**GAS STORAGE UNIT AGREEMENT**

**“****[Name of Agreement] Gas Storage Unit”**

WHEREAS the Parties own Royalty Interests and Working Interests, or either of them, in the Unitized Zone;

WHEREAS the Parties desire to use the Unitized Zone for Unit Operations;

AND WHEREAS the Parties desire that the Unitized Zone be developed, produced and operated as a unit, all as hereinafter provided;

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

ARTICLE I: INTERPRETATION

**101 Definitions**

In this Agreement:

(a) **“Regulator”** means the Alberta Energy Regulator;

(b) **“Crown”** means His Majesty the King in right of the Province of Alberta, represented herein by the Minister;

(c) **“Effective Date”** means the time and date referred to in clause 1301;

(d) **“Gas”** means natural gas both before and after it has been subject to any processing, together with associated substances and includes all liquid hydrocarbons other than crude oil;

1. **“Gas Products”** means condensate, ethane, pentanes plus, sulphur, propane, butane and any other product, except methane, obtained and removed from Gas by processing;

(f) **“Lease”** means an instrument granting a Working Interest in the Unitized Zone;

(g) **“Minister”** means the Minister of Energy and Minerals;

(h) **“Month”** means a calendar month, commencing at 8:00 am on the first day of the month and ending immediately before 8:00 am on the first day of the next month;

(i) **“Party”** means a person who is bound by this Agreement, whether or not the person is a signatory to this Agreement;

(j) **“Regulations”** means all statutes, regulations, rules, orders and directives from time to time in force and effect in the Province of Alberta that relate, apply to or affect unit operations as defined in the Mines and Minerals Act, conducted in Alberta, or unit agreements or storage agreements entered into in Alberta or that relate, apply to or affect any of the Unit Operations conducted pursuant to this Agreement;

(k) **“Royalty Interest”** means:

(i) an absolute ownership interest, or a fee simple or similar freehold ownership estate, in respect of the a[formation name] Formation and the petroleum, natural gas, or both, in or producible from the [formation name] Formation, or

(ii) a right to a share of the petroleum, or natural gas, or both produced from the [formation name] Formation, or to a share of the proceeds from the sale thereof,

but does not include a Working Interest, the interest of a purchaser of such petroleum, or natural gas, or both after production, any interest or right to Storage Gas, or a mortgage, charge or other security interest;

(l) **“Royalty Owner”** means a Party owning a Royalty Interest in or in respect of the Unitized Zone and Unitized Substances;

(m) **“Storage Gas”** means Gas with respect to which there is no royalty liability outstanding;

(n) **“Tract”** means a parcel of land described and given a Tract number in Exhibit “A” and shown outlined on Exhibit “B”;

(o) **“Tract Participation”** means the participation percentage assigned to a Tract pursuant to Article VI;

(p) **“Unit Area”** means the lands described in Exhibit “A” and shown outlined on Exhibit “B”;

(q) **“Unit Operations”** means any operations or activities undertaken in connection with the injection into or storage of Storage Gas in the Unitized Zone, the development or exploitation of the Unitized Zone, the production of Unitized Substances (which for the sake of clarity includes any portion of the Unitized Substances that is deemed under clause 701(b) to be Storage Gas) or the installation, operation, maintenance or removal of unit facilities, insofar as such operations or activities have been authorized or provided for under this Agreement and the Regulations;

(r) **“Unitized Substances”** means Gas in or obtained from the Unitized Zone both before and after it has been subject to any processing;

(s) **“Unitized Zone”** means the [formation name] Formation within the Unit Area;

(t) **“Working Interest”** means:

(i) a profit à prendre or similar interest entitling the owner thereof to produce and dispose of Gas from the [formation name] Formation, or

(ii) the production, disposition and storage rights associated with a Crown or other sovereign ownership interest, or with a fee simple or similar freehold ownership estate, in respect of the [formation name] Formation and the Gas in or producible from the [formation name] Formation if such rights are not subject to an interest of the kind described in paragraph (i) of this subclause,

but does not include a beneficial interest in Storage Gas, or a mortgage, charge or other security interest;

(u) **“Working Interest Owner”** means a Party owning a Working Interest in or in respect of the Unitized Zone and Unitized Substances;

(v) **“[Formation name]** **Formation”** means that formation which is identified in the well [well name], identified as [unique well identifier], between the depths of [depth] and [depth] as shown on a reproduction of a portion of the [log name] log for the said well attached hereto as Exhibit “C”.

**102 Headings**

The clause headings in this Agreement shall not be considered in interpreting the text.

**103 Number and Gender**

In this Agreement, words importing the singular include the plural and vice versa; words importing gender include the masculine, feminine and neuter genders; and references to persons include individuals, firms, corporations, partnerships, bodies politic and other entities, all as the context may require.

1. **Time**

In this Agreement all times are Mountain Standard Time or Daylight Saving Time, whichever is being used and observed pursuant to the Daylight Saving Time Act of Alberta.

**105 Legislative References**

In this Agreement, a reference to the Mines and Minerals Act or to any other Act of the Legislature of Alberta shall be construed as a reference to

(a) that Act, as amended from time to time,

(b) any replacement of all or part of that Act enacted by the Legislature, as amended from time to time, and

(c) any regulations, orders, directives, by-laws or other subordinate legislation made under any enactment referred to in subclause (a) or (b) above, as amended from time to time.

**ARTICLE II: EXHIBITS**

**201 Exhibits**

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

(a) Exhibit “A”, which numbers and describes each Tract and, with respect to each Tract:

(i) sets forth its Tract Participation;

(ii) sets forth the names of the owners of the Working Interests therein;

(iii) sets forth the names of the owners of the Royalty Interests therein; and

1. identifies the Lease numbers relating to the Unitized Zone and Unitized Substances;

(b) Exhibit “B”, which is a plat showing the Unit Area and identifying Tracts;

(c) Exhibit “C”, which is a reproduction of a portion of the [log name] log referred to in subclause 101(v) hereof.

**202 Exhibits Correct**

Each exhibit shall be deemed conclusively to be correct to the effective time of a revision or correction thereof as herein provided.

**203 Correction of Exhibits**

If any mistake or mechanical error occurs in an exhibit, the Working Interest Owner shall prepare a corrected exhibit, but the methods and data used to establish Tract Participations shall not be re-evaluated.

**204 Effective Time of Corrected Exhibits**

Any corrected exhibit prepared on or before the Effective Date shall be effective on the Effective Date. Any corrected exhibit prepared after the Effective Date shall be effective at 0800 on the first day of the Month next following its preparation or on such other date as is determined by the Working Interest Owner.

**205 Supplying of Exhibits**

Each time that an exhibit is revised or corrected pursuant to this Agreement, the Working Interest Owner shall supply the Regulator and the Minister with two (2) copies each and shall supply each of its Royalty Owners, excepting the Crown, with a copy thereof.

**206 Form of Revised or Corrected Exhibits**

Exhibits that are revised or corrected shall show the effective time of the revision or correction and shall be numbered consecutively.

ARTICLE III: UNITIZATION AND EFFECT

**301 Unitization**

On and after the Effective Date the interests of each Royalty Owner and of each Working Interest Owner in or in respect of the Unitized Substances and the Unitized Zone are hereby unitized in accordance with the provisions of this Agreement.

**302 Personal Property Excepted**

All lease and well equipment heretofore or hereafter placed by the Working Interest Owner on lands comprised in the Unit Area shall be deemed conclusively to be and shall remain personal property belonging to and may be removed by the Working Interest Owner.

**303 Continuation of Leases**

Any Unit Operations shall, except for the purpose of calculating payments to Royalty Owners, be deemed conclusively to be operations upon the Unitized Zone in each Tract, and any such operations shall continue in full force and effect each Lease and any other agreement or instrument relating to the Unitized Zone or Unitized Substances as if such operations had been conducted on and a well was producing from each Tract or portion thereof, in the Unit Area.

**304 Leases Amended**

Each Lease and any other agreement or instrument relating to the Unitized Zone or Unitized Substances is hereby amended only to the extent necessary to make it conform to this Agreement.

**305 Ratification of Leases**

Except for a Lease with respect to which a Royalty Owner is involved in a court action which has been commenced and is pending on the date on which such Royalty Owner executes and delivers a counterpart of this Agreement, each Royalty Owner hereby ratifies each Lease, as amended by this Agreement, to which it is a party, and hereby confirms that no notice of default has been given and remains outstanding with respect to any such Lease, and that each such Lease is in effect as of the date of such execution and delivery. The provisions of this clause 305 do not constitute a waiver, and shall not give rise to an estoppel, of any right to pursue the enforcement of any outstanding obligation under any such Lease.

**306 Effect of Unitization on Titles**

Nothing herein shall be construed as a transfer or exchange of any interest in the Leases, Tracts or Unitized Zone, or in the Unitized Substances before production thereof.

**307 Name**

The name of the unit hereby constituted is “[Name of Agreement] Gas Storage Unit”.

ARTICLE IV: AUTHORITY TO WORKING INTEREST

401 Operations

The Royalty Owners hereby grant to the Working Interest Owner, insofar as they have the right to grant the same:

(a) the right to conduct Unit Operations in and in respect of the Unitized Zone without regard to the provisions of the Leases or the boundary lines of the Tracts in such manner and by such means and methods as they consider necessary and proper; and

(b) without limiting the generality of the foregoing, the right to convert and use as injection or storage wells, any wells now existing or hereafter drilled into the Unitized Zone.

# 402 Injection

Notwithstanding clause 401, no Unitized Substances, other than Gas that is deemed under clause 701(b) to comprise Storage Gas, shall be injected into the Unitized Zone for any purpose whatsoever.

ARTICLE V: INCLUSION AND QUALIFICATION OF TRACTS

**501 Tracts Included on Effective Date**

The Tracts included in the Unit Area as of the Effective Date are those Tracts which qualify for such inclusion pursuant to clause 502.

**502 Qualification of Tracts**

A Tract is qualified for inclusion in the Unit Area when the owner of one hundred per cent (100%) of the Working Interest therein has become a Party and the owners of one hundred per cent (100%) of the Royalty Interests therein have become Parties.

ARTICLE VI: TRACT PARTICIPATION

**601 Tract Participation**

Each Tract has a Tract Participation as shown on Exhibit “A”.

ARTICLE VII: PRODUCTION OF GAS

**701 Production of Residue Gas**

(a) In this Article and Article 8:

(i) “Allocated Unitized Substances” means the Unitized Substances allocated to each Tract in accordance with clause 703;

(ii) “Minimum Quantity” means,

(A) with respect to each Month commencing on or after the Effective Date other than a Month described in paragraph (B), the greater of *[X/120]* gigajoules, or the excess of the total amount of Net Unitized Substances obtained in that Month from the Unitized Zone, over the sum of the Monthly Opening Storage Balance for that Month and the total quantity of Storage Gas injected into the Unitized Zone in that Month, and

(B) with respect to each Month after the Month in which the aggregate of the Minimum Quantities as determined under paragraph (A) first equals or exceeds *[X]* gigajoules, zero;

(iii) “Monthly Opening Storage Balance” means

(A) with respect to the Month commencing on the Effective Date, *[Y or Zero]* gigajoules, and

(B) with respect to each Month thereafter, the excess of the sum of the Monthly Opening Storage Balance for the previous Month, the total quantity of Storage Gas injected into the Unitized Zone in that previous Month and the Minimum Quantity for that previous Month, over the total quantity of Net Unitized Substances obtained in that previous Month from the Unitized Zone;

(iv) “Net Unitized Substances” means Unitized Substances, other than Gas Products obtained from the Unitized Substances.

(b) The Net Unitized Substances obtained in a Month from the Unitized Zone shall, to the extent

(i) they exceed the Minimum Quantity for the Month, and

(ii) do not exceed the sum of the Monthly Opening Storage Balance for the Month and the total quantity of Storage Gas injected into the Unitized Zone in the Month,

be deemed to comprise Storage Gas.

**THE FOLLOWING IS FOR ILLUSTRATION PURPOSES ONLY:**

###### Formulae

MQ = Minimum Quantity for the current Month

NUS = Net Unitized Substances withdrawn for the current Month

SGI = Storage Gas injected for the current Month

*MOSB1 =* *Monthly Opening Storage Balance for the current Month*

*MOSB2 = Monthly Opening Storage Balance for the next Month*

###### To determine Minimum Quantity for the current Month

*MQ = the greater of X/120* ***or*** *NUS-(MOSB1 +SGI) (until aggregate Minimum Quantities for all Months first equals or exceeds [X])*

*= zero (after aggregate Minimum Quantities for all Months first equals or exceeds [X])*

###### To determine the Monthly Opening Storage Balance for the next Month

*MOSB2 = (MOSB1+SGI+MQ)-NUS\*

##### 702 Production Of Storage Gas

Net Unitized Substances deemed under clause 701(b) to comprise Storage Gas shall not be allocated among the Tracts, and no royalty shall be payable in respect thereof.

##### 703 Production of Unitized Substances

(a) The following Unitized Substances shall be allocated among the Tracts in accordance with their Tract Participations:

(i) Gas Products obtained from the Unitized Zone each Month,

(ii) Net Unitized Substances that are not deemed to comprise Storage Gas under clause 701(b) and that are obtained from the Unitized Zone each Month after the Month in which the aggregate of the Minimum Quantities first equals or exceeds *[X]* gigajoules, and

(iii) the Minimum Quantity for each Month, notwithstanding that the actual quantity of Net Unitized Substances obtained from the Unitized Zone for the Month may be less than the Minimum Quantity for the Month.

1. The amount allocated to each Tract pursuant to clause (a), and only that amount, shall be deemed conclusively to have been produced from the Unitized Zone in the Tract.

# 704 Distribution Within Tracts

The Allocated Unitized Substances shall be distributed by the Working Interest Owner among, or accounted for to, the Parties entitled to share in production from the Tract in the same manner, the same proportions, and upon the same conditions as they would have participated and shared in the production from the Tract, or in any proceeds from the sale thereof, had the Allocated Unitized Substances actually been produced therefrom by the Working Interest Owner.

**705 Calculation of Royalty**

The Working Interest Owner shall calculate royalty on the Allocated Unitized Substances at the applicable rate pursuant to the Lease, other agreement or instrument relating to the Tract. The Royalty Owners of each Tract agree to accept payment of royalty so calculated in satisfaction of the obligation of the Working Interest Owner to make royalty payments on Unitized Substances under the Lease, other agreement or instrument covering such Tract; but a lessee under a Lease shall not be relieved from making payment of royalty to its lessor if payment is not made by the Working Interest Owner as aforesaid.

706 Taking Unitized Substances in Kind

If a Party is entitled under the Regulations to take in kind its share of Allocated Unitized Substances obtained from the Unitized Zone, or if a Party has given notice in accordance with its Lease to take its share of such Allocated Unitized Substances and such taking in accordance with the notice will not interfere with Unit Operations, such share shall be delivered in kind in accordance with the Regulations or Lease, as the case may be.

# 707 Failure to Take in Kind

To the extent that any Party is entitled in accordance with clause 706 to take in kind any Allocated Unitized Substances and fails to take or otherwise dispose of them, then so long as such failure continues the Working Interest Owner, as agent and for the account and at the expense of such Party, may sell or otherwise dispose of them. If that Party’s share of Allocated Unitized Substances is sold by the Working Interest Owner, the Working Interest Owner shall pay the net proceeds remaining from the sale to such Party after deducting therefrom its reasonable costs for carrying out the sale. The Working Interest Owner may contract for the sale thereof only for the minimum term obtainable which in no event shall exceed one (1) year. When the Working Interest Owner has so contracted, that Party may take its share of the Allocated Unitized Substances in kind upon the expiration of the current sales contract if such Party has given the Working Interest Owner at least three (3) months written notice prior to the expiration of the current contract that such Party intends to take its share in kind.

**708 Deductions from the Proceeds of the Royalty Owner's Share**

(a) Insofar as this Article relates to or affects the Crown, the Working Interest Owner shall be entitled to deduct only those costs and allowances which the Minister consents to be liable for under the Mines and Minerals Act in determining the proceeds payable to the Crown for the Crown's royalty share of Allocated Unitized Substances.

(b) Insofar as this Article relates to or affects any other Royalty Owner, the Working Interest Owner shall be entitled to deduct only those costs and allowances which are permitted to be deducted under its Lease or agreement in determining the proceeds payable to the Royalty Owner for its royalty share of Allocated Unitized Substances.

**ARTICLE VIII: CONSUMPTION AND LOSS OF UNITIZED SUBSTANCES**

801 Consumption and Loss of Unitized Substances

(a) The Working Interest Owner shall be entitled to use as much of the Unitized Substances other than crude oil and Gas Products, as may reasonably be required for Unit Operations.

(b) Any Unitized Substances used in connection with the injection of Storage Gas into the Unitized Zone, or in the recovery, processing or reprocessing of that part of Unitized Substances deemed under clause 701(b) to comprise Storage Gas shall be allocated to the Tracts in accordance with their Tract Participations, and be distributed and accounted for, and have royalty calculated thereon, in accordance with clauses 704 and 705.

(c) Subject to clause (b), Unitized Substances consumed through Unit Operations that are permitted to be used under clause (a), and those unavoidably lost in the conduct of Unit Operations, shall not be allocable to the Tracts, and accordingly no royalty shall be payable or deliverable in respect thereof. The provisions of this clause 801 shall not be construed as relieving the Working Interest Owner of any liability which it would otherwise have for any loss of Unitized Substances.

**ARTICLE IX: DISPUTES**

**901 Disputes**

If the title or right of a Party to receive in kind all or any portion of the Unitized Substances allocated to a Tract, or any share of the proceeds from the sale thereof, is in dispute, the Party concerned shall forthwith give notice thereof to the Working Interest Owner. If the Working Interest Owner is so notified, or if it is otherwise informed of the dispute, the Working Interest Owner shall withhold and sell the portion of Unitized Substances allocated to a Tract the title or right to which is in dispute, and hold in trust in an interest-bearing trust account the proceeds from the sale thereof until:

(a) the Party whose title or right is in dispute furnishes security in a form and manner satisfactory to the Working Interest Owner for the proper accounting thereof to the rightful owner if the title or right of such Party shall fail in whole or in part, whereupon the proceeds shall be paid to such Party; or

(b) the title or right thereto is established by a final judgement of a court or otherwise to the satisfaction of the Working Interest Owner, whereupon such proceeds shall be paid to the person rightfully entitled thereto.

Any Party which is a party to a title dispute and fails to give the Working Interest Owner notice thereof forthwith upon becoming aware of the same shall be liable for any liability, loss, costs, claims or damages suffered or incurred by the Working Interest Owner or any other Party as a result of such failure to notify in a timely manner.

**Article X: Titles**

**1001 Warranty of Title and Indemnification**

The Working Interest Owner represents and warrants that it is the owner of the Working Interests ascribed to it in Exhibit “A”, and that it has the authority to commit the said Working Interests and Royalty Interests in the Tracts, as the case may be, to unitization in accordance with the provisions of this Agreement and thereby to bind the same; and agrees to indemnify and save harmless each of the other Parties against and from any liability, loss, costs, claims or damages of any nature whatsoever arising out of any breach or failure of such representation and warranty, whether in whole or in part, or any failure of or defect in, the title to any of the Working Interests ascribed to it in Exhibit “A”, no matter when occurring or arising.

**1002 Subsequent Failure of Title**

If the title of the Working Interest Owner to a Tract fails, the Working Interest Owner shall have 90 days following the time in which the failure is finally determined, and any additional time thereafter as it may be or become entitled to at law, to undertake other remedies to have the Tract qualify for inclusion into the Unit Area. During this period all proceeds from sale of production allocated to the Tract shall be dealt with in accordance with Article IX. If the Working Interest Owner fails to pursue these other remedies to resolve the title failure within such period or periods of time, the Tract shall be excluded from this Agreement as of 0800 on the first day of the Month in which the failure is so determined, unless:

(a) any other Party is held or declared to own the title, in which event that Party shall be bound by this Agreement in respect of the Tract; or

1. by the last day of the next following Month the Tract qualifies for inclusion in the Unit Area pursuant to clause 502.

**1003 Revision of Exhibits**

The Working Interest Owner shall revise the Exhibits to reflect any change in ownership in or exclusion from this Agreement of a Tract pursuant to clause 1002. Where a Tract is excluded, the Tract Participations of the other Tracts shall each be increased, without changing their ratios to each other, so that their summation is one hundred per cent (100%). The revised exhibits shall be effective as of 0800 on the first day of the Month in which the failure of title referred to in clause 1002 is finally determined.

**1004 Title Failure Clarification**

Without in any manner limiting the generality of the meaning of failure of title, the cancellation, surrender or other termination of a Lease for any reason whatsoever shall for the purposes of this Article be regarded as a failure of title. If any such failure of title is the result of the cancellation, surrender or other termination of a Crown Lease, or of a portion of a Crown Lease, the Crown shall not be bound as a Working Interest Owner with respect to the Working Interest in respect of which title has failed.

ARTICLE XI: TRANSFER OF INTEREST

**1101 Disposition**

In this clause, “disposition” means a sale, assignment, transfer, lease, sublease, conveyance, gift, parting with possession, or any transaction of a similar nature, whether by trust or otherwise. A disposition of an interest owned by a Party in a Tract shall cover the whole of or an undivided interest in the Party's interest in such Tract. A disposition by a Royalty Owner shall not be binding on the Working Interest Owner until at least one of the parties to such disposition has given the Working Interest Owner written notice, together with documentary evidence, thereof, and any acquiring parties which are not Parties have executed and delivered to the Working Interest Owner a counterpart of this Agreement. The Working Interest Owner shall revise the exhibits to reflect each disposition of an interest in a Tract and the revised exhibits shall be effective as of 0800 on the first day of the Month next following the Month in which the Working Interest Owner transacts or is notified of the disposition.

ARTICLE XII: IN GENERAL

**1201 Execution in Counterpart**

This Agreement may be executed in separate counterparts, and all of the executed counterparts shall together constitute one instrument and have the same force and effect as if all of the persons executing such counterparts had executed the same instrument. The Working Interest Owner shall, upon request therefore, provide a complete set of photocopied counterpart execution pages to each Party requesting the same.

**1202 Dual Capacity**

If a Party owns a Working Interest and a Royalty Interest, its execution and delivery of a counterpart of this Agreement shall constitute execution and delivery in both capacities.

**1203 Subsequent Execution**

An owner of an interest in a Tract who has not executed and delivered a counterpart of this Agreement as of the date the Tract was included in the Unit Area under Article V may not thereafter become entitled to exercise the rights of a Party with respect to such interest except on such terms and conditions as may be prescribed by the Working Interest Owner.

**1204 No Partnership**

Nothing herein contained shall be read or construed as creating a partnership, or as imposing upon any Party any partnership duty, obligation or liability of any kind, it being the express intention of the Parties that the respective rights, obligations and liabilities of each of the Parties under this Agreement, and in respect of the subject matter hereof generally, shall be several, and not joint or joint and several.

**1205 Force Majeure**

No Party shall be deemed to be in default with respect to the non-performance of its obligations hereunder, other than financial, if and for so long as its non-performance is due in whole or in part to any cause beyond its reasonable control, but lack of funds shall not be a cause beyond a Party's reasonable control. Such Party shall use reasonable efforts to remove such cause, and the performance of such obligations shall begin or be resumed within a reasonable time after such cause has been removed. Nothing herein contained shall be construed to require any Party to settle a strike, lockout or other labour difficulty by acceding against its judgement to the demands of opposing persons in any labour dispute. Where the performance of any Party is prevented or materially affected as aforesaid, such Party shall give notice and full particulars to the other Parties within a reasonable time after the occurrence of the cause relied upon and shall give notice to the other Parties immediately when such cause ceases to operate. Neither this Agreement nor any Lease or any other agreement or instrument relating to the Unitized Zone or Unitized Substances shall terminate by reason of suspension of Unit Operations for any cause set forth in this clause.

**1206 Taxes**

As between the Working Interest Owner and the Royalty Owners in each Tract, all taxes levied in respect of the ownership, production or sale of the Unitized Substances allocated to such Tract shall be borne in accordance with the provisions of the applicable legislation, regulations, Lease or other agreement or instrument relating thereto. In the event that a Royalty Owner, other than the Crown, fails to pay when due any such taxes which are payable by it, the Working Interest Owner may pay such taxes on such Royalty Owner's behalf and deduct the Royalty Owner's share of any payment so made from any proceeds of royalty payable or deliverable to it in respect of such Tract.

**1207 Right of Redemption**

In the event that a Royalty Owner, other than the Crown, fails to pay when due any amount owing under or in respect of any mortgage, agreement for sale or other instrument or arrangement by virtue of which a third party claims an interest in a Tract, the Working Interest Owner may, with full right of subrogation, pay such amount on such Royalty Owner's behalf and deduct the Royalty Owner's share of any payment so made from any royalty payable or deliverable to it in respect of such Tract.

**1208 Inuring Clause**

Subject to the provisions of clause 1101, this Agreement shall inure to the benefit of, and be binding upon, the respective heirs, executors, administrators, successors and assigns of the Parties.

**1209 Governing Law**

This Agreement shall be governed by and construed in accordance with the laws of the Province of Alberta, and each of the Parties submits to the jurisdiction of the courts of the Province of Alberta for the interpretation and enforcement hereof.

**1210 Statutory Compliance**

In exercising their respective rights and discharging their respective obligations under this Agreement, the Parties shall comply in all material respects with the provisions of the Regulations. In the event of any conflict between the provisions of this Agreement and the provisions of any of the Regulations, the latter provision shall prevail.

ARTICLE XIII: EFFECTIVE DATE

**1301 Effective Date**

The unitization provided for herein shall be effective at 08:00 on the first day of the first Month following the date of qualification of all Tracts for inclusion in the Unit Area pursuant to clause 502 (the “Effective Date”).

**1302 Notice of Effective Date**

As soon as possible after the Effective Date, the Working Interest Owner shall notify the Regulator, the Minister and each of its Royalty Owners of the Effective Date, and shall submit to the Regulator one (1) copy of this Agreement.

1303 Release Date

This Agreement shall cease to bind the Parties if the unitization provided for herein has not become effective on or before the 1st day of [month], [year].

ARTICLE XIV: TERM

**1401 Effect of Execution and Delivery**

Subject to clause 1301, this Agreement is binding upon

(a) a person who executes and delivers a counterpart thereof to the Working Interest Owner, and that person is bound by this Agreement as of the time of such delivery, and

(b) a person who the Working Interest Owner has bound by virtue of an agreement with that person.

**1402 Termination**

Subject to clause 1301, this Agreement terminates ninety (90) days after all wells for the conduct of Unit Operations in the Unit Area have been abandoned, plugged or disposed of, or upon written notification from the Working Interest Owner, whichever is the first to occur. As of the date of termination, there shall be no further royalty obligation in connection with the provisions of Article VII, other than in respect of royalty and royalty proceeds that became payable on or before the date of termination that has not been paid by that date. Thereafter the Parties shall be governed by the terms and provisions of their Leases and other agreements or instruments relating to the Unitized Zone or Unitized Substances.

**1403 Salvaging Equipment Upon Termination**

The Royalty Owners grant the Working Interest Owner the right for a period of six (6) Months after termination of this Agreement to salvage, sell, distribute or otherwise dispose of the personal property and facilities used in connection with Unit Operations. This provision shall survive the termination of this Agreement for such six (6) Month period.

**1404 Notice to Royalty Owners**

The Working Interest Owner shall give notice in accordance with their Leases to their respective Royalty Owners of the termination of this Agreement within thirty (30) days thereafter.

IN WITNESS WHEREOF the Parties have duly executed this Agreement as of the date shown opposite its name hereunder.

DATE: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ HIS MAJESTY THE KING IN RIGHT OF ALBERTA, as represented by the Minister of Energy and Minerals

Per: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ {seal}

Per: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ {seal}

ADDRESS FOR SERVICE:

11th Floor, North Petroleum Plaza

9945-108 Street

Edmonton, Alberta T5K 2G6

Fax No. (780) 422-5447

COUNTERPART EXECUTION PAGE TO AN AGREEMENT ENTITLED

**“**[Name of Agreement] Gas Storage Unit**”**

IN WITNESS WHEREOF the Parties have duly executed this Agreement as of the date shown opposite its name hereunder.

DATE: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Per: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ {seal}

Per: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ {seal}

ADDRESS FOR SERVICE:

COUNTERPART EXECUTION PAGE TO AN AGREEMENT ENTITLED

**“**[Name of Agreement] Gas Storage Unit**”**

EXHIBIT "A" - PART I

### ATTACHED TO AND MADE PART OF AN AGREEMENT ENTITLED

“[Name of Agreement] Gas Storage Unit”

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| Tract  No. | Land Description  (M R T: Sec ) | Lease  Number | Royalty Owner | Tract  Participation  (%) | Working  Interest Owner | Share of  Working  Interest  (%) | Share of  Tract  Participation  (%) |
|  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |

Working Interest Owners:

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_%

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_%

Effective as of the Effective Date

EXHIBIT “B”

ATTACHED TO AND MADE PART OF AN AGREEMENT ENTITLED

“[Name of Agreement] Gas Storage Unit”

# [PLAT OF UNIT AREA]

Effective as of the Effective Date

EXHIBIT “C”

ATTACHED TO AND MADE PART OF AN AGREEMENT ENTITLED

“[Name of Agreement] Gas Storage Unit”

A portion of the [Log Name] Log recorded at the well [Unique well identifier] located in LSD [Well location].

[Well Log]