

DEVELOPMENT AGREEMENT

Agreement made this ___th day of _____, 20__.

Among:

METIS SETTLEMENTS GENERAL COUNCIL, a body incorporated under the Metis Settlement Act (the “General Council”);

And

_____ **METIS SETTLEMENT**, a body incorporated under the Metis Settlement Act (the “Settlement”);

And

_____, a corporation having an office in the city of _____, in the Province of Alberta (the “Producer”);

TERMS

ARTICLE 1 – INTERPRETATION

1.1 Definitions

(1) In this Agreement

- (a) “Assignment Procedure” means the 1993 CAPL Assignment Procedure attached as Schedule “J”;
- (b) “Condensate” and “Crude Oil” have the meanings given by the Oil and Gas Conservation Act, and “natural gas” has the meaning given by the Mines and Minerals Act;
- (c) “Casing Point Election” means the right to elect participation in a Well Project after the information set out in Article 3.2(1) has been provided;
- (d) “Joint Mineral Lands” means the Mineral Lands associated with the spacing units, as determined and adjusted according to the Regulations, of the Well Projects in which the General Council elects a working interest participation under this Agreement;
- (e) “Mineral Lands” means the lands described in Schedule “A”, including the Petroleum Substances and rights to explore for and recover them as granted by the Title Documents;
- (f) “Operating Procedure” means the 1990 CAPL Operating Procedure, together with the 1988 (Rev. 91) PASC Accounting Procedure which are attached as Schedule “F”;
- (g) “Overriding Royalty” means the royalty granted by Article 2.1 of this Agreement;
- (h) “Patented Land” means lands held in fee simple by General Council under letters patent issued by the Crown;
- (i) “Petroleum Substances” means condensate, crude oil, bitumen, natural gas and all other substances for which the Title Documents grant an interest or an exploration right;
- (j) “Project” means a use of, or activity in, on or under, Patented Land related to finding, removing or processing Petroleum Substances;

- (k) "Royalty Well" means any well drilled into the Mineral Lands or on lands pooled or unitized with the Mineral Lands;
 - (l) "Payout Account" means any group of up to consecutive Well Projects in which General Council has elected, at casing point, to participate in on any Lease within the Mineral Lands.
 - (m) "Payout" means with respect to a Payout Account that date when the Producer recovers out of the gross proceeds of sale from or allocated to General Council's share of production of Petroleum Substances from a Payout Account an amount equal to the sum of General Council's share of:
 - i. All Drilling Costs, Capping Costs, Completion Costs, Equipping Costs and Operating Costs for that Payout Account and, as applicable, all costs of other operations conducted on that well, less all cash governmental incentives or grants received by the Producer and derived from any of those expenditures;
 - ii. All payments for the Gross Overriding Royalty and the lessor royalty under the Title Documents respecting the production of Petroleum Substances from that Payout Account;
 - iii. All taxes (other than income taxes) paid by the Producer pursuant to the Regulations on the equipment for and production or sale of Petroleum Substances from that Payout Account.
 - (n) "Title Documents" means the documents of title, including extensions, renewals and additions, by which Producer holds an interest in the Mineral Lands; and
 - (o) "Well Project" means the drilling, modification, or operation of a well to enable or facilitate production from the Mineral Lands including (without limitation)
 - i. Recompletion of an existing well,
 - ii. Completion of a well in a different producing zone,
 - iii. Re-entry of a well for the purpose of deepening,
 - iv. Adding a horizontal drilling component or additional leg to an existing well,
 - v. Changing a well from oil production to production of a gas cap, and
 - vi. Any other operation on an existing well designed to enhance production.
- (2) Terms defined in the Operating Procedure have the same meaning in this Agreement, unless the provisions or context of this Agreement require otherwise. Examples of such terms include AFE, affiliate, completion, equipping, market price, operations notice, party, Regulations, spacing unit and working interest.
- (3) In interpreting the Operating Procedure "joint lands" means "Joint Mineral Lands" as defined in this Agreement.

1.2 Interpretation

- (1) If a term of this Agreement conflicts with the Crown's grant of rights to develop the Mineral Lands, the terms of that grant prevail and this Agreement is amended accordingly.
- (2) The headings contained in this Agreement are intended for convenience of reference only and are not part of the Agreement.
- (3) Words that normally imply a singular number or masculine gender should be interpreted to include plural numbers and female and neutral gender.
- (4) This Agreement is to be governed by and interpreted in accordance with the laws of the Province of Alberta.
- (5) The attached Schedules are part of this Agreement, but if a term of a Schedule is inconsistent with any part of the main body of this Agreement, the terms of the main body prevail.

ARTICLE 2 – ROYALTY

2.1 Reservation of Overriding Royalty

- (1) Producer reserves to General Council out of Producer's interest in the Mineral Lands an Overriding Royalty, quantified as a share, as defined in Schedule "B", of the gross monthly production of the Petroleum Substances produced or deemed to be produced from or allocated to the Mineral Lands.
- (2) The Overriding Royalty is an interest in lands that runs with the Mineral Lands.
- (3) The Overriding Royalty will be calculated on the basis of 100% of production from the Mineral Lands with absolutely no deductions (see Schedule "B" for method of calculation). To illustrate, without limiting this general rule, there will be no deductions for gathering, transportation, processing, treating, compression, crown and non-crown royalties, burdens or encumbrances that affect the Mineral Lands, the Petroleum Substances, or Producer.
- (4) The reservation of Overriding Royalty does not include Petroleum Substances
 - (a) Which Producer uses and considers to be reasonably necessary for Producer's drilling and production operations for the Mineral Lands, or
 - (b) Which Producer unavoidably loses in those operations.This provision is subject to the condition that the use of Petroleum Substances is restricted to operations in which the General Council has an interest or that enhance the value of the Overriding Royalty.

2.2 Storage

- (1) At General Council's request, Producer will provide at its own expense production tankage capacity for up to 10 days accumulation of General Council's share of Petroleum Substances other than natural gas.
- (2) The tankage capacity will be delivered to General Council, or its nominee, at the tank outlets in accordance with customary pipeline and shipping practice free of all charges.
- (3) If General Council wishes to take possession of and separately disposes of its share of natural gas, Producer will deliver the share to General Council, or its nominee, at the plant outlet free of all charges and deductions.

2.3 Production Operations

- (1) Producer will ensure all operations on the Mineral Lands are carried out diligently and in a manner consistent with good oilfield practice.
- (2) Producer may commingle Petroleum Substances produced from the Mineral Lands with Petroleum Substances produced from other lands, provided reasonable methods are used to measure production of Petroleum Substances from the Mineral Lands prior to commingling.

2.4 Pooling

- (1) Producer may pool, on an acreage basis, any or all of the Mineral Lands at any time with other lands for the production of Petroleum Substances provided the resultant pooling does not exceed a spacing unit.
- (2) For such pooling the Overriding Royalty will be adjusted proportionate to the respective surface acreage of the lands pooled.

2.5 Unitization

- (1) Producer may, with the consent of General Council, which will not be unreasonably withheld, include any part of the Mineral Lands in a plan of unitization for unitized development or operation with other lands.
- (2) For such a unitization the Overriding Royalty will be quantified the basis of the production allocated to each spacing unit on the Mineral Lands under the unitization plan and not on the basis of actual production.

2.6 Reporting

- (1) Each month after production begins from the Mineral Lands, Producer will provide General Council with a statement showing the quantity and kind of Petroleum Substances produced, deemed to be produced or allocated to, saved and sold from or used off the Mineral Lands in the immediately preceding calendar month, together with a quantification of General Council's share of these Petroleum Substances.
- (2) If General Council does not take and separately dispose of its share of Petroleum Substances, the statement will also include the sale price for the Petroleum Substances and the gross proceeds received, accompanied by a cheque payable to General Council for its share of the proceeds.

2.7 Right to Audit

- (1) At any time within 24 months of the end of a calendar year, General Council may, on notice to Producer, audit Producer's accounts and records for the calendar year as they relate to any matter under this Agreement dealing with the Overriding Royalty.
- (2) Any payment made or statement rendered by Producer under this Agreement that is not disputed by General Council within 26 months of the end of that calendar year will be deemed to be correct.

2.8 Lien on Production

- (1) Producer grants to General Council a first and paramount lien on Producer's share of all Petroleum Substances from time to time, produced from the Mineral Lands, to secure the payment of the Overriding Royalty.
- (2) The lien will not operate to release Producer from personal liability for money due to General Council.
- (3) The lien will attach to Producer's share of Petroleum Substances sold or otherwise disposed of from the Mineral Lands.
- (4) Immediately on a default in payment by Producer of money payable to General Council, the lien will operate as an assignment to General Council of the consideration thereafter payable to General Council for the Petroleum Substances sold, up to the amount owed to General Council and not paid by Producer.
- (5) Service of a copy of this Agreement on any purchaser of Petroleum Substance together with notice from General Council constitutes written authorization on the part of Producer for the purchaser to pay General Council the proceeds from any sale or sales of Producer's share of Petroleum Substances up to the amount owed to General Council by Producer, and the purchaser is authorized to rely on the statement of General Council as to the amount owed to General Council by Producer.
- (6) The books and records kept by General Council will constitute written proof of the existence of the default, although no purchaser will be obliged to examine them before acting on such notice of default.

2.9 Operator's Liens

- (1) The provisions of the Operator's Lien in the Operating Procedure do not apply to the Overriding Royalty interest granted to General Council under this Agreement.
- (2) The Overriding Royalty interest of General Council is free from any Operator's Lien arising from a failure of General Council or the Settlement to comply with the provisions of the Operating Procedure, and any such lien will apply only to the working interest of General Council in the corresponding Well Project.

ARTICLE 3 – PARTICIPATION

3.1 Right to Participate

- (1) General Council has the right to participate as a working interest partner in each Well Project.
- (2) The scope of General Council's participation rights, including participation rates and extent to which the participation right is a Casing Point Election, is set out in Schedule "C".

3.2 Electing Participation

- (1) For a Well Project in which General Council has a right to a Casing Point Election, Producer must provide General Council with,
 - (a) All data pertinent to the election available to Producer at the time of notice, including, but not limited to, well logs, daily drilling reports (including core and sample descriptions), and any other drilling data and production test data as specified in the Pre Drill, During Drilling and After Rig Release sections of the attached Schedule "D", and
 - (b) A notice to elect participation in the Well Project
- (2) For a Well Project in which General Council does not have a Casing Point Election, Producer must provide General Council with,
 - (a) An operation notice for the Well Project, and
 - (b) All pertinent data referred to in (1)(a) and all other pertinent production data available at the time of the election.
- (3) On receiving the required notice and data, General Council must, within 30 days for a Casing Point Election or within 30 days otherwise, notify Producer of the working interest it elects in the Well Project. If the election is not made within the allowed time, General Council will be deemed to have elected not to participate in the Well Project.
- (4) Where General Council has elected not to participate or is deemed to have elected not to participate in a Well Project at a Casing Point Election it will be deemed as an election to take a penalty position.
- (5) If General Council elects to participate in the Well Project, it must approve the corresponding AFE and, subject to this Agreement,
 - (a) The relationship of General Council and Producer will then be governed by the Operating Procedure as far as the spacing unit of the Well Project is concerned, and
 - (b) The part of the Mineral Lands associated with that spacing unit will constitute "joint lands" for the purpose of the Operating Procedure.

3.3 Participation in Costs

- (1) General Council's participation in the Well Project will include, subject to the provisions of the Operating Procedure, participation in all costs relating to the Well Project through equipping. General Council, in accordance with Article 3.3(2) shall have the right but not the obligation to participate in facilities beyond equipping and flow lines.
- (2) General Council has the right but not the obligation to participate, on a Well Project by Well Project basis, in facilities beyond equipping and flow lines based on its working interest share in the Well Project. Producer shall provide General Council, in writing, with:
 - (a) An AFE for its working interest share in the facilities and flow lines; and,
 - (b) A proposed fee for the gathering and processing of its working interest share of production from the Joint Mineral Lands at a rate calculated based on actual capital and operating costs expended, and a depreciation rate and a before-tax rate of return based on industry standards.

Within 30 days of receipt of items (a) and (b) above, General Council shall elect, in writing to Producer, either item (a) or (b). In the event General Council does not make an election within the 30 days, it shall be deemed to have elected item (b). In the event General Council elects item (a), then the working interest relationship between the General Council and the Producer shall be subject to the Operating Procedure. Notwithstanding that General Council may elect item (b), if the rate proposed by Producer is, in General Council's opinion (acting reasonably), not based on industry standard rates in similar situations in Alberta, the matter may be referred to arbitration and determined by a single arbitrator through arbitration in accordance with the *Arbitration Act* of Alberta.

- (3) General Council will pay its working interest percentage share of the Overriding Royalty on all Well Projects in which it elects to participate (see Schedule "B" for method of calculation)
- (4) If General Council elects not to participate in a Well Project, it will still be entitled to all data set out in Schedule "D" for the Well Project, as soon as the data becomes available.

3.4 Other Costs

General Council will not be responsible for any costs incurred by Producer in developing the Mineral Lands except those caused by activities and operations in which General Council elects to participate under this Agreement. In particular, General Council is not responsible for costs related to past or future exploration and land acquisition. For example, whether or not General Council elects to participate in any Well Project on the Mineral Lands, it will not need to reimburse Producer for any seismic costs or payments made to the Alberta Crown for acquiring or maintaining the Mineral Lands.

ARTICLE 4 – OPERATIONS

4.1 Operator

Producer is appointed Operator under the terms of the Operating Procedure and agrees to act as such.

4.2 Commitment to Development

- (1) All parties are committed to the timely and prudent development of the Mineral Lands in a manner consistent with good oil field economics and the orderly development of the Settlement Area, and to that end, have agreed on the development timetable attached as Schedule “E”
- (2) Any failure by Producer to meet a development deadline established by the development timetable will constitute a default of this Agreement and be subject to the provisions of Article 6.3.

4.3 Rateable Production

Producer will produce Petroleum Substances from the Mineral Lands rateably with any other similar substances produced from any well producing from spacing units contiguous to, and within the same pool as, the Royalty Well spacing unit, in so far as Producer or an affiliate, has an interest in those spacing units.

4.4 Surface Operations

- (1) Producer is aware of the laws governing mineral exploration and extraction in the Settlement Area as established by General Council *Mineral Projects Policy* and Settlement by-laws, and will abide by those laws.
- (2) Subject to the provisions of those laws, Producer will:
 - (a) Review its proposed development activities with the Settlement and conduct its activities on the Settlement so as to minimize the disturbance and environmental impact to the Settlement;
 - (b) Plan access routes in consultation with the Settlement and locate these routes so as to minimize disturbance to the Settlement and its members and to minimize environmental impacts;
 - (c) Provide fair compensation for timber loss and other losses resulting from activities under this Agreement, as set out in Schedule “G”;
 - (d) Satisfy the Special Surface Operations Conditions set out in Schedule “H”;
 - (e) Ensure that all of its activities in the Settlement Area proceed in accordance with this Agreement, the attached Schedules and surface use agreements entered into for any Project
- (3) If the Settlement contemplates any changes to its land use policies or by-laws that may affect Producer’s operations, it will consult Producer on the changes.

4.5 Employment and Business Opportunities

- (1) Producer will not advertise or award any contract for work in the Settlement area related to a Project under this Agreement without allowing the Settlement to make a work proposal on the work to be contracted.

- (2) For the purpose of this section “work proposal” means a proposal to do the work submitted by the Settlement on its own behalf or on behalf of one or more members of a Metis settlement, or a business controlled by Metis settlements or their members.
- (3) Producer will accept the work proposal if it is complete, reasonably comparable in price to normal industry rates for similar work in the area, and from someone with the skills and equipment needed to do the work.
- (4) If the work proposal is unacceptable, Producer will tell the Settlement why and give it a reasonable opportunity to submit a modified work proposal, to which the provisions of subsection (3) will apply.
- (5) If the Settlement does not submit a timely modified proposal, Producer may open bidding to any outside contractor who is prepared to operate under the same conditions as imposed on Producer by this Agreement.
- (6) If there is a dispute over whether a work proposal satisfies the conditions of subsection (3), any party to this Agreement may serve notice on the others to arbitrate the matter under the Arbitration Act of Alberta, with costs to be borne equally by the parties to the arbitration.
- (7) This section does not apply to emergencies, but if Producer uses an outside contractor for emergency work related to a Project it will;
 - (a) Tell the Settlement who the contractor is and what equipment will be used.
 - (b) Require the contractor to abide by the conditions imposed on Producer by this Agreement, including use of local workers where possible, and
 - (c) Limit the activities of the contractor to those required to deal with the immediate emergency.

4.6 Surface Access to Lands

- (1) General Council and Settlement consent to the grant of any interests in land and surface access rights required for a Project, provided compensation is paid in accordance with Schedule “G” of this Agreement.
- (2) If a dispute over trespass arises as a result of activities under this Agreement, the Settlement council will be given a reasonable opportunity to resolve the matter and if unsuccessful the issues of trespass and related compensation will be referred to the Metis Settlement Appeal Tribunal for determination.

ARTICLE 5 – DISPOSITION OF PRODUCTION

5.1 Status of Operating Procedure

This Article supersedes and replaces Article VI of the Operating Procedure.

5.2 Agency

- (1) Subject to the terms of this Article, Producer will be General Council’s agent in dealing with General Council’s share of Petroleum Substances, whether attributable to participation or Overriding Royalty, with full authority to negotiate and enter into sales contracts for General Council’s share, and to take possession of the share and dispose of it separately.
- (2) While the agency is in effect, Producer must include General Council’s share in every sale of Petroleum Substances at a price that is no lower than the price received for Producer’s share.
- (3) Any sale of General Council’s share, whether separate from or combined with Producer’s share, must be at a reasonable market price for an arms-length sale by Producer.
- (4) General Council can revoke or suspend the agency in whole or in part at any time by 30 days’ notice to Producer, except that if General Council consents to a sale contract it cannot revoke the agency for that contract while the contract is in effect.

5.3 Sales Contracts

- (1) Whether or not the agency is in effect, Producer must notify General Council, in reasonable detail, of any proposed sales contract that if for a period longer than 1 year. General Council will be deemed to consent to the proposed sale on the terms and conditions set out in the notice unless, within 30 days of receiving the notice, it revokes the agency with respect to its share of the Petroleum Substances proposed to be sold under the sales contract.
- (2) If the agency is revoked or suspended when Producer provides notice of a proposed sales contract, General Council may re-establish the agency on a minimum 10 days' notice to Producer and, on re-establishment,
 - (a) General Council's share of Petroleum Substances will be sold under the contract, and
 - (b) General Council's right to revoke the agency with respect to the Petroleum Substances sold under the contract is suspended.

5.4 Disposition

- (1) If General Council revokes the agency and fails to take possession of and separately dispose of its share, Producer will, while Petroleum Substances are being produced from the Mineral Lands, take possession of and dispose of General Council's share and provide an accounting of the disposition to General Council.
- (2) If General Council takes possession and separately disposes of its share of Petroleum Substances, Producer will, at its own expense, remove basic sediment and water from that share in accordance with good oil field practice as required to enable transportation of the substances.

ARTICLE 6 – GENERAL MATTERS

6.1 Entire Agreement

This Agreement sets out the entire agreement between the parties superseding any previous Agreements and understandings, written or oral, between the parties.

6.2 Term

This Agreement remains in force so long as the Title Documents are in effect.

6.3 Default

- (1) If Producer defaults in any obligation or covenant under this Agreement without a waiver from General Council, General Council may notify Producer to remedy the default.
 - (a) On receiving notice of default Producer will, as soon as practicable, take steps to remedy the default. If Producer fails to take reasonable steps to remedy the default within 30 days of receiving notice, or fails to continue diligently addressing the matter until the default has been remedied, General Council may, by notice to Producer, cancel the entire right, title, estate and interest of Producer under this Agreement in the Mineral Lands.
- (2) The above right to cancel does not apply to a spacing unit on which there is a Royalty Well producing Petroleum Substances in paying quantities, or on which a Royalty Well is being drilled at the time of cancellation, unless the default is at least partly related to that spacing unit.
- (3) General Council's rights under this Article are in addition to and not be in substitution for any other right or remedy which General Council may have.

6.4 Surrender of Lands

- (1) Producer will not surrender any portion of the Mineral Lands without giving General Council notice of the proposed surrender at least 60 days before the next anniversary date of the Lease covering the Mineral Lands, which it proposes to surrender.

- (2) Within 30 days of receiving the notice, General Council may request in writing that it be assigned Producer's interest in the Mineral Lands Producer had proposed to surrender, and Producer will immediately assign that interest to General Council free of any liens, charges or other encumbrances.
- (3) The assignment will be effective as of the date the notice is given and all benefits and obligations in respect of the Mineral Lands will be apportioned between General Council and Producer as of the effective time.

6.5 Sale of Lands

- (1) Producer will not sell any portion of its interest in the Mineral Lands to a third party without giving General Council notice of the proposed sale and offering to sell the interest to General Council on the same terms offered to the third party.
- (2) General Council will respond to the offer within 30 days.
- (3) If General Council declines the offer, Producer may sell the interest to the third party on the terms set out in the offer to General Council or terms that offer a greater financial benefit to Producer.

6.6 Books and Records

- (1) Producer will keep, in Alberta, accurate and current books, records and accounts showing the quantity of Petroleum Substances produced from or allocated to the Mineral Lands and the sales and disposition made from time to time.
- (2) These records will be open to inspection at all reasonable times during business hours by any person with written authorization from General Council, but all resulting information obtained by General Council will be treated as confidential and will not be disclosed to third persons without the prior written consent of Producer.

6.7 Beneficial Participants

- (1) Producer warrants, that to the best of its knowledge, there are no beneficial owners of the Mineral Lands other than those identified in this Agreement.
- (2) All beneficial owners are jointly and severally liable for the obligations of Producer under this Agreement.

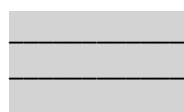
6.8 Service of Notice

The addresses for service of notices under this Agreement are:

(a) General Council

Vice-President
Metis Settlements General Council
#101, 10335 – 172 Street
Edmonton, Alberta T5S 1K9
PH: (780) 822-4096
FAX: (780) 489-9558

(b) Settlement Council



Metis Settlement Council

PH:
FAX:

(c) Producer

PH:
FAX:

6.9 Assignment

- (1) Any assignment by the Producer shall be in accordance with the Operating Procedure and the Assignment Procedure.

6.10 Adoption of Operating Procedure Provisions

The following provisions of the Operating Procedure are adopted as part of this Agreement with the understanding that they apply to all the Mineral Lands:

- (a) Relationship of the Parties (Article XV),
- (b) Confidential Information (Article XVIII),
- (c) Notice (XXII),
- (d) Disposition of interests (Article XXIV).

6.11 Schedules

The following Schedules are part of this Agreement, subject to the main body. If a term of a Schedule conflicts with the main body of this Agreement the Schedule is deemed to be amended as necessary to remove the conflict.

Schedule "A" -	Mineral Lands and Related Patented Lands (including P&NG Lease/Licence)
Schedule "B" -	Overriding Royalty Schedule
Schedule "C" -	Participation Rights
Schedule "D" --	Well Information Requirement Sheet
Schedule "E" -	Development Timetable
Schedule "F" --	Operating Procedure
Schedule "G" -	Surface Access Compensation
Schedule "H" -	Special Surface Operations Conditions
Schedule "I" -	Special Issues
Schedule "J" -	Assignment Procedure

6.12 Counterpart Execution

This Agreement may be executed in counterpart. All of the executed counterpart pages when taken together will constitute the Agreement.

6.13 Administration Fee

Producer acknowledges and agrees to pay to General Council an administration fee of \$5,000.00 within 30 days of a fully executed Agreement.

Attached to and made part of the Development Agreement dated the _____th day of _____, 20____ among Metis Settlements General Council, _____ Metis Settlement and _____.

AGREED TO BY:

Metis Settlements General Council

Witness

Vice-President

Metis Settlement

Witness

Chair

Witness

Councillor

Witness

Councillor

Witness

Councillor

Witness

Councillor

Witness

Administrator

Witness

Attached to and made part of the Development Agreement dated the []th day of [], 20[] among Metis Settlements General Council, [] Metis Settlement and [].

Schedule "A"
Mineral Lands and Related Patented Lands

Parcel	Mineral Lands	Rights

SAMPLE

Attached to and made part of the Development Agreement dated the []th day of [], 20[] among Metis Settlements General Council, [] Metis Settlement and [].

Schedule "B"
Overriding Royalty Schedule

The Overriding Royalty will be calculated on a monthly basis and will fluctuate in relation to the gross value of monthly production.

The Overriding Royalty, which is calculated on the basis of absolutely no deductions on a monthly basis, will be an amount equivalent to []% of the total gross value of production from the Mineral Lands.

SAMPLE

Attached to and made part of the Development Agreement dated the th day of , 20 among Metis Settlements General Council, Metis Settlement and .

Schedule "C"
Participation Rights

Casing Point Election

General Council shall have the right, at Casing Point, to elect to participate up to a maximum of 25% working interest.

Payout

It is agreed between General Council and Producer that Producer shall recover General Council's share of costs of each Well Project out of revenue from a Payout Account, as defined in the Development Agreement. General Council shall make an election on each Well Project within 30 days as set forth in Clause 3.2 of the Development Agreement. Producer shall have right to use revenue from the Payout Account to recover General Council's costs.

Where less than consecutive Well Projects exist to constitute the Payout Account and Payout on the existing Well Projects in the Payout Account is reached, any subsequent Well Project shall constitute the first Well Project in a new Payout Account.

Multi-well election

In the event Producer proposes a multi-well pad program, General Council agrees to waive its 30 day notice period under the Operating Procedure. General Council's election to participate in the wells shall be extended to 30 days from rig release of the last well consecutively drilled on a pad.

Attached to and made part of the Development Agreement dated the _____th day of _____, 20__ among Metis Settlements General Council, _____ Metis Settlement and _____.

Schedule "D"
Well Information Requirement Sheet

Well Name:

Location UWI:

Operator:

Metis Settlement General Council Working Interest:

Metis Settlement General Council requires copies of the following well information, where applicable:

- | | |
|--|---|
| 1 - Well Licence Application | 1 - Special Surveys |
| 1 - Survey Plan | 1 - Digital CD of Final Directional Survey |
| 1 - Well Licence | 1 - DST Reports |
| 1 - Geological Prognosis | 1 - Mud Logging Reports |
| 1 - Drilling Program | 1 - Preliminary Core Analysis |
| 1 - Completion Program | 1 - Final Core Analysis |
| 1 - Daily Drilling Reports | 1 - Well Summary |
| 1 - Daily Completion Reports | 2 - Geological Report |
| 2 - All Logs - Field Prints | 1 - Analyses - Oil, Gas, Water |
| 2 - All Logs - Final Prints | 1 - Production Tests |
| 1 - LAS diskette of all logs | 1 - Service Reports -Cementing, Acidizing, Fracturing |
| 1 - Methane Adsorption Analysis | |
| 1 - Isotherm Data | |
| 1 - PDF file Geological Sample Description | |

Please send all information to _____ at the following address:

E-mail all Drilling & Completion reports to _____ or fax to:

Fax:

The following information should be relayed by telephone to the Geologist on call.

- | | |
|------------------------------|----------------------------|
| Notice of Intent to Spud | Results of DST |
| Notice of Intent to Run Logs | Notice of Intent to Core |
| Notice of Intent to Test | Approval to Plug & Abandon |

The following information should be sent directly to the Geologist on call.

- LAS diskette of all logs
- Digital CD of Final Directional Survey
- PDF file of Geological Sample Description
- Internet access to Well Logs via Operator's Logging Company

Geologist On Call:

Engineers On Call:

Attached to and made part of the Development Agreement dated the [redacted]th day of [redacted], 20[redacted] among Metis Settlements General Council, [redacted] Metis Settlement and [redacted].

Schedule "E"
Development Timetable

SAMPLE

Attached to and made part of the Development Agreement dated the ___th day of _____, 20__ among Metis Settlements General Council, _____ Metis Settlement and _____.

Schedule "F"
Operating Procedure

CAPL 1990 OPERATING PROCEDURE

OPERATOR:

Clause 301(b): Unauthorized AFE Limit: \$50,000.

Clause 311: (Insurance): A B X

Clause 604:(Marketing Fee): A B X (If "B" is selected the following shall apply)

- | | | |
|-----|---------------------|-------|
| (a) | Petroleum | 2.5 % |
| (b) | Natural Gas | 1.5 % |
| (c) | Natural Gas liquids | 2.5 % |
| (d) | Sulphur | 2.5 % |

Clause 903: (Casing Point Election) - A X B _____

Clause 1004: (Operator for Independent Operations) - replaced with CAPL 1981 corresponding clause:

Clause 1004 - OPERATOR FOR INDEPENDENT OPERATIONS - Notwithstanding anything to the contrary contained in this Operating Procedure, if the Operator is a participating party, it shall carry out the operation for the account of the participating parties; provided, if the Operator is not a participating party, the participating parties shall, as and among themselves and in accordance with the provisions of Clause 206, mutatis mutandis, appoint an Operator for the operation. If the operation is commenced prior to the time the Operator becomes a participating party (and it is specifically understood that nothing in this Clause shall restrict or prohibit the proposing party from actually commencing operations as provided in Clause 1003) the Operator, upon becoming a participating party, shall have the right to take over and carry out the operation for the participating parties.

Clause 1007: (Penalty for Independent Operations)

- Development Wells ___%; Exploratory Wells ___%;

Clause 1010 (iv): (Exception to 1007): 180 days

Clause 2202 (Addresses for Notices):

Attention: _____

Metis Settlement General Council
#200, 10335 – 172 Street
Edmonton, Alberta T5S 1K9
Attention: Vice-President

_____ Metis Settlement

Clause 2401: (Disposition of Interest): A ___ B X

Clause 2404: (Recognition upon Assignment) - Superseded by Assignment Procedure.

Attached to and made part of the Development Agreement dated the _____th day of _____, 20__ among Metis Settlements General Council, _____ Metis Settlement and _____.

PASC 1988 ACCOUNTING PROCEDURE

Operating Advances (Clause 105 (a): Proportionate Share of 10%;

Approvals (Clause 110): two or more parties totalling 65%

Labour – Second Level Supervisors - Clause 202(b)(1): shall not be chargeable.

Labour – Technical Employees - Clause 202(b)(2): shall not be chargeable on large contracts over 10 sections.

Employee Benefits (Clause 203(b)): 25%

Warehouse Handling Clause 217 (a)(1) and (2)

2 1/2% for tubular goods 50.8mm (2") and over and other items with new price over

\$5,000; 5% of the cost of all other material.

OVERHEAD

Clause 302:

- (a) For Each Exploration Project:
 - 1. 5% of first \$50,000
 - 2. 3% of next \$100,000
 - 3. 1% of cost exceeding 1 and 2

- (b) For Each Drilling Well:
 - 1. 3% of first \$50,000
 - 2. 2% of next \$100,000
 - 3. 1% of cost exceeding 1 and 2

- (c) For Each Construction Project:
 - 1. 5% of first \$50,000
 - 2. 3% of next \$100,000
 - 3. 1% of cost exceeding 1 and 2

- (d) For Operating and Maintenance:
 - 1. 0% of the cost; and
 - 2. \$250.00 per producing well per month
 - 3. \$ _____ flat rate per month

Rates: Rates in Subclauses 302(d)(2) and 302(d)(3) shall ____ /shall not _x_ be adjusted annually of the first day of July each year following the year in which the agreement became effective.

Article IV: Pricing of Joint Material purchases, Transfers and Dispositions. New price above \$25,000 requires approval.

Periodic Inventories (Clause 501): Operator shall take inventories at 5 year intervals. Preference is not to require such inventories unless requested

Attached to and made part of the Development Agreement dated the [redacted]th day of [redacted], 20[redacted] among Metis Settlements General Council, [redacted] Metis Settlement and [redacted].

Schedule "G"
Surface Access Compensation

SAMPLE

Attached to and made part of the Development Agreement dated the [redacted]th day of [redacted], 20[redacted] among Metis Settlements General Council, [redacted] Metis Settlement and [redacted].

Schedule "H"
Special Surface Operations Conditions

SAMPLE

Attached to and made part of the Development Agreement dated the [redacted]th day of [redacted], 20[redacted] among Metis Settlements General Council, [redacted] Metis Settlement and [redacted].

Schedule "I"
Special Issues

SAMPLE

Attached to and made part of the Development Agreement dated the [redacted]th day of [redacted], 20[redacted] among Metis Settlements General Council, [redacted] Metis Settlement and [redacted].

Schedule "J"
Assignment Procedure

SAMPLE