leased Lands in relation to all or a portion of the Leased Formations and if the applicable regulatory body grants the reduction in the size of the Spacing Unit, then this Lease shall continue in force with respect to the Leased Formations contained within the original Spacing Unit as if the spacing reduction had not been granted for a period of three hundred sixty five (365) days following the date of the granting of that reduction. After the end of that period, the provisions of Article 2 shall apply to the continuation of the Leased Lands, the Leased Formations and the Leased Substances having regard to the reduced Spacing Unit.

ARTICLE 11 RATABLE PRODUCTION

11.01 Lessee shall, subject to Regulations, produce any of the Leased Substances rateably with any substances of similar properties that are produced from other lands in the same vicinity that Lessee, or any of its Affiliates, has an interest in so as not to discriminate against the production, transportation, processing and marketing of Leased Substances.

ARTICLE 12 POOLED LANDS, PRODUCTION ALLOCATION AREAS AND UNITIZATION

12.01 For wells that are not a Horizontal Well or Multilateral Well, Lessee may at any time pool any Leased Substances within any of the Leased Formations with the same substances in the same Formation of other lands adjoining the Leased Lands as may be necessary to form a Spacing Unit.

12.02 Lessee may contribute any Leased Substances within any of the Leased Lands and Formations with the same substances in the same Formation of other lands adjoining the Leased Lands as may be necessary to form a Production Allocation Area, and in such case the Parties shall execute a Production Allocation Agreement or other form of production allocation agreement as required under the applicable Regulations.

12.03 Lessee may, subject to Lessor’s prior written consent, unitize any Leased Substances within any of the Leased Formations, or any interval thereof, with the same substances in the same Formations, or interval thereof, with surrounding lands to form a plan of unitization.

ARTICLE 13 OPERATIONS

13.01 Lessee shall conduct its operations under the terms of this Lease in respect of the Leased Lands in a diligent, careful and workmanlike manner using the best practices in the energy industry in Canada, with a view to the maximum recovery of the Leased Substances and in compliance with Regulations applicable to those operations, including:

(a) perform diligent and continuous operations on every well for the purpose of obtaining, maintaining or increasing production of Leased Substances in Paying Quantities;

(b) sell Marketable Products recovered from the Leased Substances;

(c) keep the Leased Lands, including any and all Title Documents in respect of the Leased Lands, free of all liens and associated certificates of lis pendens arising from or related to Lessee's interests in, or its operations on, the Leased Lands;

(d) upon the expiry, surrender, or termination of this Lease, leave the Leased Lands, including any of the surface of the Leased Lands, in good condition and in accordance with Regulations;

(e) if it discovers Excluded Substances, promptly give Lessor notice of that discovery together with all relevant information; and

(f) not in any way interfere with any other Person that is at that time entitled to explore for, win, take, remove or dispose of any Excluded Substances.

13.02 Lessee shall not grant consent to any proposed operation beyond the scope of this Lease, including for carbon sequestration or geothermal energy, involving any of the Leased Lands, the Leased Formations, the Leased Substances or Lessor’s mines and minerals under the Title Documents without the prior written consent of Lessor, which consent may be unreasonably withheld in its sole discretion.

ARTICLE 14 INSPECTION BY LESSOR OF OPERATIONS

14.01 Upon receipt of reasonable prior notice from Lessor, Lessee shall permit and in every reasonable way aid Lessor’s authorized Representatives, at all reasonable times during the period that this Lease continues, to enter on the surface of any lands, or any buildings or structures erected on those lands, or access any wells where any operations are being conducted in accordance with this Lease, in order to survey, examine, inspect and test their state and condition.

14.02 Any such inspection by Lessor’s Representatives shall be at Lessor's sole risk, cost and expense and shall not cause any unnecessary interference to the operations of Lessee. Lessor's Representatives shall, at all times while conducting any such inspection, comply with the health and safety rules and requirements (including the use of any protective clothing or safety apparatus) prescribed by Regulations or as may be reasonably imposed by Lessee. Lessor shall be liable for and shall indemnify Lessee from and against any and all damages, injuries or losses caused or suffered by Lessor's Representatives while conducting any such inspection, except to the extent the same is caused by Lessee's or Lessee’s Representatives gross negligence or wilful misconduct.

ARTICLE 15 INSURANCE PROVISIONS

15.01 Lessee shall hold, with a reputable insurance company or companies, and thereafter maintain or cause to be maintained, a comprehensive portfolio of insurance similar to that of an experienced and reputable energy company operating in Canada would maintain, including, as a minimum, those coverages required pursuant to Regulations. Lessor may at any time request from Lessee proof of coverage under this Article 15.

ARTICLE 16 REPORTS BY LESSEE

16.01 Lessee shall, with respect to each well drilled on the Leased Lands, furnish to Lessor electronically, the information required within the time period specified in the Well Data Requirement Sheet.

16.02 Upon receiving a written request from Lessor, Lessee shall promptly provide Lessor with copies of all permits, licences, certificates, approvals, authorizations, registrations, exemptions or other documents required for the valid performance of the operations of Lessee under this Lease, whether related to environmental matters or otherwise.

ARTICLE 17 RECORDS AND AUDIT

17.01 In respect of each of the Leased Substances and Leased Formations, Lessee shall keep true records for a period of at least seven (7) years following the end of the calendar year for which those records relate as follows:

(a) governmental production reports showing the quantity of the Leased Substances produced or deemed to be produced;

(b) records as to the nature and quantity of each of the Leased Substances produced, processed, stored, used and otherwise disposed of, and the Marketable Products recovered from the Leased Substances;

(c) records to support that a well on the Leased Lands is producing in Paying Quantities;

(d) records as to the actual price received (including payments received from any source whatsoever) in respect of each of the Marketable Products recovered from the Leased Substances, provided that, if any sale of Marketable Products to an Affiliate occurs, then Lessee shall provide records to evidence the actual price received (including payments received from any source whatsoever in respect of the amount sold and price received) in any subsequent arm's length transaction; and

(e) records that relate to the quality and quantity of the Leased Substances that are not marketed but are used or otherwise disposed.

17.02 Lessor may at any time dispute the Royalty payment submitted by Lessee. In addition, Lessor may at any time, whether during or after the expiry, surrender, or termination of this Lease, audit Lessee’s records and Royalty payments under the following terms:

(a) Lessor shall give Lessee thirty (30) days written notice that an audit shall be conducted;

(b) any claims of discrepancies disclosed by the audit shall be made in writing to Lessee within ninety (90) days of the completion of the initial audit;

(c) Lessee shall respond to any discrepancies within ninety (90) days of receiving notice of the discrepancy under Subclause 17.02(b), by:

(i) submitting payment for any discrepancy with a detailed calculation of that payment including any interest owing under this Lease; or

(ii) disputing any discrepancy by providing in writing a detailed and relevant explanation with supporting documentation.

Failure to respond within the ninety (90) day period shall be deemed acceptance of the discrepancy by Lessee. Payment of the discrepancy is due within thirty (30) days of the expiry of the ninety (90) day period. Failure to pay within that time frame may result in a Default notice under Article 24; and

(d) If under Subclause 17.02(c)(ii) Lessee disputes any discrepancy, then Lessor shall review Lessee's response and within ninety (90) days advise Lessee in writing that:

(i) Lessor agrees with the response to the disputed discrepancies; or

(ii) Lessor disagrees with the response to the disputed discrepancies, in which case Lessee may, within fifteen (15) days of receiving this advice, request a meeting with Lessor to discuss and resolve the disputed discrepancy. Failure to request a meeting within the fifteen (15) days shall be deemed acceptance of this disputed discrepancy by Lessee. Payment including any interest owing under this Lease shall be due within thirty (30) days of expiry of the fifteen (15) day period and if not paid may result in a Default notice under Article 24.

ARTICLE 18 ABANDONMENT AND EQUIPMENT

18.01 Following the date of expiry, surrender, or termination of this Lease, as required pursuant to Regulations and in compliance with any issued directives, Lessee shall, in a timely manner, at its own risk and cost:

(a) remove all Equipment from the Leased Lands;

(b) perform appropriate downhole abandonment(s) and then surface abandon (cut and cap) all wells and any related pipelines;

(c) clean up and remediate the well sites, Equipment sites and reclaim the surface of the lands associated with any operations conducted on the Leased Lands, including all access roads; and

(d) obtain a certificate of reclamation in relation to the Leased Lands or the surface of such other lands associated with any operations conducted on the Leased Lands.

18.02 This Article 18 shall survive the expiry, surrender, or termination of this Lease until the obligations of Clause 18.01 have been fully performed or satisfied.

ARTICLE 19 SURRENDER

19.01 Except as provided in Article 8 for a partial surrender, Lessee, when not in Default, may at any time surrender its entire interest in this Lease. Where the Leased Lands form only a part of a Spacing Unit, Lessee shall not surrender this Lease unless Lessee, at the same time, surrenders all its interests in all leases it holds from Lessor contained in that Spacing Unit. A surrender shall not entitle Lessee to a refund of any monies from Lessor paid under this Lease nor shall it release Lessee from any obligations and liabilities that may have accrued prior to the date of the surrender or from its obligation and liabilities under Article 18 and Article 20.

ARTICLE 20 REMOVAL OF CAVEAT

20.01 If any caveat relating to Lessee's interest under this Lease is registered against Lessor's Title Documents for the Leased Lands, Lessee, at its cost, shall discharge the caveat within thirty (30) days of the expiry, surrender, or termination of this Lease.

20.02 If Lessee fails to discharge the caveat within the prescribed period, Lessor reserves the right to recover any costs incurred to remove such caveat.

ARTICLE 21 TITLE AS IS

21.01 Lessee hereby accepts Lessor's title to the Leased Lands, the Leased Formations and Leased Substances as-is without any representation, warranty, guarantee or covenant of title and agrees that nothing in this Lease, whether expressed or implied, shall operate as, or have any effect of, any representation, warranty, guarantee or covenant of title, notwithstanding anything contained in the Title Documents related to the Leased Lands. Lessee acknowledges and

confirms that it has performed its own due diligence on the Leased Lands, the Leased Formations and Leased Substances and that Lessor will not be liable to Lessee for any losses, damages, costs or expenses incurred by Lessee for whatever reason as a result of the failure or cancellation of such title at any time, including the refund of any consideration, Rental, Royalty or taxes paid to Lessor.

ARTICLE 22 INDEMNITY

22.01 Lessee shall:

(a) be liable to Lessor and its Representatives; and

(b) as a separate and independent covenant, indemnify Lessor and its Representatives,

for all losses, costs, damages, actions, claims (including third party claims), demands, expenses, inquiries, legal or administrative proceedings, investigations or appeals therefrom, including, without limitation, any of the foregoing relating to Environmental Liability, environmental damage, non-compliance with or the breach of Regulations, that Lessor or its Representatives may suffer, sustain, pay or incur or that are brought against Lessor or its Representatives including the reasonable cost of legal counsel (on a solicitor and client basis) and other professional advisors and consultants and reasonable costs of investigating and defending claims, whether during the period this Lease is continuing or following the expiry, surrender, or termination of this Lease, by reason of any matter or thing arising out of or in any way attributable to a breach of this Lease by Lessee or to the Drilling Operations, Production Operations or any other works or operations of Lessee, or Lessee's Representatives, in, upon or under the Leased Lands or any other lands associated with operations conducted on the Leased Lands.

22.02 The liability or indemnification under this Article 22 shall specifically cover costs incurred in connection with any investigation of site conditions or any clean-up, remediation, removal or restoration work required by Regulations.

22.03 Notwithstanding any other provision of this Lease, the indemnity set forth in this Article 22 shall survive the expiry, surrender, or termination of this Lease for the benefit of Lessor and shall not be limited in any matter whatsoever.

ARTICLE 23 ROYALTY HELD IN TRUST

23.01 Lessee hereby acknowledges and declares that it holds and stands possessed, in trust for and on behalf of Lessor:

(a) the Royalty share of Marketable Products recovered from the Leased Substances; and

(b) all proceeds from the sale by Lessee of the Royalty share of Marketable Products recovered from the Leased Substances.

23.02 Lessee is not entitled to sell, transfer, assign, mortgage, charge or otherwise dispose of, encumber or deal with the Royalty share of Marketable Products recovered from the Leased Substances or the proceeds of sale in respect thereof other than in accordance with this Lease.

ARTICLE 24 DEFAULT AND WAIVER OF EQUITABLE REMEDIES

24.01 In the case of the breach, non-observance or non-performance on the part of Lessee of any covenant, proviso, condition, restriction or stipulation contained in this Lease (the "Default"), Lessor may, subject to Clause 24.04 and without restricting any other rights and remedies that Lessor may have, give Lessee written notice requiring Lessee to remedy that Default, giving reasonable details of same.

24.02 Lessee shall remedy such Default:

(a) within ten (10) Business Days after it receives Lessor's notice of Default that is related in any way to a financial obligation contained herein and including but not limited to any Default of Clauses 2.03, 8.03, 8.04, 25.05 and Article 3, Article 5, Article 6, Article 7 or Article 26; or

(b) within thirty (30) days after it receives Lessor's notice of Default that is related to any other matter, covenant or provision of this Lease.

24.03 If, pursuant to Clause 24.02, Lessee fails to remedy the Default or if, within any twelve (12) month period, Lessee is in Default for the same or similar reasons set out in a prior Default notice, then, subject to Clause 24.04, Lessor may serve Lessee written notice of the immediate termination of this Lease and it shall be lawful for Lessor to re-enter the Leased Lands and to repossess them.

24.04 If:

(a) this Lease is subject to a plan of unitization during the period that this Lease continues;

(b) this Lease is terminable as a result of any Default under this Article 24; and

(c) the Default relates to Leased Substances within the Leased Lands and Leased Formations that are not included in the plan of unitization,

then that part of the Leased Lands, Leased Formations and Leased Substances that are not unitized terminates and only that portion of Leased Lands, Leased Formations and Leased Substances that comprise the unitized Formation or interval within the unitized tract shall continue to be subject to this Lease.

24.05 Upon entering into this Lease both Parties acknowledge that they are, and their respective Representatives are:

(a) experienced parties in the energy industry;

(b) freely entering into this Lease;

(c) aware of the contractual and commercial nature of the terms under this Lease; and

(d) aware that the terms of this Lease shall be strictly interpreted, construed, enforced and acted upon.

24.06 Further to Clause 24.05, Lessee acknowledges that it is aware of the nature and risk of making capital investments and incurring other expenditures in carrying out any Drilling Operations, Production Operations or other operations on the Leased Lands and that, in accordance with the terms of this Lease, Lessor is entitled to the Royalty share of production of Leased Substances, whether taken in kind or not, regardless of the amount of cashflow or profit realized by Lessee from any such capital investments and other expenditures. Both Parties recognize that, notwithstanding any amount of such investments and expenditures made by Lessee, this Lease is not intended to continue beyond the Primary Term for speculative purposes without a reasonable expectation of profit and Royalty for Lessee and Lessor, respectively, and Lessor may rely on the termination provisions of this Lease to ensure enforcement of the terms of this Lease.

24.07 If this Lease terminates, including by reason of Lessee not remedying a Default, Lessee may have available relief against all penalties and forfeitures under Regulations that includes the Alberta Judicature Act RSA, 2000 Chapter J-2 sections 10, 15 and 16, or relief against forfeiture under the rules of equity and common law. On the execution of this Lease, Lessee has full knowledge of each and every such right of relief and unequivocally and consciously waives and abandons all of these rights of relief in Lessor's enforcement of the terms of this Lease including termination of this Lease. This Clause 24.07 shall survive the expiry, surrender or termination of this Lease for the benefit of Lessor and shall not be limited in any matter whatsoever.

24.08 Notwithstanding anything contained to the contrary in this Article 24, if Lessee: (i) is or becomes bankrupt or insolvent; (ii) becomes subject to the bankruptcy or insolvency laws of any jurisdiction in which it carries on business; (iii) appoints or has a third party appoint a receiver or custodian to take possession of its assets or announce its intention to do so; (iv) arranges with its creditors or applies to an administrator or court of competent jurisdiction for protection from its creditors; (v) permits any judgment to be registered against the Title Documents related to the Leased Lands; (vi) has in any way demonstrated its inability to meet its financial obligations and, during any such time, fails to observe or perform any covenant, proviso, condition, restriction or stipulation contained in this Lease; or (vii) breaches Subclause 7.01(c), then any such event shall be deemed an immediate and material Default under this Lease and, without notice of any kind required from Lessor to Lessee, this Lease terminates immediately without any liability or obligation whatsoever to Lessee.

ARTICLE 25 FORCE MAJEURE

25.01 Failure or delay by Lessee in complying with any term or obligation or from conducting Drilling Operations or Production Operations under this Lease is not considered to be a Default if and to the extent that any such failure or delay results from:

(a) strikes and lockouts;

(b) acts of God;

(c) acts of war or terrorism;

(d) unusually severe weather conditions or actions of the elements (other than seasonal access and road bans); or

(e) other matters beyond the reasonable control of Lessee, whether or not similar to those items listed in (a) to (d) above.

The items from this Clause 25.01 are individually or collectively referred to as an “Event of Force Majeure”.

25.02 Lessee is not required to settle any labour dispute or industrial or public disturbance, except in such manner as it shall, in its own judgment, consider acceptable.

25.03 Lack of finances on the part of Lessee or lack of profitability or economic markets for any of the Leased Substances is not an Event of Force Majeure.

25.04 Lessee shall promptly notify Lessor of an Event of Force Majeure and provide particulars of that Event of Force Majeure and a reasonable estimate by Lessee of its anticipated duration. Lessee shall take reasonable steps to mitigate or overcome the effects of the Event of Force Majeure. Lessee shall keep Lessor informed of those steps as well as its current estimate as to when it shall be able to resume performance of its obligations under this Lease.

25.05 Subject to Clause 25.06, the time periods specified in this Lease shall be extended by the period of time that the Event of Force Majeure continues. Lessee shall not be relieved of its obligations to make payments that have become due and payable under this Lease.

25.06 Notwithstanding any other provision in this Article 25, if an Event of Force Majeure lasts continuously for a period longer than twenty-four (24) months, then Lessor may give Lessee thirty (30) days notice of Lease termination.

ARTICLE 26 MANNER OF PAYMENTS

26.01 Lessee shall make all payments to Lessor in Canadian currency. Those payments may be made by Lessee to Lessor either:

(a) by cheque or draft, and mailed or delivered to Lessor at:

PRAIRIESKY ROYALTY LTD.
Attention: Treasury

For hand delivery:
Suite 1700, 350 7th Avenue SW
Calgary, Alberta
T2P 3N9

For mail delivery:
P.O. Box 780
Station M
Calgary, Alberta
T2P 2J6

- OR -

(b) by electronic transfer, to an account designated by Lessor from time to time.

26.02 Lessor may change the information in Clause 26.01 by serving notice under Article 28.

ARTICLE 27 INTEREST

27.01 Lessee shall pay Lessor interest at Lessor’s bank’s prime commercial lending rate of interest plus five percent (5%) per annum on all monies overdue under the terms of this Lease.

ARTICLE 28 NOTICES

28.01 All communications and notices under the terms of this Lease shall be in writing, on company letterhead, signed by a Representative and delivered to the applicable Party by hand, mail (postage prepaid), or electronically to the address for such form of deliveries as is specified in the Lease Specific Terms or as is amended from time to time. Any Party may change its address for service by serving notice as set out in this Article 28.

28.02 To the extent an address for such following forms of delivery has been provided by a Party pursuant to Clause 28.01, any notice or other communication delivered to that Party:

(a) by hand, shall be deemed to have been given and received at the commencement of the next following Business Day;

(b) by prepaid mail, shall be deemed to have been given and received on the earlier of the next following Business Day after actual receipt or the fourth (4th) Business Day following the date

of posting, provided that notices may not be served by mail while postal service is interrupted or operating with unusual or imminent delay; or

(c) electronically, shall be deemed to have been given and received at the earlier of actual time of retrieval by the Party from the Party's information system or at the commencement of the next following Business Day after sent date.

ARTICLE 29 ASSIGNMENT OF LEASE

29.01 Lessee shall only be entitled to assign its entire undivided registered interest in this Lease, provided that (a) Lessee and its assignee execute and deliver a Lease Assignment to Lessor, (b) Lessee is not in Default of any terms or conditions of this Lease, and (c) Lessor consents to the Lease Assignment.

29.02 Notwithstanding Clause 29.01, Lessor shall not be required to accept a Lease Assignment for an assignment:

(a) to a trust or partnership;

(b) of a portion of the Leased Lands, Leased Formations or Leased Substances; or

(c) for any other interest that is not a legal interest.

29.03 Lessee need not act on any assignment of Lessor's interest until thirty (30) days after Lessee has been actually furnished with evidence of such assignment. All payments made within the aforesaid period to the party or parties who would have been entitled to the same in the absence of such assignment shall be deemed to have been made in accordance with the terms of this Lease. The foregoing shall not, however, prohibit Lessee from acting upon the assignment prior to the expiration of the aforesaid thirty (30) day period and all payments or tenders made in accordance with such assignment shall be deemed to have been made in accordance with the terms of this Lease.

ARTICLE 30 CONFIDENTIALITY

30.01 Lessor, if requested by Lessee, shall treat as confidential all or any part of the information furnished, given or delivered to, or received by Lessor pursuant to this Lease, except for information that is available to the public from any governmental authority. This Article 30 may not prevent Lessor from divulging any information to a Representative of Lessor provided that Lessor requires that the Representative maintain the confidential status of the information and the Representative is deemed to accept this obligation.

ARTICLE 31 AUTHORITY

31.01 Each Party covenants that it has good right, full power and authority to enter into this Lease.

ARTICLE 32 ENTIRE SUPERSEDING AGREEMENT

32.01 In connection with the matters dealt with herein, this Lease expresses and constitutes the entire agreement of the Parties and supersedes all prior agreements, documents, covenants, arrangements, statements, representations or warranties, negotiations and understandings, whether written or otherwise, by or between the Parties.

ARTICLE 33 RELATIONSHIP OF PARTIES

33.01 The relationship of the Parties under this Lease is limited to the matters specifically identified herein and, except as otherwise provided herein, the Parties hereby expressly disclaim any intention to create a partnership, trust or other fiduciary relationship or to constitute any Party as the agent, fiduciary or trustee of the other Party.

ARTICLE 34 JOINT AND SEVERAL LIABILITY

34.01 If Lessee consists of two or more parties, those parties are jointly and severally liable for the performance of the obligations of Lessee, irrespective of the registered interests held among such parties as set out in the Lease Specific Terms.

ARTICLE 35 FURTHER ASSURANCES

35.01 Each Party, upon request from the other Party and without further consideration, will execute and deliver such further instruments and documents, and shall do such further acts and things as is reasonably required and requested to carry out the provisions of this Lease.

ARTICLE 36 ENUREMENT

36.01 This Lease shall enure to the benefit of and be binding upon the Parties, their successors by name change, merger or amalgamation, Lessor's assigns and, to the extent permitted hereunder, Lessee's assigns only and shall not be construed to create beneficiary rights in any other Person.

ARTICLE 37 SURVIVAL

37.01 The expiry, surrender, or termination of this Lease will not discharge or release any Party from any of its liabilities or obligations accrued at the time of such expiry, surrender or termination (including a breach) or from any of its liabilities or obligations that expressly continue beyond or arise out of such expiry, surrender, or termination of this Lease.

ARTICLE 38 GOVERNING LAWS

38.01 This Lease shall, in all respects (including any disputes), be treated as a contract made in the Province of Alberta and shall be subject to, interpreted, construed and enforced in accordance with and under the laws of the Province of Alberta and the laws of Canada applicable therein. The Parties irrevocably attorn and exclusively submit to the 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 Lease.

ARTICLE 39 LIMITATIONS

39.01 Notwithstanding any laws, rules, acts, regulations or other similar provisions at law or in equity that would otherwise impose a lesser period of time for claims to be brought by the Parties, the limitations period for all claims pursuant to or arising out of this Lease is to be the greater of seven (7) years from the date that the claim arose or such other longer period of time as may be allowed at law or in equity, irrespective of whether the claimant was aware of the material facts which gave rise to the claim or not.

ARTICLE 40 SEVERABILITY

40.01 If any provision of this Lease is determined to be invalid, illegal or unenforceable in any respect pursuant to the governing laws, the remainder of this Lease, or the application of the provisions of this Lease to Persons or circumstances other than those to which it is held invalid, illegal or unenforceable, will not be affected or impaired.

ARTICLE 41 CONFLICTS

41.01 If there is a conflict between any provision of this Lease, and the Regulations or the Title Documents, the Regulations or the Title Documents, as the case may be, will prevail.

41.02 If any term in the body of this Lease conflicts with the information requested in the Continuation Application Form, Lease Assignment, Production Allocation Agreement, Royalty Data Requirement Sheet or Well Data Requirement Sheet, then the term in the body of this Lease will prevail.

41.03 If there is a conflict between any provision of the Lease Specific Terms or these Petroleum or Natural Gas Lease General Terms and Conditions, the Lease Specific Terms will prevail.

ARTICLE 42 REMEDIES CUMULATIVE

42.01 No reference to or exercise of any specific right or remedy by a Party under this Lease shall prejudice or preclude that Party from exercising or invoking any other remedy in respect thereof, whether allowed at law or in equity or expressly provided for in this Lease. No remedy shall be exclusive or dependent upon any other remedy and each Party may exercise any one or more remedy independently or in combination.

ARTICLE 43 WAIVERS

43.01 A waiver by Lessor of any provision, breach or default of this Lease is only effective if expressed in writing. No waiver of any particular provision, breach or default of this Lease shall be deemed or constitute a continuing waiver of same or a waiver of any other provision, condition or requirement of this Lease (whether or not similar), nor in any manner release Lessee from performance of any other provision, condition or requirement herein and shall not limit or affect Lessor's rights with respect to enforcement of any other term or remedy of any other future default or breach unless otherwise expressly provided.

43.02 Any delay in exercising or failure to exercise any right, remedy, power or privilege hereunder by Lessor shall not operate as a waiver thereof nor impair the exercise of any such right, remedy, power or privilege or any other right, remedy, power or privilege accruing to Lessor thereafter.

ARTICLE 44 AMENDMENT

44.01 No supplement, modification or waiver of any provision of this Lease shall be binding unless in writing and executed by duly authorized representatives of the Parties.

ARTICLE 45 TIME

45.01 Time shall, in all respects, be of the essence in this Lease.

ARTICLE 46 COUNTERPART EXECUTION

46.01 This Lease may be executed either digitally or in writing in counterpart and all of those counterparts when delivered and taken together shall have the same effect as if all Parties had executed one document.

46.02 An electronic copy of an executed hard copy of this Lease shall have the same force and effect as an original executed hard copy of this Lease.

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PETROLEUM OR NATURAL GAS LEASE
GENERAL TERMS AND CONDITIONS

APPENDIX I

ROYALTY CALCULATIONS

Royalty at Royalty Determination Point = Royalty Rate X Current Market Value X Quantity

In calculating the Royalty:

1. it is to be calculated for each individual Marketable Product recovered from the Leased Substances and the individual amounts shall not be less than zero; and

2. the Current Market Value of any Marketable Product shall not be netted against, averaged or otherwise combined with the Current Market Value of any other Marketable Product.

Definitions

"Royalty Determination Point" means, for:

(a) PETROLEUM and FIELD CONDENSATE,

(i) the point where product enters a feeder pipeline at the inlet to the Lease Automated Custody Transfer (LACT) meter, or

(ii) in the case where the product is sold directly at a terminal, the inlet meter of the terminal;

(b) NATURAL GAS and SOLUTION GAS,

(i) the inlet to the meter station of the initial transmission pipeline carrying the Natural Gas or Solution Gas to the end user market,

(ii) in the case where the Natural Gas or Solution Gas is sold directly to an end user, the inlet meter at the end user's facility,

(iii) in the case where Natural Gas or Solution Gas is used or sold by the Lessee as fuel:

(A) to operate machinery, buildings, structures, facilities, equipment, appliances and materials of any nature located off of the Leased Lands, or

(B) for any other operation, whether located on or off the Leased Lands, including power generation, cryptocurrency mining, data centers to support various digital operations or otherwise,

the inlet to the meter station where such fuel is consumed;

(c) NATURAL GAS LIQUIDS, the Natural Gas Liquids outlet meter of the facility at which the Natural Gas Liquids are extracted from Natural Gas or Solution Gas;

(d) SULPHUR, the outlet of the Sulphur processing and loading facility;

(e) ADDITIONAL MARKETABLE PRODUCTS,

(i) the outlet of the processing facility that produces Marketable Products or the inlet to the meter station of the initial transmission pipeline, or any carrier, transporting or carrying the Marketable Products to the end user market, or

(ii) in the case where the Marketable Products are sold directly to an end user, the inlet meter at the end user's facility;

(f) EXCESS FLARE GAS, the well location where flare gas is reported in Petrinex.

"Royalty Rate" has the meaning as set out in the definitions of the Lease.

"Current Market Value" means, for:

(a) all MARKETABLE PRODUCTS, at the applicable Royalty Determination Point, the greater of the value:

(i) actually received by Lessee, without any pricing adjustments whatsoever including but not limited to non-commodity costs (such as marketing costs), financial administration costs, take-or-pay costs, value-added and excise taxes, international duties and import taxes or levies; and

(ii) the market price which Lessee would have received for the sale of like Marketable Products as and when the Leased Substances were produced, provided that such value is reasonable in the circumstances having regard to the current market conditions that would have otherwise been applicable in a bona fide arm's-length sale or transaction.

(b) EXCESS FLARE GAS, at the Royalty Determination Point:

(i) in Alberta - the Methane In-Stream Component Reference Price as published by the Government of Alberta on its website;

(ii) in Saskatchewan – the Provincial Average Gas Price on the Monthly Natural Gas Royalty/Tax Factor History table as published by the Saskatchewan Ministry of Energy and Resources on its website; or

(iii) in any other jurisdiction – the price of gas set at generally accepted gas sales points or as set out in publicly available index prices.

"Quantity" means, for:

(a) PETROLEUM, the amount as and when produced in each applicable month, regardless of whether it may be sold or deemed to have been sold;

(b) SOLUTION GAS, the amount as and when produced in each applicable month that is used, sold or deemed to have been sold;

(c) NATURAL GAS, the amount as and when produced in each applicable month that is used, sold or deemed to have been sold;

(d) FIELD CONDENSATE, the amount as and when produced in each applicable month, regardless of whether it may be sold or deemed to have been sold;

(e) NATURAL GAS LIQUIDS, the amount as and when produced in each applicable month that is sold or deemed to have been sold;

(f) SULPHUR, the quantity that is sold in the applicable month;

(g) EXCESS FLARE GAS, the amount as and when produced in each applicable month; and

(h) ADDITIONAL MARKETABLE PRODUCTS, the amount as and when produced in each applicable month that is sold or deemed to have been sold.