

## PORE SPACE UNIT AGREEMENT

### “[Name of Agreement] Pore Space Unit”

WHEREAS the Parties own Working Interests in the Unitized Zone;

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

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

WHEREAS the Parties acknowledge that this Pore Space Unit Agreement (Agreement) is not a unit agreement as described in Part 7 of the *Mines and Minerals Act* (MMA) and that this Agreement is entered into under the authority of section 15.1(3) of the MMA;

WHEREAS the Parties acknowledge that the Authorized Representative for this Agreement is the lessee of a pore space tenure agreement issued under the MMA with respect to the Unitized Zone and that this Agreement shall only be valid so long as that pore space tenure agreement is valid; and

AND WHEREAS the Parties acknowledge that the unitization of pore space is expected to be subject to legislative amendments in the future and that this Agreement will be transitioned accordingly;

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

### ARTICLE I: INTERPRETATION

#### 101 Definitions

In this Agreement:

- (a) **“Authorized Representative”** means the Working Interest Owner who holds a pore space tenure agreement issued under the MMA with respect to the Unitized Zone, and who is designated as the primary contact under this Agreement for the Parties other than the Crown;
- (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 1001;
- (d) **“[Formation name] Formation”** means that formation or formations identified in the well [well name] or wells, identified as [unique well identifier(s)], between the depths

of **[depth]** and **[depth]** as shown on a reproduction of a portion of the **[log name]** log(s) for the said well(s) attached hereto as Exhibit “C”;

- (e) **“Lease”** means an instrument granting a Working Interest in the Unitized Zone;
- (f) **“Minister”** means the Minister of Energy and Minerals;
- (g) **“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;
- (h) **“Party”** means a person who is bound by this Agreement, whether or not the person is a signatory to this Agreement;
- (i) **“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 agreements or sequestration as defined in the MMA, 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.
- (j) **“Regulator”** means the Alberta Energy Regulator (AER), or such other body as may be delegated to replace or assume the AER’s responsibilities under the MMA and the *Oil and Gas Conservation Act*,
- (k) **“Tract”** means a parcel of land described and given a Tract number in Exhibit “A” and shown outlined on Exhibit “B”;
- (l) **“Tract Participation”** means the participation percentage assigned to a Tract pursuant to Article VI;
- (m) **“Unit Area”** means the lands described in Exhibit “A” and shown outlined on Exhibit “B”;
- (n) **“Unit Operations”** means any operations or activities undertaken in connection with the sequestration of Unitized Substances in the Unitized Zone 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 are subject to any and all approvals by the Regulator;
- (o) **“Unitized Substances”** means any substance agreed to by the Parties to be injected into the Unitized Zone subject to any and all approvals by the Regulator;
- (p) **“Unitized Zone”** means the **[formation name]** Formation within the Unit Area;

(q) **“Working Interest”** means:

- (i) A profit a prendre or similar interest entitling the owner thereof to produce or sequester into the Formation(s), or
- (ii) Any disposition of rights associated with a Crown or other sovereign ownership interest, or with a fee simple of similar freehold ownership estate, in respect of the **[formation name]** Formation(s) 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 a mortgage, charge or other security interest;

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

## **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 shall include the plural and vice versa; wording importing gender shall include the masculine, feminine and neuter genders; and references to persons shall include individuals, firms, corporations, partnerships, bodies politic and other entities, all as the context may require.

## **104 Time**

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

## **105 Legislative References**

In this Agreement, a reference to the MMA 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.

## **106 Regulatory Framework**

Except where a contrary intention is expressly indicated in the body of this Agreement, the Parties acknowledge and agree that any and all Unit Operations are subject to all applicable law and for clarity, unless expressly exempted, the Parties are bound to comply with any legislation that applies to this Agreement at any time, including but not limited to any applicable royalty, fees, tariffs or liability management unit charges.

## **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) identifies the Lease relating to the Unitized Zone and Unitized Substances;
- (b) Exhibit “B”, which is a plat of 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(d) hereof;
- (d) Exhibit “D” which is the methodology to calculate the amount payable to the Crown on any minerals determined by the Minister to be in the Unitized Zone.

### **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 an error of a clerical nature occurs in an exhibit, the Authorized Representative shall, forthwith upon discovering or being notified of the same, effect appropriate corrections to the exhibit. The provisions of this clause do not extend to any error occurring in the course of the compilation and evaluation of technical data for purposes of establishing the respective Tract Participations, it being agreed that the results of such evaluation process are conclusive and shall not be subject to challenge or dispute.

#### **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 08:00 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**

The Authorized Representative shall:

- (a) supply the Minister with any revised or corrected exhibit pursuant to this Agreement, and
- (b) provide each of the Working Interest Owners with one copy of that revised or corrected exhibit.

#### **206 Identification of Exhibits**

Revised and corrected versions of exhibits shall be numbered consecutively, shall indicate the date on which they become effective, and shall indicate whether they are revised or corrected versions of an exhibit, or both.

### **ARTICLE III: UNITIZATION AND EFFECT**

#### **301 Unitization**

On and after the Effective Date the interests 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 or on behalf of the Working Interest Owner on lands comprised in the Unit Area for the purposes of Unit Operations 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 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 each Tract or portion thereof, in the Unit Area.

If, at any time during this Agreement, any Lease subject to the MMA would expire or be cancelled for the sole reason that the Lease did not qualify for continuation and/or production as

a result of this Agreement, that Lease shall, as of the Effective Date, be deemed to be continued or producing, as the case may be for the duration of this Agreement.

For clarity, during the term of this Agreement, as of the Effective Date:

- (a) a lease under the *Petroleum and Natural Gas Tenure Regulation* (A.R. 263/1997) is deemed to be continued;
- (b) a primary lease under the *Oil Sands Tenure Regulation* (A.R. 92/2020) (OSTR) is deemed to be a continued lease designated as producing;
- (c) a continued lease under the OSTR is deemed to be designated as producing;
- (d) a rock-hosted minerals lease in its primary term or intermediate term under the *Metallic and Industrial Minerals Tenure Regulation* (A.R. 265/2022) (MIMTR) is deemed to be continued;
- (e) a brine-hosted minerals lease in its initial term under the MIMTR is deemed to be continued.

For any Lease subject to the MMA, any fees or annual rental prescribed under the *Mines and Minerals Administration Regulation* (A.R. 262/1997) continue to be due and payable.

### **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 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 injection thereof.

### **306 Name**

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

## **ARTICLE IV: AUTHORITY OF WORKING INTEREST**

### **401 Operations**

The Authorized Representative or an approved delegate of the Authorized Representative is hereby granted:

(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 hereinafter drilled into the Unitized Zone.

#### **402 Injection**

Notwithstanding clause 401, only Unitized Substances shall be injected into the Unitized Zone.

### **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 to clause 502.

#### **502 Qualification of Tracts**

A Tract is qualified for inclusion in the Unit Area when the owner of one hundred percent (100%) of the Working Interest therein has become a Party.

### **ARTICLE VI: TRACT PARTICIPATION**

#### **601 Tract Participations**

Each Tract has a Tract Participation as shown on Exhibit "A".

### **ARTICLE VII: TITLES**

#### **701 Warranty of Title and Indemnification**

The Authorized Representative represents and warrants that Exhibit "A" is correct and complete, and that it has the authority to commit the said Working Interests in the Tracts 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.

#### **702 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. 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 08:00 on the first day of the Month in which 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
- (b) by the last day of the next following Month the Tract qualifies for inclusion in the Unit Area pursuant to clause 502.

### **703 Revision of Exhibits**

The Unit Owner shall revise the exhibits to reflect any change in ownership in or exclusion from this Agreement of a Tract pursuant to clause 902. 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 08:00 on the first day of the month in which the failure of title referred to in clause 702 is finally determined.

### **704 Title Failure Certification**

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 VIII: TRANSFER OF INTEREST**

### **801 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 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. The Authorized Representative shall revise the exhibits to reflect each disposition of an interest in a Tract and the revised exhibits shall be effective as of 08:00 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 IX: IN GENERAL**

### **901 Execution in Counterpart**

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

### **902 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 Authorized Representative.

### **903 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.

### **904 Force Majeure**

No Party shall be deemed to be in default with respect to 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 other 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. Substances shall terminate by reason of suspension of operations for any cause set forth in this clause.

## **906 Inuring Clause**

Subject to the provisions of clause 801, this Agreement shall inure to the benefit of, and be binding upon, the respective heirs, executors, administrators, successors and assigns of the Parties.

## **907 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.

## **908 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 X: EFFECTIVE DATE**

### **1001 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 (Effective Date).

### **1002 Notice of Effective Date**

As soon as possible after the Effective Date, the Authorized Representative shall notify the Regulator and the Minister of the Effective Date, and shall submit to the Minister one (1) copy of this Agreement.

### **1003 Release Date**

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

## **ARTICLE XI: TERM**

### **1101 Effect of Execution and Delivery**

Subject to clause 1001, this Agreement is binding upon:

- (a) a person who executes and delivers a counterpart thereof to the Authorized Representative, and that person is bound by this Agreement as of the time of such delivery, and
- (b) a person who the Authorized Representative has bound by virtue of an agreement with that person.

### **1102 Termination**

(1) Subject to clause 1001, this Agreement terminates:

- (a) ninety (90) days after:
  - i. all wells or facilities for the conduct of Unit Operations in the Unit Area have been abandoned, plugged or disposed of, or
  - ii. receipt of written notification from the Unit Operator,  
whichever is the first to occur, or
- (b) with ninety (90) days notice, if, in the opinion of the Minister, no Unit Operations have commenced within twelve (12) consecutive months after the Effective Date of this Agreement, or
- (c) with ninety (90) days notice, if, in the opinion of the Minister, no injection activity for the purposes of Unit Operations have been conducted for a period of twelve (12) consecutive months.

(2) The Minister may withdraw a notice of termination:

- (a) under clause 1102(1)(b) if the Authorized Representative submits information within the notice of termination period that demonstrates, to the satisfaction of the Minister, that Unit Operations have commenced, or
- (b) under clause 1102(1)(c) if the Authorized Representative submits information within the notice of termination period that demonstrates, to the satisfaction of the Minister, that injection activity has resumed or will resume.

[continued on next page]

(3) The Minister may extend the notice period under clause 1102(1)(c) if the Minister considers the extension to be warranted in the circumstances.

As of the date of termination, 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.

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:

11<sup>th</sup> 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]”

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]”

EXHIBIT "A"

ATTACHED TO AND MADE PART OF AN AGREEMENT ENTITLED  
"[Name of Agreement]"

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

\_\_\_\_\_ %

\_\_\_\_\_ %

Effective as of the Effective Date

*Note: The Crown is not responsible for the information provided by the Working Interest Owners who have an absolute ownership interest, or a fee simple or similar ownership estate in the Unitized Zone*



EXHIBIT "B"

ATTACHED TO AND MADE PART OF AN AGREEMENT ENTITLED  
"[Name of Agreement]"  
"

[PLAT OF UNIT AREA]

Effective as of the Effective Date

EXHIBIT "C"

ATTACHED TO AND MADE PART OF AN AGREEMENT ENTITLED  
"[Name of Agreement]"

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

[Well Log]

EXHIBIT “D”

ATTACHED TO AND MADE PART OF AN AGREEMENT ENTITLED  
“[Name of Agreement]”

Per Article 201, methodology TBD