

Description **Farmout Agreement**

Type Of Contract **FARMOUT AGREEMENT**

Executed: **Yes**

Assignment Procedure: **Yes**

Dates Contract: **2008-SEP-30**  
Effective: **2008-SEP-01**  
Execution: **2008-OCT-08**  
Termination:

Holding Co: **EnCana Corporation**

Business Unit: **CLEARWATER**

Project: **PARKLAND**

Prospect: **58572 WESTEROSE**

Operator:  
Prepared by: **Neil Phyper**  
Negotiated by: **Justin Calon**

Limitations Act: **Yes** Remarks: **2 yrs for claims disclosed by audit; 4 yrs for all other claims**

Document Reference Type Number

Original Parties	Name	Percent
Role		
<b>FARMOR</b>	<b>EnCana Oil &amp; Gas Partnership</b>	<b>0.0000000</b>
<b>FARMEE</b>	<b>Poplar Point Energy Ltd.</b>	<b>0.0000000</b>

Current Parties	Name
Role	
<b>FARMOR</b>	<b>EnCana Corporation</b>
<b>FARMEE</b>	<b>Edge Resources Inc (Calgary)</b>

General Summary		
<b>TERMS</b>	On or before November 1, 2008, Farmee shall diligently and continuously drill 9 Test Wells at drilling locations of their choice on the Farmout Lands to Contract Depth and either complete, cap or abandon said wells at Farmee's sole cost, risk and expense.	<b>2008-OCT-26</b>
<b>DEPTH</b>	Contract Depth means a depth of 600 metres	<b>2008-OCT-26</b>
<b>EARNING</b>	Subject to Article 3.00 of the Farmout & Royalty Procedure and provided the Farmee is not otherwise in default under this agreement, Farmee shall earn 100% of Farmor's Working Interest from surface to the base of deepest formation fully penetrated and evaluated in the Test Well Spacing Unit which will be subject to the encumbrances, Lessor Royalty and the non-convertible Overriding Royalty reserved by the Farmor per Article 5.00 of the Farmout & Royalty Procedure.	<b>2008-OCT-26</b>
<b>TERMS</b>	Clause 6 - Core Data Commitment Well Farmee agrees to retain the necessary services in order to acquire core description data from the Test Well drilled in Section 35 41-4-W5M based on the program attached as Schedule "F" prior to October 15, 2008.  An extension was received on October 7, 2008 and granted on October 20, 2008 - this date will be November 1, 2008.	<b>2008-OCT-26</b>
<b>DEFAULT</b>	Non-Performance Farmee agrees that for each event wherein it doesn't fulfill its commitment to complete the drilling of a Test Well as contemplated under Clause 5 of this Agreement, it shall pay to the Farmor \$175,000. within 30 days of receiving written notice of such default. In the event that Farmee does not fulfill their obligation with respect to the Core Data Commitment Well as per Clause 6 - Farmee shall pay to the Farmor \$250,000.00 for this default.	<b>2008-OCT-26</b>
<b>WELLENTITL</b>	EnCana is entitled to all Well Information on any wells drilled in these Farmout Lands.	<b>2008-NOV-04</b>
<b>COALCNST</b>	CONDITIONAL CONSENT granted under letter dated November 20, 2008 to	<b>2008-NOV-20</b>

Poplar NG well Poplar Pont 102 Gilby 14-7-42-4 W5M

<b>COALCNST</b>	CONDITIONAL CONSENT granted under letter dated June 26, 2009 to Poplar NG well Poplar Point 8-23-42-4 W5M	2009-JUN-26
<b>GENERAL</b>	Poplar Point drilled 102/14-7-42-4 W5M January 9, 2009.	2010-MAR-12
<b>EARNING</b>	Poplar Point drilled the 102/4-9-42-4 W5M (R.R. Jan 13, 2009) and has earned a interest in the W 2 (Lease issued M156618) and an interest in E 2 (copies of freehold leases sent to Poplar Point).	2010-SEP-15

Contract Lands  
Lease(s)

Land Description

Governing Contract

M110390A	T 39 R 3 W5M NW 3 NG to Base EDMONTON	
M050831D	T 39 R 3 W5M PTN NW 3 (PTN DESIGNATED AS MEDICINE RIVER) NG to Base EDMONTON Excluding NG In EDMONTON SANDS	
M050831E	T 39 R 3 W5M PTN NW 3 (PTN DESIGNATED AS MEDICINE RIVER) NG In EDMONTON SANDS	
M094301A	T 41 R 3 W5M 31 SCOLLARD DEFINED AS 460M TVD TO 523M TVD HORSESHOE CANYON DEFINED AS 532M TVD TO 960M TVD NG In SCOLLARD FORMATION NG In HORSESHOE CANYON	
M094301B *T*	T 41 R 3 W5M 31 NG to Base EDMONTON GROUP Excluding NG In SCOLLARD FORMATION Excluding NG In HORSESHOE CANYON	
M094300A	T 41 R 4 W5M 33 NG to Base EDMONTON GROUP	
M071109A	T 41 R 4 W5M SE 35 NG to Base EDMONTON GROUP	C015748 FARMOUT
M071109WB	T 41 R 4 W5M SE 35 Wellbore only 12-35-41-4W5M Mineral Rights Unknown to Base WELLBORE	C015748 FARMOUT
M071143A	T 41 R 4 W5M SW 35 NG to Base EDMONTON GROUP	C015748 FARMOUT
M094302A	T 41 R 4 W5M NE 35 NG to Base EDMONTON GROUP	
M071139WB	T 41 R 4 W5M PTN NW 35 Wellbore Only 12-35-41-4W5M Mineral Rights Unknown to Base WELLBORE	C015748 FARMOUT
M071142A	T 41 R 4 W5M NW 35 NG to Base EDMONTON GROUP	C015748 FARMOUT
M071139A	T 41 R 4 W5M PTN NW 35 NG to Base EDMONTON GROUP	C015748 FARMOUT
M061186A M061188A M061190A M061192A	T 42 R 4 W5M SE 7 NG to Base EDMONTON	
M063345A	T 42 R 4 W5M SW 7 NG to Base EDMONTON	
M063344A	T 42 R 4 W5M NE 7 NG to Base EDMONTON	

1999  
see Review -  
so GCR  
would apply



M061187A T 42 R 4 W5M NW 7  
M061189A NG to Base EDMONTON  
M061191A  
M061193A

M156618A T 42 R 4 W5M W 9  
NG to Base EDMONTON GROUP *add B WHAT SPE 9 FMH.*

M058252C T 42 R 4 W5M SE 23  
NG to Base EDMONTON

M110322A T 42 R 4 W5M W 23  
NG to Base EDMONTON

M061013D \*T\* T 42 R 4 W5M NE 23  
M061014D \*T\* NG to Base EDMONTON

C016067 POOLNCC

Contract Wells Well Name	UWI	RR Date	Status	Governing Contract
POPLAR ETAL 02 MEDRIV 14-3-39-3	102/14-03-039-03W5/00	2009-JUL-21	CAPABLE GAS	
POPLAR GILBY 4-31-41-3	100/04-31-041-03W5/00	2008-OCT-06	FLOWING GAS	
POPLAR GILBY 16-33-41-4	100/16-33-041-04W5/00	2008-OCT-01	CAPABLE GAS	
POPLAR GILBY 16-33-41-4	100/16-33-041-04W5/00	2008-OCT-01	CAPABLE GAS	
POPLAR GILBY 12-35-41-4	100/12-35-041-04W5/00	2008-OCT-22	CAPABLE GAS	C015748 FARMOUT
EDGE RES WILSONCK 14-7-42-4	102/14-07-042-04W5/00	2009-JAN-09	POTENTIAL GA	
POPLAR GILBY 4-9-42-4	102/04-09-042-04W5/00	2009-JAN-13	POTENTIAL GA	C011206 POOLNCC
POPLAR WILSONCK 8-23-42-4	100/08-23-042-04W5/00	2009-JUL-18	CAPABLE GAS	

Option Lands  
Remarks:

Termination Date:

Lands: T 39 R 3 W5M NW 3  
T 40 R 5 W5M NE 24 S 25  
(NG TO BASE EDMONTON)  
(NOT INCLUDING COAL AND CBM)  
*SPECIAL STAFF*

✓ T 32 R 5 W4M 27 (EXPIRED)  
✓ T 38 R 7 W4M 18 (EXPIRED) *added back in*  
✓ T 47 R 21 W4M 24 (EXPIRED)  
✓ T 52 R 6 W5M 4 10 11 (EXPIRED)  
✓ T 53 R 6 W5M 20 29 30 (EXPIRED)  
(NG TO BASE EDMONTON GROUP)  
(NOT INCLUDING COAL AND CBM)

*IS THIS STILL  
ACTIVE (AS OPTION LANDS)?  
LOOKS LIKE IT WAS EARNED*

Journal Date	Description
2008-OCT-20	Letter dated October 7, 2008 from Poplar Point requesting an extension from October 15, 2008 to November 1, 2008 to complete acquiring the necessary services to acquire core desorption data from the Test Well to be drilled at 12-35-41-4-W5M
2008-OCT-30	Extension request letters dated October 23, 2008 from Poplar Point requesting to spud Test Wells in Sections 7, 9 & 23 42-4-W5M; Sections 24 & 25 40-5-W5M and Section 3 39-3-W5M on or before February 1, 2009 instead of November 1, 2008. This was approved by Justin Calon and Maureen Phillips signed and returned these extension letters.
2008-NOV-12	EnCana farmed out to base Edmonton in Section 7 and ION dated October 8, 2008 was sent by EnCana on behalf of Poplar Point to drill the 102/14-07-042-04W5/00well. PrimeWest elected to participate in the drill as per letter dated November 12, 2008. This was served on C010460 Farmout and Option Agreement dated January 28, 1999  EnCana farmed out to base Edmonton in Section 9 and ION dated October 8, 2008 was sent by EnCana on behalf of Poplar Point to drill the 102/11-09-042-04W5/00well. PrimeWest elected to participate in the drill as per letter dated November 12, 2008. This was served on C011206 Pooling dated June 22, 2001
2009-JAN-05	Requested an extension to the ION dated October 8, 2008 to spud the 14-7 well and the 11-9 well - Taqa granted the extension until

January 15, 2009.

2009-JAN-09 102/14-7-42-4W5M well rig released - ION was served on governing contract C010460

2009-JAN-13 102/4-9-42-4W5M well rig released - ION was served on governing contract C011206

2009-JAN-23 EnCana letter dated January 21, 2009 confirmed by Poplar Point on January 23, 2009 - EnCana has granted Poplar Point an extension to Spud Test Wells until July 30, 2009. Chris Hillebrand requested via email for this extension.

2009-MAY-20 ION dated April 21, 2009 was served to complete the 102/4-9-42-4W5M - Taqa elected to participate

2009-JUN-05 ION dated April 28, 2009 was served to complete the 102/14-7-42-4W5M - Taqa elected to participate

2009-JUL-16 Poplar Point requested an extension to drill the wells in Section 23 42-4W5M; Section 24 & 25 40-5W5M; Section 3 39-3W5M until August 31, 2009. EnCana granted that extension.

Obligations BF Date	Freq	Obl Date	Type	Obligation Description Obligation Owner	Comp Date
2009-JAN-01	M	2009-AUG-31	TESTSPUD	<p>Farmee must spud Test Wells in 42-4-W5M: Section 23 &amp; 40-5-W5M: Sections 24 &amp; 25 and 39-3W5M: Section 3 by February 1, 2009 - this was an extension granted on October 30, 2008</p> <p>An extension was request on January 22, 2009 and granted to allow Farmee to spud test wells until July 30, 2009 as more time was required to pool lands.</p> <p>An extension dated July 15, 2009 and approved on July 16, 2009 to allow Poplar Point until August 31, 2009 to drill these wells.</p> <p>CONTRACT ANALYST</p>	2009-JUL-27
2009-JAN-01	M	2009-JAN-15	SPUDWELL	<p>42-4-W5M: Sections 7, 9 - Served under ION - received an extension until Jan 15, 2009 to drill -</p> <p>CONTRACT ANALYST</p>	2009-JAN-10

AMI/AOE Lands None

Subgroup: Section 23-42-4 W5M Earning

Land:

M058252C T 42 R 4 W5M SE 23  
NG to Base EDMONTON

Lessor Royalty:

OIL & GAS FIXED 15.0000 Based  
on 100% of Production Paid To  
EnCana Corporation

Royalty: Farmor's Royalty

Type: Non-convertible GORR Convertible: No

Paid to	Percent	Borne by	Percent
Bonavista Petroleum	100.0000000	Edge Resources Inc (Cal	100.0000000



Product	Method	--- Gross ORR ---		Based on %	Mineral	---- Net ORR ----	
		Min	Max	Sales	Int %	Min	Max
<b>GAS</b>	<b>FIXED</b>	<b>7.5000000</b>	<b>7.5000000</b>	<b>89.5250</b>	<b>100.0000</b>	<b>100.0000</b>	<b>6.7143750 6.7143750</b>

Minimum: **\$0.0000**

Deductions: **Clause 5.04 - Neither 1 nor 2**

Remarks: **Paid on non-fee lands held by EnCana.  
Royalties paid on the NE 23  
Pursuant to the Asset Sale Agreement dated July 16, 2009 between EnCana Corporation  
and EnCana Oil & Gas Partnership and Bonavista Petroleum. EnCana sold certain  
interests to Bonavista. Effective April 1, 2009. Closed August 20, 2009. A001911  
(Added in the PSA Additions sheet of amended land schedule.)**

*Match land schedule*

Subgroup: **Section 3-39-3 W5M Earning**

Land:

**M050831D T 39 R 3 W5M PTN NW 3  
(PTN DESIGNATED AS MEDICINE RIVER)  
NG to Base EDMONTON  
Excluding NG In EDMONTON SANDS**

Lessor Royalty:

**CR OIL & GAS SS Based on 100%  
CR COALBED METHANE SS**

**M050831E T 39 R 3 W5M PTN NW 3  
(PTN DESIGNATED AS MEDICINE RIVER)  
NG In EDMONTON SANDS**

**CR OIL & GAS SS Based on 100%  
CR COALBED METHANE SS**

*DOES LEASE GOVERNED SO  
BONAVISTA SHOWS AS WI OWNER.*

Wells:

**102/14-03-039-03W5/00 POPLAR ETAL 02 MEDRIV 14-3-39-3**

**SCOLLARD FM CAPABLE GAS**

DOI: **Working Interest**

Accounts: **Default**

WORK INT

WORK INT

Poplar earned

Poplar to Edge

Edge Resources Inc (Calgary)  
Poplar Point Energy Ltd

100.0000000 O

100.0000000 O

Eff. date: 2008-OCT-22

100.0000000

Obit. date: 2009-APR-14

2009-APR-15

2009-APR-14

2009-JUN-01

DOI Notes: Column 1 - 12-35 Test Well  
Column 2 - NOA - POPLAR POINT ENERGY LTD. ASSIGNED 100% OF ITS  
ENTIRE INTEREST TO EDGE RESOURCES INC.

*FREE LANDS EARNED  
ARE IN M110390 -*

*GCR DID NOT APPLY  
AS FREE LEASE ISSUED  
WITH LOR*

*RE-17 DOIs ON WELLS.*

Royalty: **Farmer's Royalty**

Type: **Non-convertible GORR**

Convertible: **No**

Paid to	Percent	Borne by	Percent
<b>EnCana Corporation</b>	<b>100.0000000</b>	<b>Edge Resources Inc (Cal</b>	<b>100.0000000</b>

Product	Method	--- Gross ORR ---		Based on %	Mineral	---- Net ORR ----	
		Min	Max	Sales	Int %	Min	Max
<b>GAS</b>	<b>FIXED</b>	<b>7.5000000</b>	<b>7.5000000</b>	<b>89.5250</b>	<b>100.0000</b>	<b>100.0000</b>	<b>6.7143750 6.7143750</b>

Minimum: **\$0.0000**

Deductions: **Clause 5.04 - Neither 1 nor 2**

Remarks: **Paid on non-fee lands held by EnCana.**

*GCR IS ON M050831*

*IS THIS FROM C06080*

*SHOULDNT THIS BE 1007*

*OR IS THIS REALLY A 2DSU?*

*THE 2 DSU WOULD BE QUITE SMALL.*

Subgroup: **Section 35 41-4-W5M Earning**

Land:

Lessor Royalty:

M071109A	T 41 R 4 W5M SE 35 NG to Base EDMONTON GROUP	OIL & GAS FIXED 22.0000 Based on 100% of Production Paid To ConocoPhillips Western Canada Ptrshp
M071109WB	T 41 R 4 W5M SE 35 Wellbore only 12-35-41-4W5M Mineral Rights Unknown to Base WELLBORE	OIL & GAS FIXED 22.0000 Based on 100% of Production Paid To ConocoPhillips Western Canada Ptrshp
M071143A	T 41 R 4 W5M SW 35 NG to Base EDMONTON GROUP	CR GAS SS Based on 100% of Production
M071142A	T 41 R 4 W5M NW 35 NG to Base EDMONTON GROUP	CR OIL & GAS SS Based on 100% of Production
M071139WB	T 41 R 4 W5M PTN NW 35 Wellbore Only 12-35-41-4W5M Mineral Rights Unknown to Base WELLBORE	GAS FIXED 17.0000 Based on 100% of Production Paid To Leedale Community Centre (c/o Dana F)
M071139A	T 41 R 4 W5M PTN NW 35 NG to Base EDMONTON GROUP	GAS FIXED 17.0000 Based on 100% of Production Paid To Leedale Community Centre (c/o Dana F)

Wells:

100/12-35-041-04W5/00      POPLAR GILBY 12-35-41-4      EDMONTON FM      CAPABLE GAS

DOI: **Working Interest**

Accounts: **Default**

WORK INT

WORK INT

Poplar earned

Poplar to Edge

Edge Resources Inc (Calgary)  
Poplar Point Energy Ltd

100.0000000 O

100.0000000 O

100.0000000

100.0000000

Eff. date: 2008-OCT-22

2009-APR-15

Obit. date: 2009-APR-14

DOI Notes: Column 1 - 12-35 Test Well  
Column 2 - NOA - POPLAR POINT ENERGY LTD. ASSIGNED 100% OF ITS ENTIRE INTEREST TO EDGE RESOURCES INC.

Royalty: **NCGORR**

Type: **Non-convertible GORR**

Convertible: **No**

Paid to <b>EnCana Corporation</b>	Percent <b>100.0000000</b>	Borne by <b>Edge Resources Inc (Cal</b>	Percent <b>100.0000000</b>
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Product	Method	--- Gross ORR ---	Based on %	Mineral	---- Net ORR ----
		Min      Max	Sales      DSU %	Int %	Min      Max
<b>GAS</b>	<b>FIXED</b>	<b>7.5000000    7.5000000</b>	<b>100.0000    100.0000</b>	<b>100.0000</b>	<b>7.5000000    7.5000000</b>

Minimum: **\$0.0000**

Deductions: **Clause 5.04 - Neither 1 nor 2**

Remarks: **Paid on non-fee lands held by EnCana.**



Subgroup: **Section 7-42-4-W5M Earning**

Land:

M061186A T 42 R 4 W5M SE 7  
M061188A NG to Base EDMONTON  
M061190A  
M061192A

Lessor Royalty:

GAS FIXED 15.0000 Based on  
100% of Sales Paid To 5M  
Freehold Ltd

GAS FIXED 15.0000 Based on  
100% of Sales Paid To CFR Smith  
Holdings Ltd

GAS FIXED 15.0000 Based on  
100% of Sales Paid To Rattones  
Mineral Corp

GAS FIXED 15.0000 Based on  
100% of Sales Paid To Huss  
Mineral Corp

GAS FIXED 20.0000 Based on  
100% of Sales Paid To EnCana  
Corporation

GAS FIXED 20.0000 Based on  
100% of Sales Paid To EnCana  
Corporation

GAS FIXED 15.0000 Based on  
100% of Sales Paid To Huss  
Mineral Corp

GAS FIXED 15.0000 Based on  
100% of Sales Paid To Rattones  
Mineral Corp

GAS FIXED 15.0000 Based on  
100% of Sales Paid To 5M  
Freehold Ltd

GAS FIXED 15.0000 Based on  
100% of Sales Paid To CFR Smith  
Holdings Ltd

*E-9 = MC 61355 } NO - CALPINE LEASES - ENCANA HAD ONLY PROCEED  
MC 61354 } WE SO NO  
GOR WOULD  
COME OUT OF  
THESE LEASES*

*EDGE GET  
FEE LEASES  
FOR W9*

*1999 fee lease -  
pre-existing so  
GOR would apply*

Wells:

102/14-07-042-04W5/00 EDGE RES WILSONCK 14-7-42-4

HORSHOE CNYN

POTENTIAL GAS

Royalty: **NCGORR**

Type: **Non-convertible GORR** Convertible: **No**

Paid to EnCana Corporation Percent 100.0000000 Borne by Edge Resources Inc (Cal) Percent 100.0000000

Product	Method	--- Gross ORR ---		Based on %		Mineral	---- Net ORR ----	
		Min	Max	Sales	DSU %	Int %	Min	Max
GAS	FIXED	7.5000000	7.5000000	50.0000	100.0000	100.0000	3.7500000	3.7500000

Minimum: **\$0.0000**

Deductions: **Clause 5.04 - Neither 1 nor 2**

Assignment / Amalgamations

Eff Date

Description

Rights assigned

**2009-NOV-25** As a result of the wind-up of one of its two remaining partners, EnCana Oil & Gas Partnership dissolved and all of its assets were distributed to, and liabilities were assumed by, EnCana Corporation, the remaining partner.

**2009-APR-15** NOA - POPLAR POINT ENERGY LTD. ASSIGNED 100% OF ITS ENTIRE INTEREST TO EDGE RESOURCES INC.  
Binding Date: 2010-DEC-01

Land: All  
Interest: All

Executed: Yes

Poplar Point Energy Ltd  
Edge Resources Inc (Calgary)

Assignor  
Assignee

**2009-APR-01** Encana Corporation assigned a portion of its interest to Bonavista Petroleum (Sec. 23-42-4 W5M - NG to base Edmonton) Binding Date: 2010-DEC-01

Land: Portion  
Interest: All

Executed: Yes

EnCana Corporation  
Bonavista Petroleum

Assignor  
Assignee

Amendments

Eff Date	Description
	None

Operating Procedure Not Applicable

Accounting Procedure Not Applicable

Farmout / Royalty Procedure

Procedure: **CAPL 1997 Farmout and Royalty Procedure**

Effective Date (Subclause 1.01(f)) - **2008-SEP-01**

Payout (Subclause 1.01(t), if Article 6.00 applies) - **Not Applicable**

Incorporation of Clauses from 1990 (CAPL Operating Procedure (Clause 1.02)

(i) Insurance (311) - **Alternate B**

Article 4.00 (Option Wells) - **will not apply.**

Article 5.00 (Overriding Royalty) - **will apply.**

Quantification of Overriding Royalty (Subclause 5.01A, if applicable)

(i) Crude Oil (a) - **Alternate 1** applies, **7.50%**

(ii) Other (b) - **Alternate 1** applies, **7.50%**

Permitted Deductions (Subclause 5.04B, if applicable) - **Alternate neither 1 nor 2** . Alternate 2 Percentage - %

Article 6.00 (Conversion of Overriding Royalty) - **will not apply.**

Article 8.00 (Area of Mutual Interest) - **will not apply.**

Reimbursement Of Land Maintenance Costs (Clause 11.02) - **will not apply.**

Amendments/Modifications

Remarks:

Royalty Details Not Applicable