Energy Group

NATIONAL
BANK
OF CANADA

THIS IS EXHIBIT "A"
referred to in the Affidavit of
Murray D'Angelo
Sworn before me this 26th
Day of October A.D. 2009
JMBarnett
COMMISSIONER FOR OATHS
IN AND FOR THE PROVINCE OF ALBERTA

GILLIAN BARNETT
Student-at-Law

Writer's Direct Line
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June 24, 2009

BY COURIER

Action Energy Inc.
350 – 7 Avenue SW, Suite 800
Calgary, AB T2P 3N9

ATTENTION: Mr. Roger C.W. Tang, President & CEO
Mr. Kelly Kerr, VP Finance & CFO

Dear Sirs:

RE: CREDIT FACILITIES – NATIONAL BANK OF CANADA / ACTION ENERGY INC.

We are pleased to advise that National Bank of Canada has approved the following revised Credit Facilities for Action Energy Inc., subject to the terms and conditions set out herein. This Offering Letter contains all the terms and conditions pertaining to the availability of Credit Facilities from National Bank of Canada and as a result it amends, incorporates, and restates the terms and conditions of all existing and new commitments.

BORROWER: ACTION ENERGY INC. (the "Borrower") (the Borrower is also referred to herein as a "Loan Party").

GUARANTORS: NORTHERN GAS MARKETING INC. and GRIFFON PETROLEUM INC. (collectively, the "Guarantor")

(the Borrower and the Guarantor are collectively referred to as "Loan Parties", and each, a "Loan Party")

LENDER: NATIONAL BANK OF CANADA (the "Bank").

CREDIT FACILITY A: REVOLVING OPERATING DEMAND LOAN (the "Credit Facility A").

MAXIMUM AMOUNT: $21,000,000.

PURPOSE: Credit Facility A shall only be used for the Borrower's general corporate purposes including capital expenditures.

AVAILABILITY: Prime Rate loans ("Prime Rate Loans"). Revolving in whole multiples of Cdn$50,000.

Letters of credit and/or letters of guarantee ("L/C/Gs") (maximum term one year). The aggregate Face Amount of L/C/Gs issued and outstanding at any time limited to $1,000,000 in any currency acceptable to the Bank.

REPAYMENT: Interest only but always subject to Availability, Review, and the Bank's right of demand.

INTEREST RATE: The Borrower shall pay interest calculated daily and payable monthly, not in advance, on the outstanding principal amount of Prime Rate Loans drawn under the Credit Facility A at a rate per annum equal to the Prime Rate as designated from time to time by the Bank plus the Applicable Margin as per the Pricing Grid below. Interest at the aforesaid rate shall be due and payable on the 26th day of each and every month until all amounts owing to the Bank are paid in full. Interest shall be paid via automatic debit to the Borrower's account at the Calgary Branch of the Bank.

As of this date, the Bank's Prime Rate is 2.25% per annum.

STANDBY FEE: The Applicable Margin as per the Pricing Grid below on the undrawn portion of the Credit Facility A (the "Standby Fee"), payable monthly on the first Business Day of each month.

L/C/G FEE: The Applicable Margin as per the Pricing Grid below of the issue amount, payable at issue (the "L/C/G Fee"). This non-refundable, upfront fee is to be based on the number of months the L/C/G is to be outstanding with any portion of 31 days to be considered a complete month.

PRICING GRID: The Applicable Margin, Stamping Fee, L/C/G Fee or Standby Fee, as applicable, for Advances shall be adjusted quarterly (based upon unaudited preceding quarterly consolidated financial statements of the Borrower) in accordance with the Net Debt to Cash Flow Ratio in the following table (the "Pricing Grid"):

Type of Advance	Net Debt to Cash Flow Ratio					
	≤ 1.00	>1.00 ≤ 1.50	>1.50 ≤ 2.00	>2.00 ≤ 2.50	>2.50 ≤ 3.00	> 3.00*
Prime Rate Loans	25 bps	75 bps	100 bps	125 bps	175 bps	250 bps
L/C/G Fees	150 bps	175 bps	200 bps	250 bps	300 bps	300 bps
Standby Fees	25 bps	30 bps	35 bps	40 bps	45 bps	50 bps

* Initial Rate

CHANGE IN MARGIN AND STANDBY FEES: Whenever this Offering Letter calls for a change in Margin or Fees by reason of a change in the Net Debt to Cash Flow Ratio, each such change shall be effective on the first day of the fourth month following the end of the fiscal quarter for which the Compliance Certificate was provided.

In respect of Prime Rate Loans, and Standby Fees, the Borrower shall pay interest at the new Applicable Margin and Standby Fees effective on the first day of the fourth month following the end of the fiscal quarter for which the Compliance Certificate was provided, notwithstanding that any Advance was made prior to such date and notwithstanding that interest and Standby Fees prior to delivery of the Compliance Certificate were calculated and paid based upon the Applicable Margins and Standby Fee previously in effect.

In the event that the Borrower should fail to provide a Compliance Certificate as and when required, then, at the discretion of the Bank, the Applicable Margin and Fees in all cases shall automatically be changed as if the Net Debt to Cash Flow Ratio was > 3.0.

EVIDENCE OF DEBT: Revolving Demand Credit Agreement and the records of the Bank. Such records maintained by the Bank shall constitute in the absence of manifest error prima facie evidence of the obligations of the Borrower to the Bank in respect of Advances made. The failure by the Bank to correctly record any such amount or date shall not adversely affect the obligations of the Borrower to pay amounts due hereunder to the Bank in accordance with this Offering Letter.

CREDIT FACILITY B:	NON-REVOLVING DEMAND LOAN (the "Credit Facility B").
MAXIMUM AMOUNT:	$11,000,000.
PURPOSE:	To cover over advances on the Credit Facility A.
AVAILABILITY:	Prime Rate loan ("Prime Rate Loan") in Canadian dollars; available by way of one draw.
REPAYMENT:	Interest only, but subject to Availability, interest, and the Bank's right of demand, with this Credit Facility B being due and payable in full upon the earlier of collection of certain receivables, refinance, sub-debt issue, asset/corporate sale, or Review.
INTEREST RATE:	The Borrower shall pay interest calculated daily and payable monthly, not in advance, on the outstanding principal amount of Prime Rate Loan(s) drawn under the Credit Facility B at a rate per annum equal to the Prime Rate as designated from time to time by the Bank plus four percent (Prime Rate + 4.0% p.a.). Interest at the aforesaid rate shall be due and payable on the 26th day of each and every month until all amounts owing to the Bank are paid in full. Interest shall be paid via automatic debit to the Borrower's account at the Calgary Branch of the Bank. As of this date, the Bank's Prime Rate is 2.25% per annum.
COMMITMENT FEE:	$134,000, ~~due and payable upon provision of this Offering Letter~~ ① . Non-refundable.
EVIDENCE OF DEBT:	Variable Rate Demand Promissory Note and the records of the Bank. Such records maintained by the Bank shall constitute in the absence of manifest error prima facie evidence of the obligations of the Borrower to the Bank in respect of Advances made. The failure by the Bank to correctly record any such amount or date shall not adversely affect the obligations of the Borrower to pay amounts due hereunder to the Bank in accordance with this Offering Letter.
CREDIT FACILITY C:	MASTERCARD BUSINESS CARD (the "Credit Facility C").
MAXIMUM AMOUNT:	$100,000.
PURPOSE:	Credit Facility C shall only be used by the Borrower to facilitate travel, entertainment, and supplier expenses for company officers.
REPAYMENT:	Payment in full, monthly.
INTEREST RATE:	Standard rates as established from time to time by MasterCard.
EVIDENCE OF DEBT:	MasterCard monthly statements and the records of the Bank. Such records maintained by the Bank shall constitute in the absence of manifest error prima facie evidence of the obligations of the Borrower to the Bank in respect of Advances made. The failure by the Bank to correctly record any such amount or date shall not adversely affect the obligations of the Borrower to pay amounts due hereunder to the Bank in accordance with this Offering Letter.

① payable in 4 equal installments of $33,500 with the first installment due on signing of this Offer Letter and the remaining installments due on August 1, 2009, September 1, 2009 and October 1, 2009.

RISK MANAGEMENT FACILITY (the "Risk Management Facility")

PURPOSE: Risk Management Facility shall be used by the Borrower for Financial Instruments.

AVAILABILITY: Various Financial Instruments. Maximum term 24 months. Subject to Bank availability and including a cross default limit of $1,000,000.

SETTLEMENT: Settlement as per contract maturities.

EVIDENCE OF USAGE: Executed treasury contracts, executed ISDA Master Agreement with appropriate annexes, other documentation acceptable to the Bank, and the records of the Bank. Such records maintained by the Bank shall constitute in the absence of manifest error prima facie evidence of the obligations of the Borrower to the Bank in respect of Advances made. The failure by the Bank to correctly record any such amount or date shall not adversely affect the obligations of the Borrower to pay amounts due hereunder to the Bank in accordance with this Offering Letter.

FOR ALL CREDIT FACILITIES

DEFINITIONS: In this Offering Letter, including the Appendices hereto and in all notices given pursuant to this Offering Letter, capitalized words and phrases shall have the meanings given to them in this Offering Letter in their proper context, and words and phrases not otherwise defined in this Offering Letter but defined in Appendix C to this Offering Letter shall have the meanings given to them in Appendix C to this Offering Letter.

INTERPRETATION: In this Offering Letter, unless otherwise specifically provided, words importing the singular will include the plural and vice versa, words importing gender shall include the masculine, the feminine and the neuter, and "in writing" or "written" includes printing, typewriting or any electronic means of communication capable of being visibly reproduced at the point of reception, including by facsimile.

RENEWAL AND COMMITMENT FEES: $42,000 (2) ~~payable upon provision of this Offering Letter~~ RT Non-refundable. This fee includes the Bank's engineering expenses incurred for this Review.

This fee is in addition to and not in substitution for any other fees due and payable under this Offering Letter.

SECURITY: The following security shall be completed, duly executed, delivered, and registered, where necessary, to the entire satisfaction of the Bank and its counsel. All present and future security (the "Security") and the terms thereof shall be held by the Bank as continuing security for all present and future debts, obligations and liabilities (whether direct or indirect, absolute or contingent) of the Loan Parties to the Bank including without limitation for the repayment of all loans and advances made hereunder and for other loans and advances that may be made from time to time in the future whether hereunder or otherwise. For greater certainty, all Financial Instruments, including without limitation swaps and forwards, entered into at any time with the Bank (or any of its subsidiaries or affiliates from time to time) are deemed to be debts, obligations and liabilities of the Borrower and are secured by the Security on a pari passu basis and shall rank pari passu with all other indebtedness under the Credit Facilities. Where applicable, the Security will be in the Bank's standard form.

(2) payable in 4 equal installments of $10,500 with the first installment due on signing of this Offer letter and the remaining installments due on August 1, 2009, September 1, 2009 and October 1, 2009.

RT

Held:

1. Accepted Offering Letter dated August 5, 2008.

2. Accepted Amending Offering Letters dated October 22, 2008 and February 20, 2009.

3. General Assignment of Book Debts.

4. $5,000,000 Debenture with a floating charge over all assets of the Borrower with a negative pledge and undertaking to provide fixed charges on the Borrower's producing petroleum and natural gas properties at the request of the Bank, and pledge of such Debenture.

5. $20,000,000 Supplemental Debenture with a floating charge over all assets of the Borrower with a negative pledge and undertaking to provide fixed charges on the Borrower's (major) producing petroleum and natural gas reserves at the request of the Bank, and pledge of such Supplemental Debenture.

6. $50,000,000 Supplemental Debenture with a floating charge over all assets of the Borrower with a negative pledge and undertaking to provide fixed charges on the Borrower's (major) producing petroleum and natural gas reserves at the request of the Bank, and pledge of such Supplemental Debenture.

7. Evidence of insurance coverage in accordance with industry standards.

8. Appropriate title representation (Officer's Certificate as to Title) including a schedule of major producing petroleum and natural gas reserves described by lease (type, date, term, parties), legal description (wells and spacing units), Interest (Working Interest or other APO/BPO interests), overrides (APO/BPO), gross overrides, and other liens, encumbrances, and overrides; or, at the request of the Bank, title opinion satisfactory to the Bank and its counsel.

9. Assignment of revenues and monies under material contracts, as applicable.

10. $50,000,000 Guarantee of the Borrower from Northern Gas Marketing Inc. supported by: a) First Priority Deed of Trust, Mortgage, and Security Interests in the Guarantor's major petroleum properties; b) Assignment of material sales contracts, as applicable; and c) Evidence of Insurance.

11. $50,000,000 Guarantee of the Borrower from Griffon Petroleum Inc. supported by: a) First Priority Deed of Trust, Mortgage, and Security Interests in the Guarantor's major petroleum properties; b) Assignment of material sales contracts, as applicable; and c) Evidence of Insurance.

12. Legal Opinion of the Bank's counsel.

The Security has been registered in the Province of Alberta, in a first priority position, subject only to Permitted Encumbrances.

<u>To Be Obtained</u>:

1. Accepted Offering Letter dated June 24, 2009.

2. Evidence of insurance coverage in accordance with industry standards designating the Bank as first loss payee in respect of the proceeds of the insurance.

3. Alberta Land Titles Office Name Search Consent from each Loan Party.

4. Such other security, documents, and agreements that the Bank or its legal counsel may reasonably request.

REPRESENTATIONS AND WARRANTIES:

Each Loan Party represents and warrants to the Bank (all of which representations and warranties each Loan Party hereby acknowledges are being relied upon by the Bank in entering into this Offering Letter) that:

1. Each Loan Party has been duly incorporated or formed, as applicable, and is in good standing under the legislation governing it, and it has the powers, permits, and licenses required to operate its business or enterprise and to own, manage, and administer its property.

2. This Offering Letter constitutes, and the Security and related agreements shall constitute, legal, valid, and binding obligations of each Loan Party party thereto, enforceable in accordance with their respective terms, subject to applicable bankruptcy, insolvency, or similar laws affecting creditors' rights generally and to the availability of equitable remedies.

3. Each Loan Party has the right to pledge, charge, mortgage, or lien its assets in accordance with the Security contemplated by this Offering Letter.

4. Each Loan Party is presently in good standing under, and shall duly perform and observe, all material terms of all documents, agreements, and instruments affecting or relating to the petroleum assets of such Loan Party.

5. There has been no adverse material change in the financial position of any Loan Party since the date of its most recent consolidated financial statements dated March 31, 2009, which were furnished to the Bank. Such consolidated financial statements fairly present the financial position of each Loan Party at the date that they were drawn up. No Loan Party foresees incurring any major liability which it has not already disclosed to the Bank.

6. No Loan Party is involved in any dispute or legal or regulatory proceedings likely to materially affect its financial position or its capacity to operate its business.

7. No Loan Party is in default under the contracts to which it is a party or under the applicable legislation and regulations governing the operation of its business or its property, including, without limitation, all Environmental Requirements subsequently stated in Environmental Obligations.

8. The Loan Parties have no subsidiaries except for the other Loan Parties.

9. The chief executive office (for the purposes of the PPSA) of each Loan Party is located in Alberta.

10. Each Loan Party has all the requisite power, authority and capacity to execute and deliver this Offering Letter and the Security (to which it is a party) and to perform its obligations hereunder and thereunder.

11. The execution and delivery of this Offering Letter and the Security (to which it is a party) and the performance of the terms of this Offering Letter and such Security do not violate the provisions of any Loan Party's constating documents or its by-laws or any law, order, rule or regulation applicable to it and have been validly authorized by it.

12. The execution, delivery and performance of the terms of this Offering Letter and the Security (to which it is a party) will not constitute a breach of any agreement to which any Loan Party or its property, assets or undertaking are bound or affected.

13. No Loan Party has incurred any indebtedness or obligations for borrowed money (other than as contemplated hereby or payables incurred in the ordinary course of business or as previously disclosed in writing to the Bank) and has not granted any security ranking equal with or in priority to the Security (other than Permitted Encumbrances).

Unless expressly stated to be made as of a specific date, the representations and warranties made in this Offering Letter shall survive the execution of this Offering Letter and all Security, and shall be deemed to be repeated as of the date of each Advance and as of the date of delivery of each Compliance Certificate, subject to modifications made by the Borrower to the Bank in writing and accepted by the Bank. The Bank shall be deemed to have relied upon such representations and warranties at each such time as a condition of making an Advance hereunder or continuing to extend the Credit Facilities hereunder.

CONDITIONS PRECEDENT:

Prior to any additional advances under the Credit Facilities, the Borrower shall have provided, executed or satisfied the following, to the Bank's satisfaction (collectively with all other conditions precedent set out in this Offering Letter, the "Conditions Precedent"):

1. This Offering Letter.
2. A Revolving Demand Credit Agreement in the face amount of $21,000,000 duly executed and delivered to the Bank by the Borrower.
3. A Variable Rate Demand Promissory Note in the face amount of $11,000,000 duly executed and delivered to the Bank by the Borrower.
4. All Security shall be duly completed, authorized, executed, delivered by each Loan Party which is a party thereto, and registered, all to the satisfaction of the Bank and its counsel.
5. Alberta Land Titles Office Name Search Consent from each Loan Party.
6. All fees due and payable to the Bank shall have been paid.
7. No Default or Event of Default shall exist.
8. No Material Adverse Effect has occurred with respect to any Loan Party or the Security.
9. Any other document that may be reasonably requested by the Bank.

The above conditions are inserted for the sole benefit of the Bank, and may be waived by the Bank in whole or in part (with or without terms or conditions) in respect of any particular Advance, provided that any waiver shall not be binding unless given in writing and shall not derogate from the right of the Bank to insist on the satisfaction of any condition not expressly waived in writing or to insist on the satisfaction of any condition waived in writing which may be requested in the future.

CONDITIONS SUBSEQUENT:

As a continuing condition to any additional advances under the Credit Facilities, the Borrower shall have provided, executed or satisfied the following, to the Bank's satisfaction:

1. Avice to the Bank as to the number of Confidentiality Agreements signed indicating overall reaction to the sales process;

2. By June 30, 2009, a list of non-binding offers in hand;

3. By July 17, 2009, update to the Bank as to negotiation efforts with bidding parties;

4. By August 1, 2009, copies of binding Purchase and Sale Agreement(s) for assets and/or corporation; and

5. By October 1, 2009, evidence of closings and credit facilities repaid.

The above conditions are inserted for the sole benefit of the Bank, and may be waived by the Bank in whole or in part (with or without terms or conditions) in respect of any particular Advance.

REPORTING REQUIREMENTS:

The Borrower shall submit to the Bank:

1. Monthly production and revenue reports in form and substance satisfactory to the Bank within 60 calendar days of each month end;

2. Quarterly unaudited consolidated financial statements and Compliance Certificate within 60 calendar days of each fiscal quarter end for the first three fiscal quarters of each fiscal year;

3. Annual audited consolidated financial statements and Compliance Certificate within 90 calendar days of each fiscal year end;

4. Annual independent engineering report in form and substance satisfactory to the Bank on the petroleum and natural gas reserves of the Borrower within 120 calendar days of each fiscal year end, prepared by a firm acceptable to the Bank;

5. Annual consolidated budget for the following fiscal year, including production, cash flow and capital expenditures forecasts, within 90 days of each fiscal year end; and

6. Any other information the Bank may reasonably require from time to time.

AFFIRMATIVE COVENANTS:

Each Loan Party shall (each of the below being an "Affirmative Covenant"):

1. Carry on business and operate its petroleum and natural gas reserves in accordance with good practices consistent with accepted industry standards and pursuant to applicable agreements, regulations, and laws.

2. Maintain its corporate existence and comply with all applicable laws.

3. Pay, when due, all taxes, assessments, deductions at source, crown royalties, income tax or levies for which the payment is guaranteed by legal privilege, prior claim, or legal hypothec, without subrogation or consolidations.

4. Comply with all regulatory bodies and provisions regarding environmental procedures and controls.

5. Upon reasonable notice, allow the Bank access to its books and records, and take excerpts therefrom or make copies thereof, and to visit and inspect its assets and place(s) of business.

6. Maintain adequate and appropriate insurance on its assets including protection against public liability, blow-outs, and "all-risk" perils.

7. Inform the Bank of any event or action which would have a Material Adverse Effect on its operational or financial affairs, including but not limited to the sale of assets, guarantees, funded debt from other lenders, or alteration of type of business.

8. Keep and maintain books of account and other accounting records in accordance with GAAP.

9. Maintain an Adjusted Working Capital Ratio of not less than 1.00:1.00 at all times.

10. Pay all amounts due and payable hereunder and pursuant to the Security in accordance with the respective terms hereof and thereof.

11. As soon as practicable following receipt by such Loan Party of a request by the Bank to provide fixed charge security over the producing petroleum and natural gas properties of such Loan Party (and in any event not more than 5 Business Days following such request), furnish or cause to be furnished to the Bank, at the sole cost and expense of such Loan Party, fixed charge security over such producing and natural gas properties of such Loan Party as are specified by the Bank, in the form of a supplemental instrument to the Security.

12. Observe the terms of and perform its obligations under this Offering Letter and the Security, and under any other agreements now or hereafter made with the Bank.

13. Utilize the Advances only for the applicable purposes stipulated herein.

14. Notify the Bank, without delay, of (a) any litigation or proceeding in which it is a party if an adverse decision therein would require it to pay more than $10,000 or deliver assets the value of which exceeds such sum (whether or not the claim is considered to be covered by insurance), and (ii) the institution of any other suit or proceeding involving it that might materially and adversely affect its property, assets or undertaking, or its operations, financial conditions or business.

15. Notify the Bank, without delay, of any Default or Event of Default.

16. Obtain and maintain the licenses and permits required to operate its business unless failure to obtain such licenses and permits could not reasonably be expected to result in a Material Adverse Effect

17. Provide the Bank with any information or document that it may reasonably require from time to time.

<u>NEGATIVE COVENANTS</u>:

No Loan Party shall, without the prior approval of the Bank (each of the below being a "Negative Covenant"):

1. Allow a Change of Control.

2. Merge, amalgamate, consolidate, or wind up its assets, unless (i) such merger, amalgamation, consolidation or winding up is with another Loan Party and (ii) it has notified the Bank, without delay, of such merger, amalgamation, consolidation or winding up.

3. Reduce or distribute capital or pay dividends or redeem or repurchase common or preferred shares, unless such dividends, redemptions, and repurchases do not impair the capacity of such Loan Party to fulfil its obligations with respect to the Credit Facilities, including the repayment of all Credit Facilities; notwithstanding the foregoing, no Loan Party shall reduce or distribute capital or pay dividends or redeem or repurchase common or preferred shares when a Default or an Event of Default has occurred and is continuing or shall reasonably expected to occur as a result of reducing or distributing capital or paying dividends or redeeming or repurchasing common or preferred shares, as the case may be.

4. Incur further secured indebtedness, pledge or encumber assets, or guarantee the obligations of others.

5. Make loans or investments, except to or in another Loan Party.

6. Sell or dispose of any assets subject to the Bank's Security in the aggregate of greater than $10,000 each calendar year. This shall include sale/leaseback transactions on facilities.

7. Hedge or contract crude oil, natural gas liquids, or natural gas, on a fixed price basis, exceeding 50% of actual production volumes.

8. Monetize or settle any fixed price financial hedge or contract.

9. Make any material change in the nature of its business as carried on at the date hereof.

10. Utilize Advances to finance a hostile takeover.

11. Move its property, assets or undertaking outside the jurisdictions in which the Security is registered.

12. Move its chief executive office from Alberta.

13. Create, acquire or suffer to exist any subsidiary unless such subsidiary provides a guarantee and such other Security required by the Bank, in its sole discretion.

14. Experience a change in its executive management which, in the opinion of the Bank, acting in its sole discretion, has or may have a Material Adverse Effect.

ENVIRONMENTAL OBLIGATIONS:

1. Each Loan Party shall comply with the requirements of all legislative and regulatory environmental provisions (the "Environmental Requirements") and shall at all times maintain the authorizations, permits, and certificates required under these provisions.

2. Each Loan Party shall immediately notify the Bank in the event a contaminant spill or emission occurs or is discovered with respect to its property, operations, or those of any neighbouring property. In addition, it shall report to the Bank forthwith any notice, order, decree, or fine that it may receive or be ordered to pay with respect to the Environmental Requirements relating to its business or property.

3. At the request of and in accordance with the conditions set forth by the Bank, each Loan Party shall, at its own cost, provide any information or document which the Bank may require with respect to its environmental situation, including any study or report prepared by a firm acceptable to the Bank. In the event that such studies or reports reveal that any Environmental Requirements are not being respected, the

applicable Loan Party shall effect the necessary work to ensure that its business and property comply with the Environmental Requirements within a period acceptable to the Bank.

4. Each Loan Party undertakes to indemnify the Bank for any damage which the Bank may suffer or any liability which it may incur as a result of any non-compliance with the Environmental Requirements.

5. The provisions, undertakings, and indemnification set out in this section shall survive the satisfaction and release of the Security and payment and satisfaction of the indebtedness and liability of the Borrower to the Bank pursuant to the terms hereof.

EVENTS OF DEFAULT:

Notwithstanding that the Credit Facilities are on a demand basis, and without prejudice to the Bank's rights thereby, the following shall be considered events of default ("Events of Default"), upon the occurrence of which, or of a Default, the Bank may choose, in its sole discretion, to cancel all credit availability and to demand repayment of the Credit Facilities in full, together with outstanding accrued interest, fees and any other obligations of the Borrower to the Bank, and, without prejudice to the Bank's other rights and remedies, the Bank's Security shall become enforceable:

1. Immediately upon failure by any Loan Party to pay any instalment of principal, interest, fees, costs, incidental charges or any other amount payable hereunder or under any of the Security when due.

2. Any material representation or warranty contained in this Offering Letter, the Security, any certificate or any opinion delivered hereunder proves to be untrue.

3. Failure by any Loan Party to observe or comply with any Affirmative Covenant, Negative Covenant, Environmental Obligation, condition, or term as outlined herein, or in any Security document or underlying agreements delivered pursuant hereto (not otherwise specifically dealt with in this Events of Default Section).

4. In the opinion of the Bank, acting reasonably, a Material Adverse Effect in the financial condition of any Loan Party or to the operation of any Loan Party's assets has occurred.

5. If a petition is filed, an order is made or a resolution passed, or any other proceeding is taken for the winding up, dissolution, or liquidation of any Loan Party.

6. If proceedings are taken to enforce any encumbrance on the assets of any Loan Party having a value in the aggregate greater than $10,000, excepting as long as such proceedings are being contested in good faith by such Loan Party and security satisfactory to the Bank has been provided to the Bank.

7. If any Loan Party ceases or threatens to cease to carry on its business, or if proceedings are commenced for the suspension of the business of any Loan Party, or if any proceedings are commenced under the Companies Creditors Arrangements Act (Canada) or under the Bankruptcy and Insolvency Act (Canada) (including filing a proposal or notice of intention) with respect to any Loan Party, or if any Loan Party commits or threatens to commit an act of bankruptcy, or if any Loan Party becomes insolvent or bankrupt or makes an authorized assignment pursuant to the Bankruptcy and Insolvency Act (Canada), or a bankruptcy petition is filed by or presented against any Loan Party.

8. If proceedings are commenced to appoint a receiver, receiver/manager, or trustee in respect of the assets of any Loan Party by a court or pursuant to any other agreement,

9. If any Loan Party is in default under the terms of any other contracts, agreements or writings with any other creditor having liens on the property of such Loan Party and such default could reasonably be expected to result in a Material Adverse Effect.

10. If the validity, enforceability or, where applicable, priority of this Offering Letter or any of the Security is prejudiced or endangered.

11. If an event of default under any of the Security occurs and is continuing, or any other event which constitutes or which with the giving of notice or lapse of time or otherwise would constitute an event of default under any of the Security occurs.

12. If any event of default under any material agreement to which a Loan Party is a party occurs and is continuing, or any other event which constitutes or which with the giving of notice or lapse of time or otherwise would constitute an event of default under any material agreement to which a Loan Party is a party occurs.

13. If the Bank in good faith believes and has commercially reasonable grounds to believe that the prospect of repayment of any Advance is or is about to be impaired or that the collateral security by the Security is or is about to be placed in jeopardy.

14. If any Material Adverse Effect occurs.

INTEREST ON OVERDUE AMOUNTS:

Notwithstanding any other provision of this Offering Letter, in the event that any amount due hereunder (including, without limitation, any interest payment) is not paid when due (whether by acceleration or otherwise), the Borrower shall and hereby agrees to pay to the Bank interest on such unpaid amount (including, without limitation, interest on interest), if and to the fullest extent permitted by applicable law, from the date that such amount is due until the date that such amount is paid in full (but excluding the date of such payment if the payment is made before 10:00 a.m. at the place of payment on the date of such payment), and such interest shall accrue daily, be calculated and compounded on the last Business Day of each calendar month and be payable in the currency of the relevant Advance on demand, as well after as before maturity, default and judgment, at a rate per annum that is equal to: (i) the rate of interest then being charged on Prime Rate Loans under the applicable Credit Facility plus 2.00% per annum, for overdue amounts in Canadian Dollars under such Credit Facility; and (ii) the rate of interest then being charged on Base Rate Loans under the applicable Credit Facility plus 2.00% per annum, for overdue amounts in U.S. Dollars under such Credit Facility. The Borrower hereby waives, to the fullest extent it may do so under applicable law, any provisions of applicable law, including specifically the Interest Act (Canada) or the Judgment Interest Act (Alberta), which may be inconsistent with this Offering Letter.

COSTS:

All reasonable third party expenses incurred by the Bank in connection with the Credit Facilities or this Offering Letter are for the account of the Borrower including, but not limited to, legal fees (on a solicitor and own client basis) and future engineering fees.

CHANGE OF LAWS:

Notwithstanding anything contained in this letter to the contrary, in the event that:

1. changes to any existing law or regulation or the introduction of any new law or regulation, or taxes other than income taxes, including, without limitation, a sales tax on loan transactions, or in the interpretation or administration thereof; or

2. compliance by the Bank with any request from or requirement of any central bank or other fiscal or monetary authority having jurisdiction over Canadian banks general (whether or not such request has the force of law);

cause the Bank to:

a. incur any cost as a result of having entered into and/or performed its obligations hereunder and/or as a result of obligations or options remaining outstanding hereunder including, without limitation, any reserve or special deposit requirement or any payment on or calculated by reference to the amount of the Credit Facilities hereunder; or

b. suffer a reduction in the rate of return on that part of its overall capital (not due to the rates of tax payable on their overall profits or net income) as a result of a requirement to attribute or allocate capital to the Credit Facilities or a Credit Facility provided hereunder in respect of that part of such Credit Facilities or Credit Facility which is for the time being undrawn as a result of a change in the manner in which the Bank is required to allocate resources to its obligations hereunder,

then the Bank reserves the right to increase the charges for the Credit Facilities or such Credit Facility provided hereunder by the amount of such additional cost of liability as determined by the Bank and the Borrower agrees that it will forthwith on demand pay to the Bank amounts sufficient to reimburse the Bank against such costs or liabilities.

CURRENT ACCOUNTS: Each Loan Party shall maintain its current accounts at the Calgary Branch of the Bank through which it shall conduct all of its banking activities.

Regular Bank service charges shall apply in the day-to-day operations of each Loan Party's accounts.

GENERAL: Time is of the essence.

The terms and conditions of this Offering Letter between the Bank and each Loan Party are confidential and shall be treated accordingly.

Each Loan Party shall do all things and execute all documents deemed necessary or appropriate by the Bank for the purposes of giving full force and effect to the terms, conditions, undertakings, and security granted or to be granted hereunder.

When a conflict or inconsistency exists between the Security and this Offering Letter, this Offering Letter shall govern to the extent necessary to remove such conflict or inconsistency. Notwithstanding the foregoing, if there is any right or remedy of the Bank set out in any of the Security or any part of which is not set out or provided for in this Offering Letter, such additional right shall not constitute a conflict or inconsistency.

ACCOUNT DEBITS: Each Loan Party hereby irrevocably authorizes the Bank to debit periodically or from time to time, any bank account it may maintain at the Bank in order to pay all or part of the amounts any Loan Party may owe to the Bank hereunder.

PERSONAL PROPERTY SECURITY ACT (ALBERTA) REQUIREMENTS: Each Loan Party hereby waives the requirement for the Bank to provide copies of Personal Property Security Act (Alberta) (collectively with the equivalent legislation in other jurisdictions, the "PPSA") registrations, verification statements, or financing statements undertaken by the Bank.

Each Loan Party hereby agrees to provide to the Bank written notice of a change in its name or address immediately.

ASSIGNMENT: No rights or obligations of any Loan Party hereunder and no amount of the Credit Facilities may be transferred or assigned by any Loan Party, any such transfer or assignment being null and void insofar as the Bank is concerned and rendering any balance then outstanding of the loan immediately due and payable at the option of the Bank and releasing the Bank from any and all obligations of making any further advances hereunder.

DEMAND: Notwithstanding any of the terms of this Offering Letter, all obligations of any Loan Party hereunder are repayable to the Bank at any time upon its demand.

ADJUSTMENTS: Notwithstanding any maximum amount, Availability, Reduction Amount, Pricing Grid, Interest rate, margin calculation, Applicable Margin, Standby Fee, Stamping Fee, L/C/G Fee or other fee quoted herein, the Bank shall have the right to adjust such maximum amount, Availability, Reduction Amount, Pricing Grid, interest rate, margin calculation, Applicable Margin, Standby Fee, Stamping Fee, L/C/G Fee or other fee, at the Bank's sole discretion.

NO OBLIGATION: Upon the Bank's demand for repayment or upon the occurrence of a Default or an Event of Default, the Bank shall have no obligation or liability to make further advances under the Credit Facilities.

ACCESS TO INFORMATION: Each Loan Party hereby authorizes the Bank to use the necessary information pertaining to it which the Bank has or may have for the purpose of granting credit and insurance products (where permitted by law) and further authorize(s) the Bank to disclose such information to its affiliates and subsidiaries for this same purpose. Moreover, it hereby authorizes the Bank to obtain personal information pertaining to it from any party likely to have such information (credit or information bureau, financial institution, creditor, employer, tax authority, public entity, Persons with whom they might have business relations, and affiliates or Bank subsidiaries) in order to verify the accuracy of all information provided to the Bank and to ensure the solvency of each Loan Party at all times.

ANTI-MONEY LAUNDERING LEGISLATION: Each Loan Party acknowledges that, pursuant to the Proceeds of Crime (Money Laundering) and Terrorist Financing Act (Canada) and other applicable anti money laundering, anti terrorist financing, government sanction and "know your client" laws, whether within Canada or elsewhere (collectively, including any guidelines or orders thereunder, "AML Legislation"), the Bank may be required to obtain, verify and record information regarding any Loan Party, its directors, authorized signing officers, direct or indirect shareholders or other Persons in control of such Loan Party, and the transactions contemplated hereby. Each Loan Party shall promptly provide all such information, including supporting documentation and other evidence, as may be reasonably requested by the Bank, or any prospective assign or participant of the Bank, in order to comply with any applicable AML Legislation, whether now or hereafter in existence.

NOTICE: Notices to be given under this Offering Letter, the Security or any other document in respect thereto any of Loan Party or the Bank shall, except as otherwise specifically provided, be in writing addressed to the party for whom it is intended. Notices shall be given by personal delivery or transmitted by facsimile and shall be deemed to be received on the Business Day of receipt (unless such delivery or transmission is received after 1:00 p.m. Mountain Time, in which case is shall be deemed to have been received on the following Business Day) unless the law deems a particular notice to be received earlier.

The address for each Loan Party shall be the addresses currently recorded on the records of the Bank for such Loan Party, or such other mailing or facsimile addresses as such Loan Party may from to time may notify the Bank as aforesaid. The address for the Bank shall be the Calgary Branch of the Bank or such other mailing or facsimile addresses as the Bank may from to time may notify the Borrower as aforesaid.

AUTHORIZATION REGARDING INSTRUCTIONS SENT ELECTRONICALLY:

Each Loan Party authorizes the Bank to do all things as authorized by such Loan Party even if such authorization is sent by fax or by e-mail and the Bank may deem such authorization valid and sufficient and the aforementioned presumption of accuracy shall apply to the authorization, whether it is required for transmitting information, a debit, issuing drafts or certified cheques or for any other purpose. Moreover, the Bank will not be held liable for any fees or delays which may be caused when an instruction is sent whether due to a technical problem attributable to the systems in use at the Bank or otherwise.

PAYMENTS:

Unless otherwise indicated herein, the obligation of each Loan Party to make all payments under this Offering Letter and the Security shall be absolute and unconditional and shall not be limited or affected by any circumstance, including, without limitation:

1. Any set-off, compensation, counterclaim, recoupment, defence or other right which such Loan Party may have against the Bank of anyone else for any reason whatsoever; or

2. Any insolvency, bankruptcy, reorganization or similar proceedings by or against such Loan Party.

All payments to be made under this Offering Letter shall be made in Canadian Dollars.

All payments made under this Offering Letter shall be made on or prior to 1:00 p.m. Mountain Time on the day such payment is due. Any payment received after 1:00 p.m. Mountain Time shall be deemed to have been received on the following day. Whenever a payment is due on a day which is not a Business Day, such due day shall be extended to the next Business Day and such extension of time shall be included in the computation of any interest payable.

SET-OFF:

The Bank shall have the right to set-off and apply any funds of any Loan Party deposited with or held by the Bank from time to time, and any other indebtedness owing to any Loan Party by the Bank, against any of the amounts outstanding under this Offering Letter from time to time.

JUDGMENT CURRENCY:

If for the purpose of obtaining judgment in any court in any jurisdiction with respect to this Offering Letter it is necessary to convert into the currency of such jurisdiction (the "Judgment Currency") any amount due hereunder in any currency other than the Judgment Currency, then such conversion shall be made at the rate of exchange prevailing on the Business Day before the day on which judgment is given. For this purpose, rate of exchange means the rate at which the Bank would, on the relevant day, be prepared to sell a similar amount of such currency against the Judgment Currency.

RIGHTS AND REMEDIES CUMULATIVE:

The rights, remedies and powers of the Bank under this Offering Letter, the Security, at law and inequity are cumulative and not alternative and are not in substitution for any other remedies, rights or powers of the Bank, and no delay or omission in exercise of any such right, remedy or power shall exhaust such rights, remedies and powers to be construed as a waiver of any of them.

WAIVERS AND AMENDMENTS:

No term, provision or condition of this Offering Letter or any of the Security, nor the Offering Letter or any of the Security, may be waived, varied or amended unless in writing and signed by a duly authorized officer of the Bank.

INTEREST ACT (CANADA):

Any interest rate set forth in this Offering Letter based on a period less than a year expressed as an annual rate for the purposes of the Interest Act (Canada) is equivalent to such interest rate multiplied by the actual number of days in the calendar year in which the same is to be ascertained and divided by the number of days in the period upon which it was based. The Borrower hereby waives, to the fullest extent it may do so under law, any provisions of law, including specifically the Interest Act (Canada) or the Judgment Interest Act (Alberta), which may be inconsistent with this Offering Letter.

GENERALLY ACCEPTED ACCOUNTING PRINCIPLES:

All financial statements required to be furnished by the Borrower to the Lender hereunder shall be prepared in accordance with GAAP. Each accounting term used in this Offering Letter, unless otherwise defined herein, has the meaning assigned to it under GAAP and, except as otherwise provided herein, reference to any balance sheet item, statement of income item or statement of cash flows item means such item as computed from the applicable financial statement prepared in accordance with GAAP.

GOVERNING LAW:

This Offering Letter shall be construed and governed in accordance with the laws of the Province of Alberta. Each Loan Party irrevocably and unconditionally attorns to the non-exclusive jurisdiction of the courts of the Province of Alberta and all courts competent to hear appeals therefrom.

REVIEW:

Without detracting from the demand nature of the Credit Facilities, the Credit Facilities are subject to periodic review by the Bank periodically in its sole discretion (each such review is referred to in this Offering Letter as a "Review"). The next Review is scheduled on or before ~~July 1~~, 2009, but may be set at an earlier or later date at the sole discretion of the Bank. AUGUST AK

EXPIRY DATE:

RT

This Offering Letter is open for acceptance until June 30, 2009 (as may be extended from time to time as follows, the "Expiry Date") at which time it shall expire unless extended by mutual consent in writing. We reserve the right to cancel our offer at any time prior to acceptance.

If the foregoing terms and conditions are acceptable, please sign two copies of this Offering Letter and return one copy to the Bank by the Expiry Date. This Offering Letter may be executed in any number of counterparts, each of which when executed and delivered shall be deemed to be an original, and such counterparts together shall constitute one and the same agreement. The delivery of a facsimile or other electronic copy of an executed counterpart of this Offering Letter shall be deemed to be valid execution and delivery of this Offering Letter, but the party delivering a facsimile or other electronic copy shall deliver an original copy of this Offering Letter as soon as possible after delivering the facsimile or other electronic copy.

National Bank of Canada appreciates the opportunity of providing this Offering Letter to Action Energy Inc. We look forward to our continuing and mutually beneficial relationship.

Yours truly,

NATIONAL BANK OF CANADA

David K. Forsyth
Manager
Energy Group

John W. Svendsen
Vice President & Managing Director
Energy Group

/gm
Enclosure
P:\Data\CLIENTS\X2P - Forsyth D\Action Energy Inc\Credit\2009\Commitment 0609 DOC

AGREED AND ACCEPTED this 15TH day of July, 2009.

ACTION ENERGY INC.

Per:________ Roger (C.W.) Tang
Chairman & CEO

Per:________ Kelly D. Kerr
Vice President, Finance &
Chief Financial Officer

NORTHERN GAS MARKETING INC., as Guarantor

Per:________ Roger (C.W.) Tang
Chairman & CEO

Per:________ Kelly D. Kerr
Vice President, Finance &
Chief Financial Officer

GRIFFON PETROLEUM INC., as Guarantor

Per:________ Roger (C.W.) Tang
Chairman & CEO

Per:________ Kelly D. Kerr
Vice President, Finance &
Chief Financial Officer

Writer's Direct Line
(403) 294-4982

NATIONAL BANK OF CANADA

October 19, 2009

THIS IS EXHIBIT "B"
referred to in the Affidavit of
Murray D'Angelo
Sworn before me this 26th
Day of October A.D. 2009
M Barnett
A COMMISSIONER FOR OATHS
IN AND FOR THE PROVINCE OF ALBERTA
GILLIAN BARNETT
Student-at-Law

VIA E-MAIL

Macleod Dixon LLP
3700 Canterra Tower
400 Third Avenue SW
Calgary, AB T2P 4H2

Attention: Mr. Howard A. Gorman

Dear Sir:

RE: PAYOUT STATEMENT – ACTION ENERGY INC. ("ACTION")

Further to your request following is a payout statement for Action's credit facility with National Bank of Canada as at October 19, 2009:

Credit Facility A – Revolving Demand:	
Principal Balance:	$20,000,000.00
Letter of Credit / Guarantee:	$ Nil
Interest accrued to date:	$ 58,945.55
Standby Fees to date:	$ 208.22
	$20,059,153.77
Interest per diem, based on a balance of $20,000,000.00:	$2,602.74
Standby Fees per diem, based on an unutilized amount of $1,000,000.00:	$ 13.70
Credit Facility B – Non-Revolving Demand:	
Principal Balance:	$11,000,000.00
Interest accrued to date:	$ 43,321.92
Standby Fees to date:	$ Nil
	$11,043,321.92
Interest per diem, based on a balance of $11,000,000.00:	$1,886.56
Standby Fees per diem, based on an unutilized amount of $Nil:	$ Nil
Credit Facility C – Treausry Risk Lind	
Credit Facility C – Treasury Risk Line	
Current outstanding contracts to be unwound or novated/indemnified:	*$557,000.00
(*subject to market price movement)	
Credit Facility D – Business MasterCard	
Current Outstanding Amount (including pending charges and interest)	$7,249.00
Outstanding Legal Fees	$Nil
(to be determined at a later date)	
Total:	**$31,671,227.69.69**

2700, 530 - 8 Avenue SW
Calgary, Alberta T2P 3S8
Telephone: (403) 294-4954
Fax: (403) 294-4993

To facilitate payout of loan facilities for same day value, funds will be required prior to 2:00 p.m. If funds will not be received by the specified time a Wire Transfer Confirmation number needs to be provided.

Please note, should there be any outstanding cheques written on Action's current account at National Bank of Canada, you may wish to ensure sufficient deposit balances remain until all cheques have cleared.

Should you require clarification of the foregoing kindly contact me directly at 294-4982.

Yours truly,

NATIONAL BANK OF CANADA

Abid Kabani
Manager
Special Loans

THIS IS EXHIBIT " C "
referred to in the Affidavit of
Murray D'Angelo
Sworn before me this 26th
Day of October A.D. 2009
GMBarnett
A COMMISSIONER FOR OATHS
IN AND FOR THE PROVINCE OF ALBERTA

GILLIAN BARNETT
Student-at-Law

Second Supplemental Debenture

Between

Action Energy Inc.

and

National Bank of Canada

December 22, 2006

Second Supplemental Debenture
December 22, 2006

Action Energy Inc.

Recitals

A. High Plains Energy Inc. ("**High Plains**") granted to National Bank of Canada (the "**Bank**") a Debenture dated June 12, 2003 (the "**Original Debenture**") to secure the sum of $5,000,000 together with interest at the rate specified in the Debenture and the Corporation did issue and deliver the Debenture in favour of the Bank;

B. On September 28, 2005, High Plains granted a first supplemental debenture (the "**First Supplemental Debenture**") to the Bank for the purposes of, *inter alia*, increasing the Principal Sum of the Original Debenture to $20,000,000;

C. Pursuant to a plan of arrangement effective November 20, 2006 (the "**Arrangement**") between High Plains and Action Energy Inc., a reverse take-over and change of control of High Plains occurred within the meaning of Policy 5.2 of the TSX Venture Exchange and the resulting entity subsequently changed its name from High Plains Energy Inc. to Action Energy Inc. (the "**Corporation**");

D. The Corporation has agreed to grant this Second Supplemental Debenture for the purposes of, *inter alia*, (i) increasing the Principal Sum of the Original Debenture, as supplemented by the First Supplemental Debenture (as so supplemented, the "**Debenture**") to $50,000,000.00, and (ii) confirming to the Bank that the Debenture, as supplemented by this Second Supplemental Debenture, applies and shall continue to apply to the Indebtedness.

Now therefore in consideration of the Bank making credit available to the Corporation from time to time, and for good and other valuable consideration (the receipt and sufficiency is hereby conclusively acknowledged by the Corporation), this Second Supplemental Debenture witnesses that:

1. This Second Supplemental Debenture is supplementary to and shall form one instrument with the Debenture and such instruments shall henceforth be read together and shall have effect so far as practical as though all of the provisions thereof and hereof were contained in one instrument.

2. All the provisions of the Debenture shall apply to and shall have effect in connection with this Second Supplemental Debenture except only so far as the Debenture may be inconsistent with the expressed provisions in this Second Supplemental Debenture.

3. Unless otherwise defined herein, words and expressions used herein shall have the same meaning that is ascribed to corresponding words and expressions defined in the Debenture.

4. As of and from the date of the Original Debenture, the Debenture is amended by increasing the principal amount thereof to $50,000,000.00 and the term "Principal Sum" as used herein shall mean $50,000,000.00 and the term "Principal Sum" as used in the Debenture shall be amended for all purposes to mean $50,000,000.00 and the Corporation covenants and agrees to and with the Bank that it will pay the Bank the Principal Sum in lawful money of Canada, on demand, and further covenants and agrees with the Bank that it will pay to the Bank interest on the Principal Sum or so much thereof remaining from time to time owing at such rate per annum as is determined by the Bank and specified in such demand promissory notes or other evidences of indebtedness as may be requested from time to time by the Bank or as may be provided for in agreements made between the Bank and the Corporation from time to time, all in accordance with the terms of the Debenture and as hereby amended.

5. Nothing herein expressed or implied shall be taken, interpreted or construed as releasing the Mortgaged Property (as defined in the Debenture) or any part or parts thereof from the mortgage, charge and assignment contained in the Debenture as it stood prior to the execution and delivery of this Second Supplemental Debenture or as prejudicing, encroaching upon, derogating from, removing or altering the validity, existence, priority, ranking or standing of the mortgage, charge and assignment contained in the Debenture for sums in respect of principal and interest and other sums secured or capable of being secured by the mortgage, charge and assignment contained in the Debenture at the time of the execution and delivery of this Second Supplemental Debenture.

6. The Debenture, as amended, modified and supplemented by this Second Supplemental Debenture, and the security created and provided thereby is, in all respects, hereby ratified, confirmed and approved, notwithstanding the completion of the Arrangement.

7. The Corporation covenants and agrees, at its sole cost and expense, to execute and deliver to the Bank such further and other deeds, documents, instruments and assurances and do or cause to be done all such other acts and things as may be required by the Bank from time to time to give full force and effect to this Second Supplemental Debenture. Without limiting the foregoing, the Corporation will promptly cure any defects in the creation and issuance of this Second Supplemental Debenture.

8. The Corporation ratifies and confirms the Pledge Agreement dated June 12, 2003 as an effective pledge of the Debenture as modified, amended and supplemented by this Second Supplemental Debenture.

9. This Second Supplemental Debenture shall enure to the benefit of the Bank, and shall be binding upon the Corporation and its successors and assigns.

Executed and delivered as of the date first above written.

ACTION ENERGY INC.

Per: ______________________________

Name: R.D. (BOB) BOWMAN

Title: PRESIDENT & COO

Per: ______________________________

Name: (C.W.) Tang

Title: man & CEO

Roger (C.W.) Tang
Chairman & CEO

THIS IS EXHIBIT "D"
referred to in the Affidavit of
Murray D'Angelo
Sworn before me this 26th
Day of October A.D. 2009
[signature]
A COMMISSIONER FOR OATHS
IN AND FOR THE PROVINCE OF ALBERTA
GILLIAN BARNETT
Student-at-Law

Third Supplemental Debenture

Between

Action Energy Inc.

and

National Bank of Canada

August 4, 2009

1342425.v3

Third Supplemental Debenture
August 4, 2009

Action Energy Inc.

Recitals

A. High Plains Energy Inc. ("**High Plains**") granted to National Bank of Canada (the "**Bank**") a Debenture dated June 12, 2003 (the "**Original Debenture**") to secure the sum of $5,000,000 together with interest at the rate specified in the Original Debenture and High Plains did issue and deliver the Original Debenture in favour of the Bank;

B. On June 12, 2003, High Plains also granted to the Bank a Negative Pledge and Undertaking, wherein it agreed to mortgage, charge, pledge, hypothecate and/or grant a security interest from time to time in favour of the Bank in all or any portion of the present and after-acquired property, assets or undertaking of High Plains, forthwith upon request to do so by the Bank;

C. On September 28, 2005, High Plains granted a First Supplemental Debenture (the "**First Supplemental Debenture**") to the Bank for the purposes of, *inter alia*, increasing the Principal Sum of the Original Debenture to $20,000,000;

D. Pursuant to a plan of arrangement effective November 20, 2006 between High Plains and Action Energy Inc., a reverse take-over and change of control of High Plains occurred within the meaning of Policy 5.2 of the TSX Venture Exchange and the resulting entity subsequently changed its name from High Plains Energy Inc. to Action Energy Inc. (the "**Corporation**");

E. On December 22, 2006, the Corporation granted a Second Supplemental Debenture (the "**Second Supplemental Debenture**") to the Bank for the purposes of, *inter alia*, increasing the Principal Sum of the Original Debenture to $50,000,000 (the Original Debenture, as amended by the First Supplemental Debenture and the Second Supplemental Debenture, is hereinafter referred to as the "**Amended Debenture**");

F. The Corporation has agreed to grant this Third Supplemental Debenture to the Bank for the purposes of, among other things, mortgaging, charging, granting and assigning by way of a first fixed and specific mortgage, charge and security interest to and in favour of the Bank, all of the Corporation's right, title, estate and interest in and to all of the property described and/or referred to in Appendix "I" hereto.

Now therefore in consideration of the covenants and agreements herein contained and for other good and valuable consideration (the receipt and sufficiency is hereby conclusively acknowledged), the parties agree as follows:

ARTICLE 1
INTERPRETATION

1.1 Definitions. Capitalized terms contained in this Third Supplemental Debenture which are not defined herein and which are defined in the Amended Debenture shall, for all purposes, have the meanings given to such terms in the Amended Debenture, unless herein otherwise expressly provided for or unless there is something in the subject matter or context hereof inconsistent therewith.

1.2 Headings. The division of this Third Supplemental Debenture into articles and sections and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Third Supplemental Debenture.

1.3 General Interpretation. In this Third Supplemental Debenture:

(a) the terms "this Third Supplemental Debenture", "hereof", "herein", "hereunder" and similar expressions refer, unless otherwise specified, to this Third Supplemental Debenture taken as a whole and not to any particular section, subsection or paragraph;

(b) words importing the singular number or masculine gender shall include the plural number or the feminine or neuter genders, and vice versa; and

(c) all references to articles and sections refer, unless otherwise specified, to articles and sections of this Third Supplemental Debenture.

ARTICLE 2
INCORPORATION OF PREVIOUS DOCUMENTS

2.1 Incorporation in Debenture. This Third Supplemental Debenture is supplemental to the Amended Debenture and this Third Supplemental Debenture shall henceforth be read together and shall have effect, so far as practicable, as though all the provisions thereof and hereof were contained in one instrument. All references in the Amended Debenture and this Third Supplemental Debenture to the term "Debenture", when not qualified by the words "Original", "Amended" or the words "First Supplemental", "Second Supplemental" or "Third Supplemental", shall mean the Amended Debenture as supplemented and amended by this Third Supplemental Debenture and as from time to time supplemented and amended by any other indenture, deed or instrument supplemental or ancillary thereto.

ARTICLE 3
AMENDMENTS

3.1 Clause 4 Amendments. Without in any way impairing, limiting or otherwise derogating from the grants, assignments, conveyances, transfers, mortgages, pledges, charges, covenants and other terms contained therein, clause 4 of the Amended Debenture is hereby amended as follows:

(a) a new subclause (a.1) is hereby added as follows immediately after subclause (a):

"(a.1) the Corporation mortgages, charges, grants and assigns to and in favour of the Bank as and by way of a fixed and specific mortgage, charge and security interest all of its present and after-acquired right, title, estate and interest (whether freehold, leasehold, profit à prendre or otherwise, and whether legal or equitable, corporeal or incorporeal) in and to that property as may be described and referred to in Schedule "A" hereto, including proceeds thereof, together with any and all accretions and accessions thereto, substitutions therefor and any and all attachments and other property at any time or times placed upon or associated with, or as may be necessary for the effective use and operation of the property as may be described in the Schedule "A" and which forms part thereof, all of which, together with any other property subsequently acquired and specifically mortgaged and charged as herein provided for, is hereinafter collectively referred to as the "Specifically Mortgaged Property";"

(b) by deleting the following paragraph at the end of clause 4:

"For all purposes of this Debenture, the words "Mortgaged Property" mean and include all present, after-acquired and future undertakings, property and assets of the Corporation, all as described in subclauses (a) and (b) of this clause 4."

and replacing it with the following new paragraph:

"For all purposes of this Debenture, the words "Mortgaged Property" mean and include all present, after-acquired and future undertakings, property and assets of the Corporation, all as described in subclauses (a), (a.1) and (b) of this clause 4."

3.2 Addition of Schedule "A". Appendix "I" hereto is added to the Amended Debenture as Schedule "A" thereto.

ARTICLE 4
GENERAL

4.1 Confirmation of Amended Debenture. The Amended Debenture and all covenants, terms and provisions thereof, except as expressly changed, altered, amended, modified or supplemented by this Third Supplemental Debenture, and the security created thereby and hereby is in all respects confirmed, ratified and preserved. If the Amended Debenture is deposited with or pledged to the Bank, then for certainty this Third Supplemental Debenture is also pledged and deposited with the Bank, without any further act or agreement, on the same terms and conditions as set out in the original deposit instrument.

4.2 Rights under Original Debenture. This Third Supplemental Debenture will not prejudice any rights which the Bank may have under the Amended Debenture, will not create any merger or alter or prejudice the rights of the Bank with respect to any other security held by the Bank or with respect to any guarantor, surety or any other person or company who is not a party hereto but who is or may become liable to pay the amount of any indebtedness of the Debtor to the Bank or any person or company who is not a party hereto but who is or may become liable to pay the amount of any indebtedness of the Debtor to the Bank or any person or company who may be interested in the property, assets or undertaking of the Debtor, all of which rights are hereby reserved.

4.3 Due Authorization. The Corporation represents and warrants to the Bank that all necessary corporate proceedings have been taken to make this Third Supplemental Debenture a legal, valid and binding obligation of the Corporation.

4.4 Enurement. This Third Supplemental Debenture shall enure to the benefit of and be binding upon the parties hereto and their respective successors and assigns.

4.5 Counterparts. This Third Supplemental Debenture may be executed in any number of counterparts, including by way of facsimile and electronic signature, each of which so executed shall be deemed to be an original and such counterparts together shall constitute one and the same instrument.

IN WITNESS WHEREOF the parties have executed this Third Supplemental Debenture effective the date first above written.

ACTION ENERGY INC.

By:

Name:
Title:

By:

Name:
Title:

NATIONAL BANK OF CANADA

By:

Name: Murray D'Angelo
Title: Senior Manager, Special Loans

By: B Pineda

Name: Elizabeth Pineda
Title: Account Manager

4.5 Counterparts. This Third Supplemental Debenture may be executed in any number of counterparts, including by way of facsimile and electronic signature, each of which so executed shall be deemed to be an original and such counterparts together shall constitute one and the same instrument.

IN WITNESS WHEREOF the parties have executed this Third Supplemental Debenture effective the date first above written.

ACTION ENERGY INC.	NATIONAL BANK OF CANADA
By: G. T.	By:
Name: GREG TURNBULL	Name:
Title: DIRECTOR	Title:
By:	By:
Name:	Name:
Title:	Title:

APPENDIX "I" TO THE THIRD SUPPLEMENTAL DEBENTURE

SCHEDULE "A"

Specifically Mortgaged Property

The Specifically Mortgaged Property referred to in clause 4(a.1) to the Debenture to which this Schedule "A" forms part consists of all of the present and after-acquired right, title and interest of the Corporation in and to:

(a) all petroleum, natural gas and related hydrocarbons or minerals in place or in storage within, upon or under the lands set forth in Exhibit "1" hereunto annexed and made part of this Schedule "A" (the interest of the Corporation therein being represented to be not less than that set forth in Exhibit "1") and all lands now or hereafter pooled, unitized, grouped or otherwise combined for production or other purposes with said lands; and

(b) all rights, licences, agreements, leases, permits, servitudes, easements, rights of way, rights of entry and other surface rights, governmental or administrative authorizations, licenses, permits and consents and other rights now owned or hereafter acquired by the Corporation under which the Corporation derives or holds the right to enter upon and use the lands in Exhibit "1" (and any lands with which said lands are now or hereafter pooled, unitized, grouped or otherwise combined) including without limitation the right to drill for, produce, store, gather, treat, process, ship, or transport hydrocarbons now or hereafter produced or allocated to the lands in Exhibit "1" (and all lands with which said lands are now or are hereafter pooled, unitized, grouped or otherwise combined); and

(c) all the estate or interest of the Corporation in or to any of the said hydrocarbons or minerals, rights, licences, permits and lands; and

(d) all the right, title and interest of the Corporation in and to all surface and subsurface machinery, apparatus, equipment, field facilities and other property and assets of whatsoever nature and kind (including without limitation all wells, casing, tubing, rods, pumps and pumping equipment, Christmas trees and other wellhead equipment, separators, flow lines, pipelines, tanks, treaters, heaters, plans and systems to gather, treat and/or compress hydrocarbons, plants and systems to treat, dispose of or inject water or other substances, power plants, poles, lines, transformers, starters, controllers, machine shops, tools, spare parts and spare equipment, telephone, radio and other communication equipment, racks and storage facilities) used, useful, or intended to be used in connection with operations on or relating to the lands set forth in Exhibit "1" (and lands with which said lands are now or hereafter pooled, unitized, grouped or otherwise combined), including with respect to the production, injection,

compression, treatment, storage, measuring, gathering or transportation of hydrocarbons therefrom or allocated thereto; and

(e) all buildings, structures, improvements, expansions, erections, works and fixtures now or hereafter brought, built, erected, constructed, placed or otherwise situate on the lands in Exhibit "1" (or lands with which said lands are now or hereafter pooled, unitized, grouped or otherwise combined);

and in particular, but without limitation, the rights and interests of the Corporation referred to in Exhibit "1" hereto.

EXHIBIT "1" TO SCHEDULE "A" OF THE DEBENTURE

Land Schedule

[see attached]

ACTION ENERGY INC.

Mineral Property Report

Generated by Jeff Rideout on August 04, 2009 at 6:31:22 pm.

Selection

Admin Company:	
Category:	
Country:	
Province:	
Division:	
Area(s):	
Active / Inactive:	Active
Status Types:	
Lease Types:	
Acreage Status:	
Expiry Period:	

EXPLORER™ Software Solutions Ltd.

CS*EXPLORER Version: 8.00.14

ACTION ENERGY INC.

Mineral Property Report

Print Options

Acres / Hectares:	Acres		
Working Interest DOI:	Yes		
Other DOI:	Reference		
Related Contracts:	Yes	**Related Units:**	No
Royalty Information:	Yes	**Expand:**	Yes
Well Information:	Yes		
Remarks:	No		
Acreage:	Producing / Non Producing Developed / Undeveloped Proven / Unproven		

Sort Options

Division:	No
Category:	No
Province:	Yes
Area:	Yes
Location:	Yes

EXPLORER™ Software Solutions Ltd.

CS*EXPLORER Version: 8.0014

** REPORTED IN ACRES**

ACTION ENERGY INC.
Mineral Property Report

Province: ALBERTA
Area : ATLEE BUFFALO

File Number / File Status / Mineral Int	Lse Type / Lessor Type / Int Type / Lse No/Name / Operator / Payor		Exposure Gross / Net	Oper.Cont. ROFR / Doi Partner(s)	DOI Code
M0314	PNG CR	Eff: Jun 11, 1971	640.000	C0110 A No	WI
Sub: A	WI	Exp: Jun 10, 1981	640.000	ACTION	50.00000000
ACTIVE	25698	Ext: 15	320.000	SCOLLARD ENERGY	50.00000000
	ACTION				
100.00000000	DIRECT ENERGY			Total Rental: 896.00	

Status		Acres	Net		Acres	Net
NON PRODUCING	Prod:	0.000	0.000	NProd:	640.000	320.000
DEVELOPED	Dev:	640.000	320.000	Undev:	0.000	0.000
NON PROVEN	Prov:	0.000	0.000	NProv:	640.000	320.000

Lease Description / Rights Held

TWP 21 RGE 4 W4M SEC 15
PNG BELOW BASE MEDICINE HAT TO
BASE VIKING

Related Contracts

C0110 A	FARMIN	Sep 02, 1981
C0111 A	P&S	Jan 01, 2000

Well U.W.I.	Status/Type
100/10-15-021-04-W4/00	PRODUCING/GAS

Royalty / Encumbrances

Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales
CROWN SLIDING SCALE ROYALTY	ALL PRODUCTS	Y	N	100.00000000 % of SALES

Roy Percent:
Deduction: STANDARD
Gas: Royalty: Min Pay: Prod/Sales:
S/S OIL: Min: Max: Div: Prod/Sales:
Other Percent: Min: Prod/Sales:

Paid to: LESSOR (M)		Paid by: WI (C)	
ALBERTA RESOURC	100.00000000	ACTION	50.00000000
		SCOLLARD ENERGY	50.00000000

** REPORTED IN ACRES**

ACTION ENERGY INC.
Mineral Property Report

Province: ALBERTA
Area : ATLEE BUFFALO

File Number File Status Mineral Int	Lse Type Lessor Type Int Type / Lse No/Name Operator / Payor	Exposure Gross Net	Oper.Cont. ROFR Doi Partner(s)	DOI Code * *	Lease Description / Rights Held

Area Total:							
Total Gross:	640.000	Total Net:	320.000				
Prod Gross:	0.000	Prod Net:	0.000	NProd Gross:	640.000	NProd Net:	320.000
Dev Gross:	640.000	Dev Net:	320.000	Undev Gross:	0.000	Undev Net:	0.000
Prov Gross:	0.000	Prov Net:	0.000	NProv Gross:	640.000	NProv Net:	320.000

** REPORTED IN ACRES**

ACTION ENERGY INC.
Mineral Property Report

Province: ALBERTA
Area : BOUNDARY LAKE

File Number / File Status / Mineral Int	Lse Type / Lessor Type / Int Type / Lse No/Name / Operator / Payor		Exposure Gross / Net	Oper.Cont. ROFR / Doi Partner(s)	DOI Code	Lease Description / Rights Held
M0477	PNG CR	Eff: Oct 20, 2005	640.000		WI	TWP 73 RGE 7 W6M SEC 27
Sub: A	WI	Exp: Oct 19, 2010	640.000	ACTION	100.00000000	ALL PNG FROM TOP SURFACE TO
ACTIVE	0505100585		640.000			BASE BASEMENT
	ACTION			Total Rental: 896.00		
100.00000000	ACTION					

Status		Acres	Net		Acres	Net
NON PRODUCING	Prod:	0.000	0.000	NProd:	640.000	640.000
UNDEVELOPED	Dev:	0.000	0.000	Undev:	640.000	640.000
NON PROVEN	Prov:	0.000	0.000	NProv:	640.000	640.000

Royalty / Encumbrances

Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales
CROWN SLIDING SCALE ROYALTY	ALL PRODUCTS	Y	N	100.00000000 % of PROD

Roy Percent:
Deduction: STANDARD
Gas: Royalty: Min Pay: Prod/Sales:
S/S OIL: Min: Max: Div: Prod/Sales:
Other Percent: Min: Prod/Sales:

Paid to: LESSOR (M)
ALBERTA RESOURC 100.00000000

Paid by: WI (M)
ACTION 100.00000000

File Number / File Status / Mineral Int	Lse Type / Lessor Type / Int Type / Lse No/Name / Operator / Payor		Exposure Gross / Net	Oper.Cont. ROFR / Doi Partner(s)	DOI Code	Lease Description / Rights Held
M0487	PNG CR	Eff: Feb 10, 2005	640.000		WI	TWP 73 RGE 7 W6M SEC 29
Sub: A	WI	Exp: Feb 09, 2010	640.000	ACTION	100.00000000	ALL PNG FROM TOP SURFACE TO
ACTIVE	0505020271		640.000			BASE BASEMENT
	ACTION			Total Rental: 896.00		
100.00000000	ACTION					

Related Contracts

C0213 A	ORR	Oct 01, 2006
C0213 B	ORR	Oct 01, 2006 (I)

Status		Acres	Net		Acres	Net
NON PRODUCING	Prod:	0.000	0.000	NProd:	640.000	640.000
UNDEVELOPED	Dev:	0.000	0.000	Undev:	640.000	640.000
NON PROVEN	Prov:	0.000	0.000	NProv:	640.000	640.000

Royalty / Encumbrances

ACTION ENERGY INC.
Mineral Property Report

Province: ALBERTA
Area : BOUNDARY LAKE

File Number File Status Mineral Int	Lse Type Lessor Type Int Type / Lse No/Name Operator / Payor	Exposure Gross Net	Oper.Cont. ROFR Doi Partner(s)	DOI Code * *	Lease Description / Rights Held

(cont'd)

<Linked>	Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales	
C0213 A	GROSS OVERRIDING ROYALTY	ALL PRODUCTS	N	N	100.00000000	% of PROD

Roy Percent: 3.00000000
Deduction: UNKNOWN

M0487 A

Gas Royalty: Min Pay: Prod/Sales:
S/S OIL: Min: Max: Div: Prod/Sales:
Other Percent: Min: Prod/Sales:

Paid to: ROYOWNER(C) Paid by: ROY PAYOR(C)
ROLL THUND RES 100.00000000 ACTION 100.00000000

ALLOWABLE DEDUCTIONS -
DEDUCTIONS FOR FACILITY FEES AND TRANSPORATION COSTS SHALL NOT EXCEED 25% OF THE MARKET PRICES FROM THE SALE OF THE GOR.

Royalty / Encumbrances

Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales	
CROWN SLIDING SCALE ROYALTY	ALL PRODUCTS	Y	N	100.00000000	% of PROD

Roy Percent:
Deduction: STANDARD
Gas Royalty: Min Pay: Prod/Sales:
S/S OIL: Min: Max: Div: Prod/Sales:
Other Percent: Min: Prod/Sales:

Paid to: LESSOR (M) Paid by: WI (M)
ALBERTA RESOURC 100.00000000 ACTION 100.00000000

M0424 PNG CR Eff: Apr 05, 2007 640.000 WI
Sub: A WI Exp: Apr 04, 2012 640.000 ACTION 100.00000000
ACTIVE 0507040166 640.000
ACTION Total Rental: 896.00
100.00000000 ACTION

TWP 87 RGE 13 W6M SEC 15
PNG BELOW BASE CHARLIE LAKE TO BASE BASEMENT

Status		Acres	Net		Acres	Net
NON PRODUCING	Prod:	0.000	0.000	NProd:	640.000	640.000
UNDEVELOPED	Dev:	0.000	0.000	Undev:	640.000	640.000

ACTION ENERGY INC.
Mineral Property Report

Province: ALBERTA
Area : BOUNDARY LAKE

File Number / File Status / Mineral Int	Lse Type Lessor Type / Int Type / Lse No/Name / Operator / Payor	Exposure Gross Net	Oper.Cont. ROFR / Doi Partner(s)	DOI Code *	*	Lease Description / Rights Held
(cont'd)						
M0424						
Sub: A	NON PROVEN Prov:	0.000	0.000 NProv:	640.000	640.000	

Royalty / Encumbrances

Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales
CROWN SLIDING SCALE ROYALTY	ALL PRODUCTS	Y	N	100.00000000 % of SALES

Roy Percent:
Deduction: STANDARD
Gas: Royalty: Min Pay: Prod/Sales:
S/S OIL: Min: Max: Div: Prod/Sales:
Other Percent: Min: Prod/Sales:

Paid to: LESSOR (M) Paid by: WI (M)
ALBERTA RESOURC 100.00000000 ACTION 100.00000000

ACTION ENERGY INC.
Mineral Property Report

Province: ALBERTA
Area : BOUNDARY LAKE

File Number	Lse Type Lessor Type	Exposure	Oper.Cont. ROFR	DOI Code	
File Status	Int Type / Lse No/Name	Gross			
Mineral Int	Operator / Payor	Net	Doi Partner(s) *	*	Lease Description / Rights Held

Area Total:								
	Total Gross:	1,920.000	Total Net:	1,920.000				
	Prod Gross:	0.000	Prod Net:	0.000	NProd Gross:	1,920.000	NProd Net:	1,920.000
	Dev Gross:	0.000	Dev Net:	0.000	Undev Gross:	1,920.000	Undev Net:	1,920.000
	Prov Gross:	0.000	Prov Net:	0.000	NProv Gross:	1,920.000	NProv Net:	1,920.000

ACTION ENERGY INC.
Mineral Property Report

Province: ALBERTA
Area : BOW ISLAND

File Number / File Status / Mineral Int	Lse Type / Lessor Type / Int Type / Lse No/Name / Operator / Payor		Exposure Gross / Net	Oper.Cont. ROFR / Doi Partner(s)	DOI Code	Lease Description / Rights Held
M0317	PNG CR	Eff: Apr 08, 1969	640.000	C0117 A Unknown	WI	TWP 11 RGE 11 W4M SEC 31
Sub: A	WI	Exp: Apr 07, 1979	640.000	ACTION	0.62500000	PNG BELOW TOP SURFACE TO BASE
ACTIVE	10921A	Ext: 15	4.000	UNKNOWN	99.37500000	BOW ISLAND
	UNKNOWN					
100.00000000	HUSKY OIL			Total Rental: 896.00		

Status		Acres	Net		Acres	Net
NON PRODUCING	Prod:	0.000	0.000	NProd:	640.000	4.000
DEVELOPED	Dev:	160.000	1.000	Undev:	480.000	3.000
NON PROVEN	Prov:	0.000	0.000	NProv:	640.000	4.000

Related Contracts

C0111 A	P&S	Jan 01, 2000
C0117 A	FARMOUT	Aug 26, 1982

Well U.W.I.	Status/Type
100/14-31-011-11-W4/00	ABANDONED/UNK

Royalty / Encumbrances

Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales
CROWN SLIDING SCALE ROYALTY	ALL PRODUCTS	Y	N	100.00000000 % of SALES

Roy Percent:
Deduction: STANDARD
Gas: Royalty: Min Pay: Prod/Sales:
S/S OIL: Min: Max: Div: Prod/Sales:
Other Percent: Min: Prod/Sales:

Paid to: LESSOR (M)
ALBERTA RESOURC 100.00000000

Paid by: WI (C)
ACTION 0.62500000
UNKNOWN 99.37500000

File Number / File Status / Mineral Int	Lse Type / Lessor Type / Int Type / Lse No/Name / Operator / Payor		Exposure Gross / Net	Oper.Cont. ROFR / Doi Partner(s)	DOI Code	Lease Description / Rights Held
M0315	PNG CR	Eff: Jun 18, 1968	160.000	C0114 A Unknown	WI	TWP 11 RGE 12 W4M NW/4 5
Sub: A	WI	Exp: Jun 17, 1978	160.000	ACTION	2.50000000	PNG BELOW TOP SURFACE TO BASE
ACTIVE	13967	Ext: 15	4.000	PROVIDENT	97.50000000	BOW ISLAND
	ACTION					
100.00000000	AVENIR OPERATIN			Total Rental: 224.00		

Status		Acres	Net		Acres	Net
NON PRODUCING	Prod:	0.000	0.000	NProd:	160.000	4.000
DEVELOPED	Dev:	160.000	4.000	Undev:	0.000	0.000
NON PROVEN	Prov:	0.000	0.000	NProv:	160.000	4.000

Related Contracts

C0111 A	P&S	Jan 01, 2000
C0114 A	JOA	May 01, 1969
C0115 A	PART	Aug 13, 1968

Well U.W.I.	Status/Type
100/11-05-011-12-W4/00	D&A/GAS

Royalty / Encumbrances

ACTION ENERGY INC.
Mineral Property Report

Province: ALBERTA
Area : BOW ISLAND

File Number / File Status / Mineral Int	Lse Type Lessor Type / Int Type / Lse No/Name / Operator / Payor	Exposure Gross / Net	Oper.Cont. ROFR / Doi Partner(s)	DOI Code	Lease Description / Rights Held

(cont'd)

	Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales	
	CROWN SLIDING SCALE ROYALTY	ALL PRODUCTS	Y	N	100.00000000	% of SALES

Roy Percent:
Deduction: STANDARD
M0315 A Gas: Royalty: Min Pay: Prod/Sales:
S/S OIL: Min: Max: Div: Prod/Sales:
Other Percent: Min: Prod/Sales:

Paid to: LESSOR (M) — Paid by: WI (C)

Paid to		Paid by	
ALBERTA RESOURC	100.00000000	ACTION	2.50000000
		PROVIDENT	97.50000000

						WI
M0318	PNG CR	Eff: Dec 23, 1971	640.000	C0119 A Yes		
Sub: A	WRI	Exp: Dec 22, 1981	640.000	ACTION	30.00000000	
ACTIVE	26712	Ext: 15	192.000	AVENIR OPERATIN	23.00000000	
	AVENIR OPERATIN			COMPASS PET	20.00000000	
100.00000000	AVENIR OPERATIN			OAKMONT ENERGY	20.84400000	
				NAL ENERGY	0.92340000	
				NAL RESOURCES	5.23260000	

Total Rental: 896.00

TWP 11 RGE 12 W4M SEC 29
PNG BELOW TOP SURFACE TO BASE
BOW ISLAND

Related Contracts

C0111 A	P&S	Jan 01, 2000
C0118 A	ROYALTY	Feb 14, 1985
C0119 A	FOPART	Feb 10, 1983

Well U.W.I.	Status/Type
100/07-29-011-12-W4/00	D&A/GAS

Status		Acres	Net		Acres	Net
NON PRODUCING	Prod:	0.000	0.000	NProd:	640.000	192.000
DEVELOPED	Dev:	640.000	192.000	Undev:	0.000	0.000
NON PROVEN	Prov:	0.000	0.000	NProv:	640.000	192.000

Royalty / Encumbrances

<Linked>	Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales	
C0118 A	GROSS OVERRIDING ROYALTY	ALL PRODUCTS	N	N	27.00000000	% of PROD

Roy Percent: 3.50000000
Deduction: UNKNOWN
Gas: Royalty: Min Pay: Prod/Sales:
S/S OIL: Min: Max: Div: Prod/Sales:
Other Percent: Min: Prod/Sales:

ACTION ENERGY INC.
Mineral Property Report

Province: ALBERTA
Area : BOW ISLAND

File Number / File Status / Mineral Int	Lse Type Lessor Type / Int Type / Lse No/Name / Operator / Payor	Exposure Gross Net	Oper.Cont. ROFR / Doi Partner(s)	DOI Code *	*	Lease Description / Rights Held

(cont'd)

M0318 A **Paid to:** ROY PAYEE (C)
ACTION 100.00000000

Paid by: WI	(C)
OAKMONT ENERGY	93.84400000
NAL RESOURCES	5.23260000
NAL ENERGY	0.92340000

ALLOWABLE DEDUCTIONS -
STANDARD

<Linked>	Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales		
C0119 A	GROSS OVERRIDING ROYALTY	ALL PRODUCTS	N	N	50.00000000	% of	PROD

Roy Percent: 3.00000000
Deduction: UNKNOWN
Gas: Royalty: **Min Pay:** **Prod/Sales:**
S/S OIL: Min: **Max:** **Div:** **Prod/Sales:**
Other Percent: **Min:** **Prod/Sales:**

Paid to: ROY PAYEE (C)
HARRIS, J. 100.00000000

Paid by: WI	(C)
ACTION	30.00000000
AVENIR OPERATIN	23.00000000
COMPASS PET	20.00000000
OAKMONT ENERGY	20.84400000
NAL ENERGY	0.92340000
NAL RESOURCES	5.23260000

Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales		
CROWN SLIDING SCALE ROYALTY	ALL PRODUCTS	Y	N	100.00000000	% of	SALES

Roy Percent:
Deduction: STANDARD
Gas: Royalty: **Min Pay:** **Prod/Sales:**
S/S OIL: Min: **Max:** **Div:** **Prod/Sales:**
Other Percent: **Min:** **Prod/Sales:**

Paid to: LESSOR (M)
ALBERTA RESOURC 100.00000000

Paid by: WI	(C)
ACTION	30.00000000
AVENIR OPERATIN	23.00000000
COMPASS PET	20.00000000
OAKMONT ENERGY	20.84400000
NAL ENERGY	0.92340000

ACTION ENERGY INC.
Mineral Property Report

Province: ALBERTA
Area : BOW ISLAND

File Number / File Status / Mineral Int	Lse Type / Lessor Type / Int Type / Lse No/Name / Operator / Payor		Exposure Gross / Net	Oper.Cont. ROFR / Doi Partner(s)	DOI Code * *	Lease Description / Rights Held
(cont'd)						
M0318	A			NAL RESOURCES	5.23260000	
M0316	PNG CR	Eff: May 04, 1967	640.000	C0117 A Unknown	WI	TWP 12 RGE 11 W4M SEC 6
Sub: A	WI	Exp: May 03, 1977	640.000	ACTION	0.62500000	PNG BELOW TOP SURFACE TO BASE
ACTIVE	10922B	Ext: 15	4.000	UNKNOWN	99.37500000	BOW ISLAND
	HUSKY OIL					
100.00000000	HUSKY OIL			Total Rental: 896.00		

Status		Acres	Net		Acres	Net
NON PRODUCING	Prod:	0.000	0.000	NProd:	640.000	4.000
UNDEVELOPED	Dev:	0.000	0.000	Undev:	640.000	4.000
NON PROVEN	Prov:	0.000	0.000	NProv:	640.000	4.000

— Related Contracts —

C0111 A	P&S	Jan 01, 2000
C0117 A	FARMOUT	Aug 26, 1982

Royalty / Encumbrances

Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales
CROWN SLIDING SCALE ROYALTY	ALL PRODUCTS	Y	N	100.00000000 % of SALES

Roy Percent:
Deduction: STANDARD
Gas: Royalty: Min Pay: Prod/Sales:
S/S OIL: Min: Max: Div: Prod/Sales:
Other Percent: Min: Prod/Sales:

Paid to: LESSOR (M)		Paid by: WI (C)	
ALBERTA RESOURC	100.00000000	ACTION	0.62500000
		UNKNOWN	99.37500000

** REPORTED IN ACRES**

ACTION ENERGY INC.
Mineral Property Report

Province: ALBERTA
Area : BOW ISLAND

File Number	Lse Type Lessor Type	Exposure	Oper.Cont. ROFR	DOI Code	Lease Description / Rights Held
File Status	Int Type / Lse No/Name	Gross			
Mineral Int	Operator / Payor	Net	Doi Partner(s) * *		

Area Total:	Total Gross:	2,080.000	Total Net:	204.000				
	Prod Gross:	0.000	Prod Net:	0.000	NProd Gross:	2,080.000	NProd Net:	204.000
	Dev Gross:	960.000	Dev Net:	197.000	Undev Gross:	1,120.000	Undev Net:	7.000
	Prov Gross:	0.000	Prov Net:	0.000	NProv Gross:	2,080.000	NProv Net:	204.000

ACTION ENERGY INC.
Mineral Property Report

Province: ALBERTA
Area : CHEDDERVILLE

File Number / File Status / Mineral Int	Lse Type / Int Type / Operator / Payor	Lessor Type / Lse No/Name			Exposure Gross / Net	Oper.Cont. ROFR / Doi Partner(s)	DOI Code	Lease Description / Rights Held
M0332	PNG	CR	Eff:	May 14, 1992	320.000	C0109 A Yes	POOLED	TWP 37 RGE 7 W5M N/2 29
Sub: A	WI		Exp:	May 13, 1997	320.000	ACTION	25.96358880	PNG BELOW BASE MANNVILLE TO
ACTIVE	0592050117		Ext:	15	83.083	ANDERSON PART	71.31115120	BASE LEDUC
	1347662 ALBERTA					PENN WEST LTD.	2.68357500	
100.00000000	1347662 ALBERTA					MONT RESOURCES	0.04168500	

Total Rental: 448.00

Related Contracts

C0109 A	POOLFO	Oct 01, 1994
C0131 A	P&S	May 01, 1997

Well U.W.I.	Status/Type
100/05-29-037-07-W5/00	PRODUCING/GAS

Status		Acres	Net		Acres	Net
PRODUCING	Prod:	320.000	83.083	NProd:	0.000	0.000
DEVELOPED	Dev:	320.000	83.083	Undev:	0.000	0.000
PROVEN	Prov:	320.000	83.083	NProv:	0.000	0.000

Royalty / Encumbrances

<Linked>	Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales
C0109 A	GROSS OVERRIDING ROYALTY	ALL PRODUCTS	N	N	22.08767500 % of PROD

Roy Percent: 15.00000000
Deduction: UNKNOWN
Gas: Royalty: **Min Pay:** **Prod/Sales:**
S/S OIL: Min: **Max:** **Div:** **Prod/Sales:**
Other Percent: **Min:** **Prod/Sales:**

Paid to: ROYOWNER(C)		Paid by: ROYPAYOR(C)	
BASTION	51.00000000	ANDERSON PART	75.00000000
VERMILION RES	49.00000000	ACTION	25.00000000

ALLOWABLE DEDUCTIONS -

ON OIL: WHERE SALES ARE NOT MADE F.O.B. THE TANKS SERVING THE RELEVANT WELLS, THE ACTUAL COSTS OF TRANSPORTATION TO MARKET CONNECTION (EXCLUDING COSTS INCURRED FOR REMOVAL OR TRUCKING OF WATER OR EMULSION); AND
ON GAS: ACTUAL COSTS FOR COMPRESSING, GATHERING, PROCESSING AND TRANSPORTATION FROM THE WELLHEAD, PROVIDED THAT:
(i) TRANSPORTATION COSTS SHALL BE DEDUCTED PRIOR TO CALCULATION OF GROSS PROCEEDS;
(ii) DEDUCTIONS SHALL NOT REDUCE THE NET PROCEEDS TO LESS THAN 60% OF THE GROSS PROCEEDS; AND
(iii) DEDUCTIONS SHALL NOT EXCEED THOSE PERMITTED BY THE CROWN.

<Linked>	Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales

ACTION ENERGY INC.
Mineral Property Report

Province: ALBERTA
Area : CHEDDERVILLE

File Number / File Status / Mineral Int	Lse Type / Int Type	Lessor Type / Lse No/Name / Operator / Payor	Exposure Gross / Net	Oper.Cont. / Doi Partner(s)	ROFR	DOI Code			Lease Description / Rights Held
(cont'd)									
	C0109 A	GROSS OVERRIDING ROYALTY	ALL PRODUCTS	N	N	8.21875000	% of	PROD	

Roy Percent: 15.00000000
Deduction: UNKNOWN

M0332 A
Gas: Royalty: Min Pay: Prod/Sales:
S/S OIL: Min: Max: Div: Prod/Sales:
Other Percent: Min: Prod/Sales:

Paid to: ROYOWNER(C)		Paid by: ROYPAYOR1(C)	
BASTION	68.44000000	ANDERSON PART	50.00000000
ANDERSON PART	29.16000000	ACTION	50.00000000
PENN WEST LTD.	0.50000000		
TAQA NORTH	1.90000000		

ALLOWABLE DEDUCTIONS -

ON OIL: WHERE SALES ARE NOT MADE F.O.B. THE TANKS SERVING THE RELEVANT WELLS, THE ACTUAL COSTS OF TRANSPORTATION TO MARKET CONNECTION (EXCLUDING COSTS INCURRED FOR REMOVAL OR TRUCKING OF WATER OR EMULSION); AND
ON GAS: ACTUAL COSTS FOR COMPRESSING, GATHERING, PROCESSING AND TRANSPORTATION FROM THE WELLHEAD, PROVIDED THAT:
(i) TRANSPORTATION COSTS SHALL BE DEDUCTED PRIOR TO CALCULATION OF GROSS PROCEEDS;
(ii) DEDUCTIONS SHALL NOT REDUCE THE NET PROCEEDS TO LESS THAN 60% OF THE GROSS PROCEEDS; AND
(iii) DEDUCTIONS SHALL NOT EXCEED THOSE PERMITTED BY THE CROWN.

Royalty / Encumbrances

Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales		
CROWN SLIDING SCALE ROYALTY	ALL PRODUCTS	Y	N	100.00000000	% of	SALES

Roy Percent:
Deduction: STANDARD
Gas: Royalty: Min Pay: Prod/Sales:
S/S OIL: Min: Max: Div: Prod/Sales:
Other Percent: Min: Prod/Sales:

Paid to: LESSOR (M)		Paid by: POOLED (C)	
ALBERTA RESOURC	100.00000000	ACTION	25.96358880
		ANDERSON PART	71.31115120
		PENN WEST LTD.	2.68357500

ACTION ENERGY INC.
Mineral Property Report

Province: ALBERTA
Area : CHEDDERVILLE

File Number / File Status / Mineral Int	Lse Type Lessor Type / Int Type / Lse No/Name / Operator / Payor		Exposure Gross / Net	Oper.Cont. ROFR / Doi Partner(s)	DOI Code * *	Lease Description / Rights Held
(cont'd)						
M0332	A			MONT RESOURCES	0.04168500	
M0334	PNG CR	Eff: Jan 28, 1963	480.000	C0109 A Yes	POOLED	TWP 37 RGE 7 W5M S/2 29, SE/4 30
Sub: B	WI	Exp: Jan 27, 1984	480.000	ACTION	25.96358880	PNG BELOW BASE MANNVILLE TO
ACTIVE	127243	Ext: 15	124.625	ANDERSON PART	71.31115120	BASE LEDUC
	ANDERSON PART			PENN WEST LTD.	2.68357500	
100.00000000	BASTION			MONT RESOURCES	0.04168500	

Total Rental: 672.00

Status		Acres	Net		Acres	Net
PRODUCING	Prod:	320.000	83.083	NProd:	160.000	41.542
DEVELOPED	Dev:	320.000	83.083	Undev:	160.000	41.542
PROVEN	Prov:	320.000	83.083	NProv:	160.000	41.542

— Related Contracts —

C0109 A	POOLFO	Oct 01, 1994
C0131 A	P&S	May 01, 1997

Well U.W.I.	Status/Type
100/06-30-037-07-W5/00	ABD ZONE/GAS
100/05-29-037-07-W5/00	PRODUCING/GAS

Royalty / Encumbrances

Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales
CROWN SLIDING SCALE ROYALTY	ALL PRODUCTS	Y	N	100.00000000 % of SALES

Roy Percent:
Deduction: STANDARD
Gas: Royalty: Min Pay: Prod/Sales:
S/S OIL: Min: Max: Div: Prod/Sales:
Other Percent: Min: Prod/Sales:

Paid to: LESSOR (M)
ALBERTA RESOURC 100.00000000

Paid by: POOLED (C)
ACTION 25.96358880
ANDERSON PART 71.31115120
PENN WEST LTD. 2.68357500
MONT RESOURCES 0.04168500

M0333	PNG CR	Eff: Nov 04, 1975	480.000	C0109 A Yes	POOLED	TWP 37 RGE 7 W5M N/2 30, SW/4 30
Sub: A	WI	Exp: Nov 03, 1985	480.000	ACTION	25.96358880	PNG BELOW TOP SURFACE TO BASE
ACTIVE	40558	Ext: 15	124.625	ANDERSON PART	71.31115120	MANNVILLE EXCL PNG IN CARDIUM
	ANDERSON PART			PENN WEST LTD.	2.68357500	

** REPORTED IN ACRES**

ACTION ENERGY INC.
Mineral Property Report

Province: ALBERTA
Area : CHEDDERVILLE

File Number / File Status / Mineral Int	Lse Type Lessor Type / Int Type / Lse No/Name / Operator / Payor	Exposure Gross Net	Oper.Cont. ROFR / Doi Partner(s)	DOI Code	Lease Description / Rights Held

(cont'd)

M0333
Sub: A
100.00000000 ANDERSON PART — MONT RESOURCES 0.04168500

Total Rental: 672.00

Status		Acres	Net		Acres	Net
PRODUCING	Prod:	480.000	124.625	NProd:	0.000	0.000
DEVELOPED	Dev:	480.000	124.625	Undev:	0.000	0.000
PROVEN	Prov:	480.000	124.625	NProv:	0.000	0.000

Related Contracts

C0109 A	POOLFO	Oct 01, 1994
C0127 A	POOLFO	Jan 01, 1989
C0131 A	P&S	May 01, 1997

Well U.W.I.	Status/Type
100/06-30-037-07-W5/02	SUSPENDED/GAS

Royalty / Encumbrances

Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales	
CROWN SLIDING SCALE ROYALTY	ALL PRODUCTS	Y	N	100.00000000	% of SALES

Roy Percent:
Deduction: STANDARD
Gas: Royalty: Min Pay: Prod/Sales:
S/S OIL: Min: Max: Div: Prod/Sales:
Other Percent: Min: Prod/Sales:

Paid to: LESSOR (M)		Paid by: POOLED (C)	
ALBERTA RESOURC	100.00000000	ACTION	25.96358880
		ANDERSON PART	71.31115120
		PENN WEST LTD.	2.68357500
		MONT RESOURCES	0.04168500

M0333 PNG CR Eff: Nov 04, 1975 480.000 C0109 A Yes POOLED
Sub: B WI Exp: Nov 03, 1985 480.000 ACTION 25.96358880
ACTIVE 40558 Ext: 15 124.625 ANDERSON PART 71.31115120
ANDERSON PART — PENN WEST LTD. 2.68357500
100.00000000 ANDERSON PART Count Acreage = No — MONT RESOURCES 0.04168500

Total Rental: 0.00

TWP 37 RGE 7 W5M N/2 30, SW/4 30
PNG BELOW BASE MANNVILLE TO
BASE LEDUC

Related Contracts

C0109 A	POOLFO	Oct 01, 1994
C0131 A	P&S	May 01, 1997

Status	Acres	Net	Acres	Net	Well U.W.I.	Status/Type

** REPORTED IN ACRES**

ACTION ENERGY INC.
Mineral Property Report

Province: ALBERTA
Area : CHEDDERVILLE

File Number / File Status / Mineral Int	Lse Type Lessor Type / Int Type / Lse No/Name / Operator / Payor		Exposure Gross / Net	Oper.Cont. ROFR / Doi Partner(s)		DOI Code *	*	Lease Description / Rights Held
(cont'd)								
M0333								
Sub: B	NON PRODUCING	Prod:	0.000	0.000	NProd:	480.000	124.625	100/06-30-037-07-W5/02 SUSPENDED/GAS
	UNDEVELOPED	Dev:	0.000	0.000	Undev:	480.000	124.625	
	NON PROVEN	Prov:	0.000	0.000	NProv:	480.000	124.625	

Royalty / Encumbrances

Royalty Type		Product Type	Sliding Scale	Convertible	% of Prod/Sales	
CROWN SLIDING SCALE ROYALTY		ALL PRODUCTS	Y	N	100.00000000	% of SALES
Roy Percent:						
Deduction:	UNKNOWN					
Gas: Royalty:			Min Pay:		Prod/Sales:	
S/S OIL: Min:		Max:	Div:		Prod/Sales:	
Other Percent:			Min:		Prod/Sales:	

Paid to: LESSOR (M)		Paid by: POOLED	(C)	
ALBERTA RESOURC	100.00000000	ACTION	25.96358880	
		ANDERSON PART	71.31115120	
		PENN WEST LTD.	2.68357500	
		MONT RESOURCES	0.04168500	

M0334	PNG	CR	Eff: Jan 28, 1963	160.000	C0109 A Yes		POOLED	TWP 37 RGE 7 W5M SE/4 30
Sub: A	WI		Exp: Jan 27, 1984	160.000	ACTION		25.96358880	PNG BELOW TOP SURFACE TO BASE
ACTIVE	127243		Ext: 15	41.542	ANDERSON PART		71.31115120	MANNVILLE EXCL PNG IN CARDIUM
	ANDERSON PART				PENN WEST LTD.		2.68357500	
100.00000000	BASTION		Count Acreage =	No	MONT RESOURCES		0.04168500	
					Total Rental:	0.00		

Related Contracts

C0109 A	POOLFO	Oct 01, 1994
C0131 A	P&S	May 01, 1997

Status		Acres	Net		Acres	Net
PRODUCING	Prod:	160.000	41.542	NProd:	0.000	0.000
DEVELOPED	Dev:	160.000	41.542	Undev:	0.000	0.000
PROVEN	Prov:	160.000	41.542	NProv:	0.000	0.000

Well U.W.I.	Status/Type
100/06-30-037-07-W5/02	SUSPENDED/GAS

Royalty / Encumbrances

ACTION ENERGY INC.
Mineral Property Report

Province: ALBERTA
Area : CHEDDERVILLE

File Number / File Status / Mineral Int	Lse Type Lessor Type / Int Type / Lse No/Name / Operator / Payor	Exposure Gross / Net	Oper.Cont. ROFR / Doi Partner(s)	DOI Code	Lease Description / Rights Held

(cont'd)

		Royalty Type		Product Type	Sliding Scale	Convertible	% of Prod/Sales		
		CROWN SLIDING SCALE ROYALTY		ALL PRODUCTS	Y	N	100.00000000	% of	SALES
		Roy Percent:							
		Deduction:	STANDARD						
M0334	A	Gas: Royalty:			Min Pay:		Prod/Sales:		
		S/S OIL: Min:		Max:	Div:		Prod/Sales:		
		Other Percent:			Min:		Prod/Sales:		

Paid to: LESSOR (M)		Paid by: POOLED (C)	
ALBERTA RESOURC	100.00000000	ACTION	25.96358880
		ANDERSON PART	71.31115120
		PENN WEST LTD.	2.68357500
		MONT RESOURCES	0.04168500

ACTION ENERGY INC.
Mineral Property Report

Province: ALBERTA
Area : CHEDDERVILLE

File Number	Lse Type Lessor Type	Exposure	Oper.Cont. ROFR	DOI Code		
File Status	Int Type / Lse No/Name	Gross				
Mineral Int	Operator / Payor	Net	Doi Partner(s)	*	*	Lease Description / Rights Held

Area Total:	Total Gross:	1,280.000	Total Net:	332.333				
	Prod Gross:	1,120.000	Prod Net:	290.791	NProd Gross:	160.000	NProd Net:	41.542
	Dev Gross:	1,120.000	Dev Net:	290.791	Undev Gross:	160.000	Undev Net:	41.542
	Prov Gross:	1,120.000	Prov Net:	290.791	NProv Gross:	160.000	NProv Net:	41.542

** REPORTED IN ACRES**

ACTION ENERGY INC.
Mineral Property Report

Province: ALBERTA
Area : CRAIG LAKE

File Number / File Status / Mineral Int	Lse Type / Int Type / Operator / Payor	Lessor Type / Lse No/Name		Exposure Gross / Net	Oper.Cont. ROFR / Doi Partner(s)	*	DOI Code	*	Lease Description / Rights Held
M0337	PNG	CR	Eff: Jul 20, 1971	480.000	C0138 A Unknown		WI		TWP 34 RGE 11 W4M NW/4 14, N/2
Sub: A	RI		Exp: Jul 19, 1981	480.000	ADDISON ENERGY		71.89540000		15
ACTIVE	25389A		Ext: 15	0.000	ENERMARK INC.	*	28.10460000		PNG BELOW TOP SURFACE TO BASE
	ADDISON ENERGY								SECOND WHITE SPECKS
100.00000000	ENERMARK INC.				Total Rental: 672.00				

Status		Acres	Net		Acres	Net
PRODUCING	Prod:	320.000	0.000	NProd:	160.000	0.000
DEVELOPED	Dev:	320.000	0.000	Undev:	160.000	0.000
PROVEN	Prov:	320.000	0.000	NProv:	160.000	0.000

Related Contracts

C0136 A	P&S	Oct 01, 1999
C0137 A	JOA	Feb 01, 1989 (I)
C0138 A	FARMOUT	Mar 27, 2003

Well U.W.I.	Status/Type
100/16-15-034-11-W4/00	PRODUCING/GAS
100/14-14-034-11-W4/00	PRODUCING/GAS

Royalty / Encumbrances

<Linked>	Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales		
C0138 A	GROSS OVERRIDING ROYALTY	ALL PRODUCTS	Y	N	71.89540000	% of	PROD

Roy Percent:
Deduction: UNKNOWN
Gas: Royalty: 12.50000000 — Min Pay: — Prod/Sales:
S/S OIL: Min: 5.00000000 — Max: 12.50000000 — Div: 150 — Prod/Sales:
Other Percent: — Min: — Prod/Sales:

Paid to: ROY PAYEE (C)
ACTION 100.00000000
Paid by: ROY PAYOR(C)
ADDISON ENERGY 100.00000000

Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales		
CROWN SLIDING SCALE ROYALTY	ALL PRODUCTS	Y	N	100.00000000	% of	SALES

Roy Percent:
Deduction: STANDARD
Gas: Royalty: — Min Pay: — Prod/Sales:
S/S OIL: Min: — Max: — Div: — Prod/Sales:
Other Percent: — Min: — Prod/Sales:

Paid to: LESSOR (M)
ALBERTA RESOURC 100.00000000
Paid by: WI (C)
ADDISON ENERGY 71.89540000
ENERMARK INC. 28.10460000

M0338	PNG	CR	Eff: Sep 25, 1967	160.000	C0139 A No	BPO	APO	TWP 34 RGE 11 W4M SW/4 24
Sub: A	WI		Exp: Sep 24, 1977	160.000	ACTION	100.00000000	70.00000000	PNG BELOW TOP SURFACE TO BASE

** REPORTED IN ACRES**

ACTION ENERGY INC.
Mineral Property Report

Province: ALBERTA
Area : CRAIG LAKE

File Number / File Status / Mineral Int	Lse Type Lessor Type / Int Type / Lse No/Name / Operator / Payor		Exposure Gross / Net	Oper.Cont. ROFR / Doi Partner(s)	DOI Code *	*	Lease Description / Rights Held

(cont'd)

M0338
Sub: A
ACTIVE | 11582 | Ext: 15 | 160.000 | WHITE MINERALS | 30.00000000 | SECOND WHITE SPECKS
ACTION
100.00000000 | ACTION | Total Rental: 224.00

Status		Acres	Net		Acres	Net
PRODUCING	Prod:	160.000	160.000	NProd:	0.000	0.000
DEVELOPED	Dev:	160.000	160.000	Undev:	0.000	0.000
PROVEN	Prov:	160.000	160.000	NProv:	0.000	0.000

Related Contracts

C0136 A	P&S	Oct 01, 1999
C0139 A	POOLFO	Dec 03, 1999

Well U.W.I.	Status/Type
102/02-24-034-11-W4/02	PRODUCING/GAS
102/02-24-034-11-W4/00	SUSPENDED/GAS
100/06-24-034-11-W4/03	PRODUCING/GAS
100/06-24-034-11-W4/00	D&A/GAS

Royalty / Encumbrances

<Linked> C0139 A

Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales	
GROSS OVERRIDING ROYALTY	ALL PRODUCTS	Y	Y	75.00000000	% of PROD

Roy Percent:
Deduction: UNKNOWN
Gas: Royalty: 10.00000000 | Min Pay: | Prod/Sales:
S/S OIL: Min: 5.00000000 | Max: 10.00000000 | Div: 150 | Prod/Sales:
Other Percent: | Min: | Prod/Sales:

Paid to: PAIDTO (R) | Paid by: BPO (C)
WHITE MINERALS 100.00000000 | ACTION 100.00000000

Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales	
CROWN SLIDING SCALE ROYALTY	ALL PRODUCTS	Y	N	100.00000000	% of SALES

Roy Percent:
Deduction: STANDARD
Gas: Royalty: | Min Pay: | Prod/Sales:
S/S OIL: Min: | Max: | Div: | Prod/Sales:
Other Percent: | Min: | Prod/Sales:

Paid to: LESSOR (M) | Paid by: BPO (C)
ALBERTA RESOURC 100.00000000 | ACTION 100.00000000

M0339 | PNG | CR | Eff: Mar 04, 1999 | 480.000 | C0139 A No | BPO | APO | TWP 34 RGE 11 W4M N/2 24, SE/4

ACTION ENERGY INC.
Mineral Property Report

Province: ALBERTA
Area : CRAIG LAKE

File Number / File Status / Mineral Int	Lse Type Lessor Type / Int Type / Lse No/Name / Operator / Payor		Exposure Gross / Net	Oper.Cont. ROFR / Doi Partner(s)	DOI Code *	*	Lease Description / Rights Held
(cont'd)							
M0339							
Sub: A	WI	Exp: Mar 03, 2004	480.000	ACTION	100.00000000	70.00000000	24
ACTIVE	0499030084	Ext: 15	480.000	WHITE MINERALS		30.00000000	PNG BELOW TOP SURFACE TO BASE VIKING
	ACTION						
100.00000000	WHITE MINERALS			Total Rental: 672.00			

Status		Acres	Net		Acres	Net
PRODUCING	Prod:	480.000	480.000	NProd:	0.000	0.000
DEVELOPED	Dev:	480.000	480.000	Undev:	0.000	0.000
PROVEN	Prov:	480.000	480.000	NProv:	0.000	0.000

— Related Contracts —

C0136 A	P&S	Oct 01, 1999
C0139 A	POOLFO	Dec 03, 1999

— Well U.W.I.	Status/Type —
102/02-24-034-11-W4/02	PRODUCING/GAS
102/02-24-034-11-W4/00	SUSPENDED/GAS
100/06-24-034-11-W4/03	PRODUCING/GAS
100/06-24-034-11-W4/00	D&A/GAS

Royalty / Encumbrances

<Linked>	Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales
C0139 A	GROSS OVERRIDING ROYALTY	ALL PRODUCTS	Y	Y	75.00000000 % of PROD

Roy Percent:
Deduction: UNKNOWN
Gas: Royalty: 10.00000000 Min Pay: Prod/Sales:
S/S OIL: Min: 5.00000000 Max: 10.00000000 Div: 150 Prod/Sales:
Other Percent: Min: Prod/Sales:

Paid to: PAIDTO (R) Paid by: BPO (C)
WHITE MINERALS 100.00000000 ACTION 100.00000000

Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales
CROWN SLIDING SCALE ROYALTY	ALL PRODUCTS	Y	N	100.00000000 % of SALES

Roy Percent:
Deduction: STANDARD
Gas: Royalty: Min Pay: Prod/Sales:
S/S OIL: Min: Max: Div: Prod/Sales:
Other Percent: Min: Prod/Sales:

Paid to: LESSOR (M) Paid by: BPO (C)
ALBERTA RESOURC 100.00000000 ACTION 100.00000000

M0336	PNG	CR	Eff: Apr 05, 1978	320.000	C0135 A No	WI	TWP 34 RGE 12 W4M S/2 13

** REPORTED IN ACRES**

ACTION ENERGY INC.
Mineral Property Report

Province: ALBERTA
Area : CRAIG LAKE

File Number / File Status / Mineral Int	Lse Type Lessor Type / Int Type / Lse No/Name / Operator / Payor		Exposure Gross / Net	Oper.Cont. ROFR / Doi Partner(s)	DOI Code	Lease Description / Rights Held
(cont'd)						
M0336						
Sub: A	WI	Exp: Apr 04, 1983	320.000	ACTION	57.51630000	PNG BELOW TOP SURFACE TO BASE
ACTIVE	0478040011	Ext: 15	184.052	ADDISON ENERGY	20.00000000	VIKING
	ENERMARK INC.			ENERMARK INC.	22.48370000	
100.00000000	ADDISON ENERGY					

Total Rental: 448.00

Status		Acres	Net		Acres	Net
PRODUCING	Prod:	320.000	184.052	NProd:	0.000	0.000
DEVELOPED	Dev:	320.000	184.052	Undev:	0.000	0.000
PROVEN	Prov:	320.000	184.052	NProv:	0.000	0.000

—— Related Contracts ——

C0135 A	POOLFO	Jun 24, 1982
C0136 A	P&S	Oct 01, 1999

—— Well U.W.I. Status/Type ——

100/06-13-034-12-W4/00 PRODUCING/GAS

Royalty / Encumbrances

Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales
CROWN SLIDING SCALE ROYALTY	ALL PRODUCTS	Y	N	100.00000000 % of SALES

Roy Percent:
Deduction: STANDARD
Gas: Royalty: Min Pay: Prod/Sales:
S/S OIL: Min: Max: Div: Prod/Sales:
Other Percent: Min: Prod/Sales:

Paid to: LESSOR (M)
ALBERTA RESOURC 100.00000000

Paid by: WI (C)
ACTION 57.51630000
ADDISON ENERGY 20.00000000
ENERMARK INC. 22.48370000

** REPORTED IN ACRES**

ACTION ENERGY INC.
Mineral Property Report

Province: ALBERTA
Area : CRAIG LAKE

File Number	Lse Type Lessor Type	Exposure	Oper.Cont. ROFR		DOI Code		Lease Description / Rights Held
File Status	Int Type / Lse No/Name	Gross					
Mineral Int	Operator / Payor	Net	Doi Partner(s)	*		*	

Area Total:	Total Gross:	1,440.000	Total Net:	824.052				
	Prod Gross:	1,280.000	Prod Net:	824.052	NProd Gross:	160.000	NProd Net:	0.000
	Dev Gross:	1,280.000	Dev Net:	824.052	Undev Gross:	160.000	Undev Net:	0.000
	Prov Gross:	1,280.000	Prov Net:	824.052	NProv Gross:	160.000	NProv Net:	0.000

** REPORTED IN ACRES**

ACTION ENERGY INC.
Mineral Property Report

Province: ALBERTA
Area : FAIRVIEW

File Number / File Status / Mineral Int	Lse Type Lessor Type / Int Type / Lse No/Name / Operator / Payor			Exposure Gross / Net	Oper.Cont. ROFR / Doi Partner(s)	DOI Code	Lease Description / Rights Held
M0502	PNG LIC CR	Eff:	May 15, 2003	1,280.000	C0170 B No	WI	TWP 71 RGE 25 W5M SEC 16, 20
Sub: A	WI	Exp:	May 14, 2007	1,280.000	ACTION	20.00000000	ALL PNG TO BASE GRANITE WASH
ACTIVE	5403050700	Ext:	LICENCEVAL	256.000	GALLEON	32.00000000	
	ACTION	Ext:	May 14, 2012		PROSPEX	32.00000000	
	GALLEON				TRAVERSE ENERGY	16.00000000	

Total Rental: 1792.00

Related Contracts

C0167 A	FARMIN	Nov 23, 2006
C0167 E	FARMIN	Nov 23, 2006
C0170 A	FARMOUT	Mar 27, 2007
C0171 A	JOA	May 21, 2003 (I)
C0172 A	POOLFO	Sep 15, 2003 (I)
C0202 A	ROYALTY	May 15, 2007
C0170 B	FARMOUT	Mar 27, 2007

Status		Acres	Net		Acres	Net
NON PRODUCING	Prod:	0.000	0.000	NProd:	1,280.000	256.000
UNDEVELOPED	Dev:	0.000	0.000	Undev:	1,280.000	256.000
	Prov:	0.000	0.000	NProv:	0.000	0.000

Royalty / Encumbrances

<Linked>	Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales
C0167 A	GROSS OVERRIDING ROYALTY	ALL PRODUCTS	N	N	100.00000000 % of PROD

Roy Percent: 6.25000000
Deduction: UNKNOWN
Gas: Royalty: Min Pay: Prod/Sales:
S/S OIL: Min: Max: Div: Prod/Sales:
Other Percent: 0 Min: Prod/Sales:

Paid to: BEARN (C) Paid by: AEARN (C)
SUNCOR ENERGY 100.00000000 ACTION 100.00000000

GENERAL REMARKS -
PAYABLE ON ACQUISITIONS OF CROWN INTERESTS WITHIN THE AMI LANDS.
ALLOWABLE DEDUCTIONS -
NO ALLOWABALE DEDUCTIONS.

<Linked>	Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales
C0167 A	GROSS OVERRIDING ROYALTY	ALL PRODUCTS	N	N	100.00000000 % of PROD

Roy Percent: 2.50000000
Deduction: UNKNOWN
Gas: Royalty: Min Pay: Prod/Sales:
S/S OIL: Min: Max: Div: Prod/Sales:
Other Percent: 0 Min: Prod/Sales:

ACTION ENERGY INC.
Mineral Property Report

Province: ALBERTA
Area : FAIRVIEW

File Number / File Status / Mineral Int	Lse Type Lessor Type / Int Type / Lse No/Name / Operator / Payor	Exposure Gross Net	Oper.Cont. ROFR / Doi Partner(s)	DOI Code	Lease Description / Rights Held

(cont'd)

M0502 A **Paid to:** BEARN (C) SUNCOR ENERGY 100.00000000 — **Paid by:** AEARN (C) ACTION 100.00000000

GENERAL REMARKS -
PAYABLE ON ACQUISITIONS OF NON-PRODUCING THIRD PARTY INTERESTS WITHIN AMI LANDS.
ALLOWABLE DEDUCTIONS -
:NO ALLOWABALE DEDUCTIONS.

Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales
CROWN SLIDING SCALE ROYALTY	ALL PRODUCTS	Y	N	% of

Roy Percent:
Deduction: STANDARD
Gas: Royalty: **Min Pay:** **Prod/Sales:**
S/S OIL: Min: **Max:** **Div:** **Prod/Sales:**
Other Percent: **Min:** **Prod/Sales:**

Paid to: LESSOR (M) ALBERTA RESOURC 100.00000000 — **Paid by:** WI (C)

Paid by	
ACTION	20.00000000
GALLEON	32.00000000
PROSPEX	32.00000000
TRAVERSE ENERGY	16.00000000

M0502 PNG LIC CR **Eff:** May 15, 2003 640.000 C0170 B No
Sub: B WI **Exp:** May 14, 2007 640.000
ACTIVE 5403050700 **Ext:** LICENCEVAL 128.000
ACTION **Ext:** May 14, 2012
GALLEON

	WI
ACTION	20.00000000
GALLEON	32.00000000
PROSPEX	32.00000000
TRAVERSE ENERGY	16.00000000

Total Rental: 896.00

TWP 71 RGE 25 W5M SEC 17
ALL PNG TO BASE GRANITE WASH

Related Contracts

C0167 A	FARMIN	Nov 23, 2006
C0167 E	FARMIN	Nov 23, 2006
C0170 B	FARMOUT	Mar 27, 2007
C0171 A	JOA	May 21, 2003 (I)
C0172 A	POOLFO	Sep 15, 2003 (I)

Status		Acres	Net		Acres	Net
NON PRODUCING	Prod:	0.000	0.000	NProd:	640.000	128.000
UNDEVELOPED	Dev:	0.000	0.000	Undev:	640.000	128.000
	Prov:	0.000	0.000	NProv:	0.000	0.000

Royalty / Encumbrances

ACTION ENERGY INC.
Mineral Property Report

Province: ALBERTA
Area : FAIRVIEW

File Number / File Status / Mineral Int	Lse Type Lessor Type / Int Type / Lse No/Name / Operator / Payor	Exposure Gross / Net	Oper.Cont. ROFR / Doi Partner(s)	DOI Code	Lease Description / Rights Held
			*	*	

(cont'd)

	<Linked>	Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales		
	C0167 E	GROSS OVERRIDING ROYALTY	ALL PRODUCTS	N	N	100.00000000	% of	PROD

Roy Percent: 6.25000000
Deduction: UNKNOWN

M0502 B
Gas: Royalty: Min Pay: Prod/Sales:
S/S OIL: Min: Max: Div: Prod/Sales:
Other Percent: 0 Min: Prod/Sales:

Paid to: PAIDTO (R) Paid by: WI (C)
SUNCOR ENERGY 100.00000000 ACTION 100.00000000

GENERAL REMARKS -
PAYABLE ON ACQUISITIONS OF CROWN INTERESTS WITHIN THE AMI LANDS.
ALLOWABLE DEDUCTIONS -
NO ALLOWABALE DEDUCTIONS.

Royalty / Encumbrances

<Linked>	Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales		
C0167 E	GROSS OVERRIDING ROYALTY	ALL PRODUCTS	N	N	100.00000000	% of	PROD

Roy Percent: 2.50000000
Deduction: UNKNOWN
Gas: Royalty: Min Pay: Prod/Sales:
S/S OIL: Min: Max: Div: Prod/Sales:
Other Percent: 0 Min: Prod/Sales:

Paid to: PAIDTO (R) Paid by: WI (C)
SUNCOR ENERGY 100.00000000 ACTION 100.00000000

GENERAL REMARKS -
PAYABLE ON ACQUISITIONS OF NON-PRODUCING THIRD PARTY INTERESTS WITHIN AMI LANDS.
ALLOWABLE DEDUCTIONS -
NO ALLOWABALE DEDUCTIONS.

Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales	
CROWN SLIDING SCALE ROYALTY	ALL PRODUCTS	N	Y		% of

Roy Percent:
Deduction: STANDARD

ACTION ENERGY INC.
Mineral Property Report

Province: ALBERTA
Area : FAIRVIEW

File Number / File Status / Mineral Int	Lse Type Lessor Type / Int Type / Lse No/Name / Operator / Payor	Exposure Gross / Net	Oper.Cont. ROFR / Doi Partner(s)	DOI Code * *	Lease Description / Rights Held

(cont'd)
M0502 B

Gas: Royalty: Min Pay: Prod/Sales:
S/S OIL: Min: Max: Div: Prod/Sales:
Other Percent: Min: Prod/Sales:

Paid to: LESSOR (M)
ALBERTA RESOURC 100.00000000

Paid by: WI (C)
ACTION 20.00000000
GALLEON 32.00000000
PROSPEX 32.00000000
TRAVERSE ENERGY 16.00000000

M0503 PNG LIC CR Eff: May 15, 2003 1,280.000 C0170 A No WI
Sub: A WI Exp: May 14, 2007 1,280.000 ACTION 20.00000000
ACTIVE 5403050701 Ext: LICENCEVAL 256.000 GALLEON 40.00000000
ACTION Ext: May 14, 2012 PROSPEX 40.00000000
GALLEON

Total Rental: 1792.00

TWP 71 RGE 25 W5M SEC 21, 28
ALL PNG TO BASE GRANITE WASH

Related Contracts

C0167 A	FARMIN	Nov 23, 2006
C0167 E	FARMIN	Nov 23, 2006
C0170 A	FARMOUT	Mar 27, 2007
C0171 A	JOA	May 21, 2003 (I)
C0202 A	ROYALTY	May 15, 2007

Status		Acres	Net		Acres	Net
NON PRODUCING	Prod:	0.000	0.000	NProd:	1,280.000	256.000
UNDEVELOPED	Dev:	0.000	0.000	Undev:	1,280.000	256.000
	Prov:	0.000	0.000	NProv:	0.000	0.000

Royalty / Encumbrances

<Linked>	Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales
C0167 A	GROSS OVERRIDING ROYALTY	ALL PRODUCTS	N	N	100.00000000 % of PROD

Roy Percent: 2.50000000
Deduction: UNKNOWN
Gas: Royalty: Min Pay: Prod/Sales:
S/S OIL: Min: Max: Div: Prod/Sales:
Other Percent: 0 Min: Prod/Sales:

Paid to: BEARN (C)
SUNCOR ENERGY 100.00000000

Paid by: AEARN (C)
ACTION 100.00000000

GENERAL REMARKS -
PAYABLE ON ACQUISITIONS OF NON-PRODUCING THIRD PARTY INTERESTS WITHIN AMI LANDS.

ACTION ENERGY INC.
Mineral Property Report

Province: ALBERTA
Area : FAIRVIEW

File Number / File Status / Mineral Int	Lse Type Lessor Type / Int Type / Lse No/Name / Operator / Payor	Exposure Gross / Net	Oper.Cont. ROFR / Doi Partner(s)	DOI Code * *	Lease Description / Rights Held

(cont'd)

M0503 A **ALLOWABLE DEDUCTIONS -**
NO ALLOWABALE DEDUCTIONS.

<Linked>	Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales		
C0167 A	GROSS OVERRIDING ROYALTY	ALL PRODUCTS	Y	N	100.00000000	% of	PROD

Roy Percent:
Deduction: UNKNOWN
Gas: Royalty: 12.50000000 **Min Pay:** **Prod/Sales:**
S/S OIL: Min: 5.00000000 **Max:** 12.50000000 **Div:** 23.8365 **Prod/Sales:**
Other Percent: 12.5 **Min:** **Prod/Sales:**

Paid to: PAIDTO (R) **Paid by:** AEARN (C)
SUNCOR ENERGY 100.00000000 ACTION 100.00000000

GENERAL REMARKS -
PAYABLE ON FARMOUT LANDS AFTER EARNING BY FARMEE, AND ON PROSPECTS WITHIN THE RED AMI LANDS.
ALLOWABLE DEDUCTIONS -
NO ALLOWABALE DEDUCTIONS.
GENERAL REMARKS -
ROYALTY PERTAINS TO SECTION 8 (M0574)

Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales	
CROWN SLIDING SCALE ROYALTY	ALL PRODUCTS	Y	N		% of

Roy Percent:
Deduction: STANDARD
Gas: Royalty: **Min Pay:** **Prod/Sales:**
S/S OIL: Min: **Max:** **Div:** **Prod/Sales:**
Other Percent: **Min:** **Prod/Sales:**

Paid to: LESSOR (M) **Paid by:** WI (C)
ALBERTA RESOURC 100.00000000 ACTION 20.00000000
GALLEON 40.00000000
PROSPEX 40.00000000

M0402	PNG	CR	**Eff:**	Jan 24, 2002	160.000	C0166	A	No		AEARN	TWP 83 RGE 3 W6M NE/4 26
Sub: A	WI		**Exp:**	Jan 23, 2007	160.000	ACTION				60.00000000	ALL PNG FROM TOP SURFACE TO

** REPORTED IN ACRES**

ACTION ENERGY INC.
Mineral Property Report

Province: ALBERTA
Area : FAIRVIEW

File Number / File Status / Mineral Int	Lse Type Lessor Type / Int Type / Lse No/Name / Operator / Payor		Exposure Gross / Net	Oper.Cont. ROFR / Doi Partner(s)	DOI Code	Lease Description / Rights Held
(cont'd)						
M0402						
Sub: A						
ACTIVE	0502010557	Ext: 15	96.000	TERRAENERGY	40.00000000	BASE MONTNEY
	ACTION					
100.00000000	ADVANTAGE O & G			Total Rental: 224.00		

Status		Acres	Net		Acres	Net
PRODUCING	Prod:	160.000	96.000	NProd:	0.000	0.000
DEVELOPED	Dev:	160.000	96.000	Undev:	0.000	0.000
PROVEN	Prov:	160.000	96.000	NProv:	0.000	0.000

Related Contracts

C0166 A	POOLFO	Oct 20, 2006
C0166 C	POOLFO	Oct 20, 2006

Well U.W.I.	Status/Type
100/07-26-083-03-W6/00	CAPPED/GAS
100/07-26-083-03-W6/02	CAPPED/GAS

Royalty / Encumbrances

Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales
CROWN SLIDING SCALE ROYALTY	ALL PRODUCTS	Y	N	% of

Roy Percent:
Deduction: STANDARD
Gas: Royalty: Min Pay: Prod/Sales:
S/S OIL: Min: Max: Div: Prod/Sales:
Other Percent: Min: Prod/Sales:

Paid to:	LESSOR	(M)	Paid by:	AEARN	(C)
ALBERTA RESOURC		100.00000000	ACTION		60.00000000
			TERRAENERGY		40.00000000

** REPORTED IN ACRES**

ACTION ENERGY INC.
Mineral Property Report

Province: ALBERTA
Area : FAIRVIEW

File Number / File Status / Mineral Int	Lse Type Lessor Type / Int Type / Lse No/Name / Operator / Payor	Exposure Gross / Net	Oper.Cont. ROFR / Doi Partner(s)	DOI Code	Lease Description / Rights Held

Area Total:	Total Gross:	3,360.000	Total Net:	736.000				
	Prod Gross:	160.000	Prod Net:	96.000	NProd Gross:	3,200.000	NProd Net:	640.000
	Dev Gross:	160.000	Dev Net:	96.000	Undev Gross:	3,200.000	Undev Net:	640.000
	Prov Gross:	160.000	Prov Net:	96.000	NProv Gross:	0.000	NProv Net:	0.000

** REPORTED IN ACRES**

ACTION ENERGY INC.
Mineral Property Report

Province: ALBERTA
Area : FENN WEST

File Number / File Status / Mineral Int	Lse Type / Int Type / Operator / Payor	Lessor Type / Lse No/Name		Exposure Gross / Net	Oper.Cont. ROFR / Doi Partner(s)	DOI Code *	*	Lease Description / Rights Held
M0350	PNG	CR	Eff: Jan 10, 1973	160.000	C0148 A Unknown	BPO	APO	TWP 34 RGE 20 W4M NW/4 34
Sub: A	RI		Exp: Jan 09, 1983	160.000	SIGNALTA RES	95.00000000	64.16670000	
ACTIVE	29952		Ext: 15	0.000	ARC RESOURCES	5.00000000	5.00000000	PNG BELOW BASE BELLY RIVER TO
	SIGNALTA RES				ACTION		2.50000000	BASE VIKING
100.00000000	SIGNALTA RES				CELTIC EXPL		28.33330000	

Total Rental: 224.00

— Related Contracts —

C0148 A	FO&OPT	Oct 05, 1978

Well U.W.I.	Status/Type
100/15-34-034-20-W4/00	STANDING/UNKN

Status		Acres	Net		Acres	Net
NON PRODUCING	Prod:	0.000	0.000	NProd:	160.000	0.000
DEVELOPED	Dev:	160.000	0.000	Undev:	0.000	0.000
NON PROVEN	Prov:	0.000	0.000	NProv:	160.000	0.000

Royalty / Encumbrances

<Linked>	Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales
C0148 A	GROSS OVERRIDING ROYALTY	ALL PRODUCTS	Y	N	90.00000000 % of PROD

Roy Percent:
Deduction: UNKNOWN
Gas: Royalty: 15.00000000 Min Pay: Prod/Sales:
S/S OIL: Min: 5.00000000 Max: 15.00000000 Div: 150 Prod/Sales:
Other Percent: 15 Min: Prod/Sales:

Paid to: ROYOWNER(C)		Paid by: ROY PAYOR(C)	
SIGNALTA RES	31.48220000	SIGNALTA RES	100.00000000
CELTIC EXPL	62.96220000		
ACTION	5.55560000		

<Linked>	Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales
C0148 A	GROSS OVERRIDING ROYALTY	ALL PRODUCTS	N	N	100.00000000 % of PROD

Roy Percent: 2.50000000
Deduction: UNKNOWN
Gas: Royalty: Min Pay: Prod/Sales:
S/S OIL: Min: Max: Div: Prod/Sales:
Other Percent: Min: Prod/Sales:

Paid to: ROYOWNER(C)		Paid by: BPO (C)	
ANDRICHUK, J.M.	50.00000000	SIGNALTA RES	95.00000000
EDIE, R.W.	50.00000000	ARC RESOURCES	5.00000000

ACTION ENERGY INC.
Mineral Property Report

Province: ALBERTA
Area : FENN WEST

File Number / File Status / Mineral Int	Lse Type / Lessor Type / Int Type / Lse No/Name / Operator / Payor		Exposure Gross / Net	Oper.Cont. ROFR / Doi Partner(s)	DOI Code *	*	Lease Description / Rights Held

(cont'd)

M0350 A

ALLOWABLE DEDUCTIONS -
AGREEMENT IS SILENT WITH RESPECT TO DEDUCTIONS
GENERAL REMARKS -
PAID ON NW/4 34 ONLY

<Linked>	Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales		
C0148 A	GROSS OVERRIDING ROYALTY	ALL PRODUCTS	N	N	100.00000000	% of	PROD

Roy Percent: 3.00000000
Deduction: UNKNOWN
Gas: Royalty: **Min Pay:** **Prod/Sales:**
S/S OIL: Min: **Max:** **Div:** **Prod/Sales:**
Other Percent: **Min:** **Prod/Sales:**

Paid to:	ROYOWNER(C)		Paid by:	BPO	(C)
ACTION		100.00000000	SIGNALTA RES		95.00000000
			ARC RESOURCES		5.00000000

ALLOWABLE DEDUCTIONS -
NO ALLOWABLE DEDUCTIONS

Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales		
CROWN SLIDING SCALE ROYALTY	ALL PRODUCTS	Y	N	100.00000000	% of	PROD

Roy Percent:
Deduction: STANDARD
Gas: Royalty: **Min Pay:** **Prod/Sales:**
S/S OIL: Min: **Max:** **Div:** **Prod/Sales:**
Other Percent: **Min:** **Prod/Sales:**

Paid to:	LESSOR (M)		Paid by:	BPO	(C)
ALBERTA RESOURC		100.00000000	SIGNALTA RES		95.00000000
			ARC RESOURCES		5.00000000

M0351	PNG	CR	Eff:	Aug 27, 1973	320.000	C0148 A Unknown	BPO	APO	TWP 34 RGE 20 W4M S/2 34
Sub: A	RI		Exp:	Aug 26, 1983	320.000	SIGNALTA RES	95.00000000	64.16670000	
ACTIVE	32336		Ext:	15	0.000	ARC RESOURCES	5.00000000	5.00000000	PNG BELOW BASE BELLY RIVER TO
	SIGNALTA RES					ACTION		2.50000000	BASE VIKING

ACTION ENERGY INC.
Mineral Property Report

Province: ALBERTA
Area : FENN WEST

File Number / File Status / Mineral Int	Lse Type Lessor Type / Int Type / Lse No/Name / Operator / Payor	Exposure Gross Net	Oper.Cont. ROFR / Doi Partner(s)	DOI Code	Lease Description / Rights Held

(cont'd)

M0351
Sub: A
100.00000000 SIGNALTA RES — CELTIC EXPL — 28.33330000

Total Rental: 448.00

Status		Acres	Net		Acres	Net
NON PRODUCING	Prod:	0.000	0.000	NProd:	320.000	0.000
DEVELOPED	Dev:	320.000	0.000	Undev:	0.000	0.000
NON PROVEN	Prov:	0.000	0.000	NProv:	320.000	0.000

—— Related Contracts ——

C0148 A FO&OPT Oct 05, 1978

—— Well U.W.I. Status/Type ——

100/15-34-034-20-W4/00 STANDING/UNKN

Royalty / Encumbrances

<Linked>	Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales
C0148 A	GROSS OVERRIDING ROYALTY	ALL PRODUCTS	Y	N	90.00000000 % of PROD

Roy Percent:
Deduction: UNKNOWN
Gas: Royalty: 15.00000000 Min Pay: Prod/Sales:
S/S OIL: Min: 5.00000000 Max: 15.00000000 Div: 150 Prod/Sales:
Other Percent: 15 Min: Prod/Sales:

Paid to: ROYOWNER(C)
SIGNALTA RES 31.48220000
CELTIC EXPL 62.96220000
ACTION 5.55560000

Paid by: ROY PAYOR(C)
SIGNALTA RES 100.00000000

<Linked>	Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales
C0148 A	GROSS OVERRIDING ROYALTY	ALL PRODUCTS	N	N	100.00000000 % of PROD

Roy Percent: 3.00000000
Deduction: UNKNOWN
Gas: Royalty: Min Pay: Prod/Sales:
S/S OIL: Min: Max: Div: Prod/Sales:
Other Percent: Min: Prod/Sales:

Paid to: ROYOWNER(C)
ACTION 100.00000000

Paid by: BPO (C)
SIGNALTA RES 95.00000000
ARC RESOURCES 5.00000000

ACTION ENERGY INC.
Mineral Property Report

Province: ALBERTA
Area : FENN WEST

File Number / File Status / Mineral Int	Lse Type Lessor Type / Int Type / Lse No/Name / Operator / Payor	Exposure Gross / Net	Oper.Cont. ROFR / Doi Partner(s)	DOI Code *	*	Lease Description / Rights Held

(cont'd)

M0351 A

ALLOWABLE DEDUCTIONS -
NO ALLOWABLE DEDUCTIONS

Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales
CROWN SLIDING SCALE ROYALTY	ALL PRODUCTS	Y	N	100.00000000 % of PROD

Roy Percent:
Deduction: STANDARD
Gas: Royalty: **Min Pay:** **Prod/Sales:**
S/S OIL: Min: **Max:** **Div:** **Prod/Sales:**
Other Percent: **Min:** **Prod/Sales:**

Paid to: LESSOR (M)
ALBERTA RESOURC 100.00000000

Paid by: BPO (C)
SIGNALTA RES 95.00000000
ARC RESOURCES 5.00000000

M0351	PNG CR	**Eff:** Aug 27, 1973	160.000	C0148 A Unknown	BPO	APO	TWP 34 RGE 20 W4M NE/4 34
Sub: B	RI	**Exp:** Aug 26, 1983	160.000	SIGNALTA RES	95.00000000	64.16670000	
ACTIVE	32336	**Ext:** 15	0.000	ARC RESOURCES	5.00000000	5.00000000	PNG BELOW BASE BELLY RIVER TO
	SIGNALTA RES			ACTION		2.50000000	BASE VIKING
100.00000000	SIGNALTA RES			CELTIC EXPL		28.33330000	

Total Rental: 224.00

Related Contracts

C0148 A	FO&OPT	Oct 05, 1978

Status		Acres	Net		Acres	Net
NON PRODUCING	**Prod:**	0.000	0.000	**NProd:**	160.000	0.000
DEVELOPED	**Dev:**	160.000	0.000	**Undev:**	0.000	0.000
NON PROVEN	**Prov:**	0.000	0.000	**NProv:**	160.000	0.000

Well U.W.I.	Status/Type
100/15-34-034-20-W4/00	STANDING/UNKN

Royalty / Encumbrances

<Linked>	Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales
C0148 A	GROSS OVERRIDING ROYALTY	ALL PRODUCTS	Y	N	90.00000000 % of PROD

Roy Percent:
Deduction: UNKNOWN
Gas: Royalty: 15.00000000 **Min Pay:** **Prod/Sales:**
S/S OIL: Min:

ACTION ENERGY INC.
Mineral Property Report

File Number / File Status / Mineral Int	Lse Type Lessor Type / Int Type / Lse No/Name / Operator / Payor	Exposure Gross / Net	Oper.Cont. ROFR / Doi Partner(s)	DOI Code	Lease Description / Rights Held

(cont'd)

	5.00000000	Max:	15.00000000	Div:	150	Prod/Sales:
Other Percent:	15			Min:		Prod/Sales:

Paid to: ROYOWNER(C)		Paid by: ROY PAYOR(C)	
SIGNALTA RES	31.48220000	SIGNALTA RES	100.00000000
CELTIC EXPL	62.96220000		
ACTION	5.55560000		

M0351 B

Royalty / Encumbrances

<Linked>	Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales	
C0148 A	GROSS OVERRIDING ROYALTY	ALL PRODUCTS	N	N	100.00000000	% of PROD

Roy Percent:	3.00000000				
Deduction:	UNKNOWN				
Gas: Royalty:			Min Pay:		Prod/Sales:
S/S OIL: Min:		Max:	Div:		Prod/Sales:
Other Percent:			Min:		Prod/Sales:

Paid to: ROYOWNER(C)		Paid by: BPO (C)	
ACTION	100.00000000	SIGNALTA RES	95.00000000
		ARC RESOURCES	5.00000000

ALLOWABLE DEDUCTIONS -
NO ALLOWABLE DEDUCTIONS

<Linked>	Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales	
C0148 A	GROSS OVERRIDING ROYALTY	ALL PRODUCTS	N	N	100.00000000	% of PROD

Roy Percent:	2.00000000				
Deduction:	UNKNOWN				
Gas: Royalty:			Min Pay:		Prod/Sales:
S/S OIL: Min:		Max:	Div:		Prod/Sales:
Other Percent:			Min:		Prod/Sales:

Paid to: ROYOWNER(C)		Paid by: BPO (C)	
ANDRICHUK, J.M.	50.00000000	SIGNALTA RES	95.00000000
EDIE, R.W.	50.00000000	ARC RESOURCES	5.00000000

ALLOWABLE DEDUCTIONS -
NO DEDUCTIONS

ACTION ENERGY INC.
Mineral Property Report

Province: ALBERTA
Area : FENN WEST

File Number / File Status / Mineral Int	Lse Type Lessor Type / Int Type / Lse No/Name / Operator / Payor	Exposure Gross / Net	Oper.Cont. ROFR / Doi Partner(s)	DOI Code	Lease Description / Rights Held

(cont'd)

M0351 B **GENERAL REMARKS -**
PAID ON S/2 & NE/4 34 ONLY

Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales		
CROWN SLIDING SCALE ROYALTY	ALL PRODUCTS	Y	N	100.00000000	% of	PROD

Roy Percent:
Deduction: STANDARD
Gas: Royalty: **Min Pay:** **Prod/Sales:**
S/S OIL: Min: **Max:** **Div:** **Prod/Sales:**
Other Percent: **Min:** **Prod/Sales:**

Paid to: LESSOR (M)
ALBERTA RESOURC 100.00000000

Paid by: BPO (C)
SIGNALTA RES 95.00000000
ARC RESOURCES 5.00000000

M0275 PNG CR **Eff:** Aug 11, 1983 480.000 C0074 A No
Sub: A WI **Exp:** Aug 10, 1988 480.000
ACTIVE 0483080019 **Ext:** HBP 26.250
APACHE CANADA
100.00000000 BEARSPAW

Doi Partner(s)	WI
ACTION	5.46875000
APACHE CANADA	29.14844000
WHITESHELL RES	13.12500000
BEARSPAW	14.68750000
ADVANTAGE O & G	5.92579000
CENTRICA CANADA	31.64452000

Total Rental: 672.00

TWP 36 RGE 20 W4M N/2 36, SE/4
36
PNG BELOW TOP SURFACE TO BASE
BELLY RIVER

Related Contracts

C0074 A	POOLFO	Sep 27, 1985
C0075 A	ASSETEX	Jan 01, 1998
C0076 A	P&S	Oct 23, 1998

Status		Acres	Net		Acres	Net
PRODUCING	Prod:	480.000	26.250	NProd:	0.000	0.000
DEVELOPED	Dev:	480.000	26.250	Undev:	0.000	0.000
PROVEN	Prov:	480.000	26.250	NProv:	0.000	0.000

Well U.W.I.	Status/Type
102/01-36-036-20-W4/00	PRODUCING/GAS
100/16-36-036-20-W4/00	PRODUCING/GAS
100/01-36-036-20-W4/02	SHUTIN/GAS

Royalty / Encumbrances

Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales		
CROWN SLIDING SCALE ROYALTY	ALL PRODUCTS	Y	N	100.00000000	% of	SALES

Roy Percent:
Deduction: STANDARD

ACTION ENERGY INC.
Mineral Property Report

Province: ALBERTA
Area : FENN WEST

File Number / File Status / Mineral Int	Lse Type Lessor Type / Int Type / Lse No/Name / Operator / Payor	Exposure Gross Net	Oper.Cont. ROFR / Doi Partner(s)	DOI Code	Lease Description / Rights Held

(cont'd)
M0275 A

Gas: Royalty: Min Pay: Prod/Sales:
S/S OIL: Min: Max: Div: Prod/Sales:
Other Percent: Min: Prod/Sales:

Paid to: LESSOR (M)
ALBERTA RESOURC 100.00000000

Paid by: WI (C)

ACTION	5.46875000
APACHE CANADA	29.14844000
WHITESHELL RES	13.12500000
BEARSPAW	14.68750000
ADVANTAGE O & G	5.92579000
CENTRICA CANADA	31.64452000

M0276 PNG CR Eff: Jan 29, 1957 120.000 C0074 A No
Sub: A WI Exp: Jan 28, 1978 120.000
ACTIVE 107341 Ext: HBP 6.563
APACHE CANADA
100.00000000 ACTION

	WI
ACTION	5.46875000
APACHE CANADA	29.14844000
WHITESHELL RES	13.12500000
BEARSPAW	14.68750000
ADVANTAGE O & G	5.92579000
CENTRICA CANADA	31.64452000

Total Rental: 168.00

TWP 36 RGE 20 W4M LSD 3, 4, 6
SEC 36
PNG BELOW TOP SURFACE TO BASE
BELLY RIVER

Related Contracts

C0074 A	POOLFO	Sep 27, 1985
C0075 A	ASSETEX	Jan 01, 1998
C0076 A	P&S	Oct 23, 1998

Status		Acres	Net		Acres	Net
PRODUCING	Prod:	120.000	6.563	NProd:	0.000	0.000
DEVELOPED	Dev:	120.000	6.563	Undev:	0.000	0.000
PROVEN	Prov:	120.000	6.563	NProv:	0.000	0.000

Well U.W.I.	Status/Type
102/01-36-036-20-W4/00	PRODUCING/GAS
100/16-36-036-20-W4/00	PRODUCING/GAS
100/01-36-036-20-W4/02	SHUTIN/GAS

Royalty / Encumbrances

Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales
CROWN SLIDING SCALE ROYALTY	ALL PRODUCTS	Y	N	100.00000000 % of SALES

Roy Percent:
Deduction: STANDARD
Gas: Royalty: Min Pay: Prod/Sales:
S/S OIL: Min: Max: Div: Prod/Sales:
Other Percent: Min: Prod/Sales:

ACTION ENERGY INC.
Mineral Property Report

Province: ALBERTA
Area : FENN WEST

File Number / File Status / Mineral Int	Lse Type / Int Type / Operator	Lessor Type / Lse No/Name / Payor		Exposure Gross / Net	Oper.Cont. ROFR / Doi Partner(s)	DOI Code *	*	Lease Description / Rights Held

(cont'd)

M0276 A **Paid to:** LESSOR (M)
ALBERTA RESOURC 100.00000000

Paid by: WI (C)

ACTION	5.46875000
APACHE CANADA	29.14844000
WHITESHELL RES	13.12500000
BEARSPAW	14.68750000
ADVANTAGE O & G	5.92579000
CENTRICA CANADA	31.64452000

M0277 PNG CR * **Eff:** Jan 29, 1957 40.000 C0074 A No
Sub: A WI **Exp:** Jan 28, 1978 40.000
ACTIVE 107341A **Ext:** HBP 2.188
APACHE CANADA
100.00000000 ACTION

	WI
ACTION	5.46875000
APACHE CANADA	29.14844000
WHITESHELL RES	13.12500000
BEARSPAW	14.68750000
ADVANTAGE O & G	5.92579000
CENTRICA CANADA	31.64452000

Total Rental: 56.00

TWP 36 RGE 20 W4M LSD 5 SEC 36
PNG BELOW TOP SURFACE TO BASE
BELLY RIVER

Related Contracts

C0074 A	POOLFO	Sep 27, 1985
C0075 A	ASSETEX	Jan 01, 1998
C0076 A	P&S	Oct 23, 1998

Well U.W.I.	Status/Type
102/01-36-036-20-W4/00	PRODUCING/GAS
100/16-36-036-20-W4/00	PRODUCING/GAS
100/01-36-036-20-W4/02	SHUTIN/GAS

Status		Acres	Net		Acres	Net
PRODUCING	**Prod:**	40.000	2.188	**NProd:**	0.000	0.000
DEVELOPED	**Dev:**	40.000	2.188	**Undev:**	0.000	0.000
PROVEN	**Prov:**	40.000	2.188	**NProv:**	0.000	0.000

Royalty / Encumbrances

Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales
CROWN SLIDING SCALE ROYALTY	ALL PRODUCTS	Y	N	100.00000000 % of SALES

Roy Percent:
Deduction: STANDARD
Gas: Royalty: **Min Pay:** **Prod/Sales:**
S/S OIL: Min: **Max:** **Div:** **Prod/Sales:**
Other Percent: **Min:** **Prod/Sales:**

Paid to: LESSOR (M)
ALBERTA RESOURC 100.00000000

Paid by: WI (C)

ACTION	5.46875000
APACHE CANADA	29.14844000

ACTION ENERGY INC.
Mineral Property Report

Province: ALBERTA
Area : FENN WEST

File Number / File Status / Mineral Int	Lse Type Lessor Type / Int Type / Lse No/Name / Operator / Payor		Exposure Gross / Net	Oper.Cont. ROFR / Doi Partner(s)	DOI Code *	*	Lease Description / Rights Held
(cont'd)							
M0277	A			WHITESHELL RES	13.12500000		
				BEARSPAW	14.68750000		
				ADVANTAGE O & G	5.92579000		
				CENTRICA CANADA	31.64452000		

M0278	PNG CR	Eff: Aug 15, 1973	320.000	C0077 A No	WI	TWP 36 RGE 21 W4M E/2 11
Sub: A	WI	Exp: Aug 14, 1983	320.000	ACTION	18.95830000	PNG BELOW BASE VIKING TO TOP
ACTIVE	32138	Ext: 15	60.667	BEARSPAW	43.54170000	MISSISSIPPIAN EXCL NG IN
	BEARSPAW			TRIDENT EXPL	6.25000000	GLAUCONITE
100.00000000	BEARSPAW	Count Acreage = No		HUSKY OIL	25.00000000	
				BONAVISTA LP	6.25000000	
				Total Rental: 448.00		

---------- Related Contracts ----------

C0075 A	ASSETEX	Jan 01, 1998
C0076 A	P&S	Oct 23, 1998
C0077 A	JOA	Mar 01, 1995

Status		Acres	Net		Acres	Net
NON PRODUCING	Prod:	0.000	0.000	NProd:	320.000	60.667
UNDEVELOPED	Dev:	0.000	0.000	Undev:	320.000	60.667
NON PROVEN	Prov:	0.000	0.000	NProv:	320.000	60.667

Royalty / Encumbrances

Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales		
CROWN SLIDING SCALE ROYALTY	ALL PRODUCTS	Y	N	100.00000000	% of	SALES

Roy Percent:
Deduction: STANDARD
Gas: Royalty: Min Pay: Prod/Sales:
S/S OIL: Min: Max: Div: Prod/Sales:
Other Percent: Min: Prod/Sales:

Paid to: LESSOR (M)		Paid by: WI (C)	
ALBERTA RESOURC	100.00000000	ACTION	18.95830000
		BEARSPAW	43.54170000
		TRIDENT EXPL	6.25000000
		HUSKY OIL	25.00000000
		BONAVISTA LP	6.25000000

ACTION ENERGY INC.
Mineral Property Report

Province: ALBERTA
Area : FENN WEST

File Number / File Status / Mineral Int	Lse Type / Int Type / Operator / Payor	Lessor Type / Lse No/Name			Exposure Gross / Net	Oper.Cont. ROFR / Doi Partner(s)	DOI Code	Lease Description / Rights Held
M0278	PNG	CR	Eff:	Aug 15, 1973	320.000	C0078 A No	POOLED	TWP 36 RGE 21 W4M E/2 11
Sub: B	WI		Exp:	Aug 14, 1983	320.000	ACTION	9.47920000	
ACTIVE	32138		Ext:	15	30.333	BEARSPAW	71.77080000	NG IN GLAUCONITE
	BEARSPAW					TRIDENT EXPL	3.12500000	
100.00000000	BEARSPAW					HUSKY OIL	12.50000000	
						BONAVISTA LP	3.12500000	

Total Rental: 0.00

Related Contracts

C0075 A	ASSETEX	Jan 01, 1998
C0076 A	P&S	Oct 23, 1998
C0078 A	POOL	Sep 01, 1999

Status		Acres	Net		Acres	Net
NON PRODUCING	Prod:	0.000	0.000	NProd:	320.000	30.333
UNDEVELOPED	Dev:	0.000	0.000	Undev:	320.000	30.333
NON PROVEN	Prov:	0.000	0.000	NProv:	320.000	30.333

Well U.W.I.	Status/Type
100/08-11-036-21-W4/02	PRODUCING/GAS

Royalty / Encumbrances

Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales
CROWN SLIDING SCALE ROYALTY	ALL PRODUCTS	Y	N	100.00000000 % of SALES

Roy Percent:
Deduction: STANDARD
Gas: Royalty: Min Pay: Prod/Sales:
S/S OIL: Min: Max: Div: Prod/Sales:
Other Percent: Min: Prod/Sales:

Paid to: LESSOR (M)
ALBERTA RESOURC 100.00000000

Paid by: POOLED (C)

ACTION	9.47920000
BEARSPAW	71.77080000
TRIDENT EXPL	3.12500000
HUSKY OIL	12.50000000
BONAVISTA LP	3.12500000

File Number / File Status / Mineral Int	Lse Type / Int Type / Operator / Payor	Lessor Type			Exposure Gross / Net	Oper.Cont. ROFR / Doi Partner(s)	DOI Code	Lease Description / Rights Held
M0278	PNG	CR	Eff:	Aug 15, 1973	320.000	C0077 B No	WI	TWP 36 RGE 21 W4M E/2 11
Sub: D	WI		Exp:	Aug 14, 1983	320.000	ACTION	26.45830000	PNG BELOW TOP MISSISSIPPIAN TO
ACTIVE	32138		Ext:	15	84.667	BEARSPAW	24.79170000	BASE LEDUC
	BEARSPAW					TRIDENT EXPL	12.04380000	
100.00000000	BEARSPAW		Count Acreage =	No		WHITESHELL RES	25.00000000	
						ADVANTAGE O & G	5.45620000	

Related Contracts

** REPORTED IN ACRES**

ACTION ENERGY INC.
Mineral Property Report

Province: ALBERTA
Area : FENN WEST

File Number	Lse Type Lessor Type	Exposure	Oper.Cont. ROFR	DOI Code	
File Status	Int Type / Lse No/Name	Gross			
Mineral Int	Operator / Payor	Net	Doi Partner(s) *	*	Lease Description / Rights Held

(cont'd)

M0278
Sub: D

BONAVISTA LP 6.25000000

Total Rental: 0.00

Lease	Type	Date
C0075 A	ASSETEX	Jan 01, 1998
C0076 A	P&S	Oct 23, 1998
C0077 B	JOA	Mar 01, 1995

Status		Acres	Net		Acres	Net
NON PRODUCING	Prod:	0.000	0.000	NProd:	320.000	84.667
UNDEVELOPED	Dev:	0.000	0.000	Undev:	320.000	84.667
NON PROVEN	Prov:	0.000	0.000	NProv:	320.000	84.667

Well U.W.I.	Status/Type
100/07-11-036-21-W4/02	PRODUCING/OIL
100/07-11-036-21-W4/00	PRODUCING/OIL
102/08-11-036-21-W4/00	PRODUCING/OIL
100/09-11-036-21-W4/00	DISPOSAL/WATE

Royalty / Encumbrances

Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales
CROWN SLIDING SCALE ROYALTY	ALL PRODUCTS	Y	N	100.00000000 % of SALES

Roy Percent:
Deduction: STANDARD
Gas: Royalty: Min Pay: Prod/Sales:
S/S OIL: Min: Max: Div: Prod/Sales:
Other Percent: Min: Prod/Sales:

Paid to: LESSOR (M)
ALBERTA RESOURC 100.00000000

Paid by: WI (C)

ACTION	26.45830000
BEARSPAW	24.79170000
TRIDENT EXPL	12.04380000
WHITESHELL RES	25.00000000
ADVANTAGE O & G	5.45620000
BONAVISTA LP	6.25000000

** REPORTED IN ACRES**

ACTION ENERGY INC.
Mineral Property Report

Province: ALBERTA
Area : FENN WEST

File Number	Lse Type Lessor Type	Exposure	Oper.Cont. ROFR	DOI Code	
File Status	Int Type / Lse No/Name	Gross			
Mineral Int	Operator / Payor	Net	Doi Partner(s)	* *	Lease Description / Rights Held

Area Total:								
	Total Gross:	1,600.000	Total Net:	65.334				
	Prod Gross:	640.000	Prod Net:	35.001	NProd Gross:	960.000	NProd Net:	30.333
	Dev Gross:	1,280.000	Dev Net:	35.001	Undev Gross:	320.000	Undev Net:	30.333
	Prov Gross:	640.000	Prov Net:	35.001	NProv Gross:	960.000	NProv Net:	30.333

** REPORTED IN ACRES**

ACTION ENERGY INC.
Mineral Property Report

Province: ALBERTA
Area : FERRIER

File Number / File Status / Mineral Int	Lse Type Lessor Type / Int Type / Lse No/Name / Operator / Payor		Exposure Gross / Net	Oper.Cont. ROFR / Doi Partner(s)	DOI Code	Lease Description / Rights Held
M0356	PNG CR	Eff: Feb 05, 2004	800.000	C0151 A No	WI	TWP 37 RGE 8 W5M NE/4 26, SEC 35
Sub: A	WI	Exp: Feb 04, 2009	800.000	ACTION	60.00000000	
ACTIVE	5504020400	Ext: LICENCEVAL	480.000	DEVON ARL CORP	40.00000000	ALL PNG BELOW TOP SURFACE TO
	ACTION	Ext: Feb 05, 2014				BASE ROCK CREEK
100.00000000	ACTION			Total Rental: 1120.00		

Status		Acres	Net		Acres	Net
NON PRODUCING	Prod:	0.000	0.000	NProd:	800.000	480.000
UNDEVELOPED	Dev:	0.000	0.000	Undev:	800.000	480.000
NON PROVEN	Prov:	0.000	0.000	NProv:	800.000	480.000

Related Contracts

C0088 C	PART	Mar 14, 2005
C0141 F	FO&OPT	Mar 18, 2004 (I)
C0142 B	PART	Jun 08, 2005
C0151 A	JOA	Jun 16, 2004

Royalty / Encumbrances

Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales
CROWN SLIDING SCALE ROYALTY	ALL PRODUCTS	Y	N	100.00000000 % of PROD

Roy Percent:
Deduction: STANDARD
Gas: Royalty: Min Pay: Prod/Sales:
S/S OIL: Min: Max: Div: Prod/Sales:
Other Percent: Min: Prod/Sales:

Paid to: LESSOR (M)
ALBERTA RESOURC 100.00000000

Paid by: WI (C)
ACTION 60.00000000
DEVON ARL CORP 40.00000000

File Number / File Status / Mineral Int	Lse Type Lessor Type / Int Type / Lse No/Name / Operator / Payor		Exposure Gross / Net	Oper.Cont. ROFR / Doi Partner(s)	DOI Code	Lease Description / Rights Held
M0331	PNG CR	Eff: Nov 03, 2005	640.000	C0116 A No	WI	TWP 37 RGE 8 W5M S/2 36 (1)
Sub: A	WI	Exp: Nov 02, 2010	640.000	ACTION	6.00000000	TWP 37 RGE 8 W5M N/2 36 (2)
ACTIVE	0605110274		38.400	WILD RIVER	72.00000000	
	ACTION			VANGOLD RES	17.00000000	(1) ALL PNG
100.00000000	HIGHVIEW RES			INDUS CANADA	5.00000000	(2) PNG BELOW BASE CARDIUM
				Total Rental: 896.00		

Related Contracts

C0116 A	JOA	Nov 03, 2005

Status		Acres	Net		Acres	Net
NON PRODUCING	Prod:	0.000	0.000	NProd:	640.000	38.400
UNDEVELOPED	Dev:	0.000	0.000	Undev:	640.000	38.400
NON PROVEN	Prov:	0.000	0.000	NProv:	640.000	38.400

ACTION ENERGY INC.
Mineral Property Report

Province: ALBERTA
Area : FERRIER

File Number / File Status / Mineral Int	Lse Type / Lessor Type / Int Type / Lse No/Name / Operator / Payor	Exposure / Gross / Net	Oper.Cont. ROFR / Doi Partner(s)	DOI Code * *	Lease Description / Rights Held

(cont'd)

M0331 A

Royalty / Encumbrances

Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales
CROWN SLIDING SCALE ROYALTY	ALL PRODUCTS	Y	N	100.00000000 % of SALES

Roy Percent:
Deduction: STANDARD
Gas: Royalty: Min Pay: Prod/Sales:
S/S OIL: Min: Max: Div: Prod/Sales:
Other Percent: Min: Prod/Sales:

Paid to: LESSOR (M)
ALBERTA RESOURC 100.00000000

Paid by: WI (C)
ACTION 6.00000000
WILD RIVER 72.00000000
VANGOLD RES 17.00000000
INDUS CANADA 5.00000000

M0335 PNG CR Eff: Mar 27, 1980 320.000 WI
Sub: A WI Exp: Mar 26, 1985 320.000 ACTION 100.00000000
ACTIVE 0680030212 Ext: 15 320.000
ACTION Total Rental: 448.00
100.00000000 ACTION

TWP 37 RGE 8 W5M N/2 36
PNG BELOW TOP SURFACE TO BASE CARDIUM

Related Contracts
C0132 A P&S Jul 01, 1993

Status		Acres	Net		Acres	Net
PRODUCING	Prod:	160.000	160.000	NProd:	160.000	160.000
DEVELOPED	Dev:	160.000	160.000	Undev:	160.000	160.000
PROVEN	Prov:	160.000	160.000	NProv:	160.000	160.000

Well U.W.I.	Status/Type
100/10-36-037-08-W5/00	PRODUCING/OIL

Royalty / Encumbrances

Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales
CROWN SLIDING SCALE ROYALTY	ALL PRODUCTS	Y	N	100.00000000 % of SALES

Roy Percent:
Deduction: STANDARD
Gas: Royalty: Min Pay: Prod/Sales:
S/S OIL: Min: Max: Div: Prod/Sales:

ACTION ENERGY INC.
Mineral Property Report

Province: ALBERTA
Area : FERRIER

File Number / File Status / Mineral Int	Lse Type Lessor Type / Int Type / Lse No/Name / Operator / Payor		Exposure Gross / Net	Oper.Cont. ROFR / Doi Partner(s) *	DOI Code *	Lease Description / Rights Held

(cont'd)

Other Percent: Min: Prod/Sales:

Paid to: LESSOR (M) — ALBERTA RESOURC 100.00000000
Paid by: WI (M) — ACTION 100.00000000

M0344	PNG LIC CR	Eff: Mar 20, 2002	640.000	C0141 C No	WI	TWP 38 RGE 8 W5M SEC 2
Sub: C	WI	Exp: Mar 19, 2006	640.000	ACTION	3.75000000	PNG BELOW TOP SURFACE TO BASE
ACTIVE	5402030069	Ext: LICENCEVAL	24.000	WILD RIVER	45.13000000	ROCK CREEK
	HIGHVIEW RES	Ext: Mar 21, 2011		DEVON ARL CORP	40.00000000	
100.00000000	DEVON ARL CORP			VANGOLD RES	5.50000000	
				INDUS CANADA	5.62000000	

Total Rental: 896.00

Related Contracts

C0088 A	PART	Mar 14, 2005
C0141 C	FO&OPT	Mar 18, 2004
C0142 A	PART	Jun 08, 2005 (I)

Status		Acres	Net		Acres	Net
NON PRODUCING	Prod:	0.000	0.000	NProd:	640.000	24.000
UNDEVELOPED	Dev:	0.000	0.000	Undev:	640.000	24.000
NON PROVEN	Prov:	0.000	0.000	NProv:	640.000	24.000

Royalty / Encumbrances

<Linked>	Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales
C0088 A	GROSS OVERRIDING ROYALTY	ALL PRODUCTS	N	N	100.00000000 % of PROD

Roy Percent: 0.81000000
Deduction: UNKNOWN
Gas: Royalty: Min Pay: Prod/Sales:
S/S OIL: Min: Max: Div: Prod/Sales:
Other Percent: Min: Prod/Sales:

Paid to: ROYOWNER(C) — DELPHI ENERGY 100.00000000

Paid by: BPO (C)

ACTION	6.25000000
WILD RIVER	25.87500000
CANADIAN PHOENX	21.00000000
VANGUARD EXPL	28.33400000
VANGOLD RES	9.16600000
INDUS CANADA	9.37500000

ACTION ENERGY INC.
Mineral Property Report

Province: ALBERTA
Area : FERRIER

File Number / File Status / Mineral Int	Lse Type Lessor Type / Int Type / Lse No/Name / Operator / Payor	Exposure Gross Net	Oper.Cont. ROFR / Doi Partner(s)	DOI Code * *	Lease Description / Rights Held

(cont'd)

M0344 C **GENERAL REMARKS -**
NO COPY OF AGREEMENT ON FILE; REFERENCED IN GOVERNING AGREEMENT.

<Linked>	Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales
C0088 A	GROSS OVERRIDING ROYALTY	ALL PRODUCTS	N	N	100.00000000 % of PROD

Roy Percent: 0.11562500
Deduction: UNKNOWN
Gas: Royalty: **Min Pay:** **Prod/Sales:**
S/S OIL: Min: **Max:** **Div:** **Prod/Sales:**
Other Percent: **Min:** **Prod/Sales:**

Paid to: ROYOWNER(C)		Paid by: BPO (C)	
SOLARA EXPL	100.00000000	ACTION	6.25000000
		WILD RIVER	25.87500000
		CANADIAN PHOENX	21.00000000
		VANGUARD EXPL	28.33400000
		VANGOLD RES	9.16600000
		INDUS CANADA	9.37500000

GENERAL REMARKS -
NO COPY OF AGREEMENT ON FILE; REFERENCED IN GOVERNING AGREEMENT.

Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales
CROWN SLIDING SCALE ROYALTY	ALL PRODUCTS	Y	N	100.00000000 % of SALES

Roy Percent:
Deduction: STANDARD
Gas: Royalty: **Min Pay:** **Prod/Sales:**
S/S OIL: Min: **Max:** **Div:** **Prod/Sales:**
Other Percent: **Min:** **Prod/Sales:**

Paid to: LESSOR (M)		Paid by: WI (C)	
ALBERTA RESOURC	100.00000000	ACTION	3.75000000
		WILD RIVER	45.13000000
		DEVON ARL CORP	40.00000000
		VANGOLD RES	5.50000000
		INDUS CANADA	5.62000000

** REPORTED IN ACRES**

ACTION ENERGY INC.
Mineral Property Report

Province: ALBERTA
Area : FERRIER

File Number / File Status / Mineral Int	Lse Type Lessor Type / Int Type / Lse No/Name / Operator / Payor		Exposure Gross / Net	Oper.Cont. ROFR / Doi Partner(s)	DOI Code *	*	Lease Description / Rights Held
M0344	PNG LIC CR	Eff: Mar 20, 2002	640.000	C0141 A No	BPO	APO	TWP 38 RGE 8 W5M SEC 11
Sub: A	WI	Exp: Mar 19, 2006	640.000	ACTION	6.25000000	3.75000000	PNG BELOW TOP SURFACE TO BASE
ACTIVE	5402030069	Ext: LICENCEVAL	40.000	WILD RIVER	84.38000000	45.13000000	ROCK CREEK EXCL ELLERSLIE (EXCL
	HIGHVIEW RES	Ext: Mar 21, 2011		INDUS CANADA	9.37000000	5.62000000	6-11 WELL BORE)
100.00000000	DEVON ARL CORP			DEVON ARL CORP		40.00000000	
				VANGOLD RES		5.50000000	

Total Rental: 896.00

——— Related Contracts ———

C0088 A	PART	Mar 14, 2005
C0141 A	FO&OPT	Mar 18, 2004
C0142 A	PART	Jun 08, 2005 (I)

Status		Acres	Net		Acres	Net
NON PRODUCING	Prod:	0.000	0.000	NProd:	640.000	40.000
DEVELOPED	Dev:	160.000	10.000	Undev:	480.000	30.000
NON PROVEN	Prov:	0.000	0.000	NProv:	640.000	40.000

—— Well U.W.I.	Status/Type ——
100/01-11-038-08-W5/03	STANDING/UNKN
100/01-11-038-08-W5/02	PRODUCING/GAS

Royalty / Encumbrances

<Linked>	Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales
C0088 A	GROSS OVERRIDING ROYALTY	ALL PRODUCTS	N	N	100.00000000 % of PROD

Roy Percent: 0.81000000
Deduction: UNKNOWN
Gas: Royalty: Min Pay: Prod/Sales:
S/S OIL: Min: Max: Div: Prod/Sales:
Other Percent: Min: Prod/Sales:

Paid to: ROYOWNER(C)
DELPHI ENERGY 100.00000000

Paid by: BPO (C)

ACTION	6.25000000
WILD RIVER	25.87500000
CANADIAN PHOENX	21.00000000
VANGUARD EXPL	28.33400000
VANGOLD RES	9.16600000
INDUS CANADA	9.37500000

GENERAL REMARKS -
NO COPY OF AGREEMENT ON FILE; REFERENCED IN GOVERNING AGREEMENT.

<Linked>	Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales
C0088 A	GROSS OVERRIDING ROYALTY	ALL PRODUCTS	N	N	100.00000000 % of PROD

Roy Percent: 0.11562500

ACTION ENERGY INC.
Mineral Property Report

Province: ALBERTA
Area : FERRIER

File Number / File Status / Mineral Int	Lse Type Lessor Type / Int Type / Lse No/Name / Operator / Payor	Exposure Gross Net	Oper.Cont. ROFR / Doi Partner(s)	DOI Code * *	Lease Description / Rights Held

(cont'd)

M0344 A

Deduction:	UNKNOWN				
Gas: Royalty:			Min Pay:		Prod/Sales:
S/S OIL: Min:		Max:	Div:		Prod/Sales:
Other Percent:			Min:		Prod/Sales:

Paid to: ROYOWNER(C)		Paid by: BPO (C)	
SOLARA EXPL	100.00000000	ACTION	6.25000000
		WILD RIVER	25.87500000
		CANADIAN PHOENX	21.00000000
		VANGUARD EXPL	28.33400000
		VANGOLD RES	9.16600000
		INDUS CANADA	9.37500000

GENERAL REMARKS -
NO COPY OF AGREEMENT ON FILE; REFERENCED IN GOVERNING AGREEMENT.

Royalty / Encumbrances

<Linked>
C0141 A

Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales	
GROSS OVERRIDING ROYALTY	ALL PRODUCTS	Y	Y	75.00000000	% of PROD

Roy Percent:						
Deduction:	UNKNOWN					
Gas: Royalty:	15.00000000			Min Pay:		Prod/Sales:
S/S OIL: Min:	5.00000000	Max:	15.00000000	Div:	23.8365	Prod/Sales:
Other Percent:				Min:		Prod/Sales:

Paid to: ROY PAYEE (C)		Paid by: BPO (C)	
DEVON CANADA	100.00000000	ACTION	6.25000000
		WILD RIVER	84.38000000
		INDUS CANADA	9.37000000

Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales	
CROWN SLIDING SCALE ROYALTY	ALL PRODUCTS	Y	N	100.00000000	% of SALES

Roy Percent:					
Deduction:	STANDARD				
Gas: Royalty:			Min Pay:		Prod/Sales:
S/S OIL: Min:		Max:	Div:		Prod/Sales:
Other Percent:			Min:		Prod/Sales:

ACTION ENERGY INC.
Mineral Property Report

Province: ALBERTA
Area : FERRIER

File Number / File Status / Mineral Int	Lse Type Lessor Type / Int Type / Lse No/Name / Operator / Payor		Exposure Gross Net	Oper.Cont. ROFR / Doi Partner(s)	DOI Code *	*	Lease Description / Rights Held

(cont'd)

Paid to: LESSOR (M)
ALBERTA RESOURC 100.00000000

Paid by: BPO (C)
ACTION 6.25000000
WILD RIVER 84.38000000
INDUS CANADA 9.37000000

M0344	PNG LIC CR	Eff: Mar 20, 2002	640.000	C0141 B No	WI		TWP 38 RGE 8 W5M SEC 11 (6-11
Sub: B	WI	Exp: Mar 19, 2006	640.000	ACTION	25.00000000		WELL BORE ONLY)
ACTIVE	5402030069	Ext: LICENCEVAL	160.000	DEVON ARL CORP	75.00000000		(6-11 WELL BORE ONLY)
	HIGHVIEW RES	Ext: Mar 21, 2011					
100.00000000	DEVON ARL CORP	Count Acreage = No		Total Rental: 0.00			

Related Contracts
C0141 B FO&OPT Mar 18, 2004

Status		Acres	Net		Acres	Net
NON PRODUCING	Prod:	0.000	0.000	NProd:	640.000	160.000
DEVELOPED	Dev:	160.000	40.000	Undev:	480.000	120.000
NON PROVEN	Prov:	0.000	0.000	NProv:	640.000	160.000

Well U.W.I.	Status/Type
100/06-11-038-08-W5/02	ABD ZONE/UNKN
100/06-11-038-08-W5/03	STANDING/UNKN

Royalty / Encumbrances

Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales	
CROWN SLIDING SCALE ROYALTY	ALL PRODUCTS	Y	N	100.00000000	% of SALES

Roy Percent:
Deduction: STANDARD
Gas: Royalty: Min Pay: Prod/Sales:
S/S OIL: Min: Max: Div: Prod/Sales:
Other Percent: Min: Prod/Sales:

Paid to: LESSOR (M)
ALBERTA RESOURC 100.00000000

Paid by: WI (C)
ACTION 25.00000000
DEVON ARL CORP 75.00000000

M0344	PNG LIC CR	Eff: Mar 20, 2002	640.000	C0141 D No	BPO	APO	TWP 38 RGE 8 W5M SEC 11
Sub: D	WI	Exp: Mar 19, 2006	640.000	ACTION	6.25000000	3.75000000	PNG IN ELLERSLIE
ACTIVE	5402030069	Ext: LICENCEVAL	40.000	WILD RIVER	75.21000000	45.13000000	
	HIGHVIEW RES	Ext: Mar 21, 2011		VANGOLD RES	9.16600000	5.50000000	
100.00000000	DEVON ARL CORP	Count Acreage = No		INDUS CANADA	9.37400000	5.62000000	

Related Contracts
C0088 B PART Mar 14, 2005

ACTION ENERGY INC.
Mineral Property Report

Province: ALBERTA
Area : FERRIER

File Number / File Status / Mineral Int	Lse Type Lessor Type / Int Type / Lse No/Name / Operator / Payor	Exposure Gross Net	Oper.Cont. ROFR / Doi Partner(s)	*	DOI Code *	Lease Description / Rights Held		
(cont'd)								
M0344 Sub: D			DEVON ARL CORP		40.00000000	C0141 D	FO&OPT	Mar 18, 2004
						C0142 A	PART	Jun 08, 2005 (I)

Total Rental: 0.00

Status		Acres	Net		Acres	Net
NON PRODUCING	Prod:	0.000	0.000	NProd:	640.000	40.000
DEVELOPED	Dev:	160.000	10.000	Undev:	480.000	30.000
NON PROVEN	Prov:	0.000	0.000	NProv:	640.000	40.000

Well U.W.I.	Status/Type
100/01-11-038-08-W5/00	STANDING/UNKN

Royalty / Encumbrances

<Linked>	Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales		
C0088 B	GROSS OVERRIDING ROYALTY	ALL PRODUCTS	N	N	100.00000000	% of	PROD

Roy Percent: 3.50000000
Deduction: UNKNOWN
Gas: Royalty: **Min Pay:** **Prod/Sales:**
S/S OIL: Min: **Max:** **Div:** **Prod/Sales:**
Other Percent: **Min:** **Prod/Sales:**

Paid to: ROYOWNER(C)		**Paid by:** BPO (C)	
DELPHI ENERGY	100.00000000	ACTION	6.25000000
		WILD RIVER	25.87500000
		CANADIAN PHOENX	21.00000000
		VANGUARD EXPL	28.33400000
		VANGOLD RES	9.16600000
		INDUS CANADA	9.37500000

GENERAL REMARKS -
NO COPY OF AGREEMENT ON FILE; REFERENCED IN GOVERNING AGREEMENT.
AFTER PAYOUT OF THE 1-11 WELL, THIS ROYALTY REDUCES TO 0.81%.

<Linked>	Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales		
C0088 B	GROSS OVERRIDING ROYALTY	ALL PRODUCTS	N	N	100.00000000	% of	PROD

Roy Percent: 0.50000000
Deduction: UNKNOWN
Gas: Royalty: **Min Pay:** **Prod/Sales:**
S/S OIL: Min:

ACTION ENERGY INC.
Mineral Property Report

Province: ALBERTA
Area : FERRIER

File Number	Lse Type Lessor Type	Exposure	Oper.Cont. ROFR	DOI Code		
File Status	Int Type / Lse No/Name	Gross				
Mineral Int	Operator / Payor	Net	Doi Partner(s)	*	*	Lease Description / Rights Held

(cont'd)

Max: Div: Prod/Sales:
Other Percent: Min: Prod/Sales:

Paid to: ROYOWNER(C)		Paid by: BPO	(C)	
SOLARA EXPL	100.00000000	ACTION		6.25000000
		WILD RIVER		25.87500000
		CANADIAN PHOENX		21.00000000
		VANGUARD EXPL		28.33400000
		VANGOLD RES		9.16600000
		INDUS CANADA		9.37500000

GENERAL REMARKS -
NO COPY OF AGREEMENT ON FILE; REFERENCED IN GOVERNING AGREEMENT.
AFTER PAYOUT OF THE 1-11 WELL, THIS ROYALTY REDUCES TO 0.115625%.

M0344 D

Royalty / Encumbrances

<Linked>	Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales		
C0141 D	GROSS OVERRIDING ROYALTY	ALL PRODUCTS	Y	Y	75.00000000	% of	PROD

Roy Percent:
Deduction: UNKNOWN
Gas: Royalty: 15.00000000 Min Pay: Prod/Sales:
S/S OIL: Min: 5.00000000 Max: 15.00000000 Div: 23.8365 Prod/Sales:
Other Percent: Min: Prod/Sales:

Paid to: ROY PAYEE (C)		Paid by: BPO	(C)	
DEVON CANADA	100.00000000	ACTION		6.25000000
		WILD RIVER		75.21000000
		VANGOLD RES		9.16600000
		INDUS CANADA		9.37400000

Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales		
CROWN SLIDING SCALE ROYALTY	ALL PRODUCTS	Y	N	100.00000000	% of	SALES

Roy Percent:
Deduction: STANDARD
Gas: Royalty: Min Pay: Prod/Sales:
S/S OIL: Min: Max: Div: Prod/Sales:
Other Percent: Min: Prod/Sales:

ACTION ENERGY INC.
Mineral Property Report

Province: ALBERTA
Area : FERRIER

File Number	Lse Type Lessor Type	Exposure	Oper.Cont. ROFR	DOI Code	Lease Description / Rights Held
File Status	Int Type / Lse No/Name	Gross			
Mineral Int	Operator / Payor	Net	Doi Partner(s) *	*	

(cont'd)

Paid to: LESSOR (M)		Paid by: BPO (C)	
ALBERTA RESOURC	100.00000000	ACTION	6.25000000
		WILD RIVER	75.21000000
		VANGOLD RES	9.16600000
		INDUS CANADA	9.37400000

** REPORTED IN ACRES**

ACTION ENERGY INC.
Mineral Property Report

Province: ALBERTA
Area : FERRIER

File Number	Lse Type Lessor Type	Exposure	Oper.Cont. ROFR	DOI Code		
File Status	Int Type / Lse No/Name	Gross				
Mineral Int	Operator / Payor	Net	Doi Partner(s)	*	*	Lease Description / Rights Held

Area Total:	Total Gross:	3,040.000	Total Net:	902.400				
	Prod Gross:	160.000	Prod Net:	160.000	NProd Gross:	2,880.000	NProd Net:	742.400
	Dev Gross:	320.000	Dev Net:	170.000	Undev Gross:	2,720.000	Undev Net:	732.400
	Prov Gross:	160.000	Prov Net:	160.000	NProv Gross:	2,880.000	NProv Net:	742.400

ACTION ENERGY INC.
Mineral Property Report

Province: ALBERTA
Area : FORESTBURG EAST

File Number / File Status / Mineral Int	Lse Type / Lessor Type / Int Type / Lse No/Name / Operator / Payor		Exposure Gross / Net	Oper.Cont. ROFR / Doi Partner(s) *	DOI Code *	Lease Description / Rights Held
M0312	PNG CR	Eff: May 14, 1987	640.000	C0107 A Unknown	WI	TWP 42 RGE 15 W4M SEC 29
Sub: A	WI	Exp: May 13, 1992	640.000	ACTION	5.97770000	ALL PNG BELOW TOP SURFACE TO
ACTIVE	0487050072	Ext: 15	38.257	NORTHWIND PET	0.36230000	BASE MANNVILLE
	ACTION			SIGNALTA RES	57.00000000	
100.00000000	SIGNALTA RES			ARC RESOURCES	36.66000000	

Total Rental: 896.00

——— Related Contracts ———
C0107 A JOA May 14, 1987

—— Well U.W.I. Status/Type ——
100/15-29-042-15-W4/00 D&A/GAS

Status		Acres	Net		Acres	Net
NON PRODUCING	Prod:	0.000	0.000	NProd:	640.000	38.257
DEVELOPED	Dev:	640.000	38.257	Undev:	0.000	0.000
NON PROVEN	Prov:	0.000	0.000	NProv:	640.000	38.257

Royalty / Encumbrances

Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales
CROWN SLIDING SCALE ROYALTY	ALL PRODUCTS	Y	N	100.00000000 % of SALES

Roy Percent:
Deduction: STANDARD
Gas: Royalty: Min Pay: Prod/Sales:
S/S OIL: Min: Max: Div: Prod/Sales:
Other Percent: Min: Prod/Sales:

Paid to: LESSOR (M)
ALBERTA RESOURC 100.00000000

Paid by: WI (C)

ACTION	5.97770000
NORTHWIND PET	0.36230000
SIGNALTA RES	57.00000000
ARC RESOURCES	36.66000000

M0311	PNG CR	Eff: Jan 22, 1987	640.000	C0105 A Unknown	WI	TWP 42 RGE 15 W4M SEC 32
Sub: A	WI	Exp: Jan 21, 1992	640.000	ACTION	2.99220000	ALL PNG BELOW TOP SURFACE TO
ACTIVE	0487010265	Ext: 15	19.150	NORTHWIND PET	0.18110000	BASE MANNVILLE
	ACTION			SIGNALTA RES	74.40670000	
100.00000000	SIGNALTA RES			CNRL	22.42000000	

Total Rental: 896.00

——— Related Contracts ———
C0105 A JOA Feb 15, 1989

—— Well U.W.I. Status/Type ——
100/01-32-042-15-W4/00 SUSPENDED/GAS

Status	Acres	Net	Acres	Net

ACTION ENERGY INC.
Mineral Property Report

Province: ALBERTA
Area : FORESTBURG EAST

File Number / File Status / Mineral Int	Lse Type Lessor Type / Int Type / Lse No/Name / Operator / Payor		Exposure Gross Net	Oper.Cont. ROFR / Doi Partner(s)		DOI Code *	*	Lease Description / Rights Held
(cont'd)								
M0311								
Sub: A	PRODUCING	Prod:	640.000	19.150	NProd:	0.000	0.000	100/01-32-042-15-W4/02 PRODUCING/GAS
	DEVELOPED	Dev:	640.000	19.150	Undev:	0.000	0.000	
	PROVEN	Prov:	640.000	19.150	NProv:	0.000	0.000	

Royalty / Encumbrances

Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales		
CROWN SLIDING SCALE ROYALTY	ALL PRODUCTS	Y	N	100.00000000	% of	SALES

Roy Percent:
Deduction: STANDARD
Gas: Royalty: Min Pay: Prod/Sales:
S/S OIL: Min: Max: Div: Prod/Sales:
Other Percent: Min: Prod/Sales:

Paid to: LESSOR (M)		Paid by: WI (C)	
ALBERTA RESOURC	100.00000000	ACTION	2.99220000
		NORTHWIND PET	0.18110000
		SIGNALTA RES	74.40670000
		CNRL	22.42000000

** REPORTED IN ACRES**

ACTION ENERGY INC.
Mineral Property Report

Province: ALBERTA
Area : FORESTBURG EAST

File Number / File Status / Mineral Int	Lse Type Lessor Type / Int Type / Lse No/Name / Operator / Payor	Exposure / Gross / Net	Oper.Cont. ROFR / Doi Partner(s)	DOI Code *	*	Lease Description / Rights Held

Area Total:	Total Gross:	1,280.000	Total Net:	57.407				
	Prod Gross:	640.000	Prod Net:	19.150	NProd Gross:	640.000	NProd Net:	38.257
	Dev Gross:	1,280.000	Dev Net:	57.407	Undev Gross:	0.000	Undev Net:	0.000
	Prov Gross:	640.000	Prov Net:	19.150	NProv Gross:	640.000	NProv Net:	38.257

** REPORTED IN ACRES**

ACTION ENERGY INC.
Mineral Property Report

Province: ALBERTA
Area : FORESTBURG SOUTH

File Number / File Status / Mineral Int	Lse Type / Int Type / Operator / Payor	Lessor Type / Lse No/Name			Exposure Gross / Net	Oper.Cont. / Doi Partner(s)	ROFR	DOI Code	Lease Description / Rights Held
M0394	PNG	CR	Eff:	Oct 06, 1983	320.000			WI	TWP 41 RGE 15 W4M N/2 36
Sub: A	WI		Exp:	Oct 05, 1988	320.000	ACTION		0.87500000	
ACTIVE	0483100051		Ext:	15	2.800	UNKNOWN		99.12500000	PNG BELOW TOP SURFACE TO BASE MANNVILLE
	UNKNOWN								
100.00000000	RIVAL ENERGY					Total Rental:	448.00		

Status		Acres	Net		Acres	Net
NON PRODUCING	Prod:	0.000	0.000	NProd:	320.000	2.800
UNDEVELOPED	Dev:	0.000	0.000	Undev:	320.000	2.800
NON PROVEN	Prov:	0.000	0.000	NProv:	320.000	2.800

Royalty / Encumbrances

Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales		
CROWN SLIDING SCALE ROYALTY	ALL PRODUCTS	N	N	100.00000000	% of	PROD

Roy Percent:
Deduction: STANDARD
Gas: Royalty: Min Pay: Prod/Sales:
S/S OIL: Min: Max: Div: Prod/Sales:
Other Percent: Min: Prod/Sales:

Paid to: LESSOR (M)		Paid by: WI (M)	
ALBERTA RESOURC	100.00000000	ACTION	0.87500000
		UNKNOWN	99.12500000

** REPORTED IN ACRES**

ACTION ENERGY INC.
Mineral Property Report

Province: ALBERTA
Area : FORESTBURG SOUTH

File Number	Lse Type Lessor Type	Exposure	Oper.Cont. ROFR	DOI Code		
File Status	Int Type / Lse No/Name	Gross				
Mineral Int	Operator / Payor	Net	Doi Partner(s)	*	*	Lease Description / Rights Held

Area Total:	**Total Gross:**	320.000	**Total Net:**	2.800				
	Prod Gross:	0.000	**Prod Net:**	0.000	**NProd Gross:**	320.000	**NProd Net:**	2.800
	Dev Gross:	0.000	**Dev Net:**	0.000	**Undev Gross:**	320.000	**Undev Net:**	2.800
	Prov Gross:	0.000	**Prov Net:**	0.000	**NProv Gross:**	320.000	**NProv Net:**	2.800

** REPORTED IN ACRES**

ACTION ENERGY INC.
Mineral Property Report

Province: ALBERTA
Area : GALAHAD

File Number / File Status / Mineral Int	Lse Type / Lessor Type / Int Type / Lse No/Name / Operator / Payor		Exposure Gross / Net	Oper.Cont. ROFR / Doi Partner(s)	DOI Code		Lease Description / Rights Held
M0388	PNG CR	Eff: Jan 13, 2005	160.000		WI		TWP 39 RGE 14 W4M NE/4 26
Sub: A	WI	Exp: Jan 12, 2010	160.000	ACTION	100.00000000		PNG BELOW TOP SURFACE TO BASE
ACTIVE	0405010129		160.000				BASEMENT
	ACTION			Total Rental: 224.00			
100.00000000	ACTION						

Status		Acres	Net		Acres	Net
NON PRODUCING	Prod:	0.000	0.000	NProd:	160.000	160.000
UNDEVELOPED	Dev:	0.000	0.000	Undev:	160.000	160.000
NON PROVEN	Prov:	0.000	0.000	NProv:	160.000	160.000

Royalty / Encumbrances

Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales	
CROWN SLIDING SCALE ROYALTY	ALL PRODUCTS	N	N	100.00000000	% of PROD

Roy Percent:
Deduction: STANDARD
Gas: Royalty: Min Pay: Prod/Sales:
S/S OIL: Min: Max: Div: Prod/Sales:
Other Percent: Min: Prod/Sales:

Paid to: LESSOR (M) Paid by: WI (M)
ALBERTA RESOURC 100.00000000 ACTION 100.00000000

File Number / File Status / Mineral Int	Lse Type / Lessor Type / Int Type / Lse No/Name / Operator / Payor		Exposure Gross / Net	Oper.Cont. ROFR / Doi Partner(s)	DOI Code		Lease Description / Rights Held
M0347	PNG CR	Eff: Jan 09, 1997	640.000	C0145 A No	BPO	APO	TWP 39 RGE 15 W4M SEC 32
Sub: A	RI	Exp: Jan 08, 2002	640.000	PETROBANK PROD	100.00000000	60.00000000	PNG BELOW BASE VIKING TO BASE
ACTIVE	0497010158	Ext: 15	0.000	ACTION		40.00000000	MANNVILLE EXCL PNG IN GALAHAD
	PETROBANK PROD						ELLERSLIE D POOL
100.00000000	PETROBANK PROD	Count Acreage = No		Total Rental: 896.00			

Status		Acres	Net		Acres	Net
PRODUCING	Prod:	320.000	0.000	NProd:	320.000	0.000
DEVELOPED	Dev:	320.000	0.000	Undev:	320.000	0.000
PROVEN	Prov:	320.000	0.000	NProv:	320.000	0.000

Related Contracts

C0145 A FARMOUT Jun 24, 2002

Well U.W.I.	Status/Type
100/01-32-039-15-W4/00	PRODUCING/GAS
100/01-32-039-15-W4/02	PRODUCING/GAS

Royalty / Encumbrances

ACTION ENERGY INC.
Mineral Property Report

Province: ALBERTA
Area : GALAHAD

File Number	Lse Type Lessor Type	Exposure	Oper.Cont. ROFR	DOI Code		
File Status	Int Type / Lse No/Name	Gross				
Mineral Int	Operator / Payor	Net	Doi Partner(s)	*	*	Lease Description / Rights Held

(cont'd)

<Linked>	Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales	
C0145 A	GROSS OVERRIDING ROYALTY	ALL PRODUCTS	Y	Y	100.00000000 % of	PROD

Roy Percent:
Deduction: UNKNOWN
M0347 A Gas: Royalty: 12.50000000 Min Pay: Prod/Sales:
S/S OIL: Min: 5.00000000 Max: 12.50000000 Div: 23.8365 Prod/Sales:
Other Percent: Min: Prod/Sales:

Paid to: ROY PAYEE (C) Paid by: BPO (C)
ACTION 100.00000000 PETROBANK PROD 100.00000000

Royalty / Encumbrances

Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales	
CROWN SLIDING SCALE ROYALTY	ALL PRODUCTS	Y	N	100.00000000 % of	PROD

Roy Percent:
Deduction: STANDARD
Gas: Royalty: Min Pay: Prod/Sales:
S/S OIL: Min: Max: Div: Prod/Sales:
Other Percent: Min: Prod/Sales:

Paid to: LESSOR (M) Paid by: BPO (C)
ALBERTA RESOURC 100.00000000 PETROBANK PROD 100.00000000

M0347 PNG CR Eff: Jan 09, 1997 640.000 C0249 A Unknown WI
Sub: B WI Exp: Jan 08, 2002 640.000 ACTION * 100.00000000
ACTIVE 0497010158 Ext: 15 640.000
ACTION Total Rental: 0.00
100.00000000 PETROBANK PROD

TWP 39 RGE 15 W4M SEC 32
PNG IN GALAHAD ELLERSLIE D POOL

—— Related Contracts ——
C0249 A TRUST Dec 18, 2002

—— Well U.W.I. Status/Type ——
100/16-32-039-15-W4/00 PRODUCING/GAS

Status		Acres	Net		Acres	Net
PRODUCING	Prod:	320.000	320.000	NProd:	320.000	320.000
DEVELOPED	Dev:	640.000	640.000	Undev:	0.000	0.000
PROVEN	Prov:	320.000	320.000	NProv:	320.000	320.000

Royalty / Encumbrances

ACTION ENERGY INC.
Mineral Property Report

Province: ALBERTA
Area : GALAHAD

File Number / File Status / Mineral Int	Lse Type / Int Type / Lse No/Name / Operator / Payor	Lessor Type		Exposure / Gross / Net	Oper.Cont. ROFR / Doi Partner(s)	DOI Code *	*	Lease Description / Rights Held

(cont'd)

Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales	
CROWN SLIDING SCALE ROYALTY	ALL PRODUCTS	Y	N	100.00000000	% of PROD

M0347 B

Roy Percent:
Deduction: STANDARD
Gas: Royalty: Min Pay: Prod/Sales:
S/S OIL: Min: Max: Div: Prod/Sales:
Other Percent: Min: Prod/Sales:

Paid to: LESSOR (M) Paid by: WI (C)
ALBERTA RESOURC 100.00000000 ACTION 100.00000000

M0384	PNG	CR	Eff: Jun 16, 1988	640.000		WI	TWP 39 RGE 15 W4M SEC 34
Sub: A	WI		Exp: Jun 15, 1993	640.000	ACTION	100.00000000	ALL PNG BELOW TOP SURFACE TO
ACTIVE	0488060270		Ext: 15	640.000			BASE MANNVILLE
	ACTION				Total Rental: 896.00		
100.00000000	ACTION						

Status		Acres	Net		Acres	Net
PRODUCING	Prod:	640.000	640.000	NProd:	0.000	0.000
DEVELOPED	Dev:	640.000	640.000	Undev:	0.000	0.000
PROVEN	Prov:	640.000	640.000	NProv:	0.000	0.000

Well U.W.I.	Status/Type
100/03-34-039-15-W4/00	SHUTIN/GAS
100/14-34-039-15-W4/00	SHUTIN/GAS

Royalty / Encumbrances

Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales	
CROWN SLIDING SCALE ROYALTY	ALL PRODUCTS	N	N	100.00000000	% of PROD

Roy Percent:
Deduction: STANDARD
Gas: Royalty: Min Pay: Prod/Sales:
S/S OIL: Min: Max: Div: Prod/Sales:
Other Percent: Min: Prod/Sales:

Paid to: LESSOR (M) Paid by: WI (M)
ALBERTA RESOURC 100.00000000 ACTION 100.00000000

M0657	PNG	CR	Eff: Oct 01, 1973	480.000	WI	TWP 40 RGE 14 W4M S/2 NE/4 11

ACTION ENERGY INC.
Mineral Property Report

Province: ALBERTA
Area : GALAHAD

File Number / File Status / Mineral Int	Lse Type / Lessor Type / Int Type / Lse No/Name / Operator / Payor		Exposure / Gross / Net	Oper.Cont. ROFR / Doi Partner(s)	DOI Code	Lease Description / Rights Held

(cont'd)

M0657						NG TO BASE MANNVILLE
Sub: A	WI	Exp: Sep 30, 1983	480.000	ACTION	* 100.00000000	
ACTIVE	32692	Ext: 15	480.000	ENTERRA		
	ENTERRA					
100.00000000	ENTERRA			Total Rental: 672.00		

Related Contracts

C0174 A	P&S	May 15, 2007
C0174 B	P&S	May 15, 2007
C0253 A	TRUST	Jun 22, 2007

Status		Acres	Net		Acres	Net
NON PRODUCING	Prod:	0.000	0.000	NProd:	480.000	480.000
DEVELOPED	Dev:	480.000	480.000	Undev:	0.000	0.000
NON PROVEN	Prov:	0.000	0.000	NProv:	480.000	480.000

Well U.W.I.	Status/Type
100/07-11-040-14-W4/00	COMMINGLED/GA

Royalty / Encumbrances

Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales	
CROWN SLIDING SCALE ROYALTY	ALL PRODUCTS	Y	N	100.00000000	% of PROD

Roy Percent:
Deduction: STANDARD
Gas: Royalty: Min Pay: Prod/Sales:
S/S OIL: Min: Max: Div: Prod/Sales:
Other Percent: Min: Prod/Sales:

Paid to: LESSOR (M)
AB PROV TREAS 100.00000000

Paid by: WI (M)
ACTION 100.00000000
ENTERRA

GENERAL REMARKS -
CSS - CROWN ALLOWED DECUTIONS

M0658	PNG	CR	Eff: Oct 01, 1973	160.000		WI	TWP 40 RGE 14 W4M NW/4 11
Sub: A	WI		Exp: Sep 30, 1983	160.000	ACTION	* 100.00000000	NG TO BASE MANNVILLE
ACTIVE	32692A		Ext: 15	160.000	ENTERRA		
	ENTERRA						
100.00000000	ENTERRA				Total Rental: 224.00		

Related Contracts

C0174 A	P&S	May 15, 2007
C0174 B	P&S	May 15, 2007
C0253 A	TRUST	Jun 22, 2007

Status		Acres	Net		Acres	Net
NON PRODUCING	Prod:	0.000	0.000	NProd:	160.000	160.000

ACTION ENERGY INC.
Mineral Property Report

Province: ALBERTA
Area : GALAHAD

File Number / File Status / Mineral Int	Lse Type / Int Type / Operator / Payor	Lessor Type / Lse No/Name			Exposure Gross / Net	Oper.Cont. ROFR / Doi Partner(s)		DOI Code *	*	Lease Description / Rights Held
(cont'd)										
M0658										
Sub: A		UNDEVELOPED	Dev:		0.000	0.000	Undev:	160.000	160.000	
		NON PROVEN	Prov:		0.000	0.000	NProv:	160.000	160.000	

M0280	PET	FH	Eff:	Nov 01, 1991	320.000	C0082 A No	WI	TWP 40 RGE 15 W4M W/2 1
Sub: A	WI		Exp:	Apr 30, 1993	320.000	ACTION	95.00000000	PET FROM TOP SURFACE TO BASE
ACTIVE	ENCANA		Ext:	HBP	304.000	W.F. BROWN EXPL	5.00000000	MANNVILLE
	ACTION							
100.00000000	ACTION					Total Rental: 640.00		

Status		Acres	Net		Acres	Net
PRODUCING	Prod:	320.000	304.000	NProd:	0.000	0.000
DEVELOPED	Dev:	320.000	304.000	Undev:	0.000	0.000
PROVEN	Prov:	320.000	304.000	NProv:	0.000	0.000

Related Contracts

C0080 A	P&S	Jul 01, 2003
C0081 A	ASSETEX	Sep 28, 2005
C0082 A	JOA	Jan 20, 1992
C0083 A	FARMOUT	Nov 01, 1991

Well U.W.I.	Status/Type
100/04-01-040-15-W4/00	PRODUCING/GAS
100/11-01-040-15-W4/00	SHUTIN/OIL
100/12-01-040-15-W4/00	STANDING/OIL
100/12-01-040-15-W4/02	PRODUCING/OIL

Royalty / Encumbrances

Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales
LESSOR OVERRIDING ROYALTY	OIL	N	N	100.00000000 % of SALES

Roy Percent: 18.50000000
Deduction: UNKNOWN
Gas: Royalty: Min Pay: Prod/Sales:
S/S OIL: Min: Max: Div: Prod/Sales:
Other Percent: Min: Prod/Sales:

Paid to: LESSOR (M)
ENCANA CORP 100.00000000

Paid by: WI (C)
ACTION 95.00000000
W.F. BROWN EXPL 5.00000000

ALLOWABLE DEDUCTIONS -
THIS ROYALTY IS TO BE PAID FREE AND CLEAR OF DEDUCTIONS.
GENERAL REMARKS - Jul 26, 2007
CHANGED ROYALTY TO BE PAID ON SALES NOT ON PRODUCTION (KB)

M0281	NG	FH	Eff:	Aug 26, 2001	320.000	WI	TWP 40 RGE 15 W4M S/2 1

ACTION ENERGY INC.
Mineral Property Report

Province: ALBERTA
Area : GALAHAD

File Number / File Status / Mineral Int	Lse Type Lessor Type / Int Type / Lse No/Name / Operator / Payor		Exposure Gross / Net	Oper.Cont. ROFR / Doi Partner(s)	DOI Code	Lease Description / Rights Held
(cont'd)						
M0281						
Sub: A	WI	Exp: Aug 25, 2004	320.000	ACTION	100.00000000	ALL NG FROM TOP SURFACE TO BASE BASEMENT
ACTIVE	BROWN, A & K	Ext: HBP	320.000			
	ACTION			Total Rental: 320.00		
100.00000000	ACTION					

Status		Acres	Net		Acres	Net
PRODUCING	Prod:	320.000	320.000	NProd:	0.000	0.000
DEVELOPED	Dev:	320.000	320.000	Undev:	0.000	0.000
PROVEN	Prov:	320.000	320.000	NProv:	0.000	0.000

—— Related Contracts ——

C0080 A	P&S	Jul 01, 2003
C0081 A	ASSETEX	Sep 28, 2005

—— Well U.W.I.	Status/Type ——
100/07-01-040-15-W4/00	PRODUCING/GAS

Royalty / Encumbrances

Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales
LESSOR OVERRIDING ROYALTY	GAS	N	N	100.00000000 % of PROD

Roy Percent: 17.00000000
Deduction: UNKNOWN
Gas: Royalty: Min Pay: Prod/Sales:
S/S OIL: Min: Max: Div: Prod/Sales:
Other Percent: Min: Prod/Sales:

Paid to: LESSOR (M)
BROWN, A & K 100.00000000

Paid by: WI (M)
ACTION 100.00000000

ALLOWABLE DEDUCTIONS - Aug 21, 2007
LESSEE MAY DEDUCT REASONABLE EXPENSES INCURRED FOR SEPERATING, TREATING, PROCESSING, COMPRESSING AND TRANSPORTING LEASED SUBSTANCES TO POINT OF SALE BEYOND THE WELLHEAD OR IF THE LEASED SUBSTANCES ARE NOT SOLD BY LESSEE IN ARM'S LENGTH TRANSACTION, TO THE FIRST POINT WHERE THE LEASED SUBSTANCES ARE USED BY LESSEE FOR PURPOSES OTHER THAN THAT DESCRIBED IN SUBCLAUSE (B).
DEDUCTIONS NOT TO EXCEED 50%.

M0254	NG FH	Eff: Oct 12, 1993	640.000	C0065 A No	WI	TWP 40 RGE 15 W4M SEC 9
Sub: A	WI	Exp: Oct 11, 1998	320.000	ACTION	57.50000000	(UNDIVIDED 50% INTEREST)
ACTIVE	FETEZ, M.	Ext: HBP	184.000	APACHE CANADA	25.00000000	ALL NG FROM TOP SURFACE TO BASE
	ACTION			PENN WEST LTD.	17.50000000	BASEMENT

ACTION ENERGY INC.
Mineral Property Report

Province: ALBERTA
Area : GALAHAD

File Number / File Status / Mineral Int	Lse Type Lessor Type / Int Type / Lse No/Name / Operator / Payor	Exposure Gross / Net	Oper.Cont. ROFR / Doi Partner(s)	DOI Code * *	Lease Description / Rights Held

(cont'd)

M0254
Sub: A
50.00000000 ACTION

Total Rental: 320.00

Status		Acres	Net		Acres	Net
PRODUCING	Prod:	320.000	184.000	NProd:	0.000	0.000
DEVELOPED	Dev:	320.000	184.000	Undev:	0.000	0.000
PROVEN	Prov:	320.000	184.000	NProv:	0.000	0.000

Related Contracts
C0065 A JOA Jul 14, 1983

Well U.W.I.	Status/Type
100/04-09-040-15-W4/00	SHUTIN/GAS
100/04-09-040-15-W4/02	SHUTIN/GAS

Royalty / Encumbrances

Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales
LESSOR OVERRIDING ROYALTY	GAS	N	N	100.00000000 % of PROD

Roy Percent: 15.00000000
Deduction: UNKNOWN
Gas: Royalty: Min Pay: Prod/Sales:
S/S OIL: Min: Max: Div: Prod/Sales:
Other Percent: Min: Prod/Sales:

Paid to: LESSOR (M)		Paid by: WI (C)	
LISTER, ANNE	33.34000000	ACTION	57.50000000
FETAZ, LOUISE	33.33000000	APACHE CANADA	25.00000000
BECK, PATRICIA	33.33000000	PENN WEST LTD.	17.50000000

ALLOWABLE DEDUCTIONS -
ANY REASONABLE EXPENSE (INCLUDING A REASONABLE RATE OF RETURN ON INVESTMENT) FOR SEPARATING, TREATING, PROCESSING, COMPRESSING AND TRANSPORTING THE ROYALTY SHARE OF PRODUCTION, SUCH DEDUCTIONS NOT TO BE GREATER THAN 50%. SEE LEASE ADDENDUM FOR IMPORTANT ROYALTY INFORMATION.

M0255	NG FH	Eff: Oct 12, 1993	640.000	C0065 A No		WI	TWP 40 RGE 15 W4M SEC 9
Sub: A	WI	Exp: Oct 11, 1998	320.000	ACTION		57.50000000	(UNDIVIDED 50% INTEREST)
ACTIVE	REHMAN ET AL	Ext: HBP	184.000	APACHE CANADA		25.00000000	ALL NG FROM TOP SURFACE TO BASE
	ACTION			PENN WEST LTD.		17.50000000	BASEMENT
50.00000000	ACTION						

ACTION ENERGY INC.
Mineral Property Report

Province: ALBERTA
Area : GALAHAD

File Number / File Status / Mineral Int	Lse Type Lessor Type / Int Type / Lse No/Name / Operator / Payor	Exposure Gross Net	Oper.Cont. ROFR / Doi Partner(s)	DOI Code * *	Lease Description / Rights Held

(cont'd)

M0255
Sub: A

Total Rental: 320.00

Status		Acres	Net		Acres	Net
PRODUCING	Prod:	320.000	184.000	NProd:	0.000	0.000
DEVELOPED	Dev:	320.000	184.000	Undev:	0.000	0.000
PROVEN	Prov:	320.000	184.000	NProv:	0.000	0.000

Related Contracts

C0065 A	JOA	Jul 14, 1983

Well U.W.I.	Status/Type
100/04-09-040-15-W4/00	SHUTIN/GAS
100/04-09-040-15-W4/02	SHUTIN/GAS

Royalty / Encumbrances

Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales
LESSOR OVERRIDING ROYALTY	GAS	N	N	100.00000000 % of PROD

Roy Percent: 15.00000000
Deduction: UNKNOWN
Gas: Royalty: Min Pay: Prod/Sales:
S/S OIL: Min: Max: Div: Prod/Sales:
Other Percent: Min: Prod/Sales:

Paid to: LESSOR (M)		Paid by: WI (C)	
REHMAN, M.	33.33300000	ACTION	57.50000000
RANSOM, P.	33.33300000	APACHE CANADA	25.00000000
KNEELAND, R.G.	33.33400000	PENN WEST LTD.	17.50000000

ALLOWABLE DEDUCTIONS -
ANY REASONABLE EXPENSE (INCLUDING A REASONABLE RATE OF RETURN ON INVESTMENT) FOR SEPARATING, TREATING, PROCESSING, COMPRESSING AND TRANSPORTING THE ROYALTY SHARE OF PRODUCTION, SUCH DEDUCTIONS NOT TO BE GREATER THAN 50%. SEE LEASE ADDENDUM FOR IMPORTANT ROYALTY INFORMATION.

M0256	NG FH	Eff: Apr 06, 1995	1.013	C0065 A No	WI	TWP 40 RGE 15 W4M PTN NW/4 9
Sub: A	WI	Exp: Apr 05, 1999	1.013	ACTION	57.50000000	ALL NG FROM TOP SURFACE TO BASE
ACTIVE	CATHOLIC ARCH	Ext: HBP	0.582	APACHE CANADA	25.00000000	BASEMENT
	ACTION			PENN WEST LTD.	17.50000000	
100.00000000	HUSKY OIL					

Total Rental: 10.00

Related Contracts

C0065 A	JOA	Jul 14, 1983

** REPORTED IN ACRES**

ACTION ENERGY INC.
Mineral Property Report

Province: ALBERTA
Area : GALAHAD

File Number / File Status / Mineral Int	Lse Type Lessor Type / Int Type / Lse No/Name / Operator / Payor	Exposure Gross / Net	Oper.Cont. ROFR / Doi Partner(s)	DOI Code * *	Lease Description / Rights Held

(cont'd)

M0256
Sub: A

Status		Acres	Net		Acres	Net	Well U.W.I.	Status/Type
PRODUCING	Prod:	1.013	0.582	NProd:	0.000	0.000	100/04-09-040-15-W4/00	SHUTIN/GAS
DEVELOPED	Dev:	1.013	0.582	Undev:	0.000	0.000	100/04-09-040-15-W4/02	SHUTIN/GAS
PROVEN	Prov:	1.013	0.582	NProv:	0.000	0.000		

Royalty / Encumbrances

Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales
LESSOR OVERRIDING ROYALTY	GAS	N	N	100.00000000 % of PROD

Roy Percent: 15.00000000
Deduction: UNKNOWN
Gas: Royalty: **Min Pay:** **Prod/Sales:**
S/S OIL: Min: **Max:** **Div:** **Prod/Sales:**
Other Percent: **Min:** **Prod/Sales:**

Paid to: LESSOR (M)
CATHOLIC ARCH 100.00000000

Paid by: WI (C)
ACTION 57.50000000
APACHE CANADA 25.00000000
PENN WEST LTD. 17.50000000

ALLOWABLE DEDUCTIONS -
ANY REASONABLE EXPENSE (INCLUDING A REASONABLE RATE OF RETURN ON INVESTMENT) FOR SEPARATING, TREATING, PROCESSING, COMPRESSING AND TRANSPORTING THE ROYALTY SHARE OF PRODUCTION, SUCH DEDUCTIONS NOT TO BE GREATER THAN 50%. SEE LEASE ADDENDUM FOR IMPORTANT ROYALTY INFORMATION.

M0385 PNG CR **Eff:** Mar 08, 2001 640.000 WI
Sub: A WI **Exp:** Mar 07, 2006 640.000 ACTION 100.00000000
ACTIVE 0401030222 **Ext:** 15 640.000
ACTION Total Rental: 896.00
100.00000000 ACTION

TWP 40 RGE 15 W4M SEC 10
ALL PNG BELOW TOP SURFACE TO BASE MANNVILLE

Status		Acres	Net		Acres	Net	Well U.W.I.	Status/Type
PRODUCING	Prod:	640.000	640.000	NProd:	0.000	0.000	100/13-10-040-15-W4/02	SHUTIN/GAS
DEVELOPED	Dev:	640.000	640.000	Undev:	0.000	0.000	100/13-10-040-15-W4/03	SHUTIN/GAS

ACTION ENERGY INC.
Mineral Property Report

Province: ALBERTA
Area : GALAHAD

File Number / File Status / Mineral Int	Lse Type / Int Type / Operator / Payor	Lessor Type / Lse No/Name	Exposure Gross / Net	Oper.Cont. ROFR / Doi Partner(s)	DOI Code *	*	Lease Description / Rights Held

(cont'd)

M0385 Sub: A	PROVEN	Prov:	640.000	640.000	NProv:	0.000	0.000	100/13-10-040-15-W4/00 ABD ZONE/GAS

Royalty / Encumbrances

Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales		
CROWN SLIDING SCALE ROYALTY	ALL PRODUCTS	N	N	100.00000000	% of	PROD

Roy Percent:
Deduction: STANDARD
Gas: Royalty: Min Pay: Prod/Sales:
S/S OIL: Min: Max: Div: Prod/Sales:
Other Percent: Min: Prod/Sales:

Paid to: LESSOR (M) ALBERTA RESOURC 100.00000000
Paid by: WI (M) ACTION 100.00000000

M0382 PNG CR Eff: Feb 16, 1995 640.000 WI
Sub: A WI Exp: Feb 15, 2000 640.000 ACTION 100.00000000
ACTIVE 0495020493 Ext: 15 640.000
ACTION Total Rental: 896.00
100.00000000 ACTION

TWP 40 RGE 15 W4M SEC 11
ALL PNG BELOW TOP SURFACE TO
BASE MANNVILLE

Status		Acres	Net		Acres	Net
PRODUCING	Prod:	640.000	640.000	NProd:	0.000	0.000
DEVELOPED	Dev:	640.000	640.000	Undev:	0.000	0.000
PROVEN	Prov:	640.000	640.000	NProv:	0.000	0.000

Well U.W.I.	Status/Type
100/01-11-040-15-W4/00	D&A/UNKNOWN
100/02-11-040-15-W4/00	STANDING/UNKN
100/04-11-040-15-W4/02	UNKNOWN/UNKNO
100/04-11-040-15-W4/00	SHUTIN/GAS
100/11-11-040-15-W4/00	PRODUCING/OIL
100/11-11-040-15-W4/02	D&A/GAS
100/11-11-040-15-W4/03	D&A/GAS

Royalty / Encumbrances

Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales		
CROWN SLIDING SCALE ROYALTY	ALL PRODUCTS	N	N	100.00000000	% of	PROD

Roy Percent:
Deduction: STANDARD
Gas: Royalty: Min Pay: Prod/Sales:
S/S OIL: Min: Max: Div: Prod/Sales:

ACTION ENERGY INC.
Mineral Property Report

Province: ALBERTA
Area : GALAHAD

File Number / File Status / Mineral Int	Lse Type / Int Type / Operator	Lessor Type / Lse No/Name / Payor		Exposure / Gross / Net	Oper.Cont. ROFR / Doi Partner(s)	DOI Code *	*	Lease Description / Rights Held

(cont'd)

Other Percent: Min: Prod/Sales:

Paid to: LESSOR (M) Paid by: WI (M)
ALBERTA RESOURC 100.00000000 ACTION 100.00000000

M0340	PNG	CR	Eff: Oct 27, 1970	640.000	C0094 A No	WI	TWP 40 RGE 15 W4M SEC 14
Sub: A	WI		Exp: Oct 26, 1980	640.000	ACTION	85.00000000	PNG BELOW TOP SURFACE TO BASE
ACTIVE	23217		Ext: 15	544.000	APACHE CANADA	15.00000000	MANNVILLE EXCL NG IN GLAUCONITE
	ACTION						
100.00000000	ACTION				Total Rental: 896.00		

Status		Acres	Net		Acres	Net
PRODUCING	Prod:	640.000	544.000	NProd:	0.000	0.000
DEVELOPED	Dev:	640.000	544.000	Undev:	0.000	0.000
PROVEN	Prov:	640.000	544.000	NProv:	0.000	0.000

Related Contracts

C0094 A	JOA	Oct 09, 1973
C0095 A	ROYALTY	Mar 18, 1997
C0096 A	ROYALTY	Dec 29, 1972

Well U.W.I.	Status/Type
100/02-14-040-15-W4/00	D&A/D&A
100/11-14-040-15-W4/00	FLOWING/OIL
100/16-14-040-15-W4/00	PRODUCING/GAS

Royalty / Encumbrances

<Linked>	Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales		
C0095 A	GROSS OVERRIDING ROYALTY	ALL PRODUCTS	N	N	50.00000000	% of	PROD

Roy Percent: 2.00000000
Deduction: UNKNOWN
Gas: Royalty: Min Pay: Prod/Sales:
S/S OIL: Min: Max: Div: Prod/Sales:
Other Percent: Min: Prod/Sales:

Paid to: ROY PAYEE (C) Paid by: WI (C)
PROVIDENT 100.00000000 ACTION 100.00000000

ALLOWABLE DEDUCTIONS -
STANDARD

<Linked>	Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales		
C0096 A	GROSS OVERRIDING ROYALTY	ALL PRODUCTS	N	N	40.00000000	% of	PROD

Roy Percent: 2.00000000
Deduction: UNKNOWN
Gas: Royalty: Min Pay: Prod/Sales:
S/S OIL: Min:

ACTION ENERGY INC.
Mineral Property Report

Province: ALBERTA
Area : GALAHAD

File Number / File Status / Mineral Int	Lse Type Lessor Type / Int Type / Lse No/Name / Operator / Payor	Exposure / Gross / Net	Oper.Cont. ROFR / Doi Partner(s)	DOI Code *	*	Lease Description / Rights Held

(cont'd)

Max: Div: Prod/Sales:
Other Percent: Min: Prod/Sales:

Paid to: ROY PAYEE (C) Paid by: WI (C)
VIKING ENGINEER 100.00000000 ACTION 100.00000000

ALLOWABLE DEDUCTIONS -
STANDARD
GENERAL REMARKS -
THIS ROYALTY IS NOT PAYABLE UNTIL WELL HAS ACHIEVED PAYOUT

M0340 A

Royalty / Encumbrances

Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales		
CROWN SLIDING SCALE ROYALTY	ALL PRODUCTS	Y	N	100.00000000	% of	SALES

Roy Percent:
Deduction: STANDARD
Gas: Royalty: Min Pay: Prod/Sales:
S/S OIL: Min: Max: Div: Prod/Sales:
Other Percent: Min: Prod/Sales:

Paid to: LESSOR (M) Paid by: WI (C)
ALBERTA RESOURC 100.00000000 ACTION 85.00000000
APACHE CANADA 15.00000000

M0340 PNG CR **Eff:** Oct 27, 1970 640.000 BPO APO TWP 40 RGE 15 W4M SEC 14
Sub: B WRI **Exp:** Oct 26, 1980 640.000 ACTION 80.00000000 85.00000000 NG IN GLAUCONITE
ACTIVE 23217 **Ext:** 15 512.000 APACHE CANADA 20.00000000 15.00000000
ACTION
100.00000000 ACTION **Count Acreage =** No Total Rental: 0.00

Related Contracts

C0095 A	ROYALTY	Mar 18, 1997
C0096 A	ROYALTY	Dec 29, 1972

Status		Acres	Net		Acres	Net
NON PRODUCING	Prod:	0.000	0.000	NProd:	640.000	512.000
UNDEVELOPED	Dev:	0.000	0.000	Undev:	640.000	512.000
NON PROVEN	Prov:	0.000	0.000	NProv:	640.000	512.000

Royalty / Encumbrances

ACTION ENERGY INC.
Mineral Property Report

Province: ALBERTA
Area : GALAHAD

File Number	Lse Type Lessor Type	Exposure	Oper.Cont. ROFR	DOI Code		Lease Description / Rights Held
File Status	Int Type / Lse No/Name	Gross				
Mineral Int	Operator / Payor	Net	Doi Partner(s)	*	*	

(cont'd)

	<Linked>	Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales	
	C0095 A	GROSS OVERRIDING ROYALTY	ALL PRODUCTS	N	N	50.00000000 % of	PROD

Roy Percent: 2.00000000
Deduction: UNKNOWN

M0340 B

Gas: Royalty:		Min Pay:		Prod/Sales:
S/S OIL: Min:	Max:	Div:		Prod/Sales:
Other Percent:		Min:		Prod/Sales:

Paid to: ROY PAYEE (C)		Paid by:	WI	(C)	
PROVIDENT	100.00000000	ACTION			100.00000000

ALLOWABLE DEDUCTIONS -
STANDARD

Royalty / Encumbrances

<Linked>	Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales	
C0096 A	GROSS OVERRIDING ROYALTY	ALL PRODUCTS	N	N	40.00000000 % of	PROD

Roy Percent: 2.00000000
Deduction: UNKNOWN

Gas: Royalty:		Min Pay:	Prod/Sales:
S/S OIL: Min:	Max:	Div:	Prod/Sales:
Other Percent:		Min:	Prod/Sales:

Paid to: ROY PAYEE (C)		Paid by:	WI	(C)	
VIKING ENGINEER	100.00000000	ACTION			100.00000000

ALLOWABLE DEDUCTIONS -
STANDARD
GENERAL REMARKS -
THIS ROYALTY IS NOT PAYABLE UNTIL WELL HAS ACHIEVED PAYOUT

Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales	
CROWN SLIDING SCALE ROYALTY	ALL PRODUCTS	Y	N	100.00000000 % of	SALES

Roy Percent:
Deduction: STANDARD

Gas: Royalty:		Min Pay:	Prod/Sales:
S/S OIL: Min:	Max:	Div:	Prod/Sales:

ACTION ENERGY INC.
Mineral Property Report

Province: ALBERTA
Area : GALAHAD

File Number / File Status / Mineral Int	Lse Type Lessor Type / Int Type / Lse No/Name / Operator / Payor	Exposure Gross Net	Oper.Cont. ROFR / Doi Partner(s)	DOI Code	Lease Description / Rights Held

(cont'd)

Other Percent: Min: Prod/Sales:

Paid to:	LESSOR (M)		Paid by:	BPO (M)	
ALBERTA RESOURC		100.00000000	ACTION		80.00000000
			APACHE CANADA		20.00000000

M0340 B — Royalty / Encumbrances

Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales
GROSS OVERRIDING ROYALTY	ALL PRODUCTS	Y	Y	50.00000000 % of PROD

Roy Percent:
Deduction: UNKNOWN
Gas: Royalty: 15.00000000 Min Pay: Prod/Sales:
S/S OIL: Min: 5.00000000 Max: 15.00000000 Div: 23 Prod/Sales:
Other Percent: Min: Prod/Sales:

Paid to:	PAIDTO (R)		Paid by:	BPO (M)	
ACTION		100.00000000	ACTION		80.00000000
			APACHE CANADA		20.00000000

GENERAL REMARKS -
THIS GORR IS ONLY PAID ON GLAUCONIT PRODUCTION FROM THE 11-14 WELL.

M0254	NG	FH	Eff: Oct 12, 1993	320.000	C0066 A No	POOLED	TWP 40 RGE 15 W4M W/2 15
Sub: B	WI		Exp: Oct 11, 1998	160.000	ACTION	78.75000000	(UNDIVIDED 50% INTEREST)
ACTIVE	FETEZ, M.		Ext: HBP	126.000	APACHE CANADA	12.50000000	ALL NG FROM TOP SURFACE TO TOP
	ACTION				PENN WEST LTD.	8.75000000	PALEOZOIC
50.00000000	ACTION						

Total Rental: 160.00

Status		Acres	Net		Acres	Net
PRODUCING	Prod:	160.000	126.000	NProd:	0.000	0.000
DEVELOPED	Dev:	160.000	126.000	Undev:	0.000	0.000
PROVEN	Prov:	160.000	126.000	NProv:	0.000	0.000

—— Related Contracts ——

C0066 A	POOL	Apr 12, 1996

Well U.W.I.	Status/Type
100/11-15-040-15-W4/00	ABD ZONE/GAS
100/11-15-040-15-W4/02	SHUTIN/GAS

Royalty / Encumbrances

ACTION ENERGY INC.
Mineral Property Report

Province: ALBERTA
Area : GALAHAD

File Number / File Status / Mineral Int	Lse Type / Lessor Type / Int Type / Lse No/Name / Operator / Payor	Exposure Gross Net	Oper.Cont. ROFR / Doi Partner(s)	DOI Code	Lease Description / Rights Held

(cont'd)

Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales
LESSOR OVERRIDING ROYALTY	GAS	N	N	100.00000000 % of PROD

Roy Percent: 15.00000000
Deduction: UNKNOWN

M0254 B Gas: Royalty: Min Pay: Prod/Sales:
S/S OIL: Min: Max: Div: Prod/Sales:
Other Percent: Min: Prod/Sales:

Paid to: LESSOR (M)		Paid by: PPOOL1 (C)	
LISTER, ANNE	33.34000000	ACTION	57.50000000
FETAZ, LOUISE	33.33000000	APACHE CANADA	25.00000000
BECK, PATRICIA	33.33000000	PENN WEST LTD.	17.50000000

ALLOWABLE DEDUCTIONS -
ANY REASONABLE EXPENSE (INCLUDING A REASONABLE RATE OF RETURN ON INVESTMENT) FOR SEPARATING, TREATING, PROCESSING, COMPRESSING AND TRANSPORTING THE ROYALTY SHARE OF PRODUCTION, SUCH DEDUCTIONS NOT TO BE GREATER THAN 50%. SEE LEASE ADDENDUM FOR IMPORTANT ROYALTY INFORMATION.

M0254	NG FH	Eff: Oct 12, 1993	320.000	C0065 A No	WI	TWP 40 RGE 15 W4M W/2 15
Sub: C	WI	Exp: Oct 11, 1998	160.000	ACTION	57.50000000	(UNDIVIDED 50% INTEREST)
ACTIVE	FETEZ, M.	Ext: HBP	92.000	APACHE CANADA	25.00000000	ALL NG BELOW TOP PALEOZOIC TO
	ACTION			PENN WEST LTD.	17.50000000	BASE BASEMENT
50.00000000	ACTION	Count Acreage = No				

Total Rental: 0.00

Related Contracts
C0065 A JOA Jul 14, 1983

Status		Acres	Net		Acres	Net
NON PRODUCING	Prod:	0.000	0.000	NProd:	160.000	92.000
UNDEVELOPED	Dev:	0.000	0.000	Undev:	160.000	92.000
NON PROVEN	Prov:	0.000	0.000	NProv:	160.000	92.000

Royalty / Encumbrances

Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales
LESSOR OVERRIDING ROYALTY	GAS	N	N	100.00000000 % of PROD

Roy Percent: 15.00000000
Deduction: UNKNOWN

ACTION ENERGY INC.
Mineral Property Report

Province: ALBERTA
Area : GALAHAD

File Number / File Status / Mineral Int	Lse Type Lessor Type / Int Type / Lse No/Name / Operator / Payor	Exposure Gross / Net	Oper.Cont. ROFR / Doi Partner(s)	DOI Code	Lease Description / Rights Held

(cont'd)
M0254 C

Gas: Royalty: Min Pay: Prod/Sales:
S/S OIL: Min: Max: Div: Prod/Sales:
Other Percent: Min: Prod/Sales:

Paid to: LESSOR (M)		Paid by: WI (C)	
LISTER, ANNE	33.34000000	ACTION	57.50000000
FETAZ, LOUISE	33.33000000	APACHE CANADA	25.00000000
BECK, PATRICIA	33.33000000	PENN WEST LTD.	17.50000000

ALLOWABLE DEDUCTIONS -
ANY REASONABLE EXPENSE (INCLUDING A REASONABLE RATE OF RETURN ON INVESTMENT) FOR SEPARATING, TREATING, PROCESSING, COMPRESSING AND TRANSPORTING THE ROYALTY SHARE OF PRODUCTION, SUCH DEDUCTIONS NOT TO BE GREATER THAN 50%. SEE LEASE ADDENDUM FOR IMPORTANT ROYALTY INFORMATION.

M0255 NG FH Eff: Oct 12, 1993 320.000 C0066 A No POOLED
Sub: B WI Exp: Oct 11, 1998 160.000 ACTION 78.75000000
ACTIVE REHMAN ET AL Ext: HBP 126.000 APACHE CANADA 12.50000000
ACTION PENN WEST LTD. 8.75000000
50.00000000 ACTION

Total Rental: 160.00

TWP 40 RGE 15 W4M W/2 15
(UNDIVIDED 50% INTEREST)
ALL NG FROM TOP SURFACE TO TOP PALEOZOIC

Related Contracts

C0066 A	POOL	Apr 12, 1996

Well U.W.I.	Status/Type
100/11-15-040-15-W4/00	ABD ZONE/GAS
100/11-15-040-15-W4/02	SHUTIN/GAS

Status		Acres	Net		Acres	Net
PRODUCING	Prod:	160.000	126.000	NProd:	0.000	0.000
DEVELOPED	Dev:	160.000	126.000	Undev:	0.000	0.000
PROVEN	Prov:	160.000	126.000	NProv:	0.000	0.000

Royalty / Encumbrances

Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales
LESSOR OVERRIDING ROYALTY	GAS	N	N	100.00000000 % of PROD

Roy Percent: 15.00000000
Deduction: UNKNOWN
Gas: Royalty: Min Pay: Prod/Sales:
S/S OIL: Min: Max: Div: Prod/Sales:
Other Percent: Min: Prod/Sales:

ACTION ENERGY INC.
Mineral Property Report

Province: ALBERTA
Area : GALAHAD

File Number / File Status / Mineral Int	Lse Type Lessor Type / Int Type / Lse No/Name / Operator / Payor		Exposure Gross Net	Oper.Cont. ROFR / Doi Partner(s)	DOI Code	Lease Description / Rights Held

(cont'd)

M0255 B **Paid to:** LESSOR (M) — **Paid by:** PPOOL1 (C)

REHMAN, M.	33.33300000	ACTION	57.50000000
RANSOM, P.	33.33300000	APACHE CANADA	25.00000000
KNEELAND, R.G.	33.33400000	PENN WEST LTD.	17.50000000

ALLOWABLE DEDUCTIONS -
ANY REASONABLE EXPENSE (INCLUDING A REASONABLE RATE OF RETURN ON INVESTMENT) FOR SEPARATING, TREATING, PROCESSING, COMPRESSING AND TRANSPORTING THE ROYALTY SHARE OF PRODUCTION, SUCH DEDUCTIONS NOT TO BE GREATER THAN 50%. SEE LEASE ADDENDUM FOR IMPORTANT ROYALTY INFORMATION.

M0255 NG FH **Eff:** Oct 12, 1993 320.000 C0065 A No WI
Sub: C WI **Exp:** Oct 11, 1998 160.000 ACTION 57.50000000
ACTIVE REHMAN ET AL **Ext:** HBP 92.000 APACHE CANADA 25.00000000
ACTION PENN WEST LTD. 17.50000000
50.00000000 ACTION **Count Acreage =** No
Total Rental: 0.00

TWP 40 RGE 15 W4M W/2 15
(UNDIVIDED 50% INTEREST)
ALL NG BELOW TOP PALEOZOIC TO BASE BASEMENT

Related Contracts
C0065 A JOA Jul 14, 1983

Status		Acres	Net		Acres	Net
NON PRODUCING	**Prod:**	0.000	0.000	**NProd:**	160.000	92.000
UNDEVELOPED	**Dev:**	0.000	0.000	**Undev:**	160.000	92.000
NON PROVEN	**Prov:**	0.000	0.000	**NProv:**	160.000	92.000

Royalty / Encumbrances

Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales
LESSOR OVERRIDING ROYALTY	GAS	N	N	100.00000000 % of PROD

Roy Percent: 15.00000000
Deduction: UNKNOWN
Gas: Royalty: **Min Pay:** **Prod/Sales:**
S/S OIL: Min: **Max:** **Div:** **Prod/Sales:**
Other Percent: **Min:** **Prod/Sales:**

Paid to: LESSOR (M) — **Paid by:** WI (C)

REHMAN, M.	33.33300000	ACTION	57.50000000
RANSOM, P.	33.33300000	APACHE CANADA	25.00000000

ACTION ENERGY INC.
Mineral Property Report

Province: ALBERTA
Area : GALAHAD

File Number / File Status / Mineral Int	Lse Type / Lessor Type / Int Type / Lse No/Name / Operator / Payor	Exposure Gross / Net	Oper.Cont. ROFR / Doi Partner(s)	DOI Code	Lease Description / Rights Held
(cont'd)					
M0255	C KNEELAND, R.G.	33.33400000	PENN WEST LTD.	17.50000000	

ALLOWABLE DEDUCTIONS -
ANY REASONABLE EXPENSE (INCLUDING A REASONABLE RATE OF RETURN ON INVESTMENT) FOR SEPARATING, TREATING, PROCESSING, COMPRESSING AND TRANSPORTING THE ROYALTY SHARE OF PRODUCTION, SUCH DEDUCTIONS NOT TO BE GREATER THAN 50%. SEE LEASE ADDENDUM FOR IMPORTANT ROYALTY INFORMATION.

M0257 NG FH **Eff:** Mar 11, 1996 320.000 C0066 A No POOLED
Sub: A WI **Exp:** Mar 10, 1999 53.334 ACTION 78.75000000
ACTIVE STRANDQUIST, D. **Ext:** HBP 42.001 APACHE CANADA 12.50000000
ACTION PENN WEST LTD. 8.75000000
16.66700000 ACTION

Total Rental: 54.00

TWP 40 RGE 15 W4M E/2 15
(UNDIVIDED 16.667% INTEREST)
ALL NG FROM TOP SURFACE TO TOP PALEOZOIC

Related Contracts

C0066 A	POOL	Apr 12, 1996

Status		Acres	Net		Acres	Net
PRODUCING	**Prod:**	53.334	42.001	**NProd:**	0.000	0.000
DEVELOPED	**Dev:**	53.334	42.001	**Undev:**	0.000	0.000
PROVEN	**Prov:**	53.334	42.001	**NProv:**	0.000	0.000

Well U.W.I.	Status/Type
100/11-15-040-15-W4/00	ABD ZONE/GAS
100/11-15-040-15-W4/02	SHUTIN/GAS

Royalty / Encumbrances

Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales
LESSOR OVERRIDING ROYALTY	GAS	N	N	100.00000000 % of PROD

Roy Percent: 15.00000000
Deduction: UNKNOWN
Gas: Royalty: **Min Pay:** **Prod/Sales:**
S/S OIL: Min: **Max:** **Div:** **Prod/Sales:**
Other Percent: **Min:** **Prod/Sales:**

Paid to: LESSOR (M) **Paid by:** PPOOL2 (C)
STRANDQUIST, D. 100.00000000 ACTION 100.00000000

ALLOWABLE DEDUCTIONS -
ANY REASONABLE EXPENSE (INCLUDING A REASONABLE RATE OF RETURN ON INVESTMENT) FOR SEPARATING, TREATING, PROCESSING, COMPRESSING AND TRANSPORTING THE ROYALTY SHARE OF

File Number / File Status / Mineral Int	Lse Type / Lessor Type / Int Type / Lse No/Name / Operator / Payor		Exposure / Gross / Net	Oper.Cont. / ROFR / Doi Partner(s)	DOI Code	Lease Description / Rights Held

(cont'd)

M0257 A
PRODUCTION, SUCH DEDUCTIONS NOT TO BE GREATER THAN 50%. SEE LEASE ADDENDUM FOR IMPORTANT ROYALTY INFORMATION.

M0257	NG FH	Eff: Mar 11, 1996	320.000		WI	TWP 40 RGE 15 W4M E/2 15
Sub: B	WI	Exp: Mar 10, 1999	53.334	ACTION	100.00000000	(UNDIVIDED 16.667% INTEREST)
ACTIVE	STRANDQUIST, D.	Ext: HBP	53.334			NG BELOW TOP PALEOZOIC TO BASE
	ACTION			Total Rental: 0.00		BASEMENT
16.66700000	ACTION	Count Acreage = No				

Status		Acres	Net		Acres	Net
NON PRODUCING	Prod:	0.000	0.000	NProd:	53.334	53.334
UNDEVELOPED	Dev:	0.000	0.000	Undev:	53.334	53.334
NON PROVEN	Prov:	0.000	0.000	NProv:	53.334	53.334

Royalty / Encumbrances

Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales
LESSOR OVERRIDING ROYALTY	GAS	N	N	100.00000000 % of PROD

Roy Percent: 15.00000000
Deduction: UNKNOWN
Gas: Royalty: Min Pay: Prod/Sales:
S/S OIL: Min: Max: Div: Prod/Sales:
Other Percent: Min: Prod/Sales:

Paid to: LESSOR (M) — STRANDQUIST, D. 100.00000000
Paid by: WI (M) — ACTION 100.00000000

ALLOWABLE DEDUCTIONS -
ANY REASONABLE EXPENSE (INCLUDING A REASONABLE RATE OF RETURN ON INVESTMENT) FOR SEPARATING, TREATING, PROCESSING, COMPRESSING AND TRANSPORTING THE ROYALTY SHARE OF PRODUCTION, SUCH DEDUCTIONS NOT TO BE GREATER THAN 50%. SEE LEASE ADDENDUM FOR IMPORTANT ROYALTY INFORMATION.

M0258	NG FH	Eff: Mar 11, 1996	320.000	C0066 A No	POOLED	TWP 40 RGE 15 W4M E/2 15
Sub: A	WI	Exp: Mar 10, 1999	53.334	ACTION	78.75000000	(UNDIVIDED 16.667% INTEREST)

ACTION ENERGY INC.
Mineral Property Report

Province: ALBERTA
Area : GALAHAD

File Number / File Status / Mineral Int	Lse Type Lessor Type / Int Type / Lse No/Name / Operator / Payor		Exposure Gross / Net	Oper.Cont. ROFR / Doi Partner(s)	DOI Code * *	Lease Description / Rights Held
(cont'd)						
M0258 Sub: A ACTIVE 16.66700000	STRANDQUIST, H. ACTION ACTION	Ext: HBP	42.001	APACHE CANADA PENN WEST LTD.	12.50000000 8.75000000	ALL NG BELOW TOP SURFACE TO TOP PALEOZOIC

Total Rental: 54.00

Status		Acres	Net		Acres	Net
PRODUCING	Prod:	53.334	42.001	NProd:	0.000	0.000
DEVELOPED	Dev:	53.334	42.001	Undev:	0.000	0.000
PROVEN	Prov:	53.334	42.001	NProv:	0.000	0.000

—— Related Contracts ——

C0066 A	POOL	Apr 12, 1996

—— Well U.W.I.	Status/Type ——
100/11-15-040-15-W4/00	ABD ZONE/GAS
100/11-15-040-15-W4/02	SHUTIN/GAS

Royalty / Encumbrances

Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales
LESSOR OVERRIDING ROYALTY	GAS	N	N	100.00000000 % of PROD

Roy Percent: 15.00000000
Deduction: UNKNOWN
Gas: Royalty: Min Pay: Prod/Sales:
S/S OIL: Min: Max: Div: Prod/Sales:
Other Percent: Min: Prod/Sales:

Paid to: LESSOR (M)
STRANDQUIST, H. 100.00000000

Paid by: PPOOL2 (C)
ACTION 100.00000000

ALLOWABLE DEDUCTIONS -
ANY REASONABLE EXPENSE (INCLUDING A REASONABLE RATE OF RETURN ON INVESTMENT) FOR SEPARATING, TREATING, PROCESSING, COMPRESSING AND TRANSPORTING THE ROYALTY SHARE OF PRODUCTION, SUCH DEDUCTIONS NOT TO BE GREATER THAN 50%. SEE LEASE ADDENDUM FOR IMPORTANT ROYALTY INFORMATION.

M0258 Sub: B ACTIVE 16.66700000	NG FH WI STRANDQUIST, H. ACTION ACTION	Eff: Mar 11, 1996 Exp: Mar 10, 1999 Ext: HBP	320.000 53.334 53.334	 ACTION	WI 100.00000000	TWP 40 RGE 15 W4M E/2 15 (UNDIVIDED 16.667% INTEREST) NG BELOW TOP PALEOZOIC TO BASE BASEMENT

Total Rental: 0.00
Count Acreage = No

ACTION ENERGY INC.
Mineral Property Report

Province: ALBERTA
Area : GALAHAD

File Number / File Status / Mineral Int	Lse Type Lessor Type / Int Type / Lse No/Name / Operator / Payor	Exposure Gross Net	Oper.Cont. ROFR / Doi Partner(s)	DOI Code	Lease Description / Rights Held

(cont'd)

M0258
Sub: B

Status		Acres	Net		Acres	Net
NON PRODUCING	Prod:	0.000	0.000	NProd:	53.334	53.334
UNDEVELOPED	Dev:	0.000	0.000	Undev:	53.334	53.334
NON PROVEN	Prov:	0.000	0.000	NProv:	53.334	53.334

Royalty / Encumbrances

Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales
LESSOR OVERRIDING ROYALTY	GAS	N	N	100.00000000 % of PROD

Roy Percent: 15.00000000
Deduction: UNKNOWN
Gas: Royalty: Min Pay: Prod/Sales:
S/S OIL: Min: Max: Div: Prod/Sales:
Other Percent: Min: Prod/Sales:

Paid to: LESSOR (M) Paid by: WI (M)
STRANDQUIST, H. 100.00000000 ACTION 100.00000000

ALLOWABLE DEDUCTIONS -
ANY REASONABLE EXPENSE (INCLUDING A REASONABLE RATE OF RETURN ON INVESTMENT) FOR SEPARATING, TREATING, PROCESSING, COMPRESSING AND TRANSPORTING THE ROYALTY SHARE OF PRODUCTION, SUCH DEDUCTIONS NOT TO BE GREATER THAN 50%. SEE LEASE ADDENDUM FOR IMPORTANT ROYALTY INFORMATION.

M0259 NG FH Eff: Mar 11, 1996 320.000 C0066 A No POOLED
Sub: A WI Exp: Mar 10, 1999 53.334 ACTION 78.75000000
ACTIVE STRANDQUIST, J. Ext: HBP 42.001 APACHE CANADA 12.50000000
ACTION PENN WEST LTD. 8.75000000
16.66700000 ACTION

Total Rental: 54.00

TWP 40 RGE 15 W4M E/2 15
(UNDIVIDED 16.667% INTEREST)
ALL NG BELOW TOP SURFACE TO TOP PALEOZOIC

—— Related Contracts ——
C0066 A POOL Apr 12, 1996

Status		Acres	Net		Acres	Net
PRODUCING	Prod:	53.334	42.001	NProd:	0.000	0.000
DEVELOPED	Dev:	53.334	42.001	Undev:	0.000	0.000
PROVEN	Prov:	53.334	42.001	NProv:	0.000	0.000

—— Well U.W.I.	Status/Type ——
100/11-15-040-15-W4/00	ABD ZONE/GAS
100/11-15-040-15-W4/02	SHUTIN/GAS

ACTION ENERGY INC.
Mineral Property Report

Province: ALBERTA
Area : GALAHAD

File Number	Lse Type Lessor Type	Exposure	Oper.Cont. ROFR	DOI Code	
File Status	Int Type / Lse No/Name	Gross			
Mineral Int	Operator / Payor	Net	Doi Partner(s) *	*	Lease Description / Rights Held

(cont'd)

M0259 A

Royalty / Encumbrances

Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales	
LESSOR OVERRIDING ROYALTY	GAS	N	N	100.00000000	% of PROD

Roy Percent: 15.00000000
Deduction: UNKNOWN
Gas: Royalty: **Min Pay:** **Prod/Sales:**
S/S OIL: Min: **Max:** **Div:** **Prod/Sales:**
Other Percent: **Min:** **Prod/Sales:**

Paid to: LESSOR (M) **Paid by:** PPOOL2 (C)
STRANDQUIST, J. 100.00000000 ACTION 100.00000000

ALLOWABLE DEDUCTIONS -
ANY REASONABLE EXPENSE (INCLUDING A REASONABLE RATE OF RETURN ON INVESTMENT) FOR SEPARATING, TREATING, PROCESSING, COMPRESSING AND TRANSPORTING THE ROYALTY SHARE OF PRODUCTION, SUCH DEDUCTIONS NOT TO BE GREATER THAN 50%. SEE LEASE ADDENDUM FOR IMPORTANT ROYALTY INFORMATION.

M0259	NG FH	**Eff:** Mar 11, 1996	320.000		WI	TWP 40 RGE 15 W4M E/2 15
Sub: B	WI	**Exp:** Mar 10, 1999	53.334	ACTION	100.00000000	(UNDIVIDED 16.667% INTEREST)
ACTIVE	STRANDQUIST, J.	**Ext:** HBP	53.334			NG BELOW TOP PALEOZOIC TO BASE
	ACTION			Total Rental: 0.00		BASEMENT
16.66700000	ACTION	**Count Acreage =** No				

Status		Acres	Net		Acres	Net
NON PRODUCING	**Prod:**	0.000	0.000	**NProd:**	53.334	53.334
UNDEVELOPED	**Dev:**	0.000	0.000	**Undev:**	53.334	53.334
NON PROVEN	**Prov:**	0.000	0.000	**NProv:**	53.334	53.334

Royalty / Encumbrances

Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales	
LESSOR OVERRIDING ROYALTY	GAS	N	N	100.00000000	% of PROD

Roy Percent: 15.00000000

ACTION ENERGY INC.
Mineral Property Report

Province: ALBERTA
Area : GALAHAD

File Number / File Status / Mineral Int	Lse Type / Int Type / Operator / Payor	Lessor Type / Lse No/Name	Exposure / Gross / Net	Oper.Cont. / Doi Partner(s)	ROFR	DOI Code	Lease Description / Rights Held

(cont'd)

M0259 B

Deduction:	UNKNOWN				
Gas: Royalty:			Min Pay:		Prod/Sales:
S/S OIL: Min:		Max:	Div:		Prod/Sales:
Other Percent:			Min:		Prod/Sales:

Paid to: LESSOR (M) — Paid by: WI (M)
STRANDQUIST, J. 100.00000000 — ACTION 100.00000000

ALLOWABLE DEDUCTIONS -
ANY REASONABLE EXPENSE (INCLUDING A REASONABLE RATE OF RETURN ON INVESTMENT) FOR SEPARATING, TREATING, PROCESSING, COMPRESSING AND TRANSPORTING THE ROYALTY SHARE OF PRODUCTION, SUCH DEDUCTIONS NOT TO BE GREATER THAN 50%. SEE LEASE ADDENDUM FOR IMPORTANT ROYALTY INFORMATION.

M0260 NG FH **Eff:** Mar 11, 1996 320.000 C0066 A No POOLED
Sub: A WI **Exp:** Mar 10, 1999 53.334 ACTION 78.75000000
ACTIVE STRANDQUIST, JEFF **Ext:** HBP 42.001 APACHE CANADA 12.50000000
ACTION PENN WEST LTD. 8.75000000
16.66700000 ACTION

Total Rental: 54.00

TWP 40 RGE 15 W4M E/2 15
(UNDIVIDED 16.667% INTEREST)
ALL NG BELOW TOP SURFACE TO TOP PALEOZOIC

Related Contracts

C0066 A	POOL	Apr 12, 1996

Well U.W.I.	Status/Type
100/11-15-040-15-W4/00	ABD ZONE/GAS
100/11-15-040-15-W4/02	SHUTIN/GAS

Status		Acres	Net		Acres	Net
PRODUCING	Prod:	53.334	42.001	NProd:	0.000	0.000
DEVELOPED	Dev:	53.334	42.001	Undev:	0.000	0.000
PROVEN	Prov:	53.334	42.001	NProv:	0.000	0.000

Royalty / Encumbrances

Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales	
LESSOR OVERRIDING ROYALTY	GAS	N	N	100.00000000	% of PROD

Roy Percent:	15.00000000				
Deduction:	UNKNOWN				
Gas: Royalty:			Min Pay:		Prod/Sales:
S/S OIL: Min:		Max:	Div:		Prod/Sales:
Other Percent:			Min:		Prod/Sales:

Paid to: LESSOR (M) — Paid by: PPOOL2 (C)

ACTION ENERGY INC.
Mineral Property Report

Province: ALBERTA
Area : GALAHAD

File Number / File Status / Mineral Int	Lse Type Lessor Type / Int Type / Lse No/Name / Operator / Payor		Exposure Gross Net	Oper.Cont. ROFR / Doi Partner(s) *	DOI Code *	Lease Description / Rights Held
(cont'd)						
M0260	A	STRANDQUIST, JE	100.00000000	ACTION	100.00000000	

ALLOWABLE DEDUCTIONS -
ANY REASONABLE EXPENSE (INCLUDING A REASONABLE RATE OF RETURN ON INVESTMENT) FOR SEPARATING, TREATING, PROCESSING, COMPRESSING AND TRANSPORTING THE ROYALTY SHARE OF PRODUCTION, SUCH DEDUCTIONS NOT TO BE GREATER THAN 50%. SEE LEASE ADDENDUM FOR IMPORTANT ROYALTY INFORMATION.

M0260	NG FH	Eff: Mar 11, 1996	320.000		WI	TWP 40 RGE 15 W4M E/2 15
Sub: B	WI	Exp: Mar 10, 1999	53.334	ACTION	100.00000000	(UNDIVIDED 16.667% INTEREST)
ACTIVE	STRANDQUIST, JEFF	Ext: HBP	53.334			NG BELOW TOP PALEOZOIC TO BASE
	ACTION			Total Rental: 0.00		BASEMENT
16.66700000	ACTION	Count Acreage = No				

Status		Acres	Net		Acres	Net
NON PRODUCING	Prod:	0.000	0.000	NProd:	53.334	53.334
UNDEVELOPED	Dev:	0.000	0.000	Undev:	53.334	53.334
NON PROVEN	Prov:	0.000	0.000	NProv:	53.334	53.334

Royalty / Encumbrances

Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales		
LESSOR OVERRIDING ROYALTY	GAS	N	N	100.00000000	% of	PROD

Roy Percent: 15.00000000
Deduction: UNKNOWN
Gas: Royalty: Min Pay: Prod/Sales:
S/S OIL: Min: Max: Div: Prod/Sales:
Other Percent: Min: Prod/Sales:

Paid to: LESSOR (M) Paid by: WI (M)
STRANDQUIST, JE 100.00000000 ACTION 100.00000000

ALLOWABLE DEDUCTIONS -
ANY REASONABLE EXPENSE (INCLUDING A REASONABLE RATE OF RETURN ON INVESTMENT) FOR SEPARATING, TREATING, PROCESSING, COMPRESSING AND TRANSPORTING THE ROYALTY SHARE OF PRODUCTION, SUCH DEDUCTIONS NOT TO BE GREATER THAN 50%. SEE LEASE ADDENDUM FOR

ACTION ENERGY INC.
Mineral Property Report

Province: ALBERTA
Area : GALAHAD

File Number / File Status / Mineral Int	Lse Type Lessor Type / Int Type / Lse No/Name / Operator / Payor		Exposure Gross / Net	Oper.Cont. ROFR / Doi Partner(s)	DOI Code * *	Lease Description / Rights Held
(cont'd)						
M0260	B	IMPORTANT ROYALTY INFORMATION.				

M0261	NG FH	Eff: Mar 11, 1996	320.000	C0066 A No	POOLED	TWP 40 RGE 15 W4M E/2 15
Sub: A	WI	Exp: Mar 10, 1999	53.334	ACTION	78.75000000	(UNDIVIDED 16.667% INTEREST)
ACTIVE	LOHNER, E.	Ext: HBP	42.001	APACHE CANADA	12.50000000	ALL NG BELOW TOP SURFACE TO TOP
	ACTION			PENN WEST LTD.	8.75000000	PALEOZOIC
16.66700000	ACTION					

Total Rental: 54.00

———— Related Contracts ————

C0066 A	POOL	Apr 12, 1996

Status		Acres	Net		Acres	Net
PRODUCING	Prod:	53.334	42.001	NProd:	0.000	0.000
DEVELOPED	Dev:	53.334	42.001	Undev:	0.000	0.000
PROVEN	Prov:	53.334	42.001	NProv:	0.000	0.000

—— Well U.W.I.	Status/Type ——
100/11-15-040-15-W4/00	ABD ZONE/GAS
100/11-15-040-15-W4/02	SHUTIN/GAS

Royalty / Encumbrances

Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales
LESSOR OVERRIDING ROYALTY	GAS	N	N	100.00000000 % of PROD

Roy Percent: 15.00000000
Deduction: UNKNOWN
Gas: Royalty: Min Pay: Prod/Sales:
S/S OIL: Min: Max: Div: Prod/Sales:
Other Percent: Min: Prod/Sales:

Paid to: LESSOR (M) Paid by: PPOOL2 (C)
LOHNER, E. 100.00000000 ACTION 100.00000000

ALLOWABLE DEDUCTIONS -
ANY REASONABLE EXPENSE (INCLUDING A REASONABLE RATE OF RETURN ON INVESTMENT) FOR SEPARATING, TREATING, PROCESSING, COMPRESSING AND TRANSPORTING THE ROYALTY SHARE OF PRODUCTION, SUCH DEDUCTIONS NOT TO BE GREATER THAN 50%. SEE LEASE ADDENDUM FOR IMPORTANT ROYALTY INFORMATION.

M0261	NG FH	Eff: Mar 11, 1996	320.000		WI	TWP 40 RGE 15 W4M E/2 15
Sub: B	WI	Exp: Mar 10, 1999	53.334	ACTION	100.00000000	(UNDIVIDED 16.667% INTEREST)

ACTION ENERGY INC.
Mineral Property Report

Province: ALBERTA
Area : GALAHAD

File Number / File Status / Mineral Int	Lse Type Lessor Type / Int Type / Lse No/Name / Operator / Payor		Exposure Gross / Net	Oper.Cont. ROFR / Doi Partner(s)	DOI Code	Lease Description / Rights Held

(cont'd)

M0261
Sub: B
ACTIVE — LOHNER, E. — Ext: HBP — 53.334 — NG BELOW TOP PALEOZOIC TO BASE BASEMENT
ACTION — Total Rental: 0.00
16.66700000 ACTION — Count Acreage = No

Status		Acres	Net		Acres	Net
NON PRODUCING	Prod:	0.000	0.000	NProd:	53.334	53.334
UNDEVELOPED	Dev:	0.000	0.000	Undev:	53.334	53.334
NON PROVEN	Prov:	0.000	0.000	NProv:	53.334	53.334

Royalty / Encumbrances

Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales
LESSOR OVERRIDING ROYALTY	GAS	N	N	100.00000000 % of PROD

Roy Percent: 15.00000000
Deduction: UNKNOWN
Gas: Royalty: — Min Pay: — Prod/Sales:
S/S OIL: Min: — Max: — Div: — Prod/Sales:
Other Percent: — Min: — Prod/Sales:

Paid to: LESSOR (M) — Paid by: WI (M)
LOHNER, E. 100.00000000 — ACTION 100.00000000

ALLOWABLE DEDUCTIONS -
ANY REASONABLE EXPENSE (INCLUDING A REASONABLE RATE OF RETURN ON INVESTMENT) FOR SEPARATING, TREATING, PROCESSING, COMPRESSING AND TRANSPORTING THE ROYALTY SHARE OF PRODUCTION, SUCH DEDUCTIONS NOT TO BE GREATER THAN 50%. SEE LEASE ADDENDUM FOR IMPORTANT ROYALTY INFORMATION.

M0262 — NG FH — Eff: Mar 11, 1996 — 320.000 — C0066 A No — POOLED — TWP 40 RGE 15 W4M E/2 15
Sub: A — WI — Exp: Mar 10, 1999 — 53.334 — ACTION 78.75000000 — (UNDIVIDED 16.667% INTEREST)
ACTIVE — STRANDQUIST, H. — Ext: HBP — 42.001 — APACHE CANADA 12.50000000 — ALL NG BELOW TOP SURFACE TO TOP
ACTION — PENN WEST LTD. 8.75000000 — PALEOZOIC
16.66700000 ACTION

Total Rental: 54.00

Related Contracts
C0066 A — POOL — Apr 12, 1996

ACTION ENERGY INC.
Mineral Property Report

Province: ALBERTA
Area : GALAHAD

File Number / File Status / Mineral Int	Lse Type Lessor Type / Int Type / Lse No/Name / Operator / Payor	Exposure Gross Net	Oper.Cont. ROFR / Doi Partner(s)	DOI Code	Lease Description / Rights Held

(cont'd)

M0262
Sub: A

Status		Acres	Net		Acres	Net
PRODUCING	Prod:	53.334	42.001	NProd:	0.000	0.000
DEVELOPED	Dev:	53.334	42.001	Undev:	0.000	0.000
PROVEN	Prov:	53.334	42.001	NProv:	0.000	0.000

Well U.W.I.	Status/Type
100/11-15-040-15-W4/00	ABD ZONE/GAS
100/11-15-040-15-W4/02	SHUTIN/GAS

Royalty / Encumbrances

Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales
LESSOR OVERRIDING ROYALTY	GAS	N	N	100.00000000 % of PROD

Roy Percent: 15.00000000
Deduction: UNKNOWN
Gas: Royalty: Min Pay: Prod/Sales:
S/S OIL: Min: Max: Div: Prod/Sales:
Other Percent: Min: Prod/Sales:

Paid to: LESSOR (M)		Paid by: POOLED (C)	
STRANDQUIST, HA	100.00000000	ACTION	78.75000000
		APACHE CANADA	12.50000000
		PENN WEST LTD.	8.75000000

ALLOWABLE DEDUCTIONS -
ANY REASONABLE EXPENSE (INCLUDING A REASONABLE RATE OF RETURN ON INVESTMENT) FOR SEPARATING, TREATING, PROCESSING, COMPRESSING AND TRANSPORTING THE ROYALTY SHARE OF PRODUCTION, SUCH DEDUCTIONS NOT TO BE GREATER THAN 50%. SEE LEASE ADDENDUM FOR IMPORTANT ROYALTY INFORMATION.

M0262 NG FH Eff: Mar 11, 1996 320.000 WI
Sub: B WI Exp: Mar 10, 1999 53.334 ACTION 100.00000000
ACTIVE STRANDQUIST, H. Ext: HBP 53.334
ACTION Total Rental: 0.00
16.66700000 ACTION Count Acreage = No

TWP 40 RGE 15 W4M E/2 15
(UNDIVIDED 16.667% INTEREST)
NG BELOW TOP PALEOZOIC TO BASE BASEMENT

Status		Acres	Net		Acres	Net
NON PRODUCING	Prod:	0.000	0.000	NProd:	53.334	53.334
UNDEVELOPED	Dev:	0.000	0.000	Undev:	53.334	53.334

ACTION ENERGY INC.
Mineral Property Report

Province: ALBERTA
Area : GALAHAD

File Number / File Status / Mineral Int	Lse Type / Int Type / Operator / Payor	Lessor Type / Lse No/Name			Exposure Gross / Net	Oper.Cont. ROFR / Doi Partner(s)	DOI Code *	*	Lease Description / Rights Held

(cont'd)

M0262 Sub: B	NON PROVEN	Prov:	0.000	0.000	NProv:	53.334	53.334

Royalty / Encumbrances

Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales
LESSOR OVERRIDING ROYALTY	GAS	N	N	100.00000000 % of PROD

Roy Percent: 15.00000000
Deduction: UNKNOWN
Gas: Royalty: **Min Pay:** **Prod/Sales:**
S/S OIL: Min: **Max:** **Div:** **Prod/Sales:**
Other Percent: **Min:** **Prod/Sales:**

Paid to: LESSOR (M) **Paid by:** WI (M)
STRANDQUIST, HA 100.00000000 ACTION 100.00000000

ALLOWABLE DEDUCTIONS -
ANY REASONABLE EXPENSE (INCLUDING A REASONABLE RATE OF RETURN ON INVESTMENT) FOR SEPARATING, TREATING, PROCESSING, COMPRESSING AND TRANSPORTING THE ROYALTY SHARE OF PRODUCTION, SUCH DEDUCTIONS NOT TO BE GREATER THAN 50%. SEE LEASE ADDENDUM FOR IMPORTANT ROYALTY INFORMATION.

M0253 PNG CR **Eff:** Jul 14, 1983 640.000 C0065 A No WI
Sub: A WI **Exp:** Jul 13, 1988 640.000 ACTION 57.50000000
ACTIVE 0483070017 **Ext:** 15 368.000 APACHE CANADA 25.00000000
ACTION PENN WEST LTD. 17.50000000
100.00000000 ACTION

Total Rental: 896.00

TWP 40 RGE 15 W4M SEC 16 (EXCL 2-16 & 12-16 WELLBORES)
PNG FROM TOP SURFACE TO BASE MANNVILLE (EXCL 2-16 & 12-16 WELLBORES)

Status		Acres	Net		Acres	Net
PRODUCING	Prod:	640.000	368.000	NProd:	0.000	0.000
DEVELOPED	Dev:	640.000	368.000	Undev:	0.000	0.000
PROVEN	Prov:	640.000	368.000	NProv:	0.000	0.000

Related Contracts

C0065 A	JOA	Jul 14, 1983

Well U.W.I.	Status/Type
100/01-16-040-15-W4/02	SHUTIN/GAS
100/01-16-040-15-W4/00	SHUTIN/GAS

Royalty / Encumbrances

** REPORTED IN ACRES**

ACTION ENERGY INC.
Mineral Property Report

Province: ALBERTA
Area : GALAHAD

File Number / File Status / Mineral Int	Lse Type / Lessor Type / Int Type / Lse No/Name / Operator / Payor		Exposure / Gross / Net	Oper.Cont. ROFR / Doi Partner(s)	DOI Code *	*	Lease Description / Rights Held

(cont'd)

Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales
CROWN SLIDING SCALE ROYALTY	ALL PRODUCTS	Y	N	100.00000000 % of SALES

M0253 A

Roy Percent:
Deduction: STANDARD
Gas: Royalty: Min Pay: Prod/Sales:
S/S OIL: Min: Max: Div: Prod/Sales:
Other Percent: Min: Prod/Sales:

Paid to: LESSOR (M)		Paid by: WI (C)	
ALBERTA RESOURC	100.00000000	ACTION	57.50000000
		APACHE CANADA	25.00000000
		PENN WEST LTD.	17.50000000

M0253	PNG	CR	Eff: Jul 14, 1983	640.000	C0065 B No	BPEN	APEN	TWP 40 RGE 15 W4M SEC 16 (12-16
Sub: B	WI		Exp: Jul 13, 1988	640.000	ACTION	75.00000000	57.50000000	WELLBORE ONLY)
ACTIVE	0483070017		Ext: 15	480.000	APACHE CANADA	25.00000000	25.00000000	(12-16 WELLBORE ONLY)
	ACTION				PENN WEST LTD.		17.50000000	
100.00000000	ACTION		Count Acreage = No		Total Rental: 0.00			

—— Related Contracts ——

C0065 B	JOA	Jul 14, 1983

Status		Acres	Net		Acres	Net
NON PRODUCING	Prod:	0.000	0.000	NProd:	640.000	480.000
DEVELOPED	Dev:	160.000	120.000	Undev:	480.000	360.000
PROVEN	Prov:	160.000	120.000	NProv:	480.000	360.000

—— Well U.W.I.	Status/Type ——
100/12-16-040-15-W4/00	STANDING/UNKN

Royalty / Encumbrances

Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales
CROWN SLIDING SCALE ROYALTY	ALL PRODUCTS	Y	N	100.00000000 % of SALES

Roy Percent:
Deduction: STANDARD
Gas: Royalty: Min Pay: Prod/Sales:
S/S OIL: Min: Max: Div: Prod/Sales:
Other Percent: Min: Prod/Sales:

Paid to: LESSOR (M)		Paid by: BPEN (C)	
ALBERTA RESOURC	100.00000000	ACTION	75.00000000

ACTION ENERGY INC.
Mineral Property Report

Province: ALBERTA
Area : GALAHAD

File Number / File Status / Mineral Int	Lse Type Lessor Type / Int Type / Lse No/Name / Operator / Payor		Exposure Gross / Net	Oper.Cont. ROFR / Doi Partner(s)	DOI Code *	*	Lease Description / Rights Held
(cont'd)							
M0253	B			APACHE CANADA PENN WEST LTD.	25.00000000		
M0253 Sub: C ACTIVE 100.00000000	PNG CR WI 0483070017 ACTION ACTION	Eff: Jul 14, 1983 Exp: Jul 13, 1988 Ext: 15 Count Acreage = No	640.000 640.000 528.000	C0065 C No ACTION PENN WEST LTD. APACHE CANADA Total Rental: 0.00	BPEN 82.50000000 17.50000000	APEN 57.50000000 17.50000000 25.00000000	TWP 40 RGE 15 W4M SEC 16 (2-16 WELLBORE ONLY) (2-16 WELLBORE ONLY)

——— Related Contracts ———
C0065 C JOA Jul 14, 1983

——— Well U.W.I. Status/Type ———
100/02-16-040-15-W4/00 STANDING/UNKN

Status		Acres	Net		Acres	Net
NON PRODUCING	Prod:	0.000	0.000	NProd:	640.000	528.000
DEVELOPED	Dev:	160.000	132.000	Undev:	480.000	396.000
PROVEN	Prov:	160.000	132.000	NProv:	480.000	396.000

Royalty / Encumbrances

Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales
CROWN SLIDING SCALE ROYALTY	ALL PRODUCTS	Y	N	100.00000000 % of SALES

Roy Percent:
Deduction: STANDARD
Gas: Royalty: Min Pay: Prod/Sales:
S/S OIL: Min: Max: Div: Prod/Sales:
Other Percent: Min: Prod/Sales:

Paid to: LESSOR (M)
ALBERTA RESOURC 100.00000000

Paid by: BPEN (C)
ACTION 82.50000000
PENN WEST LTD. 17.50000000
APACHE CANADA

File Number / File Status / Mineral Int	Lse Type Lessor Type / Int Type / Lse No/Name / Operator / Payor		Exposure Gross / Net	Oper.Cont. ROFR / Doi Partner(s)	DOI Code		Lease Description / Rights Held
M0253 Sub: D ACTIVE 100.00000000	PNG CR WI 0483070017 ACTION ACTION	Eff: Jul 14, 1983 Exp: Jul 13, 1988 Ext: 15 Count Acreage = No	640.000 640.000 446.080	C0065 D No ACTION PENN WEST LTD. APACHE CANADA	BPEN 69.70000000 30.30000000	APEN 57.50000000 17.50000000 25.00000000	TWP 40 RGE 15 W4M SEC 16 (16-16 WELLBORE ONLY) (16-16 WELLBORE ONLY)

——— Related Contracts ———

ACTION ENERGY INC.
Mineral Property Report

Province: ALBERTA
Area : GALAHAD

File Number / File Status / Mineral Int	Lse Type Lessor Type / Int Type / Lse No/Name / Operator / Payor	Exposure Gross Net	Oper.Cont. ROFR / Doi Partner(s)	DOI Code	Lease Description / Rights Held

(cont'd)

M0253
Sub: D

Total Rental: 0.00

C0065 D JOA Jul 14, 1983

Status		Acres	Net		Acres	Net
NON PRODUCING	Prod:	0.000	0.000	NProd:	640.000	446.080
DEVELOPED	Dev:	160.000	111.520	Undev:	480.000	334.560
PROVEN	Prov:	160.000	111.520	NProv:	480.000	334.560

Well U.W.I.	Status/Type
100/16-16-040-15-W4/00	PRODUCING/GAS

Royalty / Encumbrances

Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales	
CROWN SLIDING SCALE ROYALTY	ALL PRODUCTS	Y	N	100.00000000	% of

Roy Percent:
Deduction: STANDARD
Gas: Royalty: Min Pay: Prod/Sales:
S/S OIL: Min: Max: Div: Prod/Sales:
Other Percent: Min: Prod/Sales:

Paid to: LESSOR (M)
ALBERTA RESOURC 100.00000000

Paid by: BPEN (C)
ACTION 69.70000000
PENN WEST LTD.
APACHE CANADA 30.30000000

M0300 PNG CR Eff: Sep 16, 1975 160.000 WI
Sub: A WI Exp: Sep 15, 1985 160.000 ACTION 100.00000000
ACTIVE 40088 Ext: 15 160.000
ACTION Total Rental: 224.00
100.00000000 ACTION

TWP 40 RGE 15 W4M NE/4 22
PNG BELOW TOP SURFACE TO BASE
MANNVILLE

Related Contracts
C0103 A ROYALTY May 01, 1998

Status		Acres	Net		Acres	Net
PRODUCING	Prod:	160.000	160.000	NProd:	0.000	0.000
DEVELOPED	Dev:	160.000	160.000	Undev:	0.000	0.000
PROVEN	Prov:	160.000	160.000	NProv:	0.000	0.000

Well U.W.I.	Status/Type
100/07-22-040-15-W4/02	PRODUCING/GAS
100/07-22-040-15-W4/00	STANDING/GAS

Royalty / Encumbrances

ACTION ENERGY INC.
Mineral Property Report

Province: ALBERTA
Area : GALAHAD

File Number / File Status / Mineral Int	Lse Type Lessor Type / Int Type / Lse No/Name / Operator / Payor	Exposure / Gross / Net	Oper.Cont. ROFR / Doi Partner(s)	DOI Code * *	Lease Description / Rights Held

(cont'd)

<Linked>	Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales	
C0103 A	GROSS OVERRIDING ROYALTY	ALL PRODUCTS	N	N	100.00000000 % of	PROD

M0300 A

Roy Percent: 8.00000000
Deduction: UNKNOWN
Gas: Royalty: Min Pay: Prod/Sales:
S/S OIL: Min: Max: Div: Prod/Sales:
Other Percent: Min: Prod/Sales:

Paid to: ROY PAYEE (C) Paid by: WI (C)
APACHE CANADA 100.00000000 ACTION 100.00000000

Royalty / Encumbrances

Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales	
CROWN SLIDING SCALE ROYALTY	ALL PRODUCTS	Y	N	100.00000000 % of	SALES

Roy Percent:
Deduction: STANDARD
Gas: Royalty: Min Pay: Prod/Sales:
S/S OIL: Min: Max: Div: Prod/Sales:
Other Percent: Min: Prod/Sales:

Paid to: LESSOR (M) Paid by: WI (M)
ALBERTA RESOURC 100.00000000 ACTION 100.00000000

M0383 PNG CR Eff: Jul 14, 1993 480.000 WI
Sub: A WI Exp: Jul 13, 1998 480.000 ACTION 100.00000000
ACTIVE 0488070084 Ext: 15 480.000
ACTION Total Rental: 672.00
100.00000000 ACTION

TWP 40 RGE 15 W4M S/2 22, NW/4
22
ALL PNG BELOW TOP SURFACE TO
BASE MANNVILLE

Status		Acres	Net		Acres	Net
PRODUCING	Prod:	480.000	480.000	NProd:	0.000	0.000
DEVELOPED	Dev:	480.000	480.000	Undev:	0.000	0.000
PROVEN	Prov:	480.000	480.000	NProv:	0.000	0.000

Well U.W.I.	Status/Type
100/07-22-040-15-W4/02	PRODUCING/GAS
100/07-22-040-15-W4/00	STANDING/GAS

Royalty / Encumbrances

** REPORTED IN ACRES**

ACTION ENERGY INC.
Mineral Property Report

Province: ALBERTA
Area : GALAHAD

File Number / File Status / Mineral Int	Lse Type / Lessor Type / Int Type / Lse No/Name / Operator / Payor	Exposure / Gross / Net	Oper.Cont. ROFR / Doi Partner(s)	DOI Code	Lease Description / Rights Held

(cont'd)

	Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales
	CROWN SLIDING SCALE ROYALTY	ALL PRODUCTS	N	N	100.00000000 % of PROD

M0383 A

Roy Percent:
Deduction: STANDARD
Gas: Royalty: Min Pay: Prod/Sales:
S/S OIL: Min: Max: Div: Prod/Sales:
Other Percent: Min: Prod/Sales:

Paid to: LESSOR (M) — ALBERTA RESOURC 100.00000000
Paid by: WI (M) — ACTION 100.00000000

M0450	PNG	CR	Eff: Aug 22, 1973	160.000	C0175 A No	BPO	APO
Sub: A	RI		Exp: Aug 21, 1983	160.000	ARSENAL ENERGY	100.00000000	50.00000000
ACTIVE	32297A		Ext: 15	0.000	ACTION		25.00000000
	ARSENAL ENERGY				PEARSON RES		25.00000000
100.00000000	ARSENAL ENERGY						

Total Rental: 224.00

TWP 40 RGE 15 W4M NW/4 34
PNG TO BASE MANNVILLE

Related Contracts

C0174 B	P&S	May 15, 2007
C0175 A	RETROFO	Oct 01, 2002

Status		Acres	Net		Acres	Net
PRODUCING	Prod:	160.000	0.000	NProd:	0.000	0.000
DEVELOPED	Dev:	160.000	0.000	Undev:	0.000	0.000
PROVEN	Prov:	160.000	0.000	NProv:	0.000	0.000

Well U.W.I.	Status/Type
102/11-34-040-15-W4/00	SUSPENDED/OIL
102/12-34-040-15-W4/00	PRODUCING/OIL
103/12-34-040-15-W4/00	PRODUCING/OIL
107/12-34-040-15-W4/00	PRODUCING/OIL
109/12-34-040-15-W4/00	PRODUCING/OIL
110/12-34-040-15-W4/00	PRODUCING/OIL
111/12-34-040-15-W4/00	PRODUCING/OIL
112/12-34-040-15-W4/00	PRODUCING/OIL
100/13-34-040-15-W4/00	PRODUCING/OIL
102/13-34-040-15-W4/00	PRODUCING/OIL
103/13-34-040-15-W4/00	PRODUCING/OIL
104/13-34-040-15-W4/00	PRODUCING/OIL
105/13-34-040-15-W4/00	PRODUCING/OIL
102/12-34-040-15-W4/02	STANDING/UNKN
100/11-34-040-15-W4/00	ABANDONED/UNK
100/12-34-040-15-W4/00	ABANDONED/UNK
100/13-34-040-15-W4/02	PRODUCING/OIL

Royalty / Encumbrances

<Linked>	Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales
C0175 A	GROSS OVERRIDING ROYALTY	ALL PRODUCTS	N	N	100.00000000 % of PROD

Roy Percent: 5.00000000
Deduction: UNKNOWN
Gas: Royalty: Min Pay: Prod/Sales:
S/S OIL: Min: Max: Div: Prod/Sales:
Other Percent: Min: Prod/Sales:

Paid to: PAIDTO (R) — ARSENAL ENERGY 100.00000000
Paid by: BPO (C) — ARSENAL ENERGY 100.00000000

GENERAL REMARKS -
THIS ROYALTY WAS A SCHEDULED ENCUMBRANCE UNDER THE AGREEMENT, AND WAS SUBSEQUENTLY

ACTION ENERGY INC.
Mineral Property Report

Province: ALBERTA
Area : GALAHAD

File Number / File Status / Mineral Int	Lse Type Lessor Type / Int Type / Lse No/Name / Operator / Payor	Exposure / Gross / Net	Oper.Cont. ROFR / Doi Partner(s)	DOI Code * *	Lease Description / Rights Held

(cont'd)

M0450 A ACQUIRED BY FARMEE. THE PARTIES CONSTITUTING FARMOR WILL PAY THEIR PROPORTIONATE SHARE OF SAME UPON CONVERTING TO WORKING INTERESTS AFTER PAYOUT.

<Linked>	Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales	
C0175 A	GROSS OVERRIDING ROYALTY	ALL PRODUCTS	Y	Y	100.00000000 % of	PROD

Roy Percent:
Deduction: UNKNOWN
Gas: Royalty: 15.00000000 — Min Pay: — Prod/Sales: PROD
S/S OIL: Min: 5.00000000 — Max: 15.00000000 — Div: 23.8365 — Prod/Sales: PROD
Other Percent: — Min: — Prod/Sales:

Paid to: PAIDTO (R)
ACTION 50.00000000
PEARSON RES 50.00000000

Paid by: BPO (C)
ARSENAL ENERGY 100.00000000

ALLOWABLE DEDUCTIONS -
IN ACCORDANCE WITH THE CAPL 1997 FARMOUT & ROYALTY PROCEDURE (NOT TO EXCEED THOSE PERMITTED FOR THE CALCULATION OF CROWN ROYALTIES).

Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales	
CROWN SLIDING SCALE ROYALTY	ALL PRODUCTS	Y	N	100.00000000 % of	PROD

Roy Percent:
Deduction: STANDARD
Gas: Royalty: — Min Pay: — Prod/Sales:
S/S OIL: Min: — Max: — Div: — Prod/Sales:
Other Percent: — Min: — Prod/Sales:

Paid to: LESSOR (M)
ALBERTA RESOURC 100.00000000

Paid by: BPO (C)
ARSENAL ENERGY 100.00000000

M0451 — PNG CR — Eff: Aug 22, 1973 — 400.000 — C0176 A No — WI — TWP 40 RGE 15 W4M SW/4 34
Sub: A — WI — Exp: Aug 21, 1983 — 400.000 — ACTION — 25.00000000 — TWP 40 RGE 15 W4M LSD 1, 2, 7, 10, 15, 16 SEC 34
ACTIVE — 32297 — Ext: 15 — 100.000 — ARSENAL ENERGY — 75.00000000 — PNG TO BASE MANNVILLE
ARSENAL ENERGY
100.00000000 ARSENAL ENERGY — Total Rental: 560.00

Related Contracts
C0174 B P&S May 15, 2007

Status — Acres — Net — Acres — Net

ACTION ENERGY INC.
Mineral Property Report

Province: ALBERTA
Area : GALAHAD

File Number / File Status / Mineral Int	Lse Type Lessor Type / Int Type / Lse No/Name / Operator / Payor		Exposure Gross Net	Oper.Cont. ROFR / Doi Partner(s)		DOI Code *	*	Lease Description / Rights Held
(cont'd)								
M0451								
Sub: A	PRODUCING	Prod:	80.000	20.000	NProd:	320.000	80.000	C0176 A RETROJOA Jan 01, 2003
	DEVELOPED	Dev:	80.000	20.000	Undev:	320.000	80.000	
	PROVEN	Prov:	80.000	20.000	NProv:	320.000	80.000	

Well U.W.I.	Status/Type
100/15-34-040-15-W4/00	PRODUCING/OIL
100/16-34-040-15-W4/00	PRODUCING/OIL

Royalty / Encumbrances

Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales
CROWN SLIDING SCALE ROYALTY	ALL PRODUCTS	Y	N	100.00000000 % of PROD

Roy Percent:
Deduction: STANDARD
Gas: Royalty: **Min Pay:** **Prod/Sales:**
S/S OIL: Min: **Max:** **Div:** **Prod/Sales:**
Other Percent: **Min:** **Prod/Sales:**

Paid to: LESSOR (M)		Paid by: WI (C)	
ALBERTA RESOURC	100.00000000	ACTION	25.00000000
		ARSENAL ENERGY	75.00000000

Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales
GROSS OVERRIDING ROYALTY	ALL PRODUCTS	N	N	100.00000000 % of PROD

Roy Percent: 5.00000000
Deduction: UNKNOWN
Gas: Royalty: **Min Pay:** **Prod/Sales:**
S/S OIL: Min: **Max:** **Div:** **Prod/Sales:**
Other Percent: **Min:** **Prod/Sales:**

Paid to: PAIDTO (R)		Paid by: PAIDBY (R)	
ARSENAL ENERGY	100.00000000	ACTION	25.00000000
		ARSENAL ENERGY	75.00000000

GENERAL REMARKS -
THIS ROYALTY WAS A SCHEDULED ENCUMBRANCE UNDER THE AGREEMENT, AND WAS SUBSEQUENTLY ACQUIRED BY ONE OF THE PARTICIPANTS HEREUNDER. NO COPY OF ROYALTY AGREEMENT ON FILE.

** REPORTED IN ACRES**

ACTION ENERGY INC.
Mineral Property Report

Province: ALBERTA
Area : GALAHAD

File Number / File Status / Mineral Int	Lse Type Lessor Type / Int Type / Lse No/Name / Operator / Payor	Exposure Gross / Net	Oper.Cont. ROFR / Doi Partner(s)	DOI Code *	*	Lease Description / Rights Held

Area Total:	Total Gross:	7,761.017	Total Net:	6,508.588				
	Prod Gross:	6,321.017	Prod Net:	5,308.588	NProd Gross:	1,440.000	NProd Net:	1,200.000
	Dev Gross:	7,121.017	Dev Net:	6,108.588	Undev Gross:	640.000	Undev Net:	400.000
	Prov Gross:	6,321.017	Prov Net:	5,308.588	NProv Gross:	1,440.000	NProv Net:	1,200.000

** REPORTED IN ACRES**

ACTION ENERGY INC.
Mineral Property Report

Province: ALBERTA
Area : GARRINGTON

File Number / File Status / Mineral Int	Lse Type / Lessor Type / Int Type / Lse No/Name / Operator / Payor		Exposure Gross / Net	Oper.Cont. ROFR / Doi Partner(s)	DOI Code *	*	Lease Description / Rights Held
M0063	PNG CR	Eff: Dec 13, 2001	640.000	C0058 A Unknown	AEARN	BEARN	TWP 37 RGE 6 W5M SEC 2
Sub: A	RI	Exp: Dec 12, 2006	640.000	BOUNTIFUL RES	100.00000000		ALL PNG FROM TOP SURFACE TO
ACTIVE	0501120164	Ext: 15	0.000	ACTION		100.00000000	BASE CARDIUM
	ACTION						
100.00000000	BOUNTIFUL RES			Total Rental: 896.00			

Related Contracts

C0058 A FARMOUT Jul 07, 2006

Well U.W.I. **Status/Type**

100/08-02-037-06-W5/00 PRODUCING/OIL

Status		Acres	Net		Acres	Net
NON PRODUCING	Prod:	0.000	0.000	NProd:	640.000	0.000
DEVELOPED	Dev:	640.000	0.000	Undev:	0.000	0.000
PROVEN	Prov:	640.000	0.000	NProv:	0.000	0.000

Royalty / Encumbrances

<Linked>	Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales
C0058 A	GROSS OVERRIDING ROYALTY	ALL PRODUCTS	Y	N	100.00000000 % of PROD

Roy Percent:
Deduction: UNKNOWN
Gas: Royalty: 10.00000000 **Min Pay:** **Prod/Sales:** PROD
S/S OIL: Min: 5.00000000 **Max:** 15.00000000 **Div:** 23.8365 **Prod/Sales:** PROD
Other Percent: **Min:** **Prod/Sales:**

Paid to: BEARN (C) **Paid by:** AEARN (C)
ACTION 100.00000000 BOUNTIFUL RES 100.00000000

ALLOWABLE DEDUCTIONS -
NOT TO EXCEED 50% OF MARKET PRICE, AS DEFINED UNDER THE 1997 CAPL FARMOUT & ROYALTY PROCEDURE.

Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales
CROWN SLIDING SCALE ROYALTY	ALL PRODUCTS	Y	N	100.00000000 % of SALES

Roy Percent:
Deduction: STANDARD
Gas: Royalty: **Min Pay:** **Prod/Sales:**
S/S OIL: Min: **Max:** **Div:** **Prod/Sales:**
Other Percent: **Min:** **Prod/Sales:**

Paid to: LESSOR (M) **Paid by:** AEARN (C)
ALBERTA RESOURC 100.00000000 BOUNTIFUL RES 100.00000000

** REPORTED IN ACRES**

ACTION ENERGY INC.
Mineral Property Report

Province: ALBERTA
Area : GARRINGTON

File Number	Lse Type Lessor Type	Exposure	Oper.Cont. ROFR	DOI Code	
File Status	Int Type / Lse No/Name	Gross			
Mineral Int	Operator / Payor	Net	Doi Partner(s)	* *	Lease Description / Rights Held

Area Total:	Total Gross:	640.000	Total Net:	0.000				
	Prod Gross:	0.000	Prod Net:	0.000	NProd Gross:	640.000	NProd Net:	0.000
	Dev Gross:	640.000	Dev Net:	0.000	Undev Gross:	0.000	Undev Net:	0.000
	Prov Gross:	640.000	Prov Net:	0.000	NProv Gross:	0.000	NProv Net:	0.000

** REPORTED IN ACRES**

ACTION ENERGY INC.
Mineral Property Report

Province: ALBERTA
Area : GOLD CREEK

File Number / File Status / Mineral Int	Lse Type / Int Type / Operator / Payor	Lessor Type / Lse No/Name		Exposure Gross / Net	Oper.Cont. ROFR / Doi Partner(s)	DOI Code	Lease Description / Rights Held
M0540	PNG LIC	CR	Eff: Jul 15, 1999	320.000	C0223 B No	WI	TWP 66 RGE 4 W6M S/2 30
Sub: A	WI		Exp: Jul 14, 2003	320.000	ACTION	25.00000000	ALL PNG BELOW TRIASSIC TO BASE
ACTIVE	5499070052		Ext: 15	80.000	HUNT OIL	60.00000000	BEAVERHILL LAKE EXCLUDING PNG
	HUNT OIL				PARMOUNT	7.50000000	IN WABUMUN
100.00000000	HUNT OIL		Count Acreage = No		BURLINGTON	7.50000000	

Total Rental: 448.00

Related Contracts

C0173 C	FIPART	Jun 08, 2007
C0173 D	FIPART	Jun 08, 2007
C0221 A	TRUST	Oct 31, 2007
C0221 B	TRUST	Oct 31, 2007
C0223 B	FARMOUT	Apr 10, 6002

Status		Acres	Net		Acres	Net
NON PRODUCING	Prod:	0.000	0.000	NProd:	320.000	80.000
UNDEVELOPED	Dev:	0.000	0.000	Undev:	320.000	80.000
NON PROVEN	Prov:	0.000	0.000	NProv:	320.000	80.000

Royalty / Encumbrances

Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales	
CROWN SLIDING SCALE ROYALTY	ALL PRODUCTS	Y	N	100.00000000	% of PROD

Roy Percent:
Deduction: UNKNOWN
Gas: Royalty: Min Pay: Prod/Sales:
S/S OIL: Min: Max: Div: Prod/Sales:
Other Percent: Min: Prod/Sales:

Paid to: LESSOR (M)		Paid by: WI (C)	
ALBERTA RESOURC	100.00000000	ACTION	25.00000000
		HUNT OIL	60.00000000
		PARMOUNT	7.50000000
		BURLINGTON	7.50000000

File Number / File Status / Mineral Int	Lse Type / Int Type / Operator / Payor	Lessor Type		Exposure	Oper.Cont. ROFR / Doi Partner(s)	DOI Code	Lease Description / Rights Held
M0540	PNG LIC	CR	Eff: Jul 15, 1999	320.000	C0173 D No	AEARN	TWP 66 RGE 4 W6M S/2 30
Sub: D	WI		Exp: Jul 14, 2003	320.000	ACTION	25.00000000	ALL PNG IN WABUMUN
ACTIVE	5499070052		Ext: 15	80.000	HUNT OIL	75.00000000	
	HUNT OIL						
100.00000000	HUNT OIL						

Total Rental: 0.00

Related Contracts

C0173 D	FIPART	Jun 08, 2007

Status		Acres	Net		Acres	Net
NON PRODUCING	Prod:	0.000	0.000	NProd:	320.000	80.000
UNDEVELOPED	Dev:	0.000	0.000	Undev:	320.000	80.000

ACTION ENERGY INC.
Mineral Property Report

Province: ALBERTA
Area : GOLD CREEK

File Number / File Status / Mineral Int	Lse Type Lessor Type / Int Type / Lse No/Name / Operator / Payor	Exposure Gross / Net	Oper.Cont. ROFR / Doi Partner(s)	DOI Code		Lease Description / Rights Held

(cont'd)

M0540
Sub: D

NON PROVEN	Prov:	0.000	0.000	NProv:	320.000	80.000

Royalty / Encumbrances

Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales	
CROWN SLIDING SCALE ROYALTY	ALL PRODUCTS	Y	N	100.00000000	% of

Roy Percent:
Deduction: STANDARD
Gas: Royalty: Min Pay: Prod/Sales:
S/S OIL: Min: Max: Div: Prod/Sales:
Other Percent: Min: Prod/Sales:

Paid to: LESSOR (M)
ALBERTA RESOURC 100.00000000

Paid by: AEARN (C)
ACTION 25.00000000
HUNT OIL 75.00000000

M0474 | PNG | CR | Eff: Jun 02, 2005 | 640.000 | | WI
Sub: A | WI | | Exp: Jun 01, 2010 | 640.000 | ACTION | 100.00000000
ACTIVE | 0505060192 | | | 640.000
ACTION | Total Rental: 896.00
100.00000000 ACTION

TWP 70 RGE 4 W6M SEC 3
ALL PNG FROM TOP SURFACE TO
BASE BASEMENT

Well U.W.I.	Status/Type
100/10-03-070-04-W6/00	STANDING/UNKN

Status		Acres	Net		Acres	Net
NON PRODUCING	Prod:	0.000	0.000	NProd:	640.000	640.000
DEVELOPED	Dev:	160.000	160.000	Undev:	480.000	480.000
NON PROVEN	Prov:	0.000	0.000	NProv:	640.000	640.000

Royalty / Encumbrances

Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales	
CROWN SLIDING SCALE ROYALTY	ALL PRODUCTS	Y	N	100.00000000	% of PROD

Roy Percent:
Deduction: STANDARD
Gas: Royalty: Min Pay: Prod/Sales:
S/S OIL: Min:

ACTION ENERGY INC.
Mineral Property Report

Province: ALBERTA
Area : GOLD CREEK

File Number / File Status / Mineral Int	Lse Type Lessor Type / Int Type / Lse No/Name / Operator / Payor		Exposure Gross / Net	Oper.Cont. ROFR / Doi Partner(s)	DOI Code * *	Lease Description / Rights Held

(cont'd)

Other Percent: Max: Div: Prod/Sales:
Min: Prod/Sales:

Paid to: LESSOR (M) Paid by: WI (M)
ALBERTA RESOURC 100.00000000 ACTION 100.00000000

M0475	PNG CR	Eff: Aug 25, 2005	640.000		WI	TWP 70 RGE 4 W6M SEC 24
Sub: A	WI	Exp: Aug 24, 2010	640.000	ACTION	100.00000000	ALL PNG FROM TOP SURFACE TO
ACTIVE	0505080565		640.000			BASE BASEMENT
	ACTION			Total Rental: 896.00		
100.00000000	ACTION					

Status		Acres	Net		Acres	Net
NON PRODUCING	Prod:	0.000	0.000	NProd:	640.000	640.000
UNDEVELOPED	Dev:	0.000	0.000	Undev:	640.000	640.000
NON PROVEN	Prov:	0.000	0.000	NProv:	640.000	640.000

Royalty / Encumbrances

Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales
CROWN SLIDING SCALE ROYALTY	ALL PRODUCTS	Y	N	100.00000000 % of PROD

Roy Percent:
Deduction: STANDARD
Gas: Royalty: Min Pay: Prod/Sales:
S/S OIL: Min: Max: Div: Prod/Sales:
Other Percent: Min: Prod/Sales:

Paid to: LESSOR (M) Paid by: WI (M)
ALBERTA RESOURC 100.00000000 ACTION 100.00000000

** REPORTED IN ACRES**

ACTION ENERGY INC.
Mineral Property Report

Province: ALBERTA
Area : GOLD CREEK

File Number / File Status / Mineral Int	Lse Type Lessor Type / Int Type / Lse No/Name / Operator / Payor	Exposure Gross / Net	Oper.Cont. ROFR / Doi Partner(s)	DOI Code	Lease Description / Rights Held

Area Total:	Total Gross:	1,600.000	Total Net:	1,360.000						
	Prod Gross:	0.000	Prod Net:	0.000	NProd Gross:	1,600.000	NProd Net:	1,360.000
	Dev Gross:	160.000	Dev Net:	160.000	Undev Gross:	1,440.000	Undev Net:	1,200.000
	Prov Gross:	0.000	Prov Net:	0.000	NProv Gross:	1,600.000	NProv Net:	1,360.000

** REPORTED IN ACRES**

ACTION ENERGY INC.
Mineral Property Report

Province: ALBERTA
Area : GORDONDALE

File Number / File Status / Mineral Int	Lse Type Lessor Type / Int Type / Lse No/Name / Operator / Payor		Exposure Gross / Net	Oper.Cont. ROFR / Doi Partner(s)	DOI Code		Lease Description / Rights Held
M0518	PNG CR	Eff: Jan 10, 2002	160.000	C0217 A No	AEARN		TWP 79 RGE 9 W6M SW/4 22
Sub: A	WI	Exp: Jan 09, 2007	160.000	ACTION	82.08000000		ALL PNG FROM TOP SURFACE TO
ACTIVE	0502010334	Ext: 15	131.328	O&G VENTURES L	7.92000000		BASE GETHING
	ACTION			FAIRBORNE PIVOT	8.50000000		
100.00000000	FAIRBORNE PIVOT			WINSTAR RES LTD	1.50000000		

Total Rental: 224.00

Status		Acres	Net		Acres	Net
PRODUCING	Prod:	160.000	131.328	NProd:	0.000	0.000
DEVELOPED	Dev:	160.000	131.328	Undev:	0.000	0.000
PROVEN	Prov:	160.000	131.328	NProv:	0.000	0.000

—— Related Contracts ——

C0209 A	ORR	Oct 01, 2006
C0217 B	POOLFO	May 20, 2006
C0217 A	POOLFO	May 20, 2006

—— Well U.W.I. / Status/Type ——
102/14-22-079-09-W6/00 STANDING/UNKN

Royalty / Encumbrances

Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales
CROWN SLIDING SCALE ROYALTY	ALL PRODUCTS	N	N	% of

Roy Percent:
Deduction: STANDARD
Gas: Royalty: Min Pay: Prod/Sales:
S/S OIL: Min: Max: Div: Prod/Sales:
Other Percent: Min: Prod/Sales:

Paid to: LESSOR (M)
ALBERTA RESOURC 100.00000000

Paid by: AEARN (C)

ACTION	82.08000000
O&G VENTURES L	7.92000000
FAIRBORNE PIVOT	8.50000000
WINSTAR RES LTD	1.50000000

File Number / File Status / Mineral Int	Lse Type Lessor Type / Int Type / Lse No/Name / Operator / Payor		Exposure Gross / Net	Oper.Cont. ROFR / Doi Partner(s)	BPO	APO	Lease Description / Rights Held
M0518	PNG CR	Eff: Jan 10, 2002	160.000	C0218 A No	BPO	APO	TWP 79 RGE 9 W6M SW/4 22
Sub: B	WI	Exp: Jan 09, 2007	0.000	ACTION	91.20000000	82.08000000	ALL PNG FROM TOP CADOMIN TO
ACTIVE	0502010334	Ext: 15	0.000	O&G VENTURES L	8.80000000	7.92000000	BASE CADOMIN
	ACTION			FAIRBORNE PIVOT		8.50000000	
100.00000000	FAIRBORNE PIVOT	Count Acreage = No		WINSTAR RES LTD		1.50000000	

Total Rental: 0.00

—— Related Contracts ——
C0218 A POOLFO Oct 01, 2006

—— Well U.W.I. / Status/Type ——
100/16-22-079-09-W6/00 ABD ZONE/UNKN

Status	Acres	Net	Acres	Net

** REPORTED IN ACRES**

ACTION ENERGY INC.
Mineral Property Report

Province: ALBERTA
Area : GORDONDALE

File Number / File Status / Mineral Int	Lse Type / Int Type / Operator / Payor	Lessor Type / Lse No/Name	Exposure Gross	Net	Oper.Cont. ROFR / Doi Partner(s)		DOI Code *	*	Lease Description / Rights Held
(cont'd)									
M0518 Sub: B	NON PRODUCING UNDEVELOPED NON PROVEN	Prod: Dev: Prov:	0.000 0.000 0.000	0.000 0.000 0.000	NProd: Undev: NProv:		0.000 0.000 0.000	0.000 0.000 0.000	100/16-22-079-09-W6/02 PRODUCING/GAS

Royalty / Encumbrances

<Linked>
C0218 A

Royalty Type		Product Type	Sliding Scale	Convertible	% of Prod/Sales		
CONVERTIBLE ROYALTY		ALL PRODUCTS	N	N	25.00000000	% of	PROD
Roy Percent:	12.50000000						
Deduction:	UNKNOWN						
Gas: Royalty:			Min Pay:		Prod/Sales:		
S/S OIL: Min:		Max:	Div:		Prod/Sales:		
Other Percent:			Min:		Prod/Sales:		

Paid to: PAIDTO (R)		Paid by: BPO (C)	
FAIRBORNE PIVOT	85.00000000	ACTION	91.20000000
WINSTAR RES LTD	15.00000000	O&G VENTURES L	8.80000000

Royalty Type		Product Type	Sliding Scale	Convertible	% of Prod/Sales		
CROWN SLIDING SCALE ROYALTY		ALL PRODUCTS	Y	N	100.00000000	% of	PROD
Roy Percent:							
Deduction:	STANDARD						
Gas: Royalty:			Min Pay:		Prod/Sales:		
S/S OIL: Min:		Max:	Div:		Prod/Sales:		
Other Percent:			Min:		Prod/Sales:		

Paid to: LESSOR (M)		Paid by: BPO (C)	
ALBERTA RESOURC	100.00000000	ACTION	91.20000000
		O&G VENTURES L	8.80000000

File	Lse / Int Type	Lessor Type	Dates	Exposure	Oper.Cont. / Doi Partner(s)	DOI Code	Lease Description / Rights Held
M0538	PNG	CR	Eff: Dec 12, 2002	160.000	C0191 A Yes	AEARN2	TWP 79 RGE 9 W6M NW/4 22
Sub: B	WI		Exp: Dec 11, 2007	160.000	ACTION	73.60000000	ALL PNG FROM BASE CADOMIN TO
ACTIVE	0502120221		Ext: 15	117.760	O&G VENTURES L	26.40000000	BASE CHARLIE LAKE
	ACTION						
100.00000000	ACTION				Total Rental: 224.00		

Related Contracts

C0209 B	ORR	Oct 01, 2006

ACTION ENERGY INC.
Mineral Property Report

Province: ALBERTA
Area : GORDONDALE

File Number / File Status / Mineral Int	Lse Type / Int Type / Operator / Payor	Lessor Type / Lse No/Name	Exposure Gross / Net	Oper.Cont. / Doi Partner(s)	ROFR	DOI Code	Lease Description / Rights Held

(cont'd)

M0538
Sub: B

Status		Acres	Net		Acres	Net
PRODUCING	Prod:	160.000	117.760	NProd:	0.000	0.000
DEVELOPED	Dev:	160.000	117.760	Undev:	0.000	0.000
NON PROVEN	Prov:	0.000	0.000	NProv:	160.000	117.760

C0262 A TRUST Dec 03, 2008
C0191 A FARMOUT Aug 07, 2003

Well U.W.I.	Status/Type
100/14-22-079-09-W6/00	PRODUCING/OIL

Royalty / Encumbrances

Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales
CROWN SLIDING SCALE ROYALTY	ALL PRODUCTS	Y	N	% of

Roy Percent:
Deduction: STANDARD
Gas: Royalty: Min Pay: Prod/Sales:
S/S OIL: Min: Max: Div: Prod/Sales:
Other Percent: Min: Prod/Sales:

Paid to: LESSOR (M)
ALBERTA RESOURC 100.00000000

Paid by: AEARN2 (C)
ACTION 73.60000000
O&G VENTURES L 26.40000000

M0538	PNG	CR	Eff: Dec 12, 2002	0.000	C0217 A No	AEARN	TWP 79 RGE 9 W6M N/2 SE/4 22
Sub: D	WI		Exp: Dec 11, 2007	0.000	ACTION	82.08000000	ALL PNG FROM TOP SURFACE TO
ACTIVE	0502120221		Ext: 15	0.000	O&G VENTURES L	7.92000000	BASE GETHING
	ACTION				FAIRBORNE PIVOT	8.50000000	
100.00000000	ACTION				WINSTAR RES LTD	1.50000000	

Total Rental: 0.00

Related Contracts
C0209 D ORR Oct 01, 2006
C0217 A POOLFO May 20, 2006
C0262 B TRUST Dec 03, 2008

Status		Acres	Net		Acres	Net
NON PRODUCING	Prod:	0.000	0.000	NProd:	0.000	0.000
UNDEVELOPED	Dev:	0.000	0.000	Undev:	0.000	0.000
NON PROVEN	Prov:	0.000	0.000	NProv:	0.000	0.000

Well U.W.I.	Status/Type
102/14-22-079-09-W6/00	STANDING/UNKN

Royalty / Encumbrances

ACTION ENERGY INC.
Mineral Property Report

Province: ALBERTA
Area : GORDONDALE

File Number / File Status / Mineral Int	Lse Type Lessor Type / Int Type / Lse No/Name / Operator / Payor	Exposure Gross / Net	Oper.Cont. ROFR / Doi Partner(s)	DOI Code * *	Lease Description / Rights Held

(cont'd)

Royalty Type		Product Type	Sliding Scale	Convertible	% of Prod/Sales	
GROSS OVERRIDING ROYALTY		ALL PRODUCTS	N	N	100.00000000	% of PROD

M0538 D

Roy Percent:	2.00000000				
Deduction:	UNKNOWN				
Gas: Royalty:			Min Pay:		Prod/Sales:
S/S OIL: Min:		Max:	Div:		Prod/Sales:
Other Percent:			Min:		Prod/Sales:

Paid to:	PAIDTO (R)		Paid by:	AEARN (C)
ROLL THUND RES		100.00000000	ACTION	82.08000000
			O&G VENTURES L	7.92000000
			FAIRBORNE PIVOT	8.50000000
			WINSTAR RES LTD	1.50000000

Royalty / Encumbrances

Royalty Type		Product Type	Sliding Scale	Convertible	% of Prod/Sales	
CROWN SLIDING SCALE ROYALTY		ALL PRODUCTS	Y	N	100.00000000	% of PROD

Roy Percent:					
Deduction:	UNKNOWN				
Gas: Royalty:			Min Pay:		Prod/Sales:
S/S OIL: Min:		Max:	Div:		Prod/Sales:
Other Percent:			Min:		Prod/Sales:

Paid to:	LESSOR (M)		Paid by:	AEARN (C)
ALBERTA RESOURC		100.00000000	ACTION	82.08000000
			O&G VENTURES L	7.92000000
			FAIRBORNE PIVOT	8.50000000
			WINSTAR RES LTD	1.50000000

M0538	PNG	CR	Eff: Dec 12, 2002	320.000	C0218 A No	BPO	APO	TWP 79 RGE 9 W6M N/2 SE/4 22
Sub: E	WI		Exp: Dec 11, 2007	320.000	ACTION	91.20000000	82.08000000	ALL PNG FROM TOP CADOMIN TO
ACTIVE	0502120221		Ext: 15	291.840	O&G VENTURES L	8.80000000	7.92000000	BASE CADOMIN
	ACTION				FAIRBORNE PIVOT		8.50000000	
100.00000000	ACTION				WINSTAR RES LTD		1.50000000	

Total Rental: 448.00

Related Contracts

C0209 E	ORR	Oct 01, 2006
C0262 C	TRUST	Dec 03, 2008
C0218 A	POOLFO	Oct 01, 2006

ACTION ENERGY INC.
Mineral Property Report

Province: ALBERTA
Area : GORDONDALE

File Number / File Status / Mineral Int	Lse Type Lessor Type / Int Type / Lse No/Name / Operator / Payor	Exposure Gross / Net	Oper.Cont. ROFR / Doi Partner(s)	DOI Code * *	Lease Description / Rights Held

(cont'd)

M0538
Sub: E

Status		Acres	Net		Acres	Net
PRODUCING	Prod:	320.000	291.840	NProd:	0.000	0.000
DEVELOPED	Dev:	320.000	291.840	Undev:	0.000	0.000
NON PROVEN	Prov:	0.000	0.000	NProv:	320.000	291.840

Well U.W.I.	Status/Type
100/16-22-079-09-W6/00	ABD ZONE/UNKN
100/16-22-079-09-W6/02	PRODUCING/GAS

Royalty / Encumbrances

<Linked> C0218 A

Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales
CONVERTIBLE ROYALTY	ALL PRODUCTS	N	N	25.00000000 % of PROD

Roy Percent: 12.50000000
Deduction: UNKNOWN
Gas: Royalty: Min Pay: Prod/Sales:
S/S OIL: Min: Max: Div: Prod/Sales:
Other Percent: Min: Prod/Sales:

Paid to: PAIDTO (R)		Paid by: BPO (C)	
FAIRBORNE PIVOT	85.00000000	ACTION	91.20000000
WINSTAR RES LTD	15.00000000	O&G VENTURES L	8.80000000

Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales
CROWN SLIDING SCALE ROYALTY	ALL PRODUCTS	Y	N	100.00000000 % of PROD

Roy Percent:
Deduction: UNKNOWN
Gas: Royalty: Min Pay: Prod/Sales:
S/S OIL: Min: Max: Div: Prod/Sales:
Other Percent: Min: Prod/Sales:

Paid to: LESSOR (M)		Paid by: BPO (C)	
ALBERTA RESOURC	100.00000000	ACTION	91.20000000
		O&G VENTURES L	8.80000000

Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales
GROSS OVERRIDING ROYALTY	ALL PRODUCTS	N	N	100.00000000 % of PROD

Roy Percent: 2.00000000
Deduction: UNKNOWN
Gas: Royalty: Min Pay: Prod/Sales:
S/S OIL: Min:

ACTION ENERGY INC.
Mineral Property Report

Province: ALBERTA
Area : GORDONDALE

File Number / File Status / Mineral Int	Lse Type Lessor Type / Int Type / Lse No/Name / Operator / Payor		Exposure / Gross / Net	Oper.Cont. ROFR / Doi Partner(s)	DOI Code	Lease Description / Rights Held

(cont'd)

Other Percent: Max: Div: Prod/Sales:
Min: Prod/Sales:

Paid to: PAIDTO (R) — ROLL THUND RES 100.00000000
Paid by: PAIDBY (R) — ACTION 91.20000000; O&G VENTURES L 8.80000000

M0249	PNG CR	Eff: Oct 19, 2006	640.000		WI	TWP 80 RGE 11 W6M SEC 1
Sub: A	WI	Exp: Oct 18, 2011	640.000	ACTION	100.00000000	ALL PNG FROM TOP SURFACE TO
ACTIVE	0506100528		640.000			BASE BASEMENT
	ACTION			Total Rental: 896.00		
100.00000000	ACTION					

Status		Acres	Net		Acres	Net
NON PRODUCING	Prod:	0.000	0.000	NProd:	640.000	640.000
UNDEVELOPED	Dev:	0.000	0.000	Undev:	640.000	640.000
NON PROVEN	Prov:	0.000	0.000	NProv:	640.000	640.000

Royalty / Encumbrances

Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales		
CROWN SLIDING SCALE ROYALTY	ALL PRODUCTS	Y	N	100.00000000	% of	SALES

Roy Percent:
Deduction: STANDARD
Gas: Royalty: Min Pay: Prod/Sales:
S/S OIL: Min: Max: Div: Prod/Sales:
Other Percent: Min: Prod/Sales:

Paid to: LESSOR (M) — ALBERTA RESOURC 100.00000000
Paid by: WI (M) — ACTION 100.00000000

M0250	PNG CR	Eff: Oct 19, 2006	640.000		WI	TWP 80 RGE 11 W6M SEC 12
Sub: A	WI	Exp: Oct 18, 2011	640.000	ACTION	100.00000000	ALL PNG FROM TOP SURFACE TO
ACTIVE	0506100530		640.000			BASE BASEMENT
	ACTION			Total Rental: 896.00		
100.00000000	ACTION					

ACTION ENERGY INC.
Mineral Property Report

Province: ALBERTA
Area : GORDONDALE

File Number	Lse Type Lessor Type	Exposure	Oper.Cont. ROFR	DOI Code	Lease Description / Rights Held
File Status	Int Type / Lse No/Name	Gross			
Mineral Int	Operator / Payor	Net	Doi Partner(s)	* *	

(cont'd)

M0250
Sub: A

Status		Acres	Net		Acres	Net
NON PRODUCING	Prod:	0.000	0.000	NProd:	640.000	640.000
UNDEVELOPED	Dev:	0.000	0.000	Undev:	640.000	640.000
NON PROVEN	Prov:	0.000	0.000	NProv:	640.000	640.000

Royalty / Encumbrances

Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales		
CROWN SLIDING SCALE ROYALTY	ALL PRODUCTS	Y	N	100.00000000	% of	SALES

Roy Percent:
Deduction: STANDARD
Gas: Royalty: Min Pay: Prod/Sales:
S/S OIL: Min: Max: Div: Prod/Sales:
Other Percent: Min: Prod/Sales:

Paid to:	LESSOR	(M)	Paid by:	WI	(M)
ALBERTA RESOURC		100.00000000	ACTION		100.00000000

** REPORTED IN ACRES**

ACTION ENERGY INC.
Mineral Property Report

Province: ALBERTA
Area : GORDONDALE

File Number File Status Mineral Int	Lse Type Lessor Type Int Type / Lse No/Name Operator / Payor	Exposure Gross Net	Oper.Cont. ROFR Doi Partner(s)	DOI Code *	 *	Lease Description / Rights Held	
Area Total:	Total Gross:	1,920.000	Total Net:	1,820.928			
	Prod Gross:	640.000	Prod Net:	540.928	NProd Gross: 1,280.000	NProd Net:	1,280.000
	Dev Gross:	640.000	Dev Net:	540.928	Undev Gross: 1,280.000	Undev Net:	1,280.000
	Prov Gross:	160.000	Prov Net:	131.328	NProv Gross: 1,760.000	NProv Net:	1,689.600

** REPORTED IN ACRES**

ACTION ENERGY INC.
Mineral Property Report

Province: ALBERTA
Area : GRANLEA

File Number / File Status / Mineral Int	Lse Type Lessor Type / Int Type / Lse No/Name / Operator / Payor		Exposure Gross / Net	Oper.Cont. ROFR / Doi Partner(s)	DOI Code * *	Lease Description / Rights Held
M0348	PNG CR	Eff: Sep 22, 2005	640.000	C0146 A No	WI	TWP 8 RGE 10 W4M SEC 29
Sub: A	WI	Exp: Sep 21, 2010	640.000	ACTION	50.00000000	
ACTIVE	0405090331		320.000	KODIAK ENERGY	50.00000000	PNG BELOW BASE SECOND WHITE SPECKS TO BASE BASEMENT
	ACTION					
100.00000000	ACTION			Total Rental: 896.00		

Status		Acres	Net		Acres	Net
NON PRODUCING	Prod:	0.000	0.000	NProd:	640.000	320.000
DEVELOPED	Dev:	640.000	320.000	Undev:	0.000	0.000
NON PROVEN	Prov:	0.000	0.000	NProv:	640.000	320.000

—— Related Contracts ——

C0146 A	JOA	Oct 05, 2005
C0238 A	FARMOUT	May 20, 2008 (I)

Well U.W.I.	Status/Type
102/07-29-008-10-W4/00	CAPPED/GAS

Royalty / Encumbrances

Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales	
CROWN SLIDING SCALE ROYALTY	ALL PRODUCTS	Y	N	100.00000000	% of PROD

Roy Percent:
Deduction: STANDARD
Gas Royalty: Min Pay: Prod/Sales:
S/S OIL: Min: Max: Div: Prod/Sales:
Other Percent: Min: Prod/Sales:

Paid to: LESSOR (M)		Paid by: WI (C)	
ALBERTA RESOURC	100.00000000	ACTION	50.00000000
		KODIAK ENERGY	50.00000000

File Number / File Status / Mineral Int	Lse Type Lessor Type / Int Type / Lse No/Name / Operator / Payor		Exposure Gross / Net	Oper.Cont. ROFR / Doi Partner(s)	DOI Code	Lease Description / Rights Held
M0349	PNG CR	Eff: Sep 22, 2005	640.000	C0146 A No	WI	TWP 8 RGE 10 W4M SEC 30
Sub: A	WI	Exp: Sep 21, 2010	640.000	ACTION	50.00000000	
ACTIVE	0405090332		320.000	KODIAK ENERGY	50.00000000	PNG BELOW BASE BOW ISLAND TO BASE BASEMENT
	ACTION					
100.00000000	ACTION			Total Rental: 896.00		

Status		Acres	Net		Acres	Net
NON PRODUCING	Prod:	0.000	0.000	NProd:	640.000	320.000
UNDEVELOPED	Dev:	0.000	0.000	Undev:	640.000	320.000
NON PROVEN	Prov:	0.000	0.000	NProv:	640.000	320.000

—— Related Contracts ——

C0146 A	JOA	Oct 05, 2005

Royalty / Encumbrances

** REPORTED IN ACRES**

ACTION ENERGY INC.
Mineral Property Report

Province: ALBERTA
Area : GRANLEA

File Number / File Status / Mineral Int	Lse Type / Lessor Type / Int Type / Lse No/Name / Operator / Payor	Exposure Gross / Net	Oper.Cont. ROFR / Doi Partner(s)	DOI Code	Lease Description / Rights Held

(cont'd)

		Royalty Type		Product Type	Sliding Scale	Convertible	% of Prod/Sales		
		CROWN SLIDING SCALE ROYALTY		ALL PRODUCTS	Y	N	100.00000000	% of	PROD
		Roy Percent:							
		Deduction:	STANDARD						
M0349	A	Gas: Royalty:			Min Pay:		Prod/Sales:		
		S/S OIL: Min:		Max:	Div:		Prod/Sales:		
		Other Percent:			Min:		Prod/Sales:		

Paid to:	LESSOR	(M)	Paid by:	WI	(C)
ALBERTA RESOURC		100.00000000	ACTION		50.00000000
			KODIAK ENERGY		50.00000000

** REPORTED IN ACRES**

ACTION ENERGY INC.
Mineral Property Report

Province: ALBERTA
Area : GRANLEA

File Number	Lse Type Lessor Type	Exposure	Oper.Cont. ROFR	DOI Code		Lease Description / Rights Held
File Status	Int Type / Lse No/Name	Gross				
Mineral Int	Operator / Payor	Net	Doi Partner(s)	*	*	

Area Total:	**Total Gross:**	1,280.000	**Total Net:**	640.000				
	Prod Gross:	0.000	**Prod Net:**	0.000	**NProd Gross:**	1,280.000	**NProd Net:**	640.000
	Dev Gross:	640.000	**Dev Net:**	320.000	**Undev Gross:**	640.000	**Undev Net:**	320.000
	Prov Gross:	0.000	**Prov Net:**	0.000	**NProv Gross:**	1,280.000	**NProv Net:**	640.000

** REPORTED IN ACRES**

ACTION ENERGY INC.
Mineral Property Report

Province: ALBERTA
Area : HOLBURN

File Number / File Status / Mineral Int	Lse Type / Lessor Type / Int Type / Lse No/Name / Operator / Payor		Exposure Gross / Net	Oper.Cont. ROFR / Doi Partner(s)	DOI Code	Lease Description / Rights Held
M0393	PNG CR	Eff: Aug 25, 2005	640.000		WI	TWP 50 RGE 1 W5M SEC 18
Sub: A	WI	Exp: Aug 24, 2010	640.000	ACTION	100.00000000	ALL PNG BELOW TOP SURFACE TO
ACTIVE	0405080426		640.000			BASE MANNVILLE
	ACTION			Total Rental: 896.00		
100.00000000	ACTION					

Status		Acres	Net		Acres	Net
NON PRODUCING	Prod:	0.000	0.000	NProd:	640.000	640.000
UNDEVELOPED	Dev:	0.000	0.000	Undev:	640.000	640.000
NON PROVEN	Prov:	0.000	0.000	NProv:	640.000	640.000

Royalty / Encumbrances

Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales		
CROWN SLIDING SCALE ROYALTY	ALL PRODUCTS	N	N	100.00000000	% of	PROD

Roy Percent:
Deduction: STANDARD
Gas: Royalty: Min Pay: Prod/Sales:
S/S OIL: Min: Max: Div: Prod/Sales:
Other Percent: Min: Prod/Sales:

Paid to: LESSOR (M) Paid by: WI (M)
ALBERTA RESOURC 100.00000000 ACTION 100.00000000

** REPORTED IN ACRES**

ACTION ENERGY INC.
Mineral Property Report

Province: ALBERTA
Area : HOLBURN

File Number	Lse Type Lessor Type	Exposure	Oper.Cont. ROFR	DOI Code		Lease Description / Rights Held
File Status	Int Type / Lse No/Name	Gross				
Mineral Int	Operator / Payor	Net	Doi Partner(s)	*	*	

Area Total:	Total Gross:	640.000	Total Net:	640.000				
	Prod Gross:	0.000	Prod Net:	0.000	NProd Gross:	640.000	NProd Net:	640.000
	Dev Gross:	0.000	Dev Net:	0.000	Undev Gross:	640.000	Undev Net:	640.000
	Prov Gross:	0.000	Prov Net:	0.000	NProv Gross:	640.000	NProv Net:	640.000

ACTION ENERGY INC.
Mineral Property Report

Province: ALBERTA
Area : HOUSE MOUNTAIN

File Number / File Status / Mineral Int	Lse Type / Lessor Type / Int Type / Lse No/Name / Operator / Payor		Exposure Gross / Net	Oper.Cont. ROFR / Doi Partner(s)	DOI Code	Lease Description / Rights Held
M0246	PNG CR	Eff: Jul 16, 1981	160.000	C0059 A No	WI	TWP 70 RGE 11 W5M SW/4 19
Sub: A	WI	Exp: Jul 15, 1986	160.000	ACTION	1.25000000	PNG FROM TOP SURFACE TO BASE
ACTIVE	0581070078	Ext: 15	2.000	ROI INVESTMENTS	35.00000000	BEAVERHILL LAKE
	DEVON CANADA			DEVON CANADA	23.75000000	
100.00000000	ENERPLUS O & G			NORTHERN LIFE	25.00000000	
				PROPHET PET	10.00000000	
				SORREL	5.00000000	

Total Rental: 224.00

Related Contracts

C0059 A	FARMIN	Aug 11, 1983

Well U.W.I.	Status/Type
100/06-19-070-11-W5/00	D&A/OIL

Status		Acres	Net		Acres	Net
NON PRODUCING	Prod:	0.000	0.000	NProd:	160.000	2.000
DEVELOPED	Dev:	160.000	2.000	Undev:	0.000	0.000
NON PROVEN	Prov:	0.000	0.000	NProv:	160.000	2.000

Royalty / Encumbrances

<Linked>	Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales	
C0059 A	GROSS OVERRIDING ROYALTY	ALL PRODUCTS	N	N	100.00000000	% of

Roy Percent: 3.00000000
Deduction: UNKNOWN
Gas: Royalty: Min Pay: Prod/Sales:
S/S OIL: Min: Max: Div: Prod/Sales:
Other Percent: Min: Prod/Sales:

Paid to: PAIDTO (R)		Paid by: WI (C)	
SHUNEX RES	100.00000000	ACTION	1.25000000
		ROI INVESTMENTS	35.00000000
		DEVON CANADA	23.75000000
		NORTHERN LIFE	25.00000000
		PROPHET PET	10.00000000
		SORREL	5.00000000

ALLOWABLE DEDUCTIONS - Oct 31, 2006
UNKNOWN; NO COPY OF AGREEMENT ON FILE.

<Linked>	Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales	
C0059 A	GROSS OVERRIDING ROYALTY	ALL PRODUCTS	Y	N	100.00000000	% of PROD

Roy Percent:

File Number / File Status / Mineral Int	Lse Type / Lessor Type / Int Type / Lse No/Name / Operator / Payor	Exposure Gross / Net	Oper.Cont. ROFR / Doi Partner(s)	DOI Code *	*	Lease Description / Rights Held

(cont'd)

M0246 A

Deduction: UNKNOWN
Gas: Royalty: 15.00000000 Min Pay: 4.41/M3 Prod/Sales:
S/S OIL: Min: 5.00000000 Max: 15.00000000 Div: 150 Prod/Sales:
Other Percent: Min: Prod/Sales:

Paid to: PAIDTO (R)		Paid by: WI (C)	
DRUMMOND	100.00000000	ACTION	1.25000000
		ROI INVESTMENTS	35.00000000
		DEVON CANADA	23.75000000
		NORTHERN LIFE	25.00000000
		PROPHET PET	10.00000000
		SORREL	5.00000000

ALLOWABLE DEDUCTIONS - Oct 31, 2006
UNKNOWN; NO COPY OF AGREEMENT ON FILE.

Royalty / Encumbrances

Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales
CROWN SLIDING SCALE ROYALTY	ALL PRODUCTS	Y	N	100.00000000 % of SALES

Roy Percent:
Deduction: STANDARD
Gas: Royalty: Min Pay: Prod/Sales:
S/S OIL: Min: Max: Div: Prod/Sales:
Other Percent: Min: Prod/Sales:

Paid to: LESSOR (M)		Paid by: WI (C)	
ALBERTA RESOURC	100.00000000	ACTION	1.25000000
		ROI INVESTMENTS	35.00000000
		DEVON CANADA	23.75000000
		NORTHERN LIFE	25.00000000
		PROPHET PET	10.00000000
		SORREL	5.00000000

** REPORTED IN ACRES**

ACTION ENERGY INC.
Mineral Property Report

Province: ALBERTA
Area : HOUSE MOUNTAIN

File Number / File Status / Mineral Int	Lse Type Lessor Type / Int Type / Lse No/Name / Operator / Payor	Exposure Gross / Net	Oper.Cont. ROFR / Doi Partner(s)	*	DOI Code *	Lease Description / Rights Held

Area Total:	Total Gross:	160.000	Total Net:	2.000				
	Prod Gross:	0.000	Prod Net:	0.000	NProd Gross:	160.000	NProd Net:	2.000
	Dev Gross:	160.000	Dev Net:	2.000	Undev Gross:	0.000	Undev Net:	0.000
	Prov Gross:	0.000	Prov Net:	0.000	NProv Gross:	160.000	NProv Net:	2.000

** REPORTED IN ACRES**

ACTION ENERGY INC.
Mineral Property Report

Province: ALBERTA
Area : KILLAM

File Number / File Status / Mineral Int	Lse Type Lessor Type / Int Type / Lse No/Name / Operator / Payor		Exposure Gross / Net	Oper.Cont. ROFR / Doi Partner(s)	DOI Code	Lease Description / Rights Held
M0453	PNG CR	Eff: Jun 20, 1957	80.000	C0177 A No	WI	TWP 41 RGE 12 W4M LSD 3, 7 SEC
Sub: A	WI	Exp: Jun 19, 1978	80.000	ACTION	8.50000000	10
ACTIVE	110394	Ext: 15	6.800	TALISMAN	2.00000000	PET TO BASE ELLERSLIE;
	ACTION			ARSENAL ENERGY	69.34375000	CASINGHEAD OR ASSOCIATED GAS IN
100.00000000	HARVEST OP CORP			SIGNALTA RES	5.15625000	ELLERSLIE; NG TO TOP ELLERSLIE
				WESCO OILS	15.00000000	

Total Rental: 112.00

Related Contracts

C0174 C	P&S	May 15, 2007
C0177 A	FI&OPT	Feb 06, 1985

Status		Acres	Net		Acres	Net
NON PRODUCING	Prod:	0.000	0.000	NProd:	80.000	6.800
DEVELOPED	Dev:	80.000	6.800	Undev:	0.000	0.000
NON PROVEN	Prov:	0.000	0.000	NProv:	80.000	6.800

Well U.W.I.	Status/Type
100/07-10-041-12-W4/00	SHUTIN/OIL

Royalty / Encumbrances

Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales		
CROWN SLIDING SCALE ROYALTY	ALL PRODUCTS	Y	N	100.00000000	% of	PROD

Roy Percent:
Deduction: STANDARD
Gas: Royalty: Min Pay: Prod/Sales:
S/S OIL: Min: Max: Div: Prod/Sales:
Other Percent: Min: Prod/Sales:

Paid to: LESSOR (M)		Paid by: WI (C)	
ALBERTA RESOURC	100.00000000	ACTION	8.50000000
		TALISMAN	2.00000000
		ARSENAL ENERGY	69.34375000
		SIGNALTA RES	5.15625000
		WESCO OILS	15.00000000

File Number / File Status / Mineral Int	Lse Type Lessor Type / Int Type / Lse No/Name / Operator / Payor		Exposure Gross / Net	Oper.Cont. ROFR / Doi Partner(s)	DOI Code	Lease Description / Rights Held
M0453	PNG CR	Eff: Jun 20, 1957	80.000	C0177 B No	WI	TWP 41 RGE 12 W4M LSD 3, 7 SEC
Sub: B	WI	Exp: Jun 19, 1978	80.000	ACTION	7.99036000	10
ACTIVE	110394	Ext: 15	6.392	TALISMAN	13.75000000	NG IN ELLERSLIE EXCL CASINGHEAD
	ACTION			ARSENAL ENERGY	13.59025000	OR ASSOCIATED GAS
100.00000000	HARVEST OP CORP	Count Acreage = No		SIGNALTA RES	10.31250000	
				MERMAID RES	7.94657000	
				WESCO OILS	7.05032000	

Related Contracts

C0174 C	P&S	May 15, 2007

** REPORTED IN ACRES**

ACTION ENERGY INC.
Mineral Property Report

Province: ALBERTA
Area : KILLAM

File Number / File Status / Mineral Int	Lse Type Lessor Type / Int Type / Lse No/Name / Operator / Payor	Exposure Gross / Net	Oper.Cont. ROFR / Doi Partner(s)	DOI Code * *	Lease Description / Rights Held

(cont'd)

M0453
Sub: B

PETRO-CANADA 39.36000000 — C0177 B FI&OPT Feb 06, 1985

Total Rental: 0.00

Status		Acres	Net		Acres	Net
NON PRODUCING	Prod:	0.000	0.000	NProd:	80.000	6.392
UNDEVELOPED	Dev:	0.000	0.000	Undev:	80.000	6.392
NON PROVEN	Prov:	0.000	0.000	NProv:	80.000	6.392

Royalty / Encumbrances

Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales
CROWN SLIDING SCALE ROYALTY	ALL PRODUCTS	Y	N	100.00000000 % of PROD

Roy Percent:
Deduction: STANDARD
Gas: Royalty: Min Pay: Prod/Sales:
S/S OIL: Min: Max: Div: Prod/Sales:
Other Percent: Min: Prod/Sales:

Paid to: LESSOR (M)
ALBERTA RESOURC 100.00000000

Paid by: WI (C)

ACTION	7.99036000
TALISMAN	13.75000000
ARSENAL ENERGY	13.59025000
SIGNALTA RES	10.31250000
MERMAID RES	7.94657000
WESCO OILS	7.05032000
PETRO-CANADA	39.36000000

M0453 PNG CR Eff: Jun 20, 1957 40.000 C0177 C No WI
Sub: C WI Exp: Jun 19, 1978 40.000
ACTIVE 110394 Ext: 15 3.759
ACTION
100.00000000 HARVEST OP CORP Count Acreage = No

ACTION	9.39784000
ARSENAL ENERGY	20.25063000
SIGNALTA RES	10.31250000
MERMAID RES	12.38682000
WESCO OILS	8.29221000
PETRO-CANADA	39.36000000

TWP 41 RGE 12 W4M LSD 4 SEC 10
NG TO BASE ELLERSLIE EXCL
VIKING, EXCL CASINGHEAD OR
ASSOCIATED OR GAS IN ELLERSLIE

Related Contracts
C0174 C P&S May 15, 2007

ACTION ENERGY INC.
Mineral Property Report

Province: ALBERTA
Area : KILLAM

File Number / File Status / Mineral Int	Lse Type Lessor Type / Int Type / Lse No/Name / Operator / Payor		Exposure Gross / Net	Oper.Cont. ROFR / Doi Partner(s)	DOI Code *	*	Lease Description / Rights Held

(cont'd)

M0453
Sub: C

C0177 C FI&OPT Feb 06, 1985

Total Rental: 0.00

Status		Acres	Net		Acres	Net
NON PRODUCING	Prod:	0.000	0.000	NProd:	40.000	3.759
UNDEVELOPED	Dev:	0.000	0.000	Undev:	40.000	3.759
NON PROVEN	Prov:	0.000	0.000	NProv:	40.000	3.759

Royalty / Encumbrances

Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales
CROWN SLIDING SCALE ROYALTY	ALL PRODUCTS	Y	N	100.00000000 % of PROD

Roy Percent:
Deduction: STANDARD
Gas: Royalty: Min Pay: Prod/Sales:
S/S OIL: Min: Max: Div: Prod/Sales:
Other Percent: Min: Prod/Sales:

Paid to: LESSOR (M)
ALBERTA RESOURC 100.00000000

Paid by: WI (C)

ACTION	9.39784000
ARSENAL ENERGY	20.25063000
SIGNALTA RES	10.31250000
MERMAID RES	12.38682000
WESCO OILS	8.29221000
PETRO-CANADA	39.36000000

M0453 PNG CR Eff: Jun 20, 1957 40.000 C0177 D No WI
Sub: D WI Exp: Jun 19, 1978 40.000
ACTIVE 110394 Ext: 15 6.800
ACTION
100.00000000 HARVEST OP CORP

ACTION	17.00000000
ARSENAL ENERGY	35.28066000
SIGNALTA RES	10.31250000
MERMAID RES	22.40684000
WESCO OILS	15.00000000

Total Rental: 56.00

TWP 41 RGE 12 W4M LSD 4 SEC 10
PET TO BASE ELLERSLIE EXCL
VIKING; ASSOCIATED OR
CASINGHEAD GAS IN ELLERSLIE

Related Contracts

C0174 C	P&S	May 15, 2007
C0177 D	FI&OPT	Feb 06, 1985

ACTION ENERGY INC.
Mineral Property Report

Province: ALBERTA
Area : KILLAM

File Number / File Status / Mineral Int	Lse Type Lessor Type / Int Type / Lse No/Name / Operator / Payor	Exposure Gross / Net	Oper.Cont. ROFR / Doi Partner(s)	DOI Code * *	Lease Description / Rights Held

(cont'd)

M0453
Sub: D

Status		Acres	Net		Acres	Net
NON PRODUCING	Prod:	0.000	0.000	NProd:	40.000	6.800
DEVELOPED	Dev:	40.000	6.800	Undev:	0.000	0.000
NON PROVEN	Prov:	0.000	0.000	NProv:	40.000	6.800

Well U.W.I.	Status/Type
100/04-10-041-12-W4/00	ABANDONED/OIL

Royalty / Encumbrances

Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales	
CROWN SLIDING SCALE ROYALTY	ALL PRODUCTS	Y	N	100.00000000	% of PROD

Roy Percent:
Deduction: STANDARD
Gas: Royalty: Min Pay: Prod/Sales:
S/S OIL: Min: Max: Div: Prod/Sales:
Other Percent: Min: Prod/Sales:

Paid to: LESSOR (M)
ALBERTA RESOURC 100.00000000

Paid by: WI (C)

ACTION	17.00000000
ARSENAL ENERGY	35.28066000
SIGNALTA RES	10.31250000
MERMAID RES	22.40684000
WESCO OILS	15.00000000

M0453 PNG CR Eff: Jun 20, 1957 80.000 C0177 E No
Sub: E WI Exp: Jun 19, 1978 80.000
ACTIVE 110394 Ext: 15 3.400
ACTION
100.00000000 HARVEST OP CORP

	WI
ACTION	4.25000000
ARSENAL ENERGY	85.25000000
WESCO OILS	7.50000000
DOMINION EXPL	3.00000000

Total Rental: 112.00

TWP 41 RGE 12 W4M LSD 5, 6 SEC
10
PNG TO BASE ELLERSLIE EXCL
VIKING

Related Contracts

C0174 C	P&S	May 15, 2007
C0177 E	FI&OPT	Feb 06, 1985

Status		Acres	Net		Acres	Net
NON PRODUCING	Prod:	0.000	0.000	NProd:	80.000	3.400
DEVELOPED	Dev:	80.000	3.400	Undev:	0.000	0.000
NON PROVEN	Prov:	0.000	0.000	NProv:	80.000	3.400

Well U.W.I.	Status/Type
100/05-10-041-12-W4/00	ABANDONED/OIL
102/06-10-041-12-W4/00	SHUTIN/OIL

File Number / File Status / Mineral Int	Lse Type / Int Type / Operator / Payor	Lessor Type / Lse No/Name	Exposure Gross / Net	Oper.Cont. / Doi Partner(s)	ROFR	DOI Code	Lease Description / Rights Held

(cont'd)

M0453 E

Royalty / Encumbrances

Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales		
CROWN SLIDING SCALE ROYALTY	ALL PRODUCTS	Y	N	100.00000000	% of	PROD

Roy Percent:
Deduction: STANDARD
Gas: Royalty: **Min Pay:** **Prod/Sales:**
S/S OIL: Min: **Max:** **Div:** **Prod/Sales:**
Other Percent: **Min:** **Prod/Sales:**

Paid to: LESSOR (M)
ALBERTA RESOURC 100.00000000

Paid by: WI (C)
ACTION 4.25000000
ARSENAL ENERGY 85.25000000
WESCO OILS 7.50000000
DOMINION EXPL 3.00000000

M0454	NG	FH	**Eff:** Sep 02, 2004	160.000		WI	TWP 41 RGE 13 W4M NE/4 5
Sub: A	WI		**Exp:** Sep 01, 2009	40.000	ACTION	100.00000000	(UNDIVIDED 25% INTEREST)
ACTIVE	GAMROTH, E.			40.000			ALL NATURAL_GAS
	ACTION				Total Rental: 0.00		
25.00000000	ACTION						

Related Contracts

C0174 C	P&S	May 15, 2007

Status		Acres	Net		Acres	Net
NON PRODUCING	**Prod:**	0.000	0.000	**NProd:**	40.000	40.000
UNDEVELOPED	**Dev:**	0.000	0.000	**Undev:**	40.000	40.000
NON PROVEN	**Prov:**	0.000	0.000	**NProv:**	40.000	40.000

Royalty / Encumbrances

Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales		
LESSOR OVERRIDING ROYALTY	GAS	N	N	100.00000000	% of	SALES

Roy Percent: 16.00000000
Deduction: UNKNOWN
Gas: Royalty: **Min Pay:** **Prod/Sales:**
S/S OIL: Min: **Max:** **Div:** **Prod/Sales:**

ACTION ENERGY INC.
Mineral Property Report

Province: ALBERTA
Area : KILLAM

File Number / File Status / Mineral Int	Lse Type Lessor Type / Int Type / Lse No/Name / Operator / Payor	Exposure Gross / Net	Oper.Cont. ROFR / Doi Partner(s)	DOI Code	Lease Description / Rights Held

(cont'd)

Other Percent: Min: Prod/Sales:

Paid to: LESSOR (M) Paid by: WI (M)
GAMROTH, E. 100.00000000 ACTION 100.00000000

ALLOWABLE DEDUCTIONS -
ANY REASONABLE EXPENSE INCURRED (INCLUDING A REASONABLE RATE OF RETURN ON INVESTMENT) FOR SEPARATING, TREATING, PROCESSING, COMPRESSING AND TRANSPORTING THE LEASED SUBSTANCES TO THE POINT OF SALE, SUCH DEDUCTIONS NOT TO EXCEED 50%.

M0455 NG FH Eff: Sep 02, 2004 160.000 WI
Sub: A WI Exp: Sep 01, 2009 40.000 ACTION 100.00000000
ACTIVE HERLE, D. 40.000
ACTION Total Rental: 0.00
25.00000000 ACTION

TWP 41 RGE 13 W4M NE/4 5
(UNDIVIDED 25% INTEREST)
ALL NATURAL_GAS

Related Contracts
C0174 C P&S May 15, 2007

Status		Acres	Net		Acres	Net
NON PRODUCING	Prod:	0.000	0.000	NProd:	40.000	40.000
UNDEVELOPED	Dev:	0.000	0.000	Undev:	40.000	40.000
NON PROVEN	Prov:	0.000	0.000	NProv:	40.000	40.000

Royalty / Encumbrances

Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales		
LESSOR OVERRIDING ROYALTY	GAS	N	N	100.00000000	% of	SALES

Roy Percent: 16.00000000
Deduction: UNKNOWN
Gas: Royalty: Min Pay: Prod/Sales:
S/S OIL: Min: Max: Div: Prod/Sales:
Other Percent: Min: Prod/Sales:

Paid to: LESSOR (M) Paid by: WI (M)
HERLE, D. 100.00000000 ACTION 100.00000000

ALLOWABLE DEDUCTIONS -
ANY REASONABLE EXPENSE INCURRED (INCLUDING A REASONABLE RATE OF RETURN ON INVESTMENT) FOR SEPARATING, TREATING, PROCESSING, COMPRESSING AND TRANSPORTING THE

ACTION ENERGY INC.
Mineral Property Report

Province: ALBERTA
Area : KILLAM

File Number / File Status / Mineral Int	Lse Type / Lessor Type / Int Type / Lse No/Name / Operator / Payor	Exposure / Gross / Net	Oper.Cont. ROFR / Doi Partner(s)	DOI Code	Lease Description / Rights Held

(cont'd)

M0455 A LEASED SUBSTANCES TO THE POINT OF SALE, SUCH DEDUCTIONS NOT TO EXCEED 50%.

M0456 NG FH **Eff:** Sep 02, 2004 160.000 WI TWP 41 RGE 13 W4M NE/4 5
Sub: A WI **Exp:** Sep 01, 2009 40.000 ACTION 100.00000000 (UNDIVIDED 25% INTEREST)
ACTIVE BIRKJAR, E, 40.000 ALL NATURAL_GAS
ACTION Total Rental: 0.00
25.00000000 ACTION

Related Contracts
C0174 C P&S May 15, 2007

Status		Acres	Net		Acres	Net
NON PRODUCING	**Prod:**	0.000	0.000	**NProd:**	40.000	40.000
UNDEVELOPED	**Dev:**	0.000	0.000	**Undev:**	40.000	40.000
NON PROVEN	**Prov:**	0.000	0.000	**NProv:**	40.000	40.000

Royalty / Encumbrances

Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales	
LESSOR OVERRIDING ROYALTY	GAS	N	N	100.00000000	% of SALES

Roy Percent: 16.00000000
Deduction: UNKNOWN
Gas: Royalty: **Min Pay:** **Prod/Sales:**
S/S OIL: Min: **Max:** **Div:** **Prod/Sales:**
Other Percent: **Min:** **Prod/Sales:**

Paid to: LESSOR (M) **Paid by:** WI (M)
BIRKJAR, E. 100.00000000 ACTION 100.00000000

ALLOWABLE DEDUCTIONS -
ANY REASONABLE EXPENSE INCURRED (INCLUDING A REASONABLE RATE OF RETURN ON INVESTMENT) FOR SEPARATING, TREATING, PROCESSING, COMPRESSING AND TRANSPORTING THE LEASED SUBSTANCES TO THE POINT OF SALE, SUCH DEDUCTIONS NOT TO EXCEED 50%.

M0457 NG FH **Eff:** Sep 02, 2004 160.000 WI TWP 41 RGE 13 W4M NE/4 5
Sub: A WI **Exp:** Sep 01, 2009 40.000 ACTION 100.00000000 (UNDIVIDED 25% INTEREST)
ACTIVE GAMROTH ET AL 40.000 ALL NATURAL_GAS
ACTION Total Rental: 0.00

ACTION ENERGY INC.
Mineral Property Report

Province: ALBERTA
Area : KILLAM

File Number / File Status / Mineral Int	Lse Type / Lessor Type / Int Type / Lse No/Name / Operator / Payor	Exposure / Gross / Net	Oper.Cont. / ROFR / Doi Partner(s)	DOI Code	Lease Description / Rights Held

(cont'd)

M0457
Sub: A
25.00000000 ACTION

Related Contracts
C0174 C P&S May 15, 2007

Status		Acres	Net		Acres	Net
NON PRODUCING	Prod:	0.000	0.000	NProd:	40.000	40.000
UNDEVELOPED	Dev:	0.000	0.000	Undev:	40.000	40.000
NON PROVEN	Prov:	0.000	0.000	NProv:	40.000	40.000

Royalty / Encumbrances

Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales	
LESSOR OVERRIDING ROYALTY	GAS	N	N	100.00000000	% of SALES

Roy Percent: 16.00000000
Deduction: UNKNOWN
Gas: Royalty: Min Pay: Prod/Sales:
S/S OIL: Min: Max: Div: Prod/Sales:
Other Percent: Min: Prod/Sales:

Paid to: LESSOR (M)		Paid by: WI (M)	
GAMROTH, R.P.	16.67000000	ACTION	100.00000000
GAMROTH, C.P.	16.67000000		
BLUMHAGEN, C.L.	16.67000000		
LOHR, J.A.	16.67000000		
GAMROTH, K.A.	16.66000000		
GAMROTH, A.G.	16.66000000		

ALLOWABLE DEDUCTIONS -
ANY REASONABLE EXPENSE INCURRED (INCLUDING A REASONABLE RATE OF RETURN ON INVESTMENT) FOR SEPARATING, TREATING, PROCESSING, COMPRESSING AND TRANSPORTING THE LEASED SUBSTANCES TO THE POINT OF SALE, SUCH DEDUCTIONS NOT TO EXCEED 50%.

M0458 PNG CR Eff: Dec 02, 2004 320.000 WI
Sub: A WI Exp: Dec 01, 2009 320.000 ACTION 100.00000000
ACTIVE 0404120062 320.000
ACTION Total Rental: 0.00

TWP 41 RGE 13 W4M E/2 14
ALL PNG EXCL NG IN MANNVILLE

Related Contracts

ACTION ENERGY INC.
Mineral Property Report

Province: ALBERTA
Area : KILLAM

File Number / File Status / Mineral Int	Lse Type Lessor Type / Int Type / Lse No/Name / Operator / Payor	Exposure Gross Net	Oper.Cont. ROFR / Doi Partner(s)	DOI Code * *	Lease Description / Rights Held

(cont'd)

M0458
Sub: A
100.00000000 ACTION   Count Acreage = No   C0174 C P&S May 15, 2007

Status		Acres	Net		Acres	Net
NON PRODUCING	Prod:	0.000	0.000	NProd:	320.000	320.000
UNDEVELOPED	Dev:	0.000	0.000	Undev:	320.000	320.000
NON PROVEN	Prov:	0.000	0.000	NProv:	320.000	320.000

Well U.W.I.	Status/Type
100/10-14-041-13-W4/00	ABDREENTER/GA

Royalty / Encumbrances

Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales	
CROWN SLIDING SCALE ROYALTY	ALL PRODUCTS	Y	N	100.00000000	% of. PROD

Roy Percent:
Deduction: STANDARD
Gas: Royalty: Min Pay: Prod/Sales:
S/S OIL: Min: Max: Div: Prod/Sales:
Other Percent: Min: Prod/Sales:

Paid to: LESSOR (M)   Paid by: WI (M)
ALBERTA RESOURC 100.00000000   ACTION 100.00000000

M0458   PNG   CR   Eff: Dec 02, 2004   320.000 C0180 A No   BPO   APO   TWP 41 RGE 13 W4M E/2 14
Sub: B   WI   Exp: Dec 01, 2009   320.000 ACTION   100.00000000   80.00000000   NG IN MANNVILLE
ACTIVE   0404120062   320.000 HERMES ENERGY   20.00000000
ACTION
100.00000000 ACTION   Total Rental: 448.00

Related Contracts

C0174 C	P&S	May 15, 2007
C0180 A	POOLFI	Apr 12, 2005

Status		Acres	Net		Acres	Net
NON PRODUCING	Prod:	0.000	0.000	NProd:	320.000	320.000
DEVELOPED	Dev:	320.000	320.000	Undev:	0.000	0.000
PROVEN	Prov:	320.000	320.000	NProv:	0.000	0.000

Well U.W.I.	Status/Type
100/10-14-041-13-W4/02	SUSPENDED/GAS

Royalty / Encumbrances

ACTION ENERGY INC.
Mineral Property Report

Province: ALBERTA
Area : KILLAM

File Number / File Status / Mineral Int	Lse Type / Int Type / Operator / Payor	Lessor Type / Lse No/Name	Exposure Gross / Net	Oper.Cont. / Doi Partner(s)	ROFR	DOI Code		Lease Description / Rights Held
						*	*	

(cont'd)

<Linked>	Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales	
C0180 A	GROSS OVERRIDING ROYALTY	GAS	N	Y	50.00000000 % of	PROD

M0458 B

Roy Percent: 15.00000000
Deduction: UNKNOWN
Gas: Royalty: Min Pay: Prod/Sales:
S/S OIL: Min: Max: Div: Prod/Sales:
Other Percent: Min: Prod/Sales:

Paid to: PPOOL1 (C) — HERMES ENERGY 100.00000000
Paid by: BPO (C) — ACTION 100.00000000

ALLOWABLE DEDUCTIONS -
DEDUCTIONS TO BE EQUIVALENT TO THOSE USED IN CALCULATION OF ALBERTA CROWN ROYALTIES.

Royalty / Encumbrances

Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales	
CROWN SLIDING SCALE ROYALTY	ALL PRODUCTS	Y	N	100.00000000 % of	PROD

Roy Percent:
Deduction: STANDARD
Gas: Royalty: Min Pay: Prod/Sales:
S/S OIL: Min: Max: Div: Prod/Sales:
Other Percent: Min: Prod/Sales:

Paid to: LESSOR (M) — ALBERTA RESOURC 100.00000000
Paid by: BPO (C) — ACTION 100.00000000

M0459	PNG	CR	Eff: Jan 11, 2001	320.000	C0180 A No	BPO	APO	TWP 41 RGE 13 W4M W/2 14
Sub: A	WI		Exp: Jan 10, 2006	320.000	ACTION	100.00000000	80.00000000	NG IN MANNVILLE
ACTIVE	0401010221		Ext: 15	320.000	HERMES ENERGY		20.00000000	
	ACTION							
100.00000000	ANDERSON ENERGY				Total Rental: 448.00			

Related Contracts

C0174 C	P&S	May 15, 2007
C0180 A	POOLFI	Apr 12, 2005

Status		Acres	Net		Acres	Net
NON PRODUCING	Prod:	0.000	0.000	NProd:	320.000	320.000
DEVELOPED	Dev:	320.000	320.000	Undev:	0.000	0.000
PROVEN	Prov:	320.000	320.000	NProv:	0.000	0.000

Well U.W.I.	Status/Type
100/10-14-041-13-W4/02	SUSPENDED/GAS

ACTION ENERGY INC.
Mineral Property Report

Province: ALBERTA
Area : KILLAM

File Number / File Status / Mineral Int	Lse Type Lessor Type / Int Type / Lse No/Name / Operator / Payor	Exposure Gross / Net	Oper.Cont. ROFR / Doi Partner(s)	DOI Code	Lease Description / Rights Held

(cont'd)

M0459 A — Royalty / Encumbrances

<Linked>	Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales		
C0180 A	GROSS OVERRIDING ROYALTY	GAS	N	Y	50.00000000	% of	PROD

Roy Percent: 15.00000000
Deduction: UNKNOWN
Gas: Royalty: Min Pay: Prod/Sales:
S/S OIL: Min: Max: Div: Prod/Sales:
Other Percent: Min: Prod/Sales:

Paid to: PPOOL1 (C) Paid by: BPO (C)
HERMES ENERGY 100.00000000 ACTION 100.00000000

ALLOWABLE DEDUCTIONS -
DEDUCTIONS TO BE EQUIVALENT TO THOSE USED IN CALCULATION OF ALBERTA CROWN ROYALTIES.

Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales		
CROWN SLIDING SCALE ROYALTY	ALL PRODUCTS	Y	N	100.00000000	% of	PROD

Roy Percent:
Deduction: STANDARD
Gas: Royalty: Min Pay: Prod/Sales:
S/S OIL: Min: Max: Div: Prod/Sales:
Other Percent: Min: Prod/Sales:

Paid to: LESSOR (M) Paid by: BPO (C)
ALBERTA RESOURC 100.00000000 ACTION 100.00000000

M0461 PNG CR Eff: Sep 02, 2004 640.000 C0181 A Yes WI
Sub: A WI Exp: Sep 01, 2009 640.000 ACTION 75.00000000
ACTIVE 0404090099 480.000 GRAND PETROLEUM 25.00000000
ACTION
100.00000000 ACTION Count Acreage = No Total Rental: 0.00

TWP 41 RGE 13 W4M SEC 18
PNG ABOVE THE STRATIGRAPHIC EQUIVALENT OF 975 M KB AS SHOWN ON THE NEUTRON DENSITY LOG OF THE 102/09-18-41-13 W4/00 WELL.

Status		Acres	Net		Acres	Net
NON PRODUCING	Prod:	0.000	0.000	NProd:	640.000	480.000
DEVELOPED	Dev:	640.000	480.000	Undev:	0.000	0.000

Related Contracts

C0174 C	P&S	May 15, 2007
C0181 A	JOA	Oct 06, 2004

ACTION ENERGY INC.
Mineral Property Report

Province: ALBERTA
Area : KILLAM

File Number / File Status / Mineral Int	Lse Type Lessor Type / Int Type / Lse No/Name / Operator / Payor	Exposure Gross / Net	Oper.Cont. ROFR / Doi Partner(s)	DOI Code	Lease Description / Rights Held

(cont'd)

M0461
Sub: A

NON PROVEN	Prov:	0.000	0.000	NProv:	640.000	480.000	C0182 A TRUST Oct 12, 2004

Well U.W.I. — Status/Type
102/09-18-041-13-W4/00 SUSPENDED/GAS

Royalty / Encumbrances

Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales
CROWN SLIDING SCALE ROYALTY	ALL PRODUCTS	Y	N	100.00000000 % of PROD

Roy Percent:
Deduction: STANDARD
Gas: Royalty: Min Pay: Prod/Sales:
S/S OIL: Min: Max: Div: Prod/Sales:
Other Percent: Min: Prod/Sales:

Paid to: LESSOR (M)
ALBERTA RESOURC 100.00000000

Paid by: WI (C)
ACTION 75.00000000
GRAND PETROLEUM 25.00000000

M0461 PNG CR Eff: Sep 02, 2004 640.000 C0181 B Yes WI
Sub: B WI Exp: Sep 01, 2009 640.000 ACTION 50.00000000
ACTIVE 0404090099 320.000 GRAND PETROLEUM 50.00000000
ACTION
100.00000000 ACTION Total Rental: 896.00

TWP 41 RGE 13 W4M SEC 18
PNG BELOW THE STRATIGRAPHIC EQUIVALENT OF 975 M KB AS SHOWN ON THE NEUTRON DENSITY LOG OF THE 102/09-18-41-13 W4/00 WELL.

Status		Acres	Net		Acres	Net
PRODUCING	Prod:	160.000	80.000	NProd:	480.000	240.000
DEVELOPED	Dev:	160.000	80.000	Undev:	480.000	240.000
PROVEN	Prov:	160.000	80.000	NProv:	480.000	240.000

Related Contracts

C0174 C	P&S	May 15, 2007
C0181 B	JOA	Oct 06, 2004
C0182 A	TRUST	Oct 12, 2004

Well U.W.I.	Status/Type
100/01-18-041-13-W4/00	PRODUCING/OIL
100/08-18-041-13-W4/00	PRODUCING/OIL

Royalty / Encumbrances

Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales
CROWN SLIDING SCALE ROYALTY	ALL PRODUCTS	Y	N	100.00000000 % of PROD

Roy Percent:
Deduction: STANDARD
Gas: Royalty: Min Pay: Prod/Sales:
S/S OIL: Min:

ACTION ENERGY INC.
Mineral Property Report

Province: ALBERTA
Area : KILLAM

File Number / File Status / Mineral Int	Lse Type Lessor Type / Int Type / Lse No/Name / Operator / Payor	Exposure / Gross / Net	Oper.Cont. ROFR / Doi Partner(s)	DOI Code	Lease Description / Rights Held

(cont'd)

Other Percent: Max: Div: Prod/Sales:
Min: Prod/Sales:

Paid to: LESSOR (M) — ALBERTA RESOURC 100.00000000
Paid by: WI (C) — ACTION 50.00000000; GRAND PETROLEUM 50.00000000

M0462 NG FH Eff: Apr 28, 2006 160.000 WI
Sub: A WI Exp: Apr 27, 2009 80.000 ACTION 100.00000000
ACTIVE BLACKSMITH HLDGS 80.000
ACTION Total Rental: 0.00
50.00000000 ACTION

TWP 41 RGE 13 W4M SW/4 23
(UNDIVIDED 50%)
ALL NG

Related Contracts
C0174 C P&S May 15, 2007

Status		Acres	Net		Acres	Net
NON PRODUCING	Prod:	0.000	0.000	NProd:	80.000	80.000
UNDEVELOPED	Dev:	0.000	0.000	Undev:	80.000	80.000
NON PROVEN	Prov:	0.000	0.000	NProv:	80.000	80.000

Royalty / Encumbrances

Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales
LESSOR OVERRIDING ROYALTY	GAS	N	N	100.00000000 % of SALES

Roy Percent: 16.50000000
Deduction: UNKNOWN
Gas: Royalty: Min Pay: Prod/Sales:
S/S OIL: Min: Max: Div: Prod/Sales:
Other Percent: Min: Prod/Sales:

Paid to: LESSOR (M) — BLACKSMITH HLDG 100.00000000
Paid by: WI (M) — ACTION 100.00000000

ALLOWABLE DEDUCTIONS -
ANY REASONABLE EXPENSE INCURRED (INCLUDING A REASONABLE RATE OF RETURN ON INVESTMENT) FOR SEPARATING, TREATING, PROCESSING, COMPRESSING AND TRANSPORTING THE LEASED SUBSTANCES TO THE POINT OF SALE, SUCH DEDUCTIONS NOT TO EXCEED 40%.

ACTION ENERGY INC.
Mineral Property Report

Province: ALBERTA
Area : KILLAM

File Number / File Status / Mineral Int	Lse Type Lessor Type / Int Type / Lse No/Name / Operator / Payor		Exposure Gross / Net	Oper.Cont. ROFR / Doi Partner(s)	DOI Code	Lease Description / Rights Held
M0463 Sub: A ACTIVE 50.00000000	NG FH WI BLACKSMITH HLDGS ACTION ACTION	Eff: Apr 28, 2006 Exp: Apr 27, 2009	158.000 79.000 79.000	ACTION Total Rental: 0.00	WI 100.00000000	TWP 41 RGE 13 W4M NE/4 23 (UNDIVIDED 50%) ALL NG

Related Contracts

C0174 C	P&S	May 15, 2007

Status		Acres	Net		Acres	Net
NON PRODUCING	Prod:	0.000	0.000	NProd:	79.000	79.000
UNDEVELOPED	Dev:	0.000	0.000	Undev:	79.000	79.000
NON PROVEN	Prov:	0.000	0.000	NProv:	79.000	79.000

Royalty / Encumbrances

Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales
LESSOR OVERRIDING ROYALTY	GAS	N	N	100.00000000 % of SALES

Roy Percent: 16.50000000
Deduction: UNKNOWN
Gas: Royalty: Min Pay: Prod/Sales:
S/S OIL: Min: Max: Div: Prod/Sales:
Other Percent: Min: Prod/Sales:

Paid to: LESSOR (M) Paid by: WI (M)
BLACKSMITH HLDG 100.00000000 ACTION 100.00000000

ALLOWABLE DEDUCTIONS -
ANY REASONABLE EXPENSE INCURRED (INCLUDING A REASONABLE RATE OF RETURN ON INVESTMENT) FOR SEPARATING, TREATING, PROCESSING, COMPRESSING AND TRANSPORTING THE LEASED SUBSTANCES TO THE POINT OF SALE, SUCH DEDUCTIONS NOT TO EXCEED 40%.

File Number / File Status / Mineral Int	Lse Type Lessor Type / Int Type / Lse No/Name / Operator / Payor		Exposure Gross / Net	Oper.Cont. ROFR / Doi Partner(s)	DOI Code	Lease Description / Rights Held
M0464 Sub: A ACTIVE 100.00000000	NG FH WI BRODER, G.M. ACTION ACTION	Eff: Mar 30, 2005 Exp: Mar 29, 2010	160.000 160.000 160.000	ACTION Total Rental: 0.00	WI 100.00000000	TWP 41 RGE 14 W4M NE/4 5 ALL NG

Related Contracts

C0174 C	P&S	May 15, 2007

Status		Acres	Net		Acres	Net
NON PRODUCING	Prod:	0.000	0.000	NProd:	160.000	160.000

ACTION ENERGY INC.
Mineral Property Report

Province: ALBERTA
Area : KILLAM

File Number / File Status / Mineral Int	Lse Type Lessor Type / Int Type / Lse No/Name / Operator / Payor	Exposure Gross Net	Oper.Cont. ROFR / Doi Partner(s)	DOI Code	Lease Description / Rights Held

(cont'd)

M0464
Sub: A

Status		Acres	Net		Acres	Net
UNDEVELOPED	Dev:	0.000	0.000	Undev:	160.000	160.000
NON PROVEN	Prov:	0.000	0.000	NProv:	160.000	160.000

Royalty / Encumbrances

Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales
LESSOR OVERRIDING ROYALTY	GAS	N	N	100.00000000 % of SALES

Roy Percent: 16.00000000
Deduction: UNKNOWN
Gas: Royalty: Min Pay: Prod/Sales:
S/S OIL: Min: Max: Div: Prod/Sales:
Other Percent: Min: Prod/Sales:

Paid to: LESSOR (M) Paid by: WI (M)
BRODER, G.M. 100.00000000 ACTION 100.00000000

ALLOWABLE DEDUCTIONS -
ANY REASONABLE EXPENSE INCURRED (INCLUDING A REASONABLE RATE OF RETURN ON INVESTMENT) FOR SEPARATING, TREATING, PROCESSING, COMPRESSING AND TRANSPORTING THE LEASED SUBSTANCES TO THE POINT OF SALE, SUCH DEDUCTIONS NOT TO EXCEED 50%.

M0465 NG FH Eff: Mar 30, 2005 160.000 WI TWP 41 RGE 14 W4M NW/4 5
Sub: A WI Exp: Mar 29, 2010 160.000 ACTION 100.00000000 ALL NG
ACTIVE KUEFLER, A.M. 160.000
ACTION Total Rental: 0.00
100.00000000 ACTION

—— Related Contracts ——
C0174 C P&S May 15, 2007

Status		Acres	Net		Acres	Net
NON PRODUCING	Prod:	0.000	0.000	NProd:	160.000	160.000
UNDEVELOPED	Dev:	0.000	0.000	Undev:	160.000	160.000
NON PROVEN	Prov:	0.000	0.000	NProv:	160.000	160.000

Royalty / Encumbrances

ACTION ENERGY INC.
Mineral Property Report

Province: ALBERTA
Area : KILLAM

File Number / File Status / Mineral Int	Lse Type Lessor Type / Int Type / Lse No/Name / Operator / Payor	Exposure / Gross / Net	Oper.Cont. ROFR / Doi Partner(s)	DOI Code * *	Lease Description / Rights Held

(cont'd)

Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales
LESSOR OVERRIDING ROYALTY	GAS	N	N	100.00000000 % of SALES

M0465 A

Roy Percent: 16.00000000
Deduction: UNKNOWN
Gas: Royalty: **Min Pay:** **Prod/Sales:**
S/S OIL: Min: **Max:** **Div:** **Prod/Sales:**
Other Percent: **Min:** **Prod/Sales:**

Paid to: LESSOR (M) **Paid by:** WI (M)
KUEFLER, A.M. 100.00000000 ACTION 100.00000000

ALLOWABLE DEDUCTIONS -
ANY REASONABLE EXPENSE INCURRED (INCLUDING A REASONABLE RATE OF RETURN ON INVESTMENT) FOR SEPARATING, TREATING, PROCESSING, COMPRESSING AND TRANSPORTING THE LEASED SUBSTANCES TO THE POINT OF SALE, SUCH DEDUCTIONS NOT TO EXCEED 50%.

M0466 NG FH **Eff:** Sep 27, 2006 174.000 WI
Sub: A WI **Exp:** Sep 26, 2009 43.500 ACTION 100.00000000
ACTIVE DOWHANIUK, R.L. 43.500
ACTION **Total Rental:** 0.00
25.00000000 ACTION

TWP 42 RGE 14 W4M NE/4 31
(UNDIVIDED 25%)
ALL NG

Related Contracts
C0174 C P&S May 15, 2007

Status		Acres	Net		Acres	Net
NON PRODUCING	Prod:	0.000	0.000	NProd:	43.500	43.500
UNDEVELOPED	Dev:	0.000	0.000	Undev:	43.500	43.500
NON PROVEN	Prov:	0.000	0.000	NProv:	43.500	43.500

Royalty / Encumbrances

Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales
LESSOR OVERRIDING ROYALTY	GAS	N	N	100.00000000 % of SALES

Roy Percent: 16.00000000
Deduction: UNKNOWN
Gas: Royalty: **Min Pay:** **Prod/Sales:**
S/S OIL: Min: **Max:** **Div:** **Prod/Sales:**
Other Percent: **Min:** **Prod/Sales:**

ACTION ENERGY INC.
Mineral Property Report

Province: ALBERTA
Area : KILLAM

File Number / File Status / Mineral Int	Lse Type Lessor Type / Int Type / Lse No/Name / Operator / Payor	Exposure / Gross / Net	Oper.Cont. ROFR / Dol Partner(s)	DOI Code	Lease Description / Rights Held

(cont'd)

M0466 A **Paid to:** LESSOR (M) DOWHANIUK, R.L. 100.00000000 **Paid by:** WI (M) ACTION 100.00000000

ALLOWABLE DEDUCTIONS -
ANY REASONABLE EXPENSE INCURRED (INCLUDING A REASONABLE RATE OF RETURN ON INVESTMENT) FOR SEPARATING, TREATING, PROCESSING, COMPRESSING AND TRANSPORTING THE LEASED SUBSTANCES TO THE POINT OF SALE, SUCH DEDUCTIONS NOT TO EXCEED 50%.

M0467 NG FH **Eff:** Sep 27, 2006 174.000 WI
Sub: A WI **Exp:** Sep 26, 2009 43.500 ACTION 100.00000000
ACTIVE WADDELL, K.J. 43.500
ACTION Total Rental: 0.00
25.00000000 ACTION

TWP 42 RGE 14 W4M NE/4 31
(UNDIVIDED 25%)
ALL NG

Related Contracts
C0174 C P&S May 15, 2007

Status		Acres	Net		Acres	Net
NON PRODUCING	Prod:	0.000	0.000	NProd:	43.500	43.500
UNDEVELOPED	Dev:	0.000	0.000	Undev:	43.500	43.500
NON PROVEN	Prov:	0.000	0.000	NProv:	43.500	43.500

Royalty / Encumbrances

Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales
LESSOR OVERRIDING ROYALTY	GAS	N	N	100.00000000 % of SALES

Roy Percent: 16.00000000
Deduction: UNKNOWN
Gas: Royalty: **Min Pay:** **Prod/Sales:**
S/S OIL: Min: **Max:** **Div:** **Prod/Sales:**
Other Percent: **Min:** **Prod/Sales:**

Paid to: LESSOR (M) WADDELL, K.J. 100.00000000 **Paid by:** WI (M) ACTION 100.00000000

ALLOWABLE DEDUCTIONS -
ANY REASONABLE EXPENSE INCURRED (INCLUDING A REASONABLE RATE OF RETURN ON INVESTMENT) FOR SEPARATING, TREATING, PROCESSING, COMPRESSING AND TRANSPORTING THE LEASED SUBSTANCES TO THE POINT OF SALE, SUCH DEDUCTIONS NOT TO EXCEED 50%.

** REPORTED IN ACRES**

ACTION ENERGY INC.
Mineral Property Report

Province: ALBERTA
Area : KILLAM

File Number File Status Mineral Int	Lse Type Lessor Type Int Type / Lse No/Name Operator / Payor		Exposure Gross Net	Oper.Cont. ROFR Doi Partner(s)	DOI Code	Lease Description / Rights Held
M0468 Sub: A ACTIVE 50.00000000	NG FH WI GARTKE, S.M. ACTION ACTION	Eff: Sep 22, 2006 Exp: Sep 21, 2009	174.000 87.000 87.000	ACTION Total Rental: 0.00	WI 100.00000000	TWP 42 RGE 14 W4M NE/4 31 (UNDIVIDED 50%) ALL NG

Related Contracts

C0174 C	P&S	May 15, 2007

Status		Acres	Net		Acres	Net
NON PRODUCING	Prod:	0.000	0.000	NProd:	87.000	87.000
UNDEVELOPED	Dev:	0.000	0.000	Undev:	87.000	87.000
NON PROVEN	Prov:	0.000	0.000	NProv:	87.000	87.000

Royalty / Encumbrances

Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales	
LESSOR OVERRIDING ROYALTY	GAS	N	N	100.00000000	% of SALES

Roy Percent: 16.00000000
Deduction: UNKNOWN
Gas: Royalty: **Min Pay:** **Prod/Sales:**
S/S OIL: Min: **Max:** **Div:** **Prod/Sales:**
Other Percent: **Min:** **Prod/Sales:**

Paid to:	LESSOR	(M)		Paid by:	WI	(M)
GARTKE, S.M.			100.00000000	ACTION		100.00000000

ALLOWABLE DEDUCTIONS -
ANY REASONABLE EXPENSE INCURRED (INCLUDING A REASONABLE RATE OF RETURN ON INVESTMENT) FOR SEPARATING, TREATING, PROCESSING, COMPRESSING AND TRANSPORTING THE LEASED SUBSTANCES TO THE POINT OF SALE, SUCH DEDUCTIONS NOT TO EXCEED 50%.

** REPORTED IN ACRES**

ACTION ENERGY INC.
Mineral Property Report

Province: ALBERTA
Area : KILLAM

File Number	Lse Type Lessor Type	Exposure	Oper.Cont. ROFR	DOI Code	
File Status	Int Type / Lse No/Name	Gross			
Mineral Int	Operator / Payor	Net	Doi Partner(s)	* *	Lease Description / Rights Held

Area Total:	**Total Gross:**	2,293.000	**Total Net:**	1,790.000				
	Prod Gross:	160.000	**Prod Net:**	80.000	**NProd Gross:**	2,133.000	**NProd Net:**	1,710.000
	Dev Gross:	1,000.000	**Dev Net:**	737.000	**Undev Gross:**	1,293.000	**Undev Net:**	1,053.000
	Prov Gross:	800.000	**Prov Net:**	720.000	**NProv Gross:**	1,493.000	**NProv Net:**	1,070.000

ACTION ENERGY INC.
Mineral Property Report

Province: ALBERTA
Area : KLESKUN-PUSKWASKAU

File Number / File Status / Mineral Int	Lse Type Lessor Type / Int Type / Lse No/Name / Operator / Payor		Exposure Gross Net	Oper.Cont. ROFR / Doi Partner(s)	DOI Code * *	Lease Description / Rights Held
M0440	PNG LIC CR	Eff: Apr 19, 2007	807.500		WI	TWP 70 RGE 27 W5M PTN E/2 26
Sub: A	WI	Exp: Apr 18, 2011	807.500	ACTION	100.00000000	(RESTRICTIONS)
ACTIVE	5407040372		807.500			TWP 70 RGE 1 W6M SEC 25
	ACTION			Total Rental: 1130.50		ALL PNG BELOW TOP SURFACE TO
100.00000000	ACTION					BASE BASEMENT

Status		Acres	Net		Acres	Net
NON PRODUCING	Prod:	0.000	0.000	NProd:	807.500	807.500
UNDEVELOPED	Dev:	0.000	0.000	Undev:	807.500	807.500
NON PROVEN	Prov:	0.000	0.000	NProv:	807.500	807.500

Related Contracts

C0224 A	ORR	Nov 08, 2007

Royalty / Encumbrances

Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales
CROWN SLIDING SCALE ROYALTY	ALL PRODUCTS	Y	N	100.00000000 % of SALES

Roy Percent:
Deduction: STANDARD
Gas: Royalty: Min Pay: Prod/Sales:
S/S OIL: Min: Max: Div: Prod/Sales:
Other Percent: Min: Prod/Sales:

Paid to: LESSOR (M) — ALBERTA RESOURC 100.00000000
Paid by: WI (M) — ACTION 100.00000000

File Number / File Status / Mineral Int	Lse Type Lessor Type / Int Type / Lse No/Name / Operator / Payor		Exposure Gross Net	Oper.Cont. ROFR / Doi Partner(s)	DOI Code	Lease Description / Rights Held
M0441	PNG LIC CR	Eff: Apr 19, 2007	807.500		WI	TWP 70 RGE 27 W5M PTN E/2 35
Sub: A	WI	Exp: Apr 18, 2011	807.500	ACTION	100.00000000	(RESTRICTIONS)
ACTIVE	5407040373		807.500			TWP 70 RGE 1 W6M SEC 36
	ACTION			Total Rental: 1130.50		ALL PNG BELOW TOP SURFACE TO
100.00000000	ACTION					BASE BASEMENT

Status		Acres	Net		Acres	Net
NON PRODUCING	Prod:	0.000	0.000	NProd:	807.500	807.500
UNDEVELOPED	Dev:	0.000	0.000	Undev:	807.500	807.500
NON PROVEN	Prov:	0.000	0.000	NProv:	807.500	807.500

Related Contracts

C0224 A	ORR	Nov 08, 2007

Royalty / Encumbrances

ACTION ENERGY INC.
Mineral Property Report

Province: ALBERTA
Area : KLESKUN-PUSKWASKAU

File Number / File Status / Mineral Int	Lse Type / Int Type / Operator / Payor	Lessor Type / Lse No/Name			Exposure Gross / Net	Oper.Cont. / Doi Partner(s)	ROFR	DOI Code * *	Lease Description / Rights Held

(cont'd)

Royalty Type		Product Type	Sliding Scale	Convertible	% of Prod/Sales		
CROWN SLIDING SCALE ROYALTY		ALL PRODUCTS	Y	N	100.00000000	% of	SALES
Roy Percent:							
Deduction:	STANDARD						
Gas: Royalty:			Min Pay:		Prod/Sales:		
S/S OIL: Min:		Max:	Div:		Prod/Sales:		
Other Percent:			Min:		Prod/Sales:		

M0441 A

Paid to: LESSOR (M) — ALBERTA RESOURC 100.00000000
Paid by: WI (M) — ACTION 100.00000000

M0415	PNG LIC	CR	Eff:	Sep 04, 2003	640.000	C0167 D Unknown	AEARN	TWP 71 RGE 25 W5M SEC 15
Sub: A	WI		Exp:	Sep 03, 2007	640.000	ACTION	100.00000000	PNG BELOW TOP SURFACE TO BASE
ACTIVE	5403090346		Ext:	LICENCEVAL	640.000			GRANITE WASH
	ACTION		Ext:	Sep 03, 2012		Total Rental: 896.00		
100.00000000	ACTION							

Related Contracts

C0167 D	FARMIN	Nov 23, 2006

Status		Acres	Net		Acres	Net
NON PRODUCING	Prod:	0.000	0.000	NProd:	640.000	640.000
UNDEVELOPED	Dev:	0.000	0.000	Undev:	640.000	640.000
NON PROVEN	Prov:	0.000	0.000	NProv:	640.000	640.000

Royalty / Encumbrances

Royalty Type		Product Type	Sliding Scale	Convertible	% of Prod/Sales		
CROWN SLIDING SCALE ROYALTY		ALL PRODUCTS	Y	N	100.00000000	% of	SALES
Roy Percent:							
Deduction:	STANDARD						
Gas: Royalty:			Min Pay:		Prod/Sales:		
S/S OIL: Min:		Max:	Div:		Prod/Sales:		
Other Percent:			Min:		Prod/Sales:		

Paid to: LESSOR (M) — ALBERTA RESOURC 100.00000000
Paid by: AEARN (C) — ACTION 100.00000000

Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales		
GROSS OVERRIDING ROYALTY	ALL PRODUCTS	Y	N	100.00000000	% of	PROD

ACTION ENERGY INC.
Mineral Property Report

Province: ALBERTA
Area : KLESKUN-PUSKWASKAU

File Number / File Status / Mineral Int	Lse Type Lessor Type / Int Type / Lse No/Name / Operator / Payor	Exposure Gross Net	Oper.Cont. ROFR / Doi Partner(s)	DOI Code	Lease Description / Rights Held

(cont'd)

M0415 A

Roy Percent:	12.50000000				
Deduction:	UNKNOWN				
Gas: Royalty:	12.50000000			Min Pay:	Prod/Sales:
S/S OIL: Min:	5.00000000	Max:	15.00000000	Div:	Prod/Sales:
Other Percent:	12.5			Min:	Prod/Sales:

Paid to: PAIDTO (R)
SUNCOR ENERGY 80.00000000
KMAX 20.00000000

Paid by: AEARN (C)
ACTION 100.00000000

M0416
Sub: A
ACTIVE
100.00000000

PNG LIC CR
WI -
5405030622
ACTION
ACTION

Eff: Mar 10, 2005
Exp: Mar 09, 2009
Ext: 11
Ext: Mar 09, 2014

640.000 C0167 A Unknown
640.000 ACTION
640.000
Total Rental: 896.00

AEARN
100.00000000

TWP 71 RGE 25 W5M SEC 22
PNG BELOW TOP SURFACE TO BASE
GRANITE WASH

Related Contracts

C0167 D	FARMIN	Nov 23, 2006
C0167 A	FARMIN	Nov 23, 2006

Status		Acres	Net		Acres	Net
NON PRODUCING	Prod:	0.000	0.000	NProd:	640.000	640.000
UNDEVELOPED	Dev:	0.000	0.000	Undev:	640.000	640.000
NON PROVEN	Prov:	0.000	0.000	NProv:	640.000	640.000

Royalty / Encumbrances

<Linked>	Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales		
C0167 D	GROSS OVERRIDING ROYALTY	ALL PRODUCTS	Y	N	100.00000000	% of	PROD

Roy Percent:	12.50000000				
Deduction:	UNKNOWN				
Gas: Royalty:	12.50000000			Min Pay:	Prod/Sales:
S/S OIL: Min:	5.00000000	Max:	15.00000000	Div:	Prod/Sales:
Other Percent:	12.5			Min:	Prod/Sales:

Paid to: PAIDTO (R)
SUNCOR ENERGY 80.00000000
KMAX 20.00000000

Paid by: AEARN (C)
ACTION 100.00000000

Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales		
CROWN SLIDING SCALE ROYALTY	ALL PRODUCTS	Y	N	100.00000000	% of	SALES

ACTION ENERGY INC.
Mineral Property Report

Province: ALBERTA
Area : KLESKUN-PUSKWASKAU

File Number / File Status / Mineral Int	Lse Type Lessor Type / Int Type / Lse No/Name / Operator / Payor	Exposure / Gross / Net	Oper.Cont. ROFR / Doi Partner(s)	DOI Code * *	Lease Description / Rights Held

(cont'd)

M0416 A
Roy Percent:
Deduction: STANDARD
Gas: Royalty: Min Pay: Prod/Sales:
S/S OIL: Min: Max: Div: Prod/Sales:
Other Percent: Min: Prod/Sales:

Paid to: LESSOR (M) — ALBERTA RESOURC 100.00000000
Paid by: AEARN (C) — ACTION 100.00000000

M0417 PNG LIC CR Eff: Mar 10, 2005 640.000 C0167 A Unknown AEARN
Sub: A WI Exp: Mar 09, 2009 640.000 ACTION 100.00000000
ACTIVE 5405030623 Ext: 11 640.000
ACTION Ext: Mar 09, 2014 Total Rental: 896.00
100.00000000 ACTION

TWP 71 RGE 25 W5M SEC 27
ALL PNG BELOW TOP SURFACE TO
BASE GRANITE WASH

Related Contracts

C0167 D	FARMIN	Nov 23, 2006
C0167 A	FARMIN	Nov 23, 2006

Status		Acres	Net		Acres	Net
NON PRODUCING	Prod:	0.000	0.000	NProd:	640.000	640.000
UNDEVELOPED	Dev:	0.000	0.000	Undev:	640.000	640.000
NON PROVEN	Prov:	0.000	0.000	NProv:	640.000	640.000

Royalty / Encumbrances

<Linked>	Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales
C0167 D	GROSS OVERRIDING ROYALTY	ALL PRODUCTS	Y	N	100.00000000 % of PROD

Roy Percent: 12.50000000
Deduction: UNKNOWN
Gas: Royalty: 12.50000000 Min Pay: Prod/Sales:
S/S OIL: Min: 5.00000000 Max: 15.00000000 Div: Prod/Sales:
Other Percent: 12.5 Min: Prod/Sales:

Paid to: PAIDTO (R)
SUNCOR ENERGY 80.00000000
KMAX 20.00000000
Paid by: AEARN (C) — ACTION 100.00000000

Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales
CROWN SLIDING SCALE ROYALTY	ALL PRODUCTS	Y	N	100.00000000 % of SALES

Roy Percent:

ACTION ENERGY INC.
Mineral Property Report

Province: ALBERTA
Area : KLESKUN-PUSKWASKAU

File Number / File Status / Mineral Int	Lse Type Lessor Type / Int Type / Lse No/Name / Operator / Payor		Exposure Gross / Net	Oper.Cont. ROFR / Doi Partner(s)	DOI Code * *	Lease Description / Rights Held

(cont'd)

M0417 A

Deduction: STANDARD
Gas: Royalty: Min Pay: Prod/Sales:
S/S OIL: Min: Max: Div: Prod/Sales:
Other Percent: Min: Prod/Sales:

Paid to: LESSOR (M) Paid by: AEARN (C)
ALBERTA RESOURC 100.00000000 ACTION 100.00000000

M0414 PNG LIC CR Eff: May 15, 2003 1,280.000 C0167 A Unknown AEARN
Sub: A WI Exp: May 14, 2007 1,280.000 ACTION 100.00000000
ACTIVE 5403050702 Ext: LICENCEVAL 1,280.000
ACTION Ext: May 14, 2012 Total Rental: 1792.00
100.00000000 ACTION

TWP 71 RGE 25 W5M SEC 29, 33
PNG BELOW TOP SURFACE TO BASE
GRANITE WASH

Related Contracts

C0167 D	FARMIN	Nov 23, 2006
C0167 A	FARMIN	Nov 23, 2006

Well U.W.I.	Status/Type
100/09-29-071-25-W5/00	CAPPED/GAS

Status		Acres	Net		Acres	Net
NON PRODUCING	Prod:	0.000	0.000	NProd:	1,280.000	1,280.000
DEVELOPED	Dev:	640.000	640.000	Undev:	640.000	640.000
NON PROVEN	Prov:	0.000	0.000	NProv:	1,280.000	1,280.000

Royalty / Encumbrances

<Linked>	Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales
C0167 D	GROSS OVERRIDING ROYALTY	ALL PRODUCTS	Y	N	100.00000000 % of PROD

Roy Percent: 12.50000000
Deduction: UNKNOWN
Gas: Royalty: 12.50000000 Min Pay: Prod/Sales:
S/S OIL: Min: 5.00000000 Max: 15.00000000 Div: Prod/Sales:
Other Percent: 12.5 Min: Prod/Sales:

Paid to: PAIDTO (R) Paid by: AEARN (C)
SUNCOR ENERGY 80.00000000 ACTION 100.00000000
KMAX 20.00000000

Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales
CROWN SLIDING SCALE ROYALTY	ALL PRODUCTS	Y	N	100.00000000 % of SALES

Roy Percent:
Deduction: STANDARD

** REPORTED IN ACRES**

ACTION ENERGY INC.
Mineral Property Report

Province: ALBERTA
Area : KLESKUN-PUSKWASKAU

File Number / File Status / Mineral Int	Lse Type Lessor Type / Int Type / Lse No/Name / Operator / Payor		Exposure Gross Net	Oper.Cont. ROFR / Doi Partner(s)	DOI Code * *	Lease Description / Rights Held

(cont'd)
M0414 A

Gas: Royalty:			Min Pay:		Prod/Sales:
S/S OIL: Min:		Max:	Div:		Prod/Sales:
Other Percent:			Min:		Prod/Sales:

Paid to: LESSOR (M) — ALBERTA RESOURC 100.00000000
Paid by: AEARN (C) — ACTION 100.00000000

M0418 PNG LIC CR — Eff: Mar 10, 2005 — 640.000 — C0167 A Unknown — AEARN
Sub: A WI — Exp: Mar 09, 2009 — 640.000 — ACTION — 100.00000000
ACTIVE 5405030624 — Ext: 11 — 640.000
ACTION — Ext: Mar 09, 2014 — Total Rental: 896.00
100.00000000 ACTION

TWP 71 RGE 25 W5M SEC 34
PNG BELOW TOP SURFACE TO BASE
GRANITE WASH

Related Contracts
C0167 A FARMIN Nov 23, 2006

Status		Acres	Net		Acres	Net
NON PRODUCING	Prod:	0.000	0.000	NProd:	640.000	640.000
UNDEVELOPED	Dev:	0.000	0.000	Undev:	640.000	640.000
NON PROVEN	Prov:	0.000	0.000	NProv:	640.000	640.000

Royalty / Encumbrances

<Linked>	Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales
C0167 A	GROSS OVERRIDING ROYALTY	ALL PRODUCTS	Y	N	100.00000000 % of PROD

Roy Percent:						
Deduction:	UNKNOWN					
Gas: Royalty:	12.50000000			Min Pay:		Prod/Sales:
S/S OIL: Min:	5.00000000	Max:	12.50000000	Div:	23.8365	Prod/Sales:
Other Percent:	12.5			Min:		Prod/Sales:

Paid to: PAIDTO (R) — SUNCOR ENERGY 100.00000000
Paid by: AEARN (C) — ACTION 100.00000000

GENERAL REMARKS -
PAYABLE ON FARMOUT LANDS AFTER EARNING BY FARMEE, AND ON PROSPECTS WITHIN THE RED AMI LANDS.
ALLOWABLE DEDUCTIONS -
NO ALLOWABALE DEDUCTIONS.
GENERAL REMARKS -
ROYALTY PERTAINS TO SECTION 8 (M0574)

ACTION ENERGY INC.
Mineral Property Report

Province: ALBERTA
Area : KLESKUN-PUSKWASKAU

File Number / File Status / Mineral Int	Lse Type / Lessor Type / Int Type / Lse No/Name / Operator / Payor	Exposure Gross / Net	Oper.Cont. ROFR / Doi Partner(s)	DOI Code * *	Lease Description / Rights Held

(cont'd)

M0418 A

Royalty / Encumbrances

Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales	
CROWN SLIDING SCALE ROYALTY	ALL PRODUCTS	Y	N	100.00000000	% of SALES

Roy Percent:
Deduction: STANDARD
Gas: Royalty: Min Pay: Prod/Sales:
S/S OIL: Min: Max: Div: Prod/Sales:
Other Percent: Min: Prod/Sales:

Paid to: LESSOR (M) Paid by: AEARN (C)
ALBERTA RESOURC 100.00000000 ACTION 100.00000000

M0419	PNG LIC CR	Eff: Jul 27, 2006	640.000 C0167 A Unknown	AEARN
Sub: A	WI	Exp: Jul 26, 2010	640.000 ACTION	100.00000000
ACTIVE	5406070778		640.000	
	ACTION		Total Rental: 896.00	
100.00000000	ACTION			

TWP 72 RGE 25 W5M SEC 4
PNG BELOW TOP SURFACE TO BASE
BASEMENT

Related Contracts

C0167 A	FARMIN	Nov 23, 2006

Status		Acres	Net		Acres	Net
NON PRODUCING	Prod:	0.000	0.000	NProd:	640.000	640.000
UNDEVELOPED	Dev:	0.000	0.000	Undev:	640.000	640.000
NON PROVEN	Prov:	0.000	0.000	NProv:	640.000	640.000

Royalty / Encumbrances

	Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales	
<Linked> C0167 A	GROSS OVERRIDING ROYALTY	ALL PRODUCTS	Y	N	100.00000000	% of PROD

Roy Percent:
Deduction: UNKNOWN
Gas: Royalty: 12.50000000 Min Pay: Prod/Sales:
S/S OIL: Min: 5.00000000 Max: 12.50000000 Div: 23.8365 Prod/Sales:
Other Percent: 12.5 Min: Prod/Sales:

Paid to: PAIDTO (R) Paid by: AEARN (C)

THIS IS EXHIBIT " E "
referred to in the Affidavit of
Murray D'Angelo
Sworn before me this 26th
Day of October A.D. 2009
M Barrott
A COMMISSIONER FOR OATHS
IN AND FOR THE PROVINCE OF ALBERTA
GILLIAN BARNETT
Student-at-Law

DEBENTURE
(HIGH PLAINS ENERGY INC.)

HIGH PLAINS ENERGY INC., a corporation incorporated under the laws of the Province of Alberta and having an office and carrying on business in Calgary, Alberta.

1. High Plains Energy Inc. (the "Corporation"), for value received, acknowledges that it is or may become indebted to the National Bank of Canada (the "Bank") up to the principal amount of Five Million Dollars ($5,000,000.00) Dollars (the "Principal Sum") and covenants and agrees to and with the Bank that it will pay to the Bank the Principal Sum in lawful money of Canada, on demand, and further covenants and agrees with the Bank that it will pay to the Bank interest on the Principal Sum or so much thereof remaining from time to time owing, and interest thereon, at such rate or rates per annum as is determined by the Bank or as may be provided for in agreements made between the Bank and the Corporation from time to time, such interest to be calculated on the portion or portions of the Principal Sum and interest thereon as shall from time to time remain unpaid (such rate in any event to be not less than Prime Rate plus 1.25%, where "Prime Rate" means the floating annual rate of interest established from time to time by the Bank as the base rate it will use to determine the rates of interest on Canadian dollar loans to customers in Canada and designated as the Prime Rate by the Bank). All payments of principal and interest are to be made at the 600, 407 - 8th Avenue S.W., Calgary, Alberta, branch of the Bank. Interest payable hereunder shall be payable both before and after maturity and before and after judgment until all monies payable hereunder, with interest as aforesaid, shall have been fully paid and satisfied. This Debenture secures payment by the Corporation to the Bank of all debts and liabilities, present or future, direct or indirect, absolute or contingent, matured or not at any time owing by the Corporation to the Bank, whether arising from dealings between the Bank and the Corporation or from any other dealings or proceedings by which the Bank may be or become in any manner whatsoever a creditor of the Corporation, and whenever incurred, and whether incurred by the Corporation alone or with another or others and whether as principal or surety, including without limitation all interest, commissions, legal and other expenses and charges (hereinafter collectively called the "Indebtedness").

2. **Neither the execution**, delivery nor registration of this Debenture nor the advance in part of the Principal Sum hereby secured shall bind the Bank to advance the Principal Sum or any unadvanced portion thereof but nevertheless the lien and charge hereby created shall take effect forthwith on the execution hereof and shall be a continuous charge notwithstanding that the balance owing hereunder may fluctuate and may be from time to time and at any time reduced to a nil balance and further notwithstanding that the advance of monies hereunder may be repaid and further advanced, it being understood that such continuous charge shall be security for any balance of any and all of the Indebtedness at any time and from time to time payable under the provisions of this Debenture.

3. **The Indebtedness** shall be paid without regard to any equities between the Corporation and the original or intermediate holder hereof or any set-off or cross-claims and the

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receipt of the Bank for the payment of the Indebtedness will be a good discharge to the Corporation in respect thereof.

4. **As security for** the due payment of the Indebtedness and the performance of the obligations of the Corporation herein contained:

   (a) the Corporation mortgages, charges, grants and assigns to and in favour of the Bank as and by way of a first floating mortgage, charge and security interest all of its present and after-acquired right, title, estate and interest in and to all real property, including proceeds thereof together with any and all accretions and accessions thereto, substitutions therefor and any and all fixtures and attachments and other property at any time or times placed upon or associated with, or as may be necessary for the effective use and operation of, such property; and

   (b) the Corporation mortgages, charges, grants, creates and assigns to and in favour of the Bank as and by way of a first mortgage, charge and continuing security interest, and the Bank hereby takes a continuing security interest, in all of the Corporation's present and after-acquired personal property of whatsoever nature and kind and wheresoever situate including, without limitation, its goods, chattel paper, securities, documents of title, instruments, money and intangibles, as those terms are defined in the *Personal Property Security Act* (Alberta).

   For all purposes of this Debenture, the words "Mortgaged Property" mean and include all present, after-acquired and future undertakings, property and assets of the Corporation, all as described in subclauses (a) and (b) of this clause 4.

5. **This Debenture** shall also operate as security for the due observance and performance of all obligations of the Corporation under all guarantees made by the Corporation in favour of the Bank whether the same are made prior to, concurrent with or after the date hereof, and for the due payment of all monies that at any time and from time to time become payable by the Corporation to the Bank pursuant to any and all such guarantees.

6. **This Debenture** shall also operate as security for the due satisfaction and discharge by the Corporation of all liability which the Bank incurs under all LIBOR loans and Bankers' Acceptances which the Corporation issues and which the Bank accepts, and as security for all liability incurred by the Bank under all letters of credit and letters of guarantee which the Bank issues to or for the benefit of the Corporation, as well as security for the due payment to the Bank by the Corporation of:

   (a) all monies which the Bank pays in respect of such LIBOR loans, Bankers' Acceptances, letters of credit and letters of guarantee; and

   (b) all fees and other charges payable by the Corporation to the Bank in respect of the aforesaid LIBOR loans, Bankers' Acceptances, letters of credit and letters of guarantee. For the purposes of this Debenture, "Bankers' Acceptances" shall mean bills of exchange drawn by the Corporation and which are accepted by the Bank.

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7. **The Corporation** represents, warrants and undertakes to and with the Bank that:

(a) the Corporation has been duly incorporated under the laws of the jurisdiction in which it was incorporated, is registered and in good standing under the laws of each jurisdiction in which it owns property or carries on business, and has all the powers, permits and licences required to operate its business and to own, manage and administer the Mortgaged Property;

(b) the Corporation is not subject to or involved in any dispute or legal or other proceeding, nor is it aware of any such matter that is pending or threatened, that could have a material adverse effect on the business, operations or financial condition of the Corporation;

(c) the Corporation has good right and lawful authority to grant a security interest in, convey, assign, transfer, mortgage and charge the Mortgaged Property according to the true intent and meaning of this Debenture;

(d) this Debenture constitutes legal, valid and binding obligations of the Corporation, enforceable in accordance with the terms hereof, subject to applicable bankruptcy, insolvency or similar laws affecting creditor's rights generally and to the availability of equitable remedies;

(e) the Corporation is presently, and will continue to be, in good standing, is not and will not become otherwise in default and is not aware of any fact or circumstance which may result in the Corporation being declared to be in default, under any material term of any material document, agreement or instrument affecting or relating to the Mortgaged Property;

(f) the Mortgaged Property is, and will continue to be, free and clear of all adverse claims, mortgages, liens and charges of any nature whatsoever other than those in favour of the Bank and those described below:

(i) liens for taxes, assessments or governmental charges and other statutory liens which are not due or delinquent;

(ii) builder's, carrier's, warehouseman's, mechanic's or other similar liens incidental to construction or operations which have not been filed pursuant to law and relate to obligations not due or delinquent;

(iii) liens in favour of a public utility or any municipality or governmental or other authority when required by such public utility or municipality or other authority in connection with the operations of the Corporation in the ordinary course of business of the Corporation, which in the aggregate do not detract materially from the value of any part of the Mortgaged Property or its use in the operations of the Corporation;

(iv) liens (not filed pursuant to law) incurred or created in the ordinary course of business of the Corporation and in accordance with sound industry

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practice in respect of any of the Mortgaged Property as security in favour of any other person who is conducting the exploration, development or operation of the property to which such liens relate, as to the Corporation's proportionate share of the costs and expenses of such exploration, development or operation, provided the payment of such costs and expenses are not due or delinquent.

(Items (i) to (iv) above are collectively referred to hereinafter as the "Permitted Encumbrances");

(g) the Corporation has complied with all applicable legislation governing the Corporation and the Mortgaged Property, including without limitation all environmental legislation, other than any non-compliance that could not have a material adverse effect on the Mortgaged Property or the business, financial condition or operations of the Corporation;

(h) the Corporation is not aware of any material environmental damage, pollution or contamination whatsoever relating to the Mortgaged Property, whether arising from or relating to the drilling of wells or conduct of operations, the production of petroleum substances or otherwise;

(i) the Corporation is not aware of any investigation, order, notification, request or other proceedings issued or commenced under any federal, provincial, or local environmental pollution law, regulation or ordinance with respect to the Mortgaged Property, or any non-compliance with or violation of such notice, proceedings or laws;

(j) there has been no material adverse change in the financial position of the Corporation since the date of its most recent financial statements (being dated September 30, 2002) which were furnished to the Bank, and such financial statements were prepared in accordance with Canadian generally accepted accounting principles and fairly present the financial position of the Corporation as at the date they were prepared; and

(k) the Corporation does not reasonably expect to incur any material liability which it has not already disclosed in writing to the Bank.

8. **Notwithstanding anything** in this Debenture, it is understood and agreed that the security interest created hereby shall not extend or apply to the last day of the term of any lease or any agreement therefor but upon the enforcement of this Debenture the Corporation shall stand possessed of such last day in trust to assign the same to any person, firm or corporation acquiring such term.

9. **The Corporation shall not**, without the prior express written consent of the Bank, not to be unreasonably withheld:

(a) merge, amalgamate, consolidate, wind-up, liquidate or effect an arrangement or reconstruction with any person, firm, partnership or corporation;

(b) distribute or reduce all or any part of its capital, retained earnings or surplus (as those terms are defined under and are consistent with Canadian generally accepted accounting principles), whether by way of dividend (stock or otherwise), redemption or repurchase of shares of the Corporation, loan, encumbrance, royalty, payment of a bonus or by any other manner whatsoever unless in the sole opinion of the Bank, acting reasonably, such distribution or reduction would not impair the capacity of the Corporation to fulfil and meet all of its obligations to the Bank;

(c) make loans to or investments in subsidiaries or affiliated corporations, provided that the Corporation shall be entitled to invest in or make loans to Griffon Petroleum Inc. and Northern Gas Marketing, Inc. (the "Guarantors") so long as there is no default or event of default under this Debenture or any other agreement or instrument between the Corporation or either of the Guarantors and the Bank (including without limitation any guarantees or security granted by either of the Guarantors in favor of the Bank) and the Bank has not otherwise demanded repayment of the Indebtedness or any portion thereof;

(d) grant, create or assume any mortgage, pledge, charge or other encumbrance of whatsoever nature or kind charging the whole or any part of the Mortgaged Property, whether specifically, by way of floating charge, by way of security interest, or otherwise, other than the Permitted Encumbrances;

(e) suffer or permit any lien or encumbrance not expressly permitted by this Debenture to rank in priority to or pari passu with this Debenture or to arise or exist against the Mortgaged Property or any part thereof;

(f) become a guarantor or an endorser of any obligation or otherwise become liable upon any note or obligation unless such guarantee, note, or obligation is in favour of the Bank;

(g) sell, assign, lease (which shall include capital leases and sale/back transactions), convey, or otherwise dispose of the whole or any part of the Mortgaged Property, provided that the Corporation is permitted to sell or dispose, in the aggregate, of up to $100,000.00 worth of Mortgaged Property during each fiscal year of the Corporation without first obtaining the Bank's consent;

(h) enter into arrangements for the sale of hydrocarbons on a fixed price basis, forward sale arrangements, hedging arrangements or commodity swap arrangements (collectively, a "Hedging Arrangement") whereby, whether pursuant to a single agreement or several agreements entered into from time to time, more than 50% of the Corporation's aggregate production volumes are subject to such arrangements;

(i) enter into any contract respecting a Hedging Arrangement the effect of which is to monetize or settle any amount that may now or in the future be owing under the

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Hedging Arrangement for an amount that is less than the fixed price payable under the Hedging Arrangement for the full term thereof; or

(j) do anything which from time to time the Corporation has agreed not to do under the provisions of any other agreement or instrument with the Bank.

10. **The Corporation shall:**

(a) furnish to the Bank, within one hundred twenty (120) calendar days of each fiscal year end of the Corporation, audited consolidated financial statements with respect to the preceding fiscal year of the Corporation;

(b) furnish to the Bank, within sixty (60) calendar days of the end of each quarter, unaudited quarterly financial statements (including a balance sheet, income statement and cash flow statement) and a compliance certificate in form and substance acceptable to the Bank, each with respect to the preceding fiscal quarter of the Corporation;

(c) furnish to the Bank, within one hundred twenty (120) calendar days of each fiscal year end, an independent engineering report covering the Corporation's petroleum and natural gas reserves, the report to be in form and substance satisfactory to the Bank and prepared by an independent engineering firm acceptable to the Bank;

(d) furnish to the Bank, within sixty (60) calendar days of the end of each month, monthly production and revenue reports in form and substance satisfactory to the Bank with respect to the Corporation;

(e) keep and maintain proper books of account and records covering its business and affairs in accordance with Canadian generally accepted accounting principles consistently applied, and permit the Bank, at all reasonable times, either by its officers or authorized agents, to enter upon all or any of the premises of the Corporation and to inspect the books, records, inventories and assets of the Corporation, make extracts therefrom and generally conduct such examination of such books, records, inventories and assets as may seem fit to the Bank;

(f) carry on and continuously conduct its business in a manner consistent with generally accepted industry practices; to the extent it is able, maintain, repair and keep in good working order and condition in accordance with generally accepted industry practices the Mortgaged Property; pay all rents and royalties and observe all material covenants reserved by and contained in all leases through which the Corporation holds an interest in any Mortgaged Property; and carry on business and operate those oil and gas assets which it is operator of in accordance with good oilfield practices, accepted industry standards and all applicable agreements, regulations and laws;

(g) insure and keep insured such of the Mortgaged Property as is of a nature usually insured against loss or damage by fire or other causes to its full insurable value in

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a company or companies acceptable to the Bank and at the request of the Bank assign to the Bank all monies payable in respect of any and all such insurance;

(h) maintain adequate and appropriate insurance, including insurance for public liability, blow-outs, and all-risk perils in a company or companies acceptable to the Bank and at the request of the Bank assign to the Bank all monies payable in respect of any and all such insurance;

(i) defend title to the Mortgaged Property against the claims and demands of all persons, firms or corporations whomsoever;

(j) if requested, provide to the Bank from time to time such information about the Mortgaged Property or the Corporation as the Bank may reasonably request;

(k) abide by, observe and perform the terms and covenants of all agreements entered into from time to time with the Bank;

(l) comply with the directions and orders of all regulatory bodies, and with all material provisions of all laws, regulations, rules, orders, procedures and controls respecting the environment, and maintain in good standing all authorizations, permits, licenses, certificates and other instruments required under such laws, regulations, rules, orders, procedures and controls;

(m) maintain its corporate existence and comply with all applicable laws;

(n) pay unconditionally and in full when due all applicable taxes (including without limitation income taxes, GST and withholding taxes), assessments, levies, deductions at source (including without limitation Canada Pension Plan and Employment Insurance deductions), crown royalties and all other financial obligations to any federal, provincial or municipal government and to any regulatory authority or agency;

(o) in a timely manner inform the Bank of any event or action which could have a material adverse effect on the Corporation's business affairs, whether operational, financial or otherwise, including without limitation such things as the commencement of any legal or other proceedings having a value in excess of $50,000.00 against the Corporation;

(p) upon reasonable notice by the Bank, allow the Bank access to visit and inspect the Mortgaged Property;

(q) notify the Bank in writing immediately in the event that a contaminant spill, emission or any other environmental damage whatsoever:

   (i) occurs or is discovered on any property in which the Corporation holds an interest, or on any property adjacent to such property; or

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(ii) results from, directly or indirectly, any operation conducted by or on behalf of the Corporation,

that may have a material adverse effect on the Corporation or the Mortgaged Property;

(r) notify the Bank in writing immediately upon receiving any notice, order or decree, or being subject to any fine, under any environmental law, regulation, rule, order, procedure or control;

(s) provide to the Bank, at the Corporation's expense, immediately upon receiving a request therefor from the Bank, any and all reports, studies, information and documents the Bank may require or request respecting the environmental condition of any of the Mortgaged Property or any liability the Corporation may have for environmental damage, including without limitation any studies or reports which the Bank requests be prepared, such studies or reports to be prepared by a firm acceptable to the Bank; in the event these studies or reports disclose that all applicable environmental laws, regulations, orders, procedures and controls have not been or are not being complied with, the Corporation shall take all action necessary to ensure that compliance is effected by the date stipulated by the Bank;

(t) maintain a Working Capital Ratio of not less than 1.0:1.0 at all times; "Working Capital Ratio" means the ratio of current assets of the Corporation (including the undrawn availability under Credit Facility A in the commitment letter dated March 17, 2003 from the Bank to the Corporation and any amendments thereto or replacements thereof) to current liabilities of the Corporation (excluding any current portion of long term debt), all considered on a consolidated basis; in calculating the Working Capital Ratio, current assets, current liabilities and long term debt shall be determined in accordance with Canadian generally accepted accounting principles; and

(u) cause each of its wholly owned subsidiaries, including without limitation the Guarantors to comply with the representations, warranties and covenants contained in this Debenture as if and as though such subsidiaries had made such representations, warranties and covenants itself.

11. **The Corporation covenants and agrees that:**

(a) it will, upon request of the Bank, deliver to the Bank certified copies of all policies or contracts of insurance being carried by the Corporation pursuant to the terms hereof, together with such certificates of insurance the Bank may reasonably require and evidence that the premiums on all such insurance have been paid;

(b) if the Corporation shall fail to take out or maintain all the insurance required to be carried by the Corporation pursuant to the terms hereof, the Bank may, but shall not be obligated to, take out all or any such insurance and all sums expended by

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the Bank in effecting such insurance shall forthwith become due and payable by the Corporation to the Bank and until paid shall form part of the Principal Sum secured hereby and shall bear interest at the aforesaid rate; and

(c) in the event of a loss under any of the insurance referred to herein, the Bank, at its option, may apply the insurance proceeds on account of the Principal Sum and interest secured hereby or may apply the same to rebuilding, repairing and restoring the Mortgaged Property, or may apply the same partly for one purpose and partly for the other purpose.

12. **The Indebtedness shall** immediately become due and payable, whether with or without prior demand therefor, and the security hereby constituted shall become immediately enforceable:

(a) if the Corporation makes default in payment when due of any indebtedness or liability to the Bank whether secured hereby or not;

(b) if and when the Corporation shall make default in payment of any part of the Indebtedness on the days appointed for payment under this Debenture or otherwise or, in the case of the Principal Sum, upon demand being made for payment thereof;

(c) if and when the Corporation shall commit any breach or default of this Debenture (including, without limitation, failure to comply with any covenants, conditions or terms herein) and such breach or default, if capable of being rectified, remains unrectified thirty (30) days after the Bank has given notice thereof to the Corporation, the Corporation acknowledging that this curative period does not alter the demand nature of the Indebtedness and that the Bank may demand payment in full of the Indebtedness at any time, and that if such demand is made the security hereby constituted shall become immediately enforceable without prejudice to the Bank's other rights and remedies;

(d) a representation or warranty contained herein is or becomes untrue in any material respect;

(e) if the Corporation shall become in breach or default in the observance or performance of any term, condition, covenant, agreement, representation or warranty contained in any present or future agreement between the Bank and the Corporation and the breach or default is not remedied within the grace period (if any) set forth in such agreement;

(f) if any of the Corporation's assets are seized or are taken in execution or attachment by any creditor of the Corporation; if the Corporation threatens to commit or commits any act or acts of bankruptcy; if a petition in bankruptcy is filed or presented against the Corporation; if the Corporation makes any assignment for the benefit of its creditors or if the Corporation enters into any arrangement with its creditors; if the Corporation becomes bankrupt or insolvent, or makes an authorized assignment pursuant to the *Bankruptcy and Insolvency Act*

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or any substitute or replacement legislation therefor; if proceedings are commenced to appoint a receiver, receiver/manager, or trustee in respect of the assets of the Corporation; if the Corporation is party to any transaction which is or falls within the contemplation of any fraudulent preferences legislation; if a petition is filed, an order made, a resolution passed or any proceedings are taken for the dissolution, liquidation or winding-up of the Corporation; if the Corporation ceases or threatens to cease to carry on its business; if proceedings are commenced for the suspension of the business of the Corporation; if the Corporation sells or disposes of its assets other than as expressly permitted in this Debenture; if any judgment against the Corporation shall remain unsatisfied for a period in excess of thirty (30) days; or if any proceedings are commenced against the Corporation under the *Companies Creditors Arrangement Act* or the *Bankruptcy and Insolvency Act* or any substitute or replacement legislation therefor;

(g) if, in the opinion of the Bank acting reasonably, a material adverse change occurs in respect of the Corporation or the Mortgaged Property, including without limitation any material adverse change in its business, operations, or financial condition;

(h) if proceedings are taken to enforce any lien, charge or other encumbrance against any of the Mortgaged Property which part of the Mortgaged Property has, in the opinion of the Bank acting reasonably, a fair market value greater than $50,000.00, except where such proceedings are being contested in good faith by the Corporation and the Corporation has posted security with the Bank that is acceptable to the Bank;

(i) if any of the foregoing events of default in subclause 12(a) to (h) shall occur in respect of any company, partnership, person or other entity (including the Guarantors) that has guaranteed the obligations of the Corporation; or

(j) if there is a change in control of the Corporation; "change in control" means any circumstance arising after the date hereof in which a person or combination of persons (within the *Securities Act* (Alberta) as amended) acquires beneficial ownership of 20% or more of the issued and outstanding shares of the capital stock of the Corporation having the right to vote for the election of directors of the Corporation under ordinary circumstances.

For the purposes of this Debenture, "Events of Default" means the events described in any of the subclauses in this clause 12.

Nothing in the clause or elsewhere in this Debenture shall in any way alter the demand nature of the Indebtedness, and the Bank may demand payment in full of the Indebtedness at any time and if such demand is made the security hereby constituted shall become immediately enforceable without prejudice to the Bank's other rights and remedies.

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13. **If the Indebtedness** or any portion thereof is not paid by the Corporation upon demand made by the Bank, whether before or after an Event of Default, or if an Event of Default occurs, all of the Indebtedness shall automatically become immediately due and payable and the Corporation shall immediately pay to the Bank all amounts owing in respect of the Indebtedness. Without restricting anything herein contained, it is the intent and purpose hereof that the Indebtedness shall become payable and be paid on demand or upon the occurrence of an Event of Default without any requirement of time or further notice of any kind, all of which are expressly waived by the Corporation.

14. **If the security** hereby constituted shall become enforceable pursuant to the terms hereof, the Corporation acknowledges to and agrees with the Bank that the Bank may enter into possession of all or any part of the Mortgaged Property, or the Bank may commence such legal action or other proceedings (including, without limitation, actions or proceedings seeking foreclosure and/or sale and the appointment of a receiver, which term as used in this Debenture includes a receiver-manager) as it in its sole and absolute discretion may deem expedient and realize upon any security granted in favour of the Bank, all without the obligation to marshal its security and without any additional notice, presentation, demand or protest, all of which the Corporation hereby expressly waives. Upon the security hereby constituted becoming enforceable pursuant to the terms hereof, the Corporation shall be deemed thereupon to have irrevocably appointed the Bank as its true and lawful attorney, for and in its name, place and stead, to execute and deliver for and on behalf of the Corporation all such transfers, leases, mortgages, grants, pledges, deeds, documents, instruments and assurances and do and perform all such acts and things as may be necessary or advisable to carry out the rights, remedies and powers hereby granted to the Bank. The rights and remedies of the Bank hereunder are cumulative, are in addition to and are not in substitution for any rights or remedies provided by law or contained in any other agreement, instrument, or security heretofore or hereafter granted by the Corporation in favour of the Bank, and any and all such rights or remedies may be exercised independently or concurrently by the Bank.

15. **The Bank may**, at any time after the security hereby constituted shall have become enforceable, appoint any person, firm or corporation, whether an officer or employee of the Bank or not, to be a receiver of all or any part of the Mortgaged Property and may from time to time remove any receiver so appointed and appoint another in its stead and the Bank shall not in any way be responsible for any misconduct or negligence on the part of any such receiver.

16. **A receiver so appointed** shall, for the purposes of responsibility for his acts, be deemed to be the agent of the Corporation and not of the Bank, and shall (unless limited by applicable legislation) have power:

(a) to take possession of, collect and get in all or such part of the Mortgaged Property as he deems fit from time to time and for that purpose take any proceedings in the name of the Corporation or otherwise;

(b) to carry on or to concur in the carrying on of the business of the Corporation;

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(c) to sell or lease or concur in selling or leasing all or any part of the Mortgaged Property;

(d) to make any arrangement or compromise which the receiver may think expedient;

(e) to prosecute and defend all suits, proceedings and actions which the receiver considers necessary or advisable for the proper protection of the Mortgaged Property; and

(f) for any one or more of the above purposes to borrow money and grant security for the repayment thereof and all amounts so borrowed, together with interest thereon, may form a first fixed charge upon the Mortgaged Property in priority to the mortgages and charges hereby created,

and for the purposes aforesaid, the Corporation hereby authorizes a receiver so appointed (and by these presents does so appoint such receiver its true and lawful attorney for and in its name, place and stead) to execute and deliver for and on behalf of the Corporation all such transfers, leases, mortgages, deeds, documents, instruments and assurances and do and perform all such acts and things as may be necessary or advisable to carry out the powers hereby granted, subject to applicable law. Further, the receiver shall be vested with such other discretions and powers as may be granted in the instrument of appointment and any supplement thereto. The aforesaid authorization and appointment shall in no way limit, restrict or derogate from, in any manner whatsoever, those powers and authorities which such receiver shall otherwise have and enjoy.

The net profits of carrying on the business of the Corporation and the net proceeds of sale of the Mortgaged Property, or any part or parts thereof, shall be applied by the receiver, subject to the claim of all secured and unsecured creditors (if any), ranking in priority to this Debenture:

Firstly: in payment of all costs and expenses of and incidental to the appointment of the receiver and the exercise by him of all or any of the aforesaid powers, including the reasonable remuneration of the receiver and all outgoings properly paid or payable by him;

Secondly: in and towards payment to the Bank of the Indebtedness to be applied by the Bank thereto at its discretion to any interest or principal remaining payable or due on or under this Debenture; and

Thirdly: any surplus shall be paid to the Corporation.

The Bank shall have no liability to the receiver for his remuneration, costs, charges or expenses.

17. **The Corporation** acknowledges that if a stay of proceedings is issued against the Corporation pursuant to the *Bankruptcy and Insolvency Act*, the *Companies' Creditors Arrangements Act* or otherwise, the Bank would be irreparably harmed and materially prejudiced if any proceeds of the Mortgaged Property were used for any purpose other

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than the repayment of the debts secured hereby, and the Corporation hereby acknowledges and agrees that any proceeds of the Mortgaged Property received by the Corporation while such stay is in effect shall be received by and held by the Corporation in trust for the Bank.

18. **If the security** hereby constituted shall become enforceable, the Bank may, either before or after any entry, and to the extent permitted by law, sell and dispose of the Mortgaged Property, either as a whole or in separate parcels, at a public auction or by tender or by private sale at such time or times as the Bank may determine, acting reasonably, with or without notice to the Corporation, and may make any such sale, either for cash or credit or part cash and part credit or any other arrangement providing for deferred payment, and with or without advertisement, and with or without a reserve bid as the Bank may see fit, acting reasonably, and the Bank may also rescind or vary any contract of sale that may have been entered into and resell with or under any of the powers conferred hereunder and adjourn any such sale from time to time and may execute and deliver to the purchaser or purchasers of the Mortgaged Property or any part thereof a good and sufficient deed or conveyance or deeds or conveyances for the same, the Bank being hereby constituted the irrevocable attorney of the Corporation for the purpose of making such sale and executing such deeds or conveyances, and any such sale made as aforesaid shall be a perpetual bar both in law and in equity against the Corporation and all other persons claiming all or any part of the Mortgaged Property by, from, through or under the Corporation.

19. **Notwithstanding the terms** of this Debenture, the Corporation shall remain liable to perform all of its duties and obligations in regard to the Mortgaged Property (including without limitation all of its duties and obligations arising under any leases, licenses, permits, reservations, contracts, agreements, instruments, contractual rights and governmental orders and authorizations now or hereafter pertaining thereto) to the same extent as if this Debenture had not been executed, and the exercise by the Bank of its rights and remedies under or in regard to this Debenture shall not release the Corporation from such duties, the Bank having no liability for such duties and obligations by reason only of the execution and delivery of this Debenture.

20. **The Bank may** (at any time and from time to time) pay or satisfy any lien, charge or encumbrance now existing or hereafter created or claimed upon the Mortgaged Property, or any part thereof, and all amounts so paid shall be added to the debt hereby secured and the same shall be payable forthwith with interest at the rate provided for herein and all amounts so paid, with interest thereon as aforesaid, shall be charged upon the Mortgaged Property.

21. **The Corporation** shall indemnify and hold harmless the Bank and its successors and assigns from and against all liabilities, actions, claims, demands, judgments, costs, charges and reasonable legal fees that may be made against or incurred by the Bank arising from any action taken by the Bank hereunder by reason of the assertion that the Bank has received funds that may be claimed by third persons, either before or after the payment in full of the Principal Sum, interest and other monies secured hereby and either before or after the release either wholly or partially of the mortgage, charge and security

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interest created hereby; and the Bank shall have the right to defend against any such claims, actions and charges, and claim from the Corporation, all expenses incurred by the Bank in connection therewith, together with all reasonable legal fees as may be paid by the Bank in connection therewith. It is understood and agreed that this covenant and indemnity shall survive the repayment of the Indebtedness and shall remain in full force and effect for the benefit of the Bank notwithstanding the full or partial release of the mortgage, charge and security interest created hereby, or any foreclosure in respect thereof.

22. **The Corporation** hereby indemnifies and agrees to hold harmless the Bank from and against any and all liabilities, claims, demands, actions, or causes of action, fines, and other penal or administrative sanctions suffered by the Bank arising directly or indirectly out of any breach of federal, provincial, or local environmental laws including the costs of any required or necessary repair, clean-up, detoxification, or other compliance with any federal, provincial, or local environmental laws or regulations (whether such action is required or necessary), all costs of determining whether any of the Corporation's activities are in compliance and causing such activities to be in compliance with all federal, provincial, or local environmental laws or regulations, all costs associated with claims for damages to persons or property, and the Bank's reasonable legal and consultant's fees and court costs in respect thereof (including reasonable legal costs on a solicitor and own client basis). This covenant and indemnity, and the covenants in clauses 10(q), (r) and (s), shall survive the repayment of the Indebtedness and shall continue in full force and effect for the benefit of the Bank notwithstanding the full or partial release of the mortgage, charge and security interest created hereby, or any foreclosure in respect thereof.

23. **The Indebtedness will be paid** in lawful money of Canada in favour of the Bank payable at par at Calgary, Alberta, as the same shall become due and payable hereunder.

24. (a) **No postponement** or partial release or discharge of the mortgages and charges created by this Debenture shall in any way operate or be construed to release or discharge the security hereby constituted except as therein specified, or to release or discharge the Corporation from any obligation or liability to the Bank under this Debenture.

(b) **The Bank may** waive any breach or default by the Corporation of any of the provisions contained in this Debenture or any breach or default by the Corporation in the observance or performance of any covenant or condition required to be observed or performed by the Corporation under the terms of this Debenture; provided that any such waiver shall apply only to the particular breach or default waived and shall not operate as a waiver of any other or future breach or default. Further, no delay or omission upon the part of the Bank to exercise any right or power hereunder shall impair such right or power or be considered to be a waiver of any breach or default or any acquiescence thereunder.

(c) **The taking of** a judgment or judgments by the Bank on any of the covenants herein contained or on any of the covenants contained in any further or associated

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security documentation taken pursuant hereto shall not operate as a merger of the said covenants nor affect the right of the Bank to interest at the applicable rates and times as aforesaid.

(d) **Nothing in this** Debenture shall be construed as a subordination by the Bank of the mortgages, charges and security interests created hereby to any of the Permitted Encumbrances, it being the intent that all such mortgages, charges and security interests shall be a first mortgage, charge and security interest.

25. **The security** hereby created is in addition to and not in substitution for any other security or securities which the Bank may now or from time to time hold or take from the Corporation.

26. **The Corporation** hereby agrees to pay to the Bank, forthwith upon demand, all reasonable costs, charges and expenses (including legal fees on a solicitor and his own client basis and future engineering fees) which the Bank suffers or incurs in connection with the preparation, execution, delivery, registration, administration, defending and enforcement of this Debenture together with interest thereon at the rate provided for herein from the date the Bank makes demand for payment of such costs, charges and expenses so suffered or incurred, subject to the right of taxation of such accounts by the Corporation.

27. **The Corporation**, by executing this Debenture, hereby acknowledges and agrees that:

(a) value has been given by the Bank;

(b) the Corporation has rights in the Mortgaged Property;

(c) there is no agreement to postpone the attachment of the security interest hereby created;

(d) the Corporation has received a duplicate original of this Debenture;

(e) notwithstanding that the mortgage, charge and security interest created pursuant to clause 4(a) is stated to be a floating charge, the time for attachment of the mortgage, charge and security interest created pursuant to this Debenture has not been postponed and is intended to attach when this Debenture is signed by the Corporation, and attaches at that time to property in which the Corporation then has any right, title or interest and attaches to property in which the Corporation subsequently acquires any right, title or interest at the time when the Corporation first acquires such right, title or interest; and

(f) the Corporation hereby waives its right to receive a copy of any financing statement or financing change statement registered by the Bank in connection with this Debenture and any statement issued with respect thereto where such waiver is not otherwise prohibited.

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28. **Any and all notices** or other communications required or permitted hereunder shall be in writing and shall be:

(a) personally served upon an officer, director or employee of the Corporation, or in the case of the Bank upon an Account Manager of the Energy Group at the address for the Bank set forth in sub-clause (b) of this clause; or

(b) mailed by prepaid registered letter addressed to Corporation at 2240, 444 – 5th Avenue S.W., Calgary, Alberta, T2P 2T8 or to the Bank at 600, 407 – 8th Avenue S.W., Calgary, Alberta, T2P 1E5, and any such notice(s) shall be deemed to have been served at the expiration of three (3) days after posting.

The Bank and the Corporation may change their respective addresses for service as set forth in this clause by giving notice thereof to the other as herein provided for.

29. **This Debenture** has been issued in accordance with resolutions of the directors of the Corporation and all other matters and things have been done and performed so as to authorize and make the creation and issue of this Debenture and its execution and delivery legal and valid in accordance with the laws of the Province of Alberta and is given as security for the due payment of the Indebtedness and the guarantees, LIBOR loans, Bankers' Acceptances, letters of credit and letters of guarantee hereinbefore referred to.

30. **The Corporation** shall execute and deliver to the Bank such further and other deeds, documents, instruments and assurances and do or cause to be done all such other acts and things as may be required by the Bank from time to time to give full force and effect to this Debenture and the mortgages, charges and security interests created hereby.

31. **The Corporation** hereby authorizes the Bank to file or register such financing statements, financing change statements and other documents as the Bank may deem appropriate to perfect on an ongoing basis and continue the mortgage, charge and security interest created hereby and to protect and preserve the Mortgaged Property, and the Corporation hereby irrevocably constitutes and appoints the manager or acting manager from time to time of the herein mentioned branch of the Bank the true and lawful attorney of the Corporation, with full power of substitution, to do any of the foregoing in the name of the Corporation whenever and wherever it may be deemed necessary or expedient.

32. **The Corporation** acknowledges and agrees that in the event that it amalgamates or merges with any other corporation or corporations, it is the intention of the Corporation and the Bank that the term "Corporation" when used herein shall apply to each of the amalgamating corporations and to the resulting amalgamated corporation, such that the mortgage, charge and security interest created hereby shall secure the Indebtedness to the Bank of each of the amalgamating corporations and the amalgamated corporation at the time of the amalgamation and any Indebtedness of the amalgamated corporation to the Bank thereafter arising. The mortgage, charge and security interest created hereby will attach to all of the Mortgaged Property owned by each corporation amalgamating with the Corporation and by the amalgamated corporation at the time of the amalgamation,

and shall attach to any Mortgaged Property thereafter owned or acquired by the amalgamated corporation when such becomes owned or acquired.

33. **This Debenture** shall enure to the benefit of the Bank and its successors and assigns and shall be binding upon the Corporation and its successors and assigns.

34. **This Debenture** shall be interpreted and governed by the laws in force in the Province of Alberta, except as and to the extent that the laws of any jurisdiction may otherwise validly require, and the Corporation irrevocably submits to the jurisdiction of the Courts of the Province of Alberta.

35. **The Bank** reserves the right to revise the conditions contained herein upon 30 days prior notice, if and when any charges, levies, assessments or other impositions whatsoever are imposed by a competent governmental authority with respect to the services offered herein.

36. **Time shall be** of the essence hereof.

37. **The provisions** of the commitment letter dated March 17, 2003 between the Bank and the Corporation, and any amendment thereto or replacement thereof (the "Credit Agreement") are not superseded by or merged in the execution or registration of this Debenture and the provisions of the Credit Agreement shall remain in full force and effect until all of the conditions thereof to be observed and performed by the Corporation have been fully paid and satisfied, provided however, that in the event of a conflict between the terms of the Credit Agreement and the terms of this Debenture, the terms of the Credit Agreement shall prevail.

38. **Any provision** of this Debenture which is prohibited or unenforceable in any jurisdiction will, as to that jurisdiction, be ineffective to the extent of such prohibition or unenforceability and will be severed from the balance of this Debenture, all without affecting the remaining provisions of this Debenture or affecting the validity or enforceability of such provision in any other jurisdiction.

39. **Neither the Bank** nor any receiver nor any agent of the Bank shall: (i) be responsible or liable for any debts contracted by it, for damages to persons or property, for salaries or for non-fulfilment of contracts during any period when the Bank or any receiver shall manage or be in possession of any security interest created hereby, save and except for gross negligence and wilful misconduct; (ii) be liable to account as mortgagee in possession or for anything except actual receipts or be liable for any loss on realization or for any default or omission for which a mortgagee in possession may be liable; (iii) nor be bound to do, observe or perform or to see to the observance or performance by the Corporation of any obligations or covenants imposed upon the Corporation; (iv) nor in the case of any chattel paper, security or instrument, be obligated to preserve rights against any other persons. The Corporation hereby waives any law permitted to be waived by it which imposes higher or greater obligations upon the Bank or any receiver than aforesaid.

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40. **The Corporation** will and does hereby indemnify and save harmless the Bank and every receiver from and against any and all liabilities, actions, claims, judgments, obligations, costs, charges or expenses, including reasonable legal fees and expenses on a solicitor and his own client basis, made against or incurred by the Bank or any receiver as a result of taking this Debenture save and except for gross negligence and wilful misconduct as provided in clause 39; and the Bank and every receiver shall have the right to defend against any such liabilities, actions, claims and charges and to claim from the Corporation all expenses incurred in connection therewith, together with all reasonable legal fees and expenses on a solicitor and his own client basis that may be paid in connection therewith. It is understood and agreed that the covenants and conditions of this clause shall remain in full force and effect notwithstanding the payment or release, either partially or wholly, of the mortgage, charge and security interest created hereby, or any foreclosure in respect thereof.

41. **To the full** extent that it may lawfully do so, the Corporation hereby:

(a) waives and disclaims any benefit of, and shall not have or assert any right under any statute or rule of law pertaining to the marshalling of assets; and

(b) agrees that it shall not have or assert any right or equity of redemption or any right under any statute or otherwise to redeem the Mortgaged Property or any part thereof after the sale hereunder to any person whether such sale is by the Bank, any receiver or otherwise, notwithstanding, if such should be the case, that the Bank may have purchased same.

In witness whereof the Corporation has caused its corporate seal to be hereunto affixed, attested by the signature of the proper officer or officers duly authorized in that behalf, this 12 day of June, 2003.

HIGH PLAINS ENERGY INC.

Per: ______________________

HAROLD BOWMAN
President

THIS IS EXHIBIT "...I..."
referred to in the Affidavit of
Murray D'Angelo
Sworn before me this 26th
Day of October A.D. 2009

A COMMISSIONER FOR OATHS
IN AND FOR THE PROVINCE OF ALBERTA

GILLIAN BARNETT
Student-at-Law

GENERAL ASSIGNMENT OF BOOK DEBTS

1. FOR VALUABLE CONSIDERATION, receipt whereof is hereby acknowledged, the undersigned Debtor

HIGH PLAINS ENERGY INC.
(Full name of Assignor)
of 2240, 444 – 5th Avenue S.W., Calgary, AB T2P 2T8
(Address of Assignor)

in the Province of Alberta, hereby assign(s) transfer(s) and grant(s) to NATIONAL BANK OF CANADA, a Chartered Bank having its Head Office at the City of Montreal in the Province of Quebec, and having a branch office at #600, 407 - 8 Avenue S.W. in the Province of Alberta, (hereinafter called the "Bank") a continuing and specific security interest in all debts, proceeds, accounts, claims, money and choses in action which now are or which may at any time hereafter be due or owing to or owned by the undersigned and also all deeds, documents, writings, papers and books relating to or being records of goods or their proceeds, or by which goods or their proceeds are or may hereafter be secured, evidenced, acknowledged or made payable including Documents of Title, (and remaining debt instruments) Chattel Paper, Securities and Instruments, and all contractual rights and insurance claims relating to collateral (hereinafter called the "Collateral").

2. The undersigned agrees that the Collateral shall be held by the Bank as a general and continuing collateral security for the payment of all obligations, indebtedness and liabilities, present or future, direct or indirect, absolute or contingent, matured or not, of the undersigned to the Bank, wheresoever and howsoever incurred, and any ultimate unpaid balance thereof, and as a first and prior claim upon the Collateral.

3. The undersigned covenants at all times to notify the Bank in writing promptly of any change in the information contained herein relating to the undersigned (including the name and location of the chief executive office, sole place of business or residence, as the case may be, of the undersigned aforesaid) and of any material default by any person in payment or other performance of obligations to the undersigned with respect to any of the Collateral.

4. So long as this assignment remains in effect, the undersigned covenants not to sell, or further assign or encumber the Collateral without the prior written consent of the Bank. The undersigned represents and warrants that the Collateral is genuine and owned by the undersigned free of all security interests or other encumbrances.

5. The Bank may collect, realize, sell or otherwise deal with the Collateral or any part thereof in such manner, upon such terms and conditions and at such time or times, whether before or after default, as may seem to it advisable and without notice to the undersigned. All moneys collected or received by the undersigned in respect of the Collateral shall be received as trustee for the Bank, and shall be forthwith paid over to the Bank by the undersigned.

6. The Bank shall not be bound to do, observe or perform or see to the observance or performance by the undersigned of any obligations or covenants imposed upon the undersigned nor shall the Bank be obliged to preserve rights against other persons in respect of any Securities or Records in its possession.

7. The Bank may apply the amounts collected or received by it on account of such parts of the indebtedness and liabilities of the undersigned to the Bank as to the Bank seems best or hold the same in a separate collateral account for such time as it may see fit and then apply the same as aforesaid, the whole without prejudice to its claim for any deficiency.

8. The Bank may compound, compromise, grant extensions of time and other indulgences, take and give up securities, accept compositions, grant releases and discharges and otherwise deal with the debtors of the undersigned, the undersigned and others, and with the Collateral and other securities as the Bank may see fit, without prejudice to the liability of the undersigned or the Bank's right to hold and realize this security.

9. The Bank shall not be liable or accountable for any failure to collect, realize or obtain payment of the Collateral or any part thereof and the Bank shall not be bound to institute proceedings for the purpose of collecting, realizing or obtaining payment of the same or for the purpose of preserving any rights of the Bank, the undersigned or any other person, firm or corporation in respect of the same, and the Bank shall not be responsible for any loss or damage which may occur in consequence of the negligence of any officer, agent or solicitor employed in the collection or realization thereof.

10. The Bank may charge on its own behalf and also pay to others reasonable sums for expenses incurred and for services rendered (expressly including legal advices and services) in or in connection with collecting, realizing and/or obtaining payment of the Collateral or any part thereof and may add the amount of such sums to the indebtedness of the undersigned.

11. So long as this assignment remains in effect, the undersigned covenants and agrees to deliver to the Bank from time to time promptly upon request any Documents of Title (and remaining debt instruments), Instruments, Securities and Chattel Papers constituting, representing or relating to the Collateral; all books of account and all records, ledgers, reports, correspondence, schedules, documents, statements, lists and other writings relating to the Collateral for the purpose of inspecting, auditing or copying the same; all financial statements prepared by or for the undersigned regarding the undersigned's business; all policies and certificates of insurance relating to the Collateral, and such information concerning the Collateral, the undersigned, the undersigned's business and affairs as the Bank may reasonably request.

12. The undersigned shall from time to time forthwith on the Bank's request do, make and execute all such financing statements, further assignments, documents, acts, matters and things as may be required by the Bank of or with respect to the Collateral or any part thereof or as may be required to give effect to these presents, and the undersigned hereby constitutes and appoints the Manager or Acting Manager for the time being of the above mentioned branch of the Bank the true and lawful attorney of the undersigned irrevocable with full power of substitution to do, make and execute all such statements, assignments, documents, acts, matters or things with the right to use the name of the undersigned whenever and wherever it may be deemed necessary or expedient.

13. This agreement shall be a continuing agreement in every respect, and shall be binding upon the heirs, executors, administrators, successors and assigns of the parties hereto. No remedy for the enforcement of the rights of the Bank hereunder shall be exclusive of or dependent on any other such remedy, but any one or more of such remedies may from time to time be exercised independently or in combination. The security interest created or provided for by this agreement is intended to attach when this agreement is signed by the undersigned and delivered to the Bank. The undersigned acknowledges and confirms that there has been no agreement between the Bank and the undersigned to postpone the time for attachment of the security interest hereby attached.

14. Nothing in this assignment contained shall or shall be deemed to restrict the rights and remedies at law or in equity or under any applicable personal property security legislation or otherwise, of the Bank against the undersigned and the Collateral, it being hereby agreed by the undersigned that the Bank has and shall have all such rights and remedies as if the same were herein at length set forth and by this reference the same are incorporated in and form a part hereof.

15. Should the undersigned be entitled to a release or discharge or amendment to any financing statement registered by the Bank relating to this assignment, then the undersigned will pay to the Bank all costs, charges, expenses and lawyer's fees and disbursements (as between a solicitor and his own client on a full indemnity basis) incurred by the Bank in connection with such release, discharge or amendment.

16. For greater certainty it is declared that any and all future loans, advances or other value which the Bank may in its discretion make or extend to or for the account of the undersigned shall be secured by this agreement. If more than one person executes this agreement their obligations hereunder shall be joint and several.

17. This assignment shall be governed by and construed in accordance with the law of the jurisdiction where it has been executed by the undersigned, as the same may from time to time be in effect, including, where applicable, the Personal Property Security Act.

18. The undersigned hereby acknowledges receiving a copy of this assignment and waives all rights to receive from the Bank a copy of any financing statement, financing change statement or verification statement filed or issued at any time in respect of this assignment.

19. NAME, ETC. OF DEBTOR
The full, true and correct legal name and address of Debtor and, where applicable, birth date and sex of Debtor is hereby declared by Debtor to be as follows:

INDIVIDUAL DEBTOR

SURNAME (LAST NAME)	FIRST NAME	SECOND NAME	BIRTH DATE YEAR MONTH DAY	SEX M/F
ADDRESS OF INDIVIDUAL DEBTOR	CITY	PROVINCE	POSTAL CODE	
SURNAME (LAST NAME)	FIRST NAME	SECOND NAME	BIRTH DATE YEAR MONTH DAY	SEX M/F
ADDRESS OF INDIVIDUAL DEBTOR	CITY	PROVINCE	POSTAL CODE	

BUSINESS DEBTOR

NAME OF BUSINESS DEBTOR **HIGH PLAINS ENERGY INC.**			
ADDRESS OF BUSINESS DEBTOR 2240, 444 – 5th Avenue S.W.	CITY Calgary	PROVINCE AB	POSTAL CODE T2P 2T8
NAME OF BUSINESS DEBTOR			
ADDRESS OF BUSINESS DEBTOR	CITY	PROVINCE	POSTAL CODE

IN WITNESS WHEREOF, the undersigned Debtor has executed this Assignment this **12th** day of June, 2003.

(Signature of Debtor(s), if Individual)

HIGH PLAINS ENERGY INC.
(Name of Debtor, if Corporation or Partnership)

BY

TITLE PRESIDENT
(If Corporation, have signed by authorized officer(s)
If Owner or Partner, state which)

AFFIDAVIT OF BONA FIDES

(To be completed when assignment to be registered in Atlantic Provinces)

CANADA) I, ______________________________
) of the ______________ of ______________
Province of ______________) in the Province of ______________ an employee
County of ______________) at ______________
) of the National Bank of Canada the Assignee named in the
TO WIT:) Assignment of Book Debts hereto annexed, make oath and say:

1. That I am an employee of the NATIONAL BANK OF CANADA at ______________ in the Province of ______________.

2. That I am aware of the circumstances connected with the said Assignment of Book Debts and have a personal knowledge of the facts herein deposed to.

3. That the said Assignment of Book Debts hereto annexed was executed in good faith and for valuable consideration, and not for the mere purpose of protecting the book debts therein mentioned against the creditors of ______________, the Assignor, or for the purpose of preventing such creditors from recovering any claims which they have against the said Assignor.

SWORN BEFORE ME at the City of Calgary)
in the Province of Alberta this ______ day of)
November, 2001.)
)
______________________________) ______________________________
A Commissioner , etc. or a Notary Public

(When assignment to be registered in New Brunswick, affidavit on next page to be completed in case of Incorporated Companies.)

AFFIDAVIT OF EXECUTION BY INDIVIDUAL OR PARTNERSHIP

(To be completed when assignment to be registered in Atlantic Provinces)

CANADA) I, ______________________________
Province of ______________) of the ______________ of ______________
County of ______________) in the Province of ______________
TO WIT:) by occupation ______________, make oath and say:

1. That I was personally present and did see the Assignment of Book Debts hereto annexed duly signed, sealed and delivered by **["one" or "two" or as the case requires]** of the parties thereto and that the name ______________ set and subscribed as a witness to the execution thereof is of the proper handwriting of me this deponent and that the same was executed at the ______________ of ______________ in the Province of ______________ on the ______ day of ______________ 20 ______.

2. That I know the said ______________ and **[he/she]** is in my opinion of the full age of ______ years.

SWORN BEFORE ME at the City of _____)
in the Province of _____ this _____ day of)
_____, 20_____.)
)
______________________________) ______________________________
A Commissioner , etc. or a Notary Public

AFFIDAVIT BY OFFICER OF INCORPORATED COMPANY

(To be completed when assignment to be registered in New Brunswick)

CANADA) I, ______________________________
) residing at ______________________________
) (Full Address)
Province of ______________________) in the Province of ______________________
County of ______________________) by occupation ______________, make oath and say:

TO WIT:

1. That the paper-writing hereunto annexed is the Assignment of Book Accounts and of every schedule or inventory thereto ______________________________ hereinafter referred to as the Assignor. (Name of incorporated company)

2. That the Assignment of Book Accounts was made and given by the said Assignor on the ______________ day of ______________ 20_____.

3. That I ______________________ as ______________________ of the said Assignor being duly authorized so to do did affix the seal of the said Assignor to the said Assignment of Book Accounts, did sign the said Assignment of Book Accounts as ______________ of the said Assignment of Book Accounts as the act and deed of the said Assignor of the ____________ day of ______________ 20_____.

4. That the head office or chief place of business of the said Assignor in New Brunswick is situated at ____
(Number, street and name of place)

SUBSCRIBED to and sworn before me at the)
______________________________)
of ______________________ in the)
Province of ______________________)
this __________ day of ______________)
A.D. 20________.)
______________________________) ______________________________
A Commissioner , etc. or a Notary Public

THIS IS EXHIBIT "G"
referred to in the Affidavit of
Murray D'Angelo
Sworn before me this 26th
Day of October A.D. 2009
[signature]
A COMMISSIONER FOR OATHS
IN AND FOR THE PROVINCE OF ALBERTA

GILLIAN BARNETT
Student-at-Law

Guarantee
June 12, 2003

By:

NORTHERN GAS MARKETING INC., a body corporate having an office in the State of Montana ("**Guarantor**")

In favour of:

NATIONAL BANK OF CANADA, a Canadian Chartered Bank carrying on business in Calgary, Alberta ("**Bank**")

Recitals

A. The Guarantor is a wholly owned subsidiary of HIGH PLAINS ENERGY INC. (the "Corporation");

B. The Bank has agreed to lend to the Corporation up to $2,235,000.00 and the Corporation has issued to the Bank various security including without limitation a floating charge demand debenture in the amount of $5,000,000.00 and a general assignment of book debts; and

C. The agreement of the Bank to lend the aforesaid monies to the Corporation was entered into on the condition that the Guarantor issue to the Bank a guarantee respecting certain of the debts, liabilities and obligations of the Corporation to the Bank.

Article 1
Interpretation

1.1 Definitions

Capitalized terms used in this Guarantee shall have the following meanings:

"**Affiliate**" means any company or other legal entity or partnership that controls that party directly or indirectly or that is controlled directly or indirectly or indirectly by that party, or is directly or indirectly controlled by a company, entity or partnership that also directly controls or indirectly controls that party, and or purposes of this definition "control" means, in the case of a corporation, the right to exercise more than 50% of the voting rights in the appointment of the directors of the corporation and, in the case of a partnership, the ability to determine material decisions of the partnership;

"**Agreements**" has the meaning ascribed to that term in Section 2.1;

"**Borrower Debenture**" means the floating charge demand debenture dated June 12, 2003 granted by the Corporation in favour of the Bank in the amount of $5,000,000.00, as same may be amended, modified or supplemented from time to time;

"**Borrower General Assignment of Book Debts**" means the general assignment of book debts dated June 12, 2003 granted by the Corporation in favour of the Bank;

"**Borrower Negative Pledge**" means the negative pledge and undertaking dated June 12, 2003 granted by the Corporation in favour of the Bank;

"**Borrower Security Documents**" means the Borrower Debenture (including any pledges in respect thereof), the Borrower General Assignment of Book Debts, and the Borrower Negative Pledge, any amendments or supplements thereto, any replacements or substitutions therefor and any documents comprising security taken or granted in addition thereto;

"**Business Day**" means a day on which banks are open for general banking business in Calgary, Alberta;

"**Commitment Letter**" means the Commitment Letter from the Bank dated March 17, 2003, as the same may be amended, substituted or replaced from time to time;

"**Guaranteed Obligations**" has the meaning ascribed to that term in Section 2.1;

"**Guarantor Mortgage**" means the First Priority Deed of Trust, Mortgage, and Security Interest dated June 12, 2003 granted by the Guarantor in favour of the Bank;

"**Guarantor Security Documents**" means the Guarantor Mortgage and any mortgages, assignments, grants, charges, hypothecations, and security interests granted by the Guarantor in favor of the Bank from time to time, whether in connection with this Guarantee or otherwise, and any amendments or supplements thereto and any replacements and substitutions therefor;

"**Person**" or "**person**" means any individual, corporation, company, partnership, association, trust, joint venture, unincorporated organization, or a governmental body;

"**this Guarantee**", "**herein**", "**hereby**", "**hereof**", "**hereto**", "**hereunder**" and similar expressions mean or refer to this Guarantee and include any and every instrument supplementary or ancillary thereto, and, except as otherwise specifically stated, the expressions "Article", "Section" or "Subsection" followed by a number or letter mean and refer to the specified article, section or subsection of this Indenture.

1.2 Headings

The provision of headings are for convenience of reference only and shall not affect the construction or interpretation hereof.

1.3 Number and Gender

Whenever the context so requires, words importing the singular number only shall include the plural and vice versa and words importing any one gender shall include all other genders.

1.4 Governing Law

Except and only to the extent that the laws of the State of Montana must be applied by law or to effectuate the Guarantor Mortgage or the Guaranty Security Documents, this Guarantee shall be governed by and construed in accordance with the laws of the Province of Alberta and the laws of Canada applicable therein, and the Guarantor hereby irrevocably attorns to jurisdiction of the courts of the Province of Alberta, provided that nothing herein shall limit the Bank's right to bring proceedings against the Guarantor elsewhere.

1.5 Currency

All references to dollar amounts in this agreement are in Canadian dollars.

Article 2
Guarantee

2.1 Guarantee

In consideration of the Bank dealing with the Corporation, the Bank making and continuing to make credit facilities available to the Corporation, and for other good and valuable consideration the receipt of which is hereby acknowledged by the Guarantor, the Guarantor hereby unconditionally and irrevocably guarantees payment to the Bank of all present and future debts, liabilities, and obligations, whether present or future, direct or indirect, absolute or contingent, matured or otherwise, now or at any time and from time to time hereafter due or owing to the Bank by or from the Corporation or any successor of the Corporation, and howsoever arising, whether incurred by the Corporation as primary debtor or secondary debtor through any endorsement, guarantee or assumption by the Corporation, or whether alone or jointly with any other Person, (such debts, liabilities and obligations being herein referred to as the "Guaranteed Obligations"), including without limitation:

(a) all those present and future debts arising under or in connection with the Commitment Letter, the Borrower Security Documents or any other agreements made between the Bank and the Corporation from time to time; and

(b) all costs (including legal costs on a solicitor and his own client basis) and disbursements incurred by the Bank in connection with the recovery or the attempt to recover all such debts, liabilities and obligations.

The Guaranteed Obligations, or the unpaid portion thereof from time to time, shall bear interest from the date of demand pursuant to Section 3.1 to the date of payment in full (and both before and after judgment) at the rate or rates provided in the agreements, instruments, or evidences of indebtedness relative to or creating the Guaranteed Obligations (collectively or individually the "Agreements"), in respect of amounts owing thereunder, which Agreements shall include, without limitation, the Commitment Letter and any amendments thereto and replacements thereof.

2.2 Guarantee Absolute

The Guarantor agrees that the Guaranteed Obligations will be paid or performed, as the case may be, strictly in accordance with the terms of the Agreements and such other instruments or documents relating to the Guaranteed Obligations, (including the Borrower Security Documents) regardless of any law, rule, regulation or order now or hereafter in effect in any jurisdiction affecting any of such terms or the rights of the Bank with respect thereto and regardless of any defence, counterclaim, right of set-off or equities which the Corporation or the Guarantor may have. The Guarantor shall not be released as a consequence of, and this Guarantee shall be effective and binding on the Guarantor notwithstanding:

(a) any disability, incapacity, lack of or limitation on the status or power of the Corporation, the Guarantor or the directors or agents thereof, whether known to the Bank or not;

(b) any lack of validity or enforceability of the Guaranteed Obligations, the Agreements, the Borrower Security Documents or any other document or instrument relating thereto or hereto, whether known to the Bank or not;

(c) any change in the time, manner or place of payment of, or in any other term of any of the Guaranteed Obligations, or any other amendment or waiver of, or any consent to or departure from any of the terms of the Guaranteed Obligations, the Agreements, the Borrower Security Documents or any other document or instrument relating thereto or hereto or any indulgence which the Bank may from time to time grant to the Corporation or any other Person;

(d) any increase in the Guaranteed Obligations, whether by virtue of the amendment, substitution or replacement of the Commitment Letter from time to time, or otherwise;

(e) any exchange or release of, or any failure to perfect or otherwise protect any interest in any collateral held by the Bank as security for the Guaranteed Obligations, including without limitation in connection with the Borrower Security Documents, the Guarantor Security Documents, or any guarantees, indemnities, or security documents granted by Affiliates;

(f) any limitation at any time upon any remedy available to the Bank in respect of the Guaranteed Obligations, including without limitation the benefit of any law which provides that the obligation of a guarantor must neither be larger in amount nor in other respects more burdensome than that of the principal obligation or which reduces a guarantor's obligation in proportion to the principal's obligations;

(g) any irregularity, defect or informality in the Agreements, the Borrower Security Documents, this Guarantee, or the Guarantor Security Documents;

(h) any winding-up, dissolution, receivership or bankruptcy of the Guarantor or the Corporation, any amalgamation, merger, reorganization, change in capital structure or share ownership, or fundamental corporate change (including any change of name) affecting the Guarantor or the Corporation, any reorganization of any or all of the obligations of the Guarantor or the Corporation, any change in the financial position of the Corporation (and the Guarantor agrees to monitor such changes and releases the Bank from any liability resulting from such changes) or any transaction including any amalgamation, merger, consolidation, arrangement, transfer, sale, lease or other disposition, whereby all or any part of the undertaking, property and assets of the Guarantor or the Corporation become the property of any other Person or Persons;

(i) any other circumstance which might otherwise constitute a defence available to, or a discharge of, the Guarantor or the Corporation or any other Person in respect of the Guaranteed Obligations, the Agreements, the Borrower Security Documents, this Guarantee or the Guarantor Security Documents, or termination (whether by operation of law or otherwise) of any of the covenants to pay of the Corporation set forth in the Guaranteed Obligations, the Agreements, the Borrower Security Documents, or the Guarantor Security Documents;

(j) any amendments or supplements to or modifications or replacements of, from time to time, any of the Agreements, the Borrower Security Documents or any other documents or instruments relating thereto.

2.3 Waiver and Acknowledgment by Guarantor

The Guarantor hereby waives presentment, protest, promptness, diligence, notice of acceptance and, except as otherwise expressly provided herein, any other notice or demand with respect to any of the Guaranteed Obligations, the Agreements, the Borrower Security Documents or the Guarantor Security Documents, and acknowledges that the Bank shall be entitled without in any way prejudicing or affecting its rights hereunder, and without in any way limiting or lessening the liability of the Guarantor under this Guarantee to, without limitation:

(a) give up, vary, exchange, release, discharge or otherwise deal with or fail to deal with any security (including any other guarantee and security documents granted in connection therewith from time to time) relating to the Guaranteed Obligations, the Agreements, the Borrower Security Documents, or this Guarantee or allow the Corporation, the Guarantor or any other Person to deal with the property which is subject to any security interest, all as the Bank considers appropriate;

(b) grant time for payment, renewals, extensions, releases or any other indulgences in respect of the Guaranteed Obligations, the Agreements, the Borrower Security Documents, this Guarantee or any other obligation or guarantee (including security documents issued in connection with such other guarantee) relating thereto or arising thereunder;

(c) accept or make any compositions, arrangements, settlements, plans of reorganization or compromises with any Person as the Bank considers appropriate;

(d) agree to any change in, amendment to, waiver of, or departure from, any term of the Guaranteed Obligations, the Agreements, the Borrower Security Documents or any other obligation, guarantee or indemnity (including security documents issued in connection with such other guarantee or indemnity) relating thereto or arising thereunder, such change, amendment, waiver or departure including, without limitation, any renewal, extension, release, discharge, compromise or settlement in respect thereof;

(e) abstain from taking, protecting, securing, registering, filing, recording, renewing, perfecting, insuring or realizing upon any security or other guarantee or indemnity, exercising any remedy or pursuing or exhausting any other right, action or recourse against the Corporation, any other Person or any security or other guarantee or indemnity before exercising its rights under this Guarantee;

(f) any modification or amendment to the Guaranteed Obligations, including any increase or decrease in the principal, the rates of interest or other amounts payable in respect thereof, or to the Borrower Security Documents; and

(g) otherwise deal with the Corporation or any other Person, including any other guarantors or parties providing indemnities, as the Bank considers appropriate,

and no loss in respect of any security received or held for and on behalf of the Bank, whether occasioned by fault, omission, negligence or recklessness of any kind, whether of the Bank or any other Person, shall in any way limit or lessen the liability of the Guarantor under this Guarantee.

2.4 Bank Not Bound

The Bank shall not be bound to exhaust its recourse against the Corporation or any other Person or any security it may at any time hold before being entitled to payment from the Guarantor of the Guaranteed Obligations.

2.5 Guarantee Limits

The indebtedness guaranteed hereby shall be limited to the maximum amount of indebtedness that can be incurred or secured by Guarantor without rendering this Guarantee voidable under applicable law.

Article 3
Demand

3.1 Demand Upon Default

If the Corporation defaults in respect of any of the Guaranteed Obligations, the Agreements, or the Borrower Security Documents, the Bank may make a demand upon the Guarantor for the payment in full of the Guaranteed Obligations or such portion thereof as the Corporation has failed to pay and the Guarantor shall pay such amount to the Bank forthwith at the place provided herein for service of Notices pursuant hereto to the Bank. Any demand made hereunder shall be in writing and shall be deemed to be a demand for payment under the Agreements. Demand by the Bank and payment by the Guarantor, in respect of any one or more of the Guaranteed Obligations shall not exhaust this Guarantee, but same shall remain in effect for any and all Guaranteed Obligations existing from time to time, subject to the limitation set forth in Section 2.5.

3.2 Remedies

After the making of a demand pursuant to Section 3.1 and the failure of the Guarantor to make payment upon receipt of such demand, the Bank may (subject to Section 2.5) proceed directly and at once, without further notice, against the Guarantor to obtain performance of and to collect and recover the full amount, or any portion, of the Guaranteed Obligations, including enforcing all rights available to the Bank under the Guarantor Security Documents, without first proceeding against the Corporation or any other Person or against any other security or collateral for the Guaranteed Obligations. The Guarantor waives all benefits of discussion and division. The Bank shall have the exclusive right to determine the application of payments and credits, if any, from the Corporation, the Guarantor or from any other Person on account of the Guaranteed Obligations, and shall not be bound by the law of imputation. The Bank shall be entitled to prove against the Corporation upon any insolvency or winding-up in respect to the whole of the Guaranteed Obligations. If the Bank is required to file its claim against the

Corporation and value its security, it will be entitled to place such valuation as the Bank in its discretion sees fit, and the filing of such claim and the valuation of its security shall in no way prejudice or restrict its rights against the Guarantor. The Guarantor shall have no right to be subrogated to the Bank until the Bank shall have received payment in full of the Guaranteed Obligations with interest and costs. The Guarantor agrees that, notwithstanding the foregoing and without limiting the generality of the foregoing, if, after the making of a demand pursuant to Section 3.1, the Bank is prevented by applicable law from enforcing or exercising any other right or remedy with respect to the Guaranteed Obligations, the Guarantor shall (subject to Section 2.5) pay to the Bank, upon demand therefor, the amount that would otherwise have been due and payable had such rights and remedies been permitted to be exercised by the Bank, and the Guarantor Security Documents shall secure such payment.

3.3 No Waiver By Bank

No failure on the part of the Bank to exercise, and no delay in exercising, any right hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any right hereunder preclude any other or further exercise thereof or the exercise of any other right.

Article 4
Postponement and Subrogation

4.1 Postponement

All indebtedness and liability, present and future, of the Corporation to the Guarantor are hereby assigned to the Bank as security for its obligations hereunder and is postponed to the Guaranteed Obligations, and all moneys received by the Guarantor in respect thereof following the time at which the Bank becomes entitled to make a demand pursuant to Section 3.1 shall be received in trust for the Bank and any such moneys shall be paid over to the Bank forthwith upon receipt thereof by the Guarantor and shall be applied by the Bank to the payment of the Guaranteed Obligations, the whole without in any way limiting or lessening the liability of the Guarantor hereunder, and this assignment and postponement is independent of and severable from the guarantee herein provided for.

4.2 Subrogation

The Guarantor will not exercise any rights which it may acquire by way of subrogation under this Guarantee, by any payment made hereunder or otherwise, until all the Guaranteed Obligations shall have been paid in full or otherwise satisfied. If any amount shall be paid to the Guarantor on account of such subrogation rights at any time when all the Guaranteed Obligations shall not have been paid in full or otherwise satisfied, such amount shall be held in trust by the Guarantor for the benefit of the Bank and shall forthwith be paid to the Bank, to be credited and applied to the Guaranteed Obligations, whether matured or unmatured, in accordance with Section 3.2 of this Guarantee.

Article 5
Notices and Demands

5.1 Notices

(a) Any notice, request, demand and other communication (a "Notice") provided for hereunder shall be in writing and either delivered personally, or sent by facsimile and addressed as follows:

If to the Guarantor:

Northern Gas Marketing Inc.
c/o 2240, 444 – 5th Avenue S.W.
Calgary, AB T2P 2T8

Facsimile: (403) 290-1995

If to the Bank:

National Bank of Canada
600, 407 - 8th Avenue S.W.
Calgary, Alberta T2P 1E4
Facsimile: (403) 294-3078

or at such other address or facsimile number, as the Guarantor or the Bank, as the case may be, shall designate from time to time by Notice to the other in accordance with the provisions of this Subsection 5.1(a).

(b) Any Notice which is delivered personally shall be effective when delivered, and any Notice which is sent by facsimile shall be effective on the Business Day following the day of sending.

Article 6
Continuing Guarantee

6.1 Continuing Guarantee

This Guarantee shall create a continuing guarantee and shall:

(a) remain in full force and effect until payment in full of the Guaranteed Obligations and all other amounts payable hereunder;

(b) be binding upon the Guarantor and its successors and assigns; and

(c) enure, together with the rights and remedies of the Bank hereunder, to the benefit of and be enforceable by the Bank, its successors and assigns for its and their benefit.

6.2 Guarantee in Addition

This Guarantee, the Borrower Security Documents and the Guarantor Security Documents are in addition to and not in substitution for any other guarantee, indemnity or any other securities by whomsoever given or at any time held by the Bank for any present or future obligation of the Corporation or the Guarantor to the Bank, and the Bank shall at all times have the right to proceed against or realize upon all or any portion of any other guarantees, indemnities or securities or any other moneys or assets to which the Bank may become entitled or have a claim in such order and in such manner as the Bank in its sole discretion may deem fit (including without limitation concurrently with enforcing its rights hereunder or under the Guarantor Security Documents) and without obligation to marshal in favour of the Guarantor any other guarantees, indemnities or securities or any assets or funds which the Bank may be entitled to receive or have a claim upon.

6.3 Account Settled

The Guarantor shall be bound by any account settled between the Bank and the Corporation, and if no such account has been so settled immediately before demand of payment hereunder any account stated by the Bank shall be accepted by the Guarantor, absent manifest error, as prima facie evidence of the amount which at the date of the account so stated is due by the Corporation to the Bank or remains unpaid by the Corporation to the Bank.

6.4 No Escrow

Possession of this instrument by the Bank shall be conclusive evidence against the Guarantor that this instrument was not delivered in escrow or pursuant to any agreement that it should not be effective until any conditions precedent or subsequent had been complied with.

6.5 Covenants

The Guarantor acknowledges receipt of a copy of the Commitment Letter and the Borrower Security Documents and understands the nature and extent of the Guaranteed Obligations. The Guarantor agrees to be bound by and perform every provision in the Commitment Letter and the Borrower Security Documents which relates to it, and will not do anything which would result in a breach thereof. The Guarantor makes and repeats every representation and covenant in the Commitment Letter and the Borrower Security Documents to the extent relating to it as if all such representations were set forth herein.

6.6 Covenants

The Guarantor acknowledges and confirms that the Guarantor Security Documents shall operate as security for, among other things, the observance and performance of the Guarantor's obligations under this Guarantee.

Article 7
Miscellaneous

7.1 Amendments, Etc.

No amendment or waiver of any provision of this Guarantee, nor consent by the Bank to any departure herefrom, shall in any event be effective unless the same shall be in writing and signed by the Bank, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.

7.2 Severability

In the event that any provision of this Guarantee shall be invalid, illegal or unenforceable in any respect in any jurisdiction, it shall not affect the validity, legality or enforceability of such provision in any other jurisdiction or the validity, legality or enforceability of any other provision of this Guarantee.

7.3 Acknowledgment

The Guarantor acknowledges that no representations have been made to the Guarantor affecting its liability hereunder.

7.4 Time

Time shall, in all respects, be of the essence.

7.5 Waiver

The Guarantor hereby waives any right it may have to receive a copy of a financing statement or financing change statement previously or hereafter registered by the Bank (or any verification statement issued in respect of same) in connection with the Guarantee or any security previously, now or hereafter granted by the Guarantor in favour of the Bank.

7.6 Amalgamation

The Guarantor acknowledges and agrees that in the event that it amalgamates with any other corporation or corporations, it is the intention of the Guarantor and the Bank that the term "Guarantor" when used herein shall apply to each of the amalgamating corporations and to the resulting amalgamated corporation, such that each of the amalgamating corporations and the amalgamated corporation at the time of the amalgamation shall be subject to the provisions of the Guarantee.

7.7 Further Assurances

The Guarantor will, at its sole cost and expense, execute and deliver to the Bank such further and other deeds, documents, instruments and assurances and do or cause to be done all such other acts and things as may be required by the Bank from time to time to give full force and effect to this Guarantee, and without limiting the foregoing the Guarantor will promptly cure any defects in the creation and issuance of this Guarantee.

Executed and delivered.

NORTHERN GAS MARKETING INC.

Per: ____________________ c/s
President

Per: M. G. Williams
Director

THIS IS EXHIBIT "F"
referred to in the Affidavit of
Murray D'Angelo
Sworn before me this 26th
Day of October A.D. 2009
[signature]
A COMMISSIONER FOR OATHS
IN AND FOR THE PROVINCE OF ALBERTA
GILLIAN BARNETT
Student-at-Law

Guarantee
June 12, 2003

By:

GRIFFON PETROLEUM, INC., a body corporate having an office in the State of Montana ("**Guarantor**")

In favour of:

NATIONAL BANK OF CANADA, a Canadian Chartered Bank carrying on business in Calgary, Alberta ("**Bank**")

Recitals

A. The Guarantor is a wholly owned subsidiary of HIGH PLAINS ENERGY INC. (the "Corporation");

B. The Bank has agreed to lend to the Corporation up to $2,235,000.00 and the Corporation has issued to the Bank various security including without limitation a floating charge demand debenture in the amount of $5,000,000.00 and a general assignment of book debts; and

C. The agreement of the Bank to lend the aforesaid monies to the Corporation was entered into on the condition that the Guarantor issue to the Bank a guarantee respecting certain of the debts, liabilities and obligations of the Corporation to the Bank.

Article 1
Interpretation

1.1 Definitions

Capitalized terms used in this Guarantee shall have the following meanings:

"**Affiliate**" means any company or other legal entity or partnership that controls that party directly or indirectly or that is controlled directly or indirectly or indirectly by that party, or is directly or indirectly controlled by a company, entity or partnership that also directly controls or indirectly controls that party, and or purposes of this definition "control" means, in the case of a corporation, the right to exercise more than 50% of the voting rights in the appointment of the directors of the corporation and, in the case of a partnership, the ability to determine material decisions of the partnership;

"**Agreements**" has the meaning ascribed to that term in Section 2.1;

"**Borrower Debenture**" means the floating charge demand debenture dated June 12, 2003 granted by the Corporation in favour of the Bank in the amount of $5,000,000.00, as same may be amended, modified or supplemented from time to time;

"**Borrower General Assignment of Book Debts**" means the general assignment of book debts dated June 12, 2003 granted by the Corporation in favour of the Bank;

"**Borrower Negative Pledge**" means the negative pledge and undertaking dated June 12, 2003 granted by the Corporation in favour of the Bank;

"**Borrower Security Documents**" means the Borrower Debenture (including any pledges in respect thereof), the Borrower General Assignment of Book Debts, and the Borrower Negative Pledge, any amendments or supplements thereto, any replacements or substitutions therefor and any documents comprising security taken or granted in addition thereto;

"**Business Day**" means a day on which banks are open for general banking business in Calgary, Alberta;

"**Commitment Letter**" means the Commitment Letter from the Bank dated March 17, 2003, as the same may be amended, substituted or replaced from time to time;

"**Guaranteed Obligations**" has the meaning ascribed to that term in Section 2.1;

"**Guarantor Mortgage**" means the First Priority Deed of Trust, Mortgage, and Security Interest dated June 12, 2003 granted by the Guarantor in favour of the Bank;

"**Guarantor Security Documents**" means the Guarantor Mortgage and any mortgages, assignments, grants, charges, hypothecations, and security interests granted by the Guarantor in favor of the Bank from time to time, whether in connection with this Guarantee or otherwise, and any amendments or supplements thereto and any replacements and substitutions therefor;

"**Person**" or "**person**" means any individual, corporation, company, partnership, association, trust, joint venture, unincorporated organization, or a governmental body;

"**this Guarantee**", "**herein**", "**hereby**", "**hereof**", "**hereto**", "**hereunder**" and similar expressions mean or refer to this Guarantee and include any and every instrument supplementary or ancillary thereto, and, except as otherwise specifically stated, the expressions "Article", "Section" or "Subsection" followed by a number or letter mean and refer to the specified article, section or subsection of this Indenture.

1.2 Headings

The provision of headings are for convenience of reference only and shall not affect the construction or interpretation hereof.

1.3 Number and Gender

Whenever the context so requires, words importing the singular number only shall include the plural and vice versa and words importing any one gender shall include all other genders.

1.4 Governing Law

Except and only to the extent that the laws of the State of Montana must be applied by law or to effectuate the Guarantor Mortgage or the Guaranty Security Documents, this Guarantee shall be governed by and construed in accordance with the laws of the Province of Alberta and the laws of Canada applicable therein, and the Guarantor hereby irrevocably attorns to jurisdiction of the courts of the Province of Alberta, provided that nothing herein shall limit the Bank's right to bring proceedings against the Guarantor elsewhere.

1.5 Currency

All references to dollar amounts in this agreement are in Canadian dollars.

Article 2
Guarantee

2.1 Guarantee

In consideration of the Bank dealing with the Corporation, the Bank making and continuing to make credit facilities available to the Corporation, and for other good and valuable consideration the receipt of which is hereby acknowledged by the Guarantor, the Guarantor hereby unconditionally and irrevocably guarantees payment to the Bank of all present and future debts, liabilities, and obligations, whether present or future, direct or indirect, absolute or contingent, matured or otherwise, now or at any time and from time to time hereafter due or owing to the Bank by or from the Corporation or any successor of the Corporation, and howsoever arising, whether incurred by the Corporation as primary debtor or secondary debtor through any endorsement, guarantee or assumption by the Corporation, or whether alone or jointly with any other Person, (such debts, liabilities and obligations being herein referred to as the "Guaranteed Obligations"), including without limitation:

(a) all those present and future debts arising under or in connection with the Commitment Letter, the Borrower Security Documents or any other agreements made between the Bank and the Corporation from time to time; and

(b) all costs (including legal costs on a solicitor and his own client basis) and disbursements incurred by the Bank in connection with the recovery or the attempt to recover all such debts, liabilities and obligations.

The Guaranteed Obligations, or the unpaid portion thereof from time to time, shall bear interest from the date of demand pursuant to Section 3.1 to the date of payment in full (and both before and after judgment) at the rate or rates provided in the agreements, instruments, or evidences of indebtedness relative to or creating the Guaranteed Obligations (collectively or individually the "Agreements"), in respect of amounts owing thereunder, which Agreements shall include, without limitation, the Commitment Letter and any amendments thereto and replacements thereof.

2.2 Guarantee Absolute

The Guarantor agrees that the Guaranteed Obligations will be paid or performed, as the case may be, strictly in accordance with the terms of the Agreements and such other instruments or documents relating to the Guaranteed Obligations, (including the Borrower Security Documents) regardless of any law, rule, regulation or order now or hereafter in effect in any jurisdiction affecting any of such terms or the rights of the Bank with respect thereto and regardless of any defence, counterclaim, right of set-off or equities which the Corporation or the Guarantor may have. The Guarantor shall not be released as a consequence of, and this Guarantee shall be effective and binding on the Guarantor notwithstanding:

(a) any disability, incapacity, lack of or limitation on the status or power of the Corporation, the Guarantor or the directors or agents thereof, whether known to the Bank or not;

(b) any lack of validity or enforceability of the Guaranteed Obligations, the Agreements, the Borrower Security Documents or any other document or instrument relating thereto or hereto, whether known to the Bank or not;

(c) any change in the time, manner or place of payment of, or in any other term of any of the Guaranteed Obligations, or any other amendment or waiver of, or any consent to or departure from any of the terms of the Guaranteed Obligations, the Agreements, the Borrower Security Documents or any other document or instrument relating thereto or hereto or any indulgence which the Bank may from time to time grant to the Corporation or any other Person;

(d) any increase in the Guaranteed Obligations, whether by virtue of the amendment, substitution or replacement of the Commitment Letter from time to time, or otherwise;

(e) any exchange or release of, or any failure to perfect or otherwise protect any interest in any collateral held by the Bank as security for the Guaranteed Obligations, including without limitation in connection with the Borrower Security Documents, the Guarantor Security Documents, or any guarantees, indemnities, or security documents granted by Affiliates;

(f) any limitation at any time upon any remedy available to the Bank in respect of the Guaranteed Obligations, including without limitation the benefit of any law which provides that the obligation of a guarantor must neither be larger in amount nor in other respects more burdensome than that of the principal obligation or which reduces a guarantor's obligation in proportion to the principal's obligations;

(g) any irregularity, defect or informality in the Agreements, the Borrower Security Documents, this Guarantee, or the Guarantor Security Documents;

(h) any winding-up, dissolution, receivership or bankruptcy of the Guarantor or the Corporation, any amalgamation, merger, reorganization, change in capital structure or share ownership, or fundamental corporate change (including any change of name) affecting the Guarantor or the Corporation, any reorganization of any or all of the obligations of the Guarantor or the Corporation, any change in the financial position of the Corporation (and the Guarantor agrees to monitor such changes and releases the Bank from any liability resulting from such changes) or any transaction including any amalgamation, merger, consolidation, arrangement, transfer, sale, lease or other disposition, whereby all or any part of the undertaking, property and assets of the Guarantor or the Corporation become the property of any other Person or Persons;

(i) any other circumstance which might otherwise constitute a defence available to, or a discharge of, the Guarantor or the Corporation or any other Person in respect of the Guaranteed Obligations, the Agreements, the Borrower Security Documents, this Guarantee or the Guarantor Security Documents, or termination (whether by operation of law or otherwise) of any of the covenants to pay of the Corporation set forth in the Guaranteed Obligations, the Agreements, the Borrower Security Documents, or the Guarantor Security Documents;

(j) any amendments or supplements to or modifications or replacements of, from time to time, any of the Agreements, the Borrower Security Documents or any other documents or instruments relating thereto.

2.3 Waiver and Acknowledgment by Guarantor

The Guarantor hereby waives presentment, protest, promptness, diligence, notice of acceptance and, except as otherwise expressly provided herein, any other notice or demand with respect to any of the Guaranteed Obligations, the Agreements, the Borrower Security Documents or the Guarantor Security Documents, and acknowledges that the Bank shall be entitled without in any way prejudicing or affecting its rights hereunder, and without in any way limiting or lessening the liability of the Guarantor under this Guarantee to, without limitation:

(a) give up, vary, exchange, release, discharge or otherwise deal with or fail to deal with any security (including any other guarantee and security documents granted in connection therewith from time to time) relating to the Guaranteed Obligations, the Agreements, the Borrower Security Documents, or this Guarantee or allow the Corporation, the Guarantor or any other Person to deal with the property which is subject to any security interest, all as the Bank considers appropriate;

(b) grant time for payment, renewals, extensions, releases or any other indulgences in respect of the Guaranteed Obligations, the Agreements, the Borrower Security Documents, this Guarantee or any other obligation or guarantee (including security documents issued in connection with such other guarantee) relating thereto or arising thereunder;

(c) accept or make any compositions, arrangements, settlements, plans of reorganization or compromises with any Person as the Bank considers appropriate;

(d) agree to any change in, amendment to, waiver of, or departure from, any term of the Guaranteed Obligations, the Agreements, the Borrower Security Documents or any other obligation, guarantee or indemnity (including security documents issued in connection with such other guarantee or indemnity) relating thereto or arising thereunder, such change, amendment, waiver or departure including, without limitation, any renewal, extension, release, discharge, compromise or settlement in respect thereof;

(e) abstain from taking, protecting, securing, registering, filing, recording, renewing, perfecting, insuring or realizing upon any security or other guarantee or indemnity, exercising any remedy or pursuing or exhausting any other right, action or recourse against the Corporation, any other Person or any security or other guarantee or indemnity before exercising its rights under this Guarantee;

(f) any modification or amendment to the Guaranteed Obligations, including any increase or decrease in the principal, the rates of interest or other amounts payable in respect thereof, or to the Borrower Security Documents; and

(g) otherwise deal with the Corporation or any other Person, including any other guarantors or parties providing indemnities, as the Bank considers appropriate,

and no loss in respect of any security received or held for and on behalf of the Bank, whether occasioned by fault, omission, negligence or recklessness of any kind, whether of the Bank or any other Person, shall in any way limit or lessen the liability of the Guarantor under this Guarantee.

2.4 Bank Not Bound

The Bank shall not be bound to exhaust its recourse against the Corporation or any other Person or any security it may at any time hold before being entitled to payment from the Guarantor of the Guaranteed Obligations.

2.5 Guarantee Limits

The indebtedness guaranteed hereby shall be limited to the maximum amount of indebtedness that can be incurred or secured by Guarantor without rendering this Guarantee voidable under applicable law.

Article 3
Demand

3.1 Demand Upon Default

If the Corporation defaults in respect of any of the Guaranteed Obligations, the Agreements, or the Borrower Security Documents, the Bank may make a demand upon the Guarantor for the payment in full of the Guaranteed Obligations or such portion thereof as the Corporation has failed to pay and the Guarantor shall pay such amount to the Bank forthwith at the place provided herein for service of Notices pursuant hereto to the Bank. Any demand made hereunder shall be in writing and shall be deemed to be a demand for payment under the Agreements. Demand by the Bank and payment by the Guarantor, in respect of any one or more of the Guaranteed Obligations shall not exhaust this Guarantee, but same shall remain in effect for any and all Guaranteed Obligations existing from time to time, subject to the limitation set forth in Section 2.5.

3.2 Remedies

After the making of a demand pursuant to Section 3.1 and the failure of the Guarantor to make payment upon receipt of such demand, the Bank may (subject to Section 2.5) proceed directly and at once, without further notice, against the Guarantor to obtain performance of and to collect and recover the full amount, or any portion, of the Guaranteed Obligations, including enforcing all rights available to the Bank under the Guarantor Security Documents, without first proceeding against the Corporation or any other Person or against any other security or collateral for the Guaranteed Obligations. The Guarantor waives all benefits of discussion and division. The Bank shall have the exclusive right to determine the application of payments and credits, if any, from the Corporation, the Guarantor or from any other Person on account of the Guaranteed Obligations, and shall not be bound by the law of imputation. The Bank shall be entitled to prove against the Corporation upon any insolvency or winding-up in respect to the whole of the Guaranteed Obligations. If the Bank is required to file its claim against the

Corporation and value its security, it will be entitled to place such valuation as the Bank in its discretion sees fit, and the filing of such claim and the valuation of its security shall in no way prejudice or restrict its rights against the Guarantor. The Guarantor shall have no right to be subrogated to the Bank until the Bank shall have received payment in full of the Guaranteed Obligations with interest and costs. The Guarantor agrees that, notwithstanding the foregoing and without limiting the generality of the foregoing, if, after the making of a demand pursuant to Section 3.1, the Bank is prevented by applicable law from enforcing or exercising any other right or remedy with respect to the Guaranteed Obligations, the Guarantor shall (subject to Section 2.5) pay to the Bank, upon demand therefor, the amount that would otherwise have been due and payable had such rights and remedies been permitted to be exercised by the Bank, and the Guarantor Security Documents shall secure such payment.

3.3 No Waiver By Bank

No failure on the part of the Bank to exercise, and no delay in exercising, any right hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any right hereunder preclude any other or further exercise thereof or the exercise of any other right.

Article 4
Postponement and Subrogation

4.1 Postponement

All indebtedness and liability, present and future, of the Corporation to the Guarantor are hereby assigned to the Bank as security for its obligations hereunder and is postponed to the Guaranteed Obligations, and all moneys received by the Guarantor in respect thereof following the time at which the Bank becomes entitled to make a demand pursuant to Section 3.1 shall be received in trust for the Bank and any such moneys shall be paid over to the Bank forthwith upon receipt thereof by the Guarantor and shall be applied by the Bank to the payment of the Guaranteed Obligations, the whole without in any way limiting or lessening the liability of the Guarantor hereunder, and this assignment and postponement is independent of and severable from the guarantee herein provided for.

4.2 Subrogation

The Guarantor will not exercise any rights which it may acquire by way of subrogation under this Guarantee, by any payment made hereunder or otherwise, until all the Guaranteed Obligations shall have been paid in full or otherwise satisfied. If any amount shall be paid to the Guarantor on account of such subrogation rights at any time when all the Guaranteed Obligations shall not have been paid in full or otherwise satisfied, such amount shall be held in trust by the Guarantor for the benefit of the Bank and shall forthwith be paid to the Bank, to be credited and applied to the Guaranteed Obligations, whether matured or unmatured, in accordance with Section 3.2 of this Guarantee.

Article 5
Notices and Demands

5.1 Notices

(a) Any notice, request, demand and other communication (a "Notice") provided for hereunder shall be in writing and either delivered personally, or sent by facsimile and addressed as follows:

If to the Guarantor:

Griffon Petroleum, Inc.
c/o 2240, 444 – 5th Avenue S.W.
Calgary, AB T2P 2T8

Facsimile: (403) 290-1995

If to the Bank:

National Bank of Canada
600, 407 - 8th Avenue S.W.
Calgary, Alberta T2P 1E4
Facsimile: (403) 294-3078

or at such other address or facsimile number, as the Guarantor or the Bank, as the case may be, shall designate from time to time by Notice to the other in accordance with the provisions of this Subsection 5.1(a).

(b) Any Notice which is delivered personally shall be effective when delivered, and any Notice which is sent by facsimile shall be effective on the Business Day following the day of sending.

Article 6
Continuing Guarantee

6.1 Continuing Guarantee

This Guarantee shall create a continuing guarantee and shall:

(a) remain in full force and effect until payment in full of the Guaranteed Obligations and all other amounts payable hereunder;

(b) be binding upon the Guarantor and its successors and assigns; and

(c) enure, together with the rights and remedies of the Bank hereunder, to the benefit of and be enforceable by the Bank, its successors and assigns for its and their benefit.

6.2 Guarantee in Addition

This Guarantee, the Borrower Security Documents and the Guarantor Security Documents are in addition to and not in substitution for any other guarantee, indemnity or any other securities by whomsoever given or at any time held by the Bank for any present or future obligation of the Corporation or the Guarantor to the Bank, and the Bank shall at all times have the right to proceed against or realize upon all or any portion of any other guarantees, indemnities or securities or any other moneys or assets to which the Bank may become entitled or have a claim in such order and in such manner as the Bank in its sole discretion may deem fit (including without limitation concurrently with enforcing its rights hereunder or under the Guarantor Security Documents) and without obligation to marshal in favour of the Guarantor any other guarantees, indemnities or securities or any assets or funds which the Bank may be entitled to receive or have a claim upon.

6.3 Account Settled

The Guarantor shall be bound by any account settled between the Bank and the Corporation, and if no such account has been so settled immediately before demand of payment hereunder any account stated by the Bank shall be accepted by the Guarantor, absent manifest error, as prima facie evidence of the amount which at the date of the account so stated is due by the Corporation to the Bank or remains unpaid by the Corporation to the Bank.

6.4 No Escrow

Possession of this instrument by the Bank shall be conclusive evidence against the Guarantor that this instrument was not delivered in escrow or pursuant to any agreement that it should not be effective until any conditions precedent or subsequent had been complied with.

6.5 Covenants

The Guarantor acknowledges receipt of a copy of the Commitment Letter and the Borrower Security Documents and understands the nature and extent of the Guaranteed Obligations. The Guarantor agrees to be bound by and perform every provision in the Commitment Letter and the Borrower Security Documents which relates to it, and will not do anything which would result in a breach thereof. The Guarantor makes and repeats every representation and covenant in the Commitment Letter and the Borrower Security Documents to the extent relating to it as if all such representations were set forth herein.

6.6 Covenants

The Guarantor acknowledges and confirms that the Guarantor Security Documents shall operate as security for, among other things, the observance and performance of the Guarantor's obligations under this Guarantee.

Article 7
Miscellaneous

7.1 Amendments, Etc.

No amendment or waiver of any provision of this Guarantee, nor consent by the Bank to any departure herefrom, shall in any event be effective unless the same shall be in writing and signed by the Bank, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.

7.2 Severability

In the event that any provision of this Guarantee shall be invalid, illegal or unenforceable in any respect in any jurisdiction, it shall not affect the validity, legality or enforceability of such provision in any other jurisdiction or the validity, legality or enforceability of any other provision of this Guarantee.

7.3 Acknowledgment

The Guarantor acknowledges that no representations have been made to the Guarantor affecting its liability hereunder.

7.4 Time

Time shall, in all respects, be of the essence.

7.5 Waiver

The Guarantor hereby waives any right it may have to receive a copy of a financing statement or financing change statement previously or hereafter registered by the Bank (or any verification statement issued in respect of same) in connection with the Guarantee or any security previously, now or hereafter granted by the Guarantor in favour of the Bank.

7.6 Amalgamation

The Guarantor acknowledges and agrees that in the event that it amalgamates with any other corporation or corporations, it is the intention of the Guarantor and the Bank that the term "Guarantor" when used herein shall apply to each of the amalgamating corporations and to the resulting amalgamated corporation, such that each of the amalgamating corporations and the amalgamated corporation at the time of the amalgamation shall be subject to the provisions of the Guarantee.

7.7 Further Assurances

The Guarantor will, at its sole cost and expense, execute and deliver to the Bank such further and other deeds, documents, instruments and assurances and do or cause to be done all such other acts and things as may be required by the Bank from time to time to give full force and effect to this Guarantee, and without limiting the foregoing the Guarantor will promptly cure any defects in the creation and issuance of this Guarantee.

Executed and delivered.

GRIFFON PETROLEUM, INC.

Per: ______________________ c/s
President

Per: M. G. William
Director

THIS IS EXHIBIT "I"
referred to in the Affidavit of
Murray D'Angelo
Sworn before me this 26th
Day of October A.D. 2009
G. Barnett
A COMMISSIONER FOR OATHS
IN AND FOR THE PROVINCE OF ALBERTA

GILLIAN BARNETT
Student-at-Law

Guarantee
September 28, 2005

By:

GRIFFON PETROLEUM, INC., a body corporate having an office in Shelby, Montana ("**Guarantor**")

In favor of:

NATIONAL BANK OF CANADA, a Canadian Chartered Bank carrying on business in Calgary, Alberta ("**Bank**")

Recitals

A. The Guarantor is a wholly owned subsidiary of HIGH PLAINS ENERGY INC. (the "Corporation");

B. The Bank has agreed to lend to the Corporation up to $6,400,000.00 and the Corporation has issued to the Bank various security including without limitation a floating charge demand debenture in the amount of $20,000,000.00 and a general assignment of book debts; and

C. The agreement of the Bank to lend the aforesaid monies to the Corporation was entered into on the condition that the Guarantor issue to the Bank a guarantee respecting certain of the debts, liabilities and obligations of the Corporation to the Bank.

Article 1
Interpretation

1.1 Definitions

Capitalized terms used in this Guarantee shall have the following meanings:

"**Affiliate**" means any company or other legal entity or partnership that controls that party directly or indirectly or that is controlled directly or indirectly or indirectly by that party, or is directly or indirectly controlled by a company, entity or partnership that also directly controls or indirectly controls that party, and or purposes of this definition "control" means, in the case of a corporation, the right to exercise more than 50% of the voting rights in the appointment of the directors of the corporation and, in the case of a partnership, the ability to determine material decisions of the partnership;

"**Agreements**" has the meaning ascribed to that term in Section 2.1;

"**Borrower Debenture**" means the demand debenture dated June 12, 2003 granted by the Corporation in favor of the Bank in the amount of $5,000,000.00, as amended by the first supplemental debenture dated September 28, 2005 granted by the Corporation in favor of the Bank and as same may be further amended, modified, or supplemented from time to time;

"**Borrower General Assignment of Book Debts**" means the general assignment of book debts dated June 12, 2003 granted by the corporation in favor of the Bank;

"**Borrower Negative Pledge**" means the negative pledge and undertaking dated June 12, 2003 granted by the Corporation in favor of the Bank;

"**Borrower Security Documents**" means the Borrower Debenture (including any pledges in respect thereof), the Borrower General Assignment of Book Debts and the Borrower Negative Pledge, any amendments or supplements thereto, any replacements or substitutions therefore and any documents comprising security taken or granted in addition thereto;

"**Business Day**" means a day on which banks are open for general banking business in Calgary, Alberta;

"**Commitment Letter**" means the Commitment Letter from the Bank dated July 19, 2005 and accepted by the Corporation on July 21, 2005, as the same may be amended, substituted or replaced from time to time;

"**Guaranteed Obligations**" has the meaning ascribed to that term in Section 2.1;

"**Guarantor Mortgage**" means the First Priority Deed of Trust, Mortgage, and Security Interest dated July 23, 2003, as amended by the Amendment to Mortgage dated September 28, 2005, granted by the Guarantor and by Northern Gas Marketing Inc. in favor of the Bank;

"**Guarantor Security Documents**" means the Guarantor Mortgage and any mortgages, assignments, grants, charges, hypothecations, and security interests granted by the Guarantor in favor of the Bank from time to time, whether in connection with this Guarantee or otherwise, and any amendments or supplements thereto and any replacements and substitutions therefore

"**Person**" or "**person**" means any individual, corporation, company, partnership, association, trust, joint venture, unincorporated organization, or a governmental body;

"**this Guarantee**", "**herein**", "**hereby**", "**hereof**", "**hereto**", "**hereunder**" and similar expressions mean or refer to this Guarantee and include any and every instrument supplementary or ancillary thereto, and, except as otherwise specifically stated, the expressions "Article", "Section" or "Subsection" followed by a number or letter mean and refer to the specified article, section or subsection of this Indenture.

1.2 Headings

The provision of headings are for convenience of reference only and shall not affect the construction or interpretation hereof.

1.3 Number and Gender

Whenever the context so requires, words importing the singular number only shall include the plural and vice versa and words importing any one gender shall include all other genders.

1.4 Governing Law

This Guarantee shall be governed by and construed in accordance with the laws of the Province of Alberta and the laws of Canada applicable therein, and the Guarantor hereby irrevocably attorns to jurisdiction of the courts of the Province of Alberta, provided that nothing herein shall limit the Bank's right to bring proceedings against the Guarantor elsewhere. Except and only to the extent that the laws of the State of Montana must be applied by law or to effectuate the Guarantor Mortgage or the Guarantor Security Documents.

1.5 Currency

All references to dollar amounts in this agreement are in Canadian dollars.

Article 2
Guarantee

2.1 Guarantee

In consideration of the Bank dealing with the Corporation, the Bank making and continuing to make credit facilities available to the Corporation, and for other good and valuable consideration the receipt of which is hereby acknowledged by the Guarantor, the Guarantor hereby unconditionally and irrevocably guarantees payment to the Bank of all present and future debts, liabilities, and obligations, whether present or future, direct or indirect, absolute or contingent, matured or otherwise, now or at any time and from time to time hereafter due or owing to the Bank by or from the Corporation or any successor of the Corporation, and howsoever arising, whether incurred by the Corporation as primary debtor or secondary debtor through any endorsement, guarantee or assumption by the Corporation, or whether alone or jointly with any other Person, (such debts, liabilities and obligations being herein referred to as the "Guaranteed Obligations"), including without limitation:

(a) all those present and future debts arising under or in connection with the Commitment Letter, the Borrower Security Documents or any other agreements made between the Bank and the Corporation from time to time; and

(b) all costs (including legal costs on a solicitor and his own client basis) and disbursements incurred by the Bank in connection with the recovery or the attempt to recover all such debts, liabilities and obligations.

The Guaranteed Obligations, or the unpaid portion thereof from time to time, shall bear interest from the date of demand pursuant to Section 3.1 to the date of payment in full (and both before and after judgment) at the rate or rates provided in the agreements, instruments, or evidences of indebtedness relative to or creating the Guaranteed Obligations (collectively or individually the "Agreements"), in respect of amounts owing thereunder, which Agreements shall include, without limitation, the Commitment Letter and any amendments thereto and replacements thereof.

2.2 Guarantee Absolute

The Guarantor agrees that the Guaranteed Obligations will be paid or performed, as the case may be, strictly in accordance with the terms of the Agreements and such other instruments or documents relating to the Guaranteed Obligations (including the Borrower Security Documents), regardless of any law, rule, regulation or order now or hereafter in effect in any jurisdiction affecting any of such terms or the rights of the Bank with respect thereto and regardless of any defense, counterclaim, right of set-off or equities which the Corporation or the Guarantor may have. The Guarantor shall not be released as a consequence of, and this Guarantee shall be effective and binding on the Guarantor notwithstanding:

(a) any disability, incapacity, lack of or limitation on the status or power of the Corporation, the Guarantor or the directors or agents thereof, whether known to the Bank or not;

(b) any lack of validity or enforceability of the Guaranteed Obligations, the Agreements, the Borrower Security Documents or any other document or instrument relating thereto or hereto, whether known to the Bank or not;

(c) any change in the time, manner or place of payment of, or in any other term of any of the Guaranteed Obligations, or any other amendment or waiver of, or any consent to or departure from any of the terms of the Guaranteed Obligations, the Agreements, the Borrower Security Documents or any other document or instrument relating thereto or hereto or any indulgence which the Bank may from time to time grant to the Corporation or any other Person;

(d) any increase in the Guaranteed Obligations, whether by virtue of the amendment, substitution or replacement of the Commitment Letter from time to time, or otherwise;

(e) any exchange or release of, or any failure to perfect or otherwise protect any interest in any collateral held by the Bank as security for the Guaranteed Obligations, including without limitation in connection with the Borrower Security Documents, the Guarantor Security Documents, or any guarantees, indemnities, or security documents granted by Affiliates;

(f) any limitation at any time upon any remedy available to the Bank in respect of the Guaranteed Obligations, including without limitation the benefit of any law which provides that the obligation of a guarantor must neither be larger in amount nor in other respects more burdensome than that of the principal obligation or which reduces a guarantor's obligation in proportion to the principal's obligations;

(g) any irregularity, defect or informality in the Agreements, the Borrower Security Documents, this Guarantee or the Guarantor Security Documents;

(h) any winding-up, dissolution, receivership or bankruptcy of the Guarantor or the Corporation, any amalgamation, merger, reorganization, change in capital structure or share ownership, or fundamental corporate change (including any change of name) affecting the Guarantor or the Corporation, any reorganization of any or all of the obligations of the Guarantor or the Corporation, any change in the financial position of the Corporation (and the Guarantor agrees to monitor such changes and releases the Bank from any liability resulting from such changes) or any transaction including any amalgamation, merger, consolidation, arrangement, transfer, sale, lease or other disposition, whereby all or any part of the undertaking, property and assets of the Guarantor or the Corporation become the property of any other Person or Persons;

(i) any other circumstance which might otherwise constitute a defence available to, or a discharge of, the Guarantor or the Corporation or any other Person in respect of the Guaranteed Obligations, the Agreements, the Borrower Security Documents, this Guarantee or the Guarantor Security Documents, or termination (whether by operation of law or otherwise) of any of the covenants to pay of the Corporation set forth in the Guaranteed Obligations, the Agreements, the Borrower Security Documents or the Guarantor Security Documents;

(j) any amendments or supplements to or modifications or replacements of, from time to time, any of the Agreements, the Borrower Security Documents or any other documents or instruments relating thereto.

2.3 Waiver and Acknowledgment by Guarantor

The Guarantor hereby waives presentment, protest, promptness, diligence, notice of acceptance and, except as otherwise expressly provided herein, any other notice or demand with respect to any of the Guaranteed Obligations, the Agreements, the Borrower Security Documents or the Guarantor Security Documents, and acknowledges that the Bank shall be entitled without in any way prejudicing or affecting its rights hereunder, and without in any way limiting or lessening the liability of the Guarantor under this Guarantee to, without limitation:

(a) give up, vary, exchange, release, discharge or otherwise deal with or fail to deal with any security (including any other guarantee and security documents granted in connection therewith from time to time) relating to the Guaranteed Obligations, the Agreements, the Borrower Security Documents or this Guarantee or allow the Corporation, the Guarantor or any other Person to deal with the property which is subject to any security interest, all as the Bank considers appropriate;

(b) grant time for payment, renewals, extensions, releases or any other indulgences in respect of the Guaranteed Obligations, the Agreements, the Borrower Security Documents, this Guarantee or any other obligation or guarantee (including security documents issued in connection with such other guarantee) relating thereto or arising thereunder;

(c) accept or make any compositions, arrangements, settlements, plans of reorganization or compromises with any Person as the Bank considers appropriate;

(d) agree to any change in, amendment to, waiver of, or departure from, any term of the Guaranteed Obligations, the Agreements, the Borrower Security Documents or any other obligation, guarantee or indemnity (including security documents issued in connection with such other guarantee or indemnity) relating thereto or arising thereunder, such change, amendment, waiver or departure including, without limitation, any renewal, extension, release, discharge, compromise or settlement in respect thereof;

(e) abstain from taking, protecting, securing, registering, filing, recording, renewing, perfecting, insuring or realizing upon any security or other guarantee or indemnity, exercising any remedy or pursuing or exhausting any other right, action or recourse against the Corporation, any other Person or any security or other guarantee or indemnity before exercising its rights under this Guarantee;

(f) any modification or amendment to the Guaranteed Obligations, including any increase or decrease in the principal, the rates of interest or other amounts payable in respect thereof, or to the Borrower Security Documents; and

(g) otherwise deal with the Corporation or any other Person, including any other guarantors or parties providing indemnities, as the Bank considers appropriate,

and no loss in respect of any security received or held for and on behalf of the Bank, whether occasioned by fault, omission, negligence or recklessness of any kind, whether of the Bank or any other Person, shall in any way limit or lessen the liability of the Guarantor under this Guarantee.

2.4 Bank Not Bound

The Bank shall not be bound to exhaust its recourse against the Corporation or any other Person or any security it may at any time hold before being entitled to payment from the Guarantor of the Guaranteed Obligations.

2.5 Limitation

The indebtedness guaranteed hereby shall be limited to the maximum amount of indebtedness that can be incurred or secured by Guarantor without rendering this Guarantee voidable under applicable law.

Article 3
Demand

3.1 Demand Upon Default

If the Corporation defaults in respect of any of the Guaranteed Obligations, the Agreements or the Borrower Security Documents, the Bank may make a demand upon the Guarantor for the payment in full of the Guaranteed Obligations or such portion thereof as the Corporation has failed to pay and the Guarantor shall pay such amount to the Bank forthwith at the place provided herein for service of Notices pursuant hereto to the Bank. Any demand made hereunder shall be in writing and shall be deemed to be a demand for payment under the Agreements. Demand by the Bank and payment by the Guarantor, in respect of any one or more of the Guaranteed Obligations shall not exhaust this Guarantee, but same shall remain in effect for any and all Guaranteed Obligations existing from time to time.

3.2 Remedies

After the making of a demand pursuant to Section 3.1 and the failure of the Guarantor to make payment upon receipt of such demand, the Bank may (subject to Section 2.5) proceed directly and at once, without further notice, against the Guarantor to obtain performance of and to collect and recover the full amount, or any portion, of the

Guaranteed Obligations, including enforcing all rights available to the Bank under the Guarantor Security Documents, without first proceeding against the Corporation or any other Person or against any other security or collateral for the Guaranteed Obligations. The Guarantor waives all benefits of discussion and division. The Bank shall have the exclusive right to determine the application of payments and credits, if any, from the Corporation, the Guarantor or from any other Person on account of the Guaranteed Obligations, and shall not be bound by the law of imputation. The Bank shall be entitled to prove against the Corporation upon any insolvency or winding-up in respect to the whole of the Guaranteed Obligations. If the Bank is required to file its claim against the Corporation and value its security, it will be entitled to place such valuation as the Bank in its discretion sees fit, and the filing of such claim and the valuation of its security shall in no way prejudice or restrict its rights against the Guarantor. The Guarantor shall have no right to be subrogated to the Bank until the Bank shall have received payment in full of the Guaranteed Obligations with interest and costs. The Guarantor agrees that, notwithstanding the foregoing and without limiting the generality of the foregoing, if, after the making of a demand pursuant to Section 3.1, the Bank is prevented by applicable law from enforcing or exercising any other right or remedy with respect to the Guaranteed Obligations, the Guarantor shall (subject to Section 2.5) pay to the Bank, upon demand therefor, the amount that would otherwise have been due and payable had such rights and remedies been permitted to be exercised by the Bank, and the Guarantor Security Documents shall secure such payment.

3.3 No Waiver By Bank

No failure on the part of the Bank to exercise, and no delay in exercising, any right hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any right hereunder preclude any other or further exercise thereof or the exercise of any other right.

Article 4
Postponement and Subrogation

4.1 Postponement

All indebtedness and liability, present and future, of the Corporation to the Guarantor are hereby assigned to the Bank as security for its obligations hereunder and is postponed to the Guaranteed Obligations, and all moneys received by the Guarantor in respect thereof following the time at which the Bank becomes entitled to make a demand pursuant to Section 3.1 shall be received in trust for the Bank and any such moneys shall be paid over to the Bank forthwith upon receipt thereof by the Guarantor and shall be applied by the Bank to the payment of the Guaranteed Obligations, the whole without in any way limiting or lessening the liability of the Guarantor hereunder, and this assignment and postponement is independent of and severable from the guarantee herein provided for.

4.2 Subrogation

The Guarantor will not exercise any rights which it may acquire by way of subrogation under this Guarantee, by any payment made hereunder or otherwise, until all the Guaranteed Obligations shall have been paid in full or otherwise satisfied. If any amount shall be paid to the Guarantor on account of such subrogation rights at any time when all the Guaranteed Obligations shall not have been paid in full or otherwise satisfied, such amount shall be held in trust by the Guarantor for the benefit of the Bank and shall forthwith be paid to the Bank, to be credited and applied to the Guaranteed Obligations, whether matured or unmatured, in accordance with Section 3.2 of this Guarantee.

Article 5
Notices and Demands

5.1 Notices

(a) Any notice, request, demand and other communication (a "Notice") provided for hereunder shall be in writing and either delivered personally, or sent by facsimile and addressed as follows:

If to the Guarantor:

Griffon Petroleum, Inc.
c/o High Plains Energy
444 5th Avenue S.W., Suite 2240
Calgary, AB T2P 2T8
Facsimile: (403) 266-5959

If to the Bank:

National Bank of Canada
530 8th Avenue S.W., Suite 2700
Calgary, Alberta T2P 3S8
Facsimile: (403) 294-3078

or at such other address or facsimile number, as the Guarantor or the Bank, as the case may be, shall designate from time to time by Notice to the other in accordance with the provisions of this Subsection 5.1(a).

(b) Any Notice which is delivered personally shall be effective when delivered, and any Notice which is sent by facsimile shall be effective on the Business Day following the day of sending.

Article 6
Continuing Guarantee

6.1 Continuing Guarantee

This Guarantee shall create a continuing guarantee and shall:

(a) remain in full force and effect until payment in full of the Guaranteed Obligations and all other amounts payable hereunder;

(b) be binding upon the Guarantor and its successors and assigns; and

(c) enure, together with the rights and remedies of the Bank hereunder, to the benefit of and be enforceable by the Bank, its successors and assigns for its and their benefit.

6.2 Guarantee in Addition

This Guarantee, the Borrower Security Documents and the Guarantor Security Documents are in addition to and not in substitution for any other guarantee, indemnity or any other securities by whomsoever given or at any time held by the Bank for any present or future obligation of the Corporation or the Guarantor to the Bank, and the Bank shall at all times have the right to proceed against or realize upon all or any portion of any other guarantees, indemnities or securities or any other moneys or assets to which the Bank may become entitled or have a claim in such order and in such manner as the Bank in its sole discretion may deem fit (including without limitation concurrently with enforcing its rights hereunder or under the Guarantor Security Documents) and without obligation to marshal in favor of the Guarantor any other guarantees, indemnities or securities or any assets or funds which the Bank may be entitled to receive or have a claim upon.

6.3 Account Settled

The Guarantor shall be bound by any account settled between the Bank and the Corporation, and if no such account has been so settled immediately before demand of payment hereunder any account stated by the Bank shall be accepted by the Guarantor, absent manifest error, as prima facie evidence of the amount which at the date of the account so stated is due by the Corporation to the Bank or remains unpaid by the Corporation to the Bank.

6.4 No Escrow

Possession of this instrument by the Bank shall be conclusive evidence against the Guarantor that this instrument was not delivered in escrow or pursuant to any agreement that it should not be effective until any conditions precedent or subsequent had been complied with.

6.5 Covenants

The Guarantor acknowledges receipt of a copy of the Commitment Letter and the Borrower Security Documents and understands the nature and extent of the Guaranteed Obligations. The Guarantor agrees to be bound by and perform every provision in the Commitment Letter and the Borrower Security Documents which relates to it, and will not do anything which would result in a breach thereof. The Guarantor makes and repeats every representation and covenant in the Commitment Letter and the Borrower Security Documents to the extent relating to it as if all such representations were set forth herein.

6.6 Covenants

The Guarantor acknowledges and confirms that the Guarantor Security Documents shall operate as security for, among other things, the observance and performance of the Guarantor's obligations under this Guarantee.

Article 7
Miscellaneous

7.1 Amendments, Etc.

No amendment or waiver of any provision of this Guarantee, nor consent by the Bank to any departure herefrom, shall in any event be effective unless the same shall be in writing and signed by the Bank, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.

7.2 Severability

In the event that any provision of this Guarantee shall be invalid, illegal or unenforceable in any respect in any jurisdiction, it shall not affect the validity, legality or enforceability of such provision in any other jurisdiction or the validity, legality or enforceability of any other provision of this Guarantee.

7.3 Acknowledgment

The Guarantor acknowledges that no representations have been made to the Guarantor affecting its liability hereunder.

7.4 Time

Time shall, in all respects, be of the essence.

7.5 Waiver

The Guarantor hereby waives any right it may have to receive a copy of a financing statement or financing change statement previously or hereafter registered by the Bank (or any verification statement issued in respect of same) in connection with the Guarantee or any security previously, now or hereafter granted by the Guarantor in favor of the Bank.

7.6 Amalgamation

The Guarantor acknowledges and agrees that in the event that it amalgamates with any other corporation or corporations, it is the intention of the Guarantor and the Bank that the term "Guarantor" when used herein shall apply to each of the amalgamating corporations and to the resulting amalgamated corporation, such that each of the amalgamating corporations and the amalgamated corporation at the time of the amalgamation shall be subject to the provisions of the Guarantee.

7.7 Further Assurances

The Guarantor will, at its sole cost and expense, execute and deliver to the Bank such further and other deeds, documents, instruments and assurances and do or cause to be done all such other acts and things as may be required by the Bank from time to time to give full force and effect to this Guarantee, and without limiting the foregoing. the Guarantor will promptly cure any defects in the creation and issuance of this Guarantee.

Executed and delivered.

GRIFFON PETROLEUM, INC.

Per: ______________________ c/s

Per: ______________________

THIS IS EXHIBIT "I"
referred to in the Affidavit of
Murray D'Angelo
Sworn before me this 26th
Day of October A.D. 2009
M Barnett
A COMMISSIONER FOR OATHS
IN AND FOR THE PROVINCE OF ALBERTA

GILLIAN BARNETT
Student-at-Law

Guarantee
September 28, 2005

By:

NORTHERN GAS MARKETING INC., a body corporate having an office in Shelby, Montana ("**Guarantor**")

In favor of:

NATIONAL BANK OF CANADA, a Canadian Chartered Bank carrying on business in Calgary, Alberta ("**Bank**")

Recitals

A. The Guarantor is a wholly owned subsidiary of HIGH PLAINS ENERGY INC. (the "Corporation");

B. The Bank has agreed to lend to the Corporation up to $6,400,000.00 and the Corporation has issued to the Bank various security including without limitation a floating charge demand debenture in the amount of $20,000,000.00 and a general assignment of book debts; and

C. The agreement of the Bank to lend the aforesaid monies to the Corporation was entered into on the condition that the Guarantor issue to the Bank a guarantee respecting certain of the debts, liabilities and obligations of the Corporation to the Bank.

Article 1
Interpretation

1.1 Definitions

Capitalized terms used in this Guarantee shall have the following meanings:

"**Affiliate**" means any company or other legal entity or partnership that controls that party directly or indirectly or that is controlled directly or indirectly or indirectly by that party, or is directly or indirectly controlled by a company, entity or partnership that also directly controls or indirectly controls that party, and or purposes of this definition "control" means, in the case of a corporation, the right to exercise more than 50% of the voting rights in the appointment of the directors of the corporation and, in the case of a partnership, the ability to determine material decisions of the partnership;

"**Agreements**" has the meaning ascribed to that term in Section 2.1;

"**Borrower Debenture**" means the demand debenture dated June 12, 2003 granted by the Corporation in favor of the Bank in the amount of $5,000,000.00, as amended by the first supplemental debenture dated September 28, 2005 granted by the Corporation in favor of the Bank and as same may be further amended, modified, or supplemented from time to time;

"**Borrower General Assignment of Book Debts**" means the general assignment of book debts dated June 12, 2003 granted by the corporation in favor of the Bank;

"**Borrower Negative Pledge**" means the negative pledge and undertaking dated June 12, 2003 granted by the Corporation in favor of the Bank;

"**Borrower Security Documents**" means the Borrower Debenture (including any pledges in respect thereof), the Borrower General Assignment of Book Debts and the Borrower Negative Pledge, any amendments or supplements thereto, any replacements or substitutions therefore and any documents comprising security taken or granted in addition thereto;

"**Business Day**" means a day on which banks are open for general banking business in Calgary, Alberta;

"**Commitment Letter**" means the Commitment Letter from the Bank dated July 19, 2005 and accepted by the Corporation on July 21, 2005, as the same may be amended, substituted or replaced from time to time;

"**Guaranteed Obligations**" has the meaning ascribed to that term in Section 2.1;

"**Guarantor Mortgage**" means the First Priority Deed of Trust, Mortgage, and Security Interest dated July 23, 2003, as amended by the Amendment to Mortgage dated September 28, 2005, granted by the Guarantor and by Griffon Petroleum, Inc. in favor of the Bank;

"**Guarantor Security Documents**" means the Guarantor Mortgage and any mortgages, assignments, grants, charges, hypothecations, and security interests granted by the Guarantor in favor of the Bank from time to time, whether in connection with this Guarantee or otherwise, and any amendments or supplements thereto and any replacements and substitutions therefore;

"**Person**" or "**person**" means any individual, corporation, company, partnership, association, trust, joint venture, unincorporated organization, or a governmental body;

"**this Guarantee**", "**herein**", "**hereby**", "**hereof**", "**hereto**", "**hereunder**" and similar expressions mean or refer to this Guarantee and include any and every instrument supplementary or ancillary thereto, and, except as otherwise specifically stated, the expressions "Article", "Section" or "Subsection" followed by a number or letter mean and refer to the specified article, section or subsection of this Indenture.

1.2 Headings

The provision of headings are for convenience of reference only and shall not affect the construction or interpretation hereof.

1.3 Number and Gender

Whenever the context so requires, words importing the singular number only shall include the plural and vice versa and words importing any one gender shall include all other genders.

1.4 Governing Law

This Guarantee shall be governed by and construed in accordance with the laws of the Province of Alberta and the laws of Canada applicable therein, and the Guarantor hereby irrevocably attorns to jurisdiction of the courts of the Province of Alberta, provided that nothing herein shall limit the Bank's right to bring proceedings against the Guarantor elsewhere. Except and only to the extent that the laws of the State of Montana must be applied by law or to effectuate the Guarantor Mortgage or the Guarantor Security Documents.

1.5 Currency

All references to dollar amounts in this agreement are in Canadian dollars.

Article 2
Guarantee

2.1 Guarantee

In consideration of the Bank dealing with the Corporation, the Bank making and continuing to make credit facilities available to the Corporation, and for other good and valuable consideration the receipt of which is hereby acknowledged by the Guarantor, the Guarantor hereby unconditionally and irrevocably guarantees payment to the Bank of all present and future debts, liabilities, and obligations, whether present or future, direct or indirect, absolute or contingent, matured or otherwise, now or at any time and from time to time hereafter due or owing to the Bank by or from the Corporation or any successor of the Corporation, and howsoever arising, whether incurred by the Corporation as primary debtor or secondary debtor through any endorsement, guarantee or assumption by the Corporation, or whether alone or jointly with any other Person, (such debts, liabilities and obligations being herein referred to as the "Guaranteed Obligations"), including without limitation:

(a) all those present and future debts arising under or in connection with the Commitment Letter, the Borrower Security Documents or any other agreements made between the Bank and the Corporation from time to time; and

(b) all costs (including legal costs on a solicitor and his own client basis) and disbursements incurred by the Bank in connection with the recovery or the attempt to recover all such debts, liabilities and obligations.

The Guaranteed Obligations, or the unpaid portion thereof from time to time, shall bear interest from the date of demand pursuant to Section 3.1 to the date of payment in full (and both before and after judgment) at the rate or rates provided in the agreements, instruments, or evidences of indebtedness relative to or creating the Guaranteed Obligations (collectively or individually the "Agreements"), in respect of amounts owing thereunder, which Agreements shall include, without limitation, the Commitment Letter and any amendments thereto and replacements thereof.

2.2 Guarantee Absolute

The Guarantor agrees that the Guaranteed Obligations will be paid or performed, as the case may be, strictly in accordance with the terms of the Agreements and such other instruments or documents relating to the Guaranteed Obligations (including the Borrower Security Documents), regardless of any law, rule, regulation or order now or hereafter in effect in any jurisdiction affecting any of such terms or the rights of the Bank with respect thereto and regardless of any defense, counterclaim, right of set-off or equities which the Corporation or the Guarantor may have. The Guarantor shall not be released as a consequence of, and this Guarantee shall be effective and binding on the Guarantor notwithstanding:

(a) any disability, incapacity, lack of or limitation on the status or power of the Corporation, the Guarantor or the directors or agents thereof, whether known to the Bank or not;

(b) any lack of validity or enforceability of the Guaranteed Obligations, the Agreements, the Borrower Security Documents or any other document or instrument relating thereto or hereto, whether known to the Bank or not;

(c) any change in the time, manner or place of payment of, or in any other term of any of the Guaranteed Obligations, or any other amendment or waiver of, or any consent to or departure from any of the terms of the Guaranteed Obligations, the Agreements, the Borrower Security Documents or any other document or instrument relating thereto or hereto or any indulgence which the Bank may from time to time grant to the Corporation or any other Person;

(d) any increase in the Guaranteed Obligations, whether by virtue of the amendment, substitution or replacement of the Commitment Letter from time to time, or otherwise;

(e) any exchange or release of, or any failure to perfect or otherwise protect any interest in any collateral held by the Bank as security for the Guaranteed Obligations, including without limitation in connection with the Borrower Security Documents, the Guarantor Security Documents, or any guarantees, indemnities, or security documents granted by Affiliates;

(f) any limitation at any time upon any remedy available to the Bank in respect of the Guaranteed Obligations, including without limitation the benefit of any law which provides that the obligation of a guarantor must neither be larger in amount nor in other respects more burdensome than that of the principal obligation or which reduces a guarantor's obligation in proportion to the principal's obligations;

(g) any irregularity, defect or informality in the Agreements, the Borrower Security Documents, this Guarantee or the Guarantor Security Documents;

(h) any winding-up, dissolution, receivership or bankruptcy of the Guarantor or the Corporation, any amalgamation, merger, reorganization, change in capital structure or share ownership, or fundamental corporate change (including any change of name) affecting the Guarantor or the Corporation, any reorganization of any or all of the obligations of the Guarantor or the Corporation, any change in the financial position of the Corporation (and the Guarantor agrees to monitor such changes and releases the Bank from any liability resulting from such changes) or any transaction including any amalgamation, merger, consolidation, arrangement, transfer, sale, lease or other disposition, whereby all or any part of the undertaking, property and assets of the Guarantor or the Corporation become the property of any other Person or Persons;

(i) any other circumstance which might otherwise constitute a defence available to, or a discharge of, the Guarantor or the Corporation or any other Person in respect of the Guaranteed Obligations, the Agreements, the Borrower Security Documents, this Guarantee or the Guarantor Security Documents, or termination (whether by operation of law or otherwise) of any of the covenants to pay of the Corporation set forth in the Guaranteed Obligations, the Agreements, the Borrower Security Documents or the Guarantor Security Documents;

(j) any amendments or supplements to or modifications or replacements of, from time to time, any of the Agreements, the Borrower Security Documents or any other documents or instruments relating thereto.

2.3 Waiver and Acknowledgment by Guarantor

The Guarantor hereby waives presentment, protest, promptness, diligence, notice of acceptance and, except as otherwise expressly provided herein, any other notice or demand with respect to any of the Guaranteed Obligations, the Agreements, the Borrower Security Documents or the Guarantor Security Documents, and acknowledges that the Bank shall be entitled without in any way prejudicing or affecting its rights hereunder, and without in any way limiting or lessening the liability of the Guarantor under this Guarantee to, without limitation:

(a) give up, vary, exchange, release, discharge or otherwise deal with or fail to deal with any security (including any other guarantee and security documents granted in connection therewith from time to time) relating to the Guaranteed Obligations, the Agreements, the Borrower Security Documents or this Guarantee or allow the Corporation, the Guarantor or any other Person to deal with the property which is subject to any security interest, all as the Bank considers appropriate;

(b) grant time for payment, renewals, extensions, releases or any other indulgences in respect of the Guaranteed Obligations, the Agreements, the Borrower Security Documents, this Guarantee or any other obligation or guarantee (including security documents issued in connection with such other guarantee) relating thereto or arising thereunder;

(c) accept or make any compositions, arrangements, settlements, plans of reorganization or compromises with any Person as the Bank considers appropriate;

(d) agree to any change in, amendment to, waiver of, or departure from, any term of the Guaranteed Obligations, the Agreements, the Borrower Security Documents or any other obligation, guarantee or indemnity (including security documents issued in connection with such other guarantee or indemnity) relating thereto or arising thereunder, such change, amendment, waiver or departure including, without limitation, any renewal, extension, release, discharge, compromise or settlement in respect thereof;

(e) abstain from taking, protecting, securing, registering, filing, recording, renewing, perfecting, insuring or realizing upon any security or other guarantee or indemnity, exercising any remedy or pursuing or exhausting any other right, action or recourse against the Corporation, any other

Person or any security or other guarantee or indemnity before exercising its rights under this Guarantee;

(f) any modification or amendment to the Guaranteed Obligations, including any increase or decrease in the principal, the rates of interest or other amounts payable in respect thereof, or to the Borrower Security Documents; and

(g) otherwise deal with the Corporation or any other Person, including any other guarantors or parties providing indemnities, as the Bank considers appropriate,

and no loss in respect of any security received or held for and on behalf of the Bank, whether occasioned by fault, omission, negligence or recklessness of any kind, whether of the Bank or any other Person, shall in any way limit or lessen the liability of the Guarantor under this Guarantee.

2.4 Bank Not Bound

The Bank shall not be bound to exhaust its recourse against the Corporation or any other Person or any security it may at any time hold before being entitled to payment from the Guarantor of the Guaranteed Obligations.

2.5 Limitation

The indebtedness guaranteed hereby shall be limited to the maximum amount of indebtedness that can be incurred or secured by Guarantor without rendering this Guarantee voidable under applicable law.

Article 3
Demand

3.1 Demand Upon Default

If the Corporation defaults in respect of any of the Guaranteed Obligations, the Agreements or the Borrower Security Documents, the Bank may make a demand upon the Guarantor for the payment in full of the Guaranteed Obligations or such portion thereof as the Corporation has failed to pay and the Guarantor shall pay such amount to the Bank forthwith at the place provided herein for service of Notices pursuant hereto to the Bank. Any demand made hereunder shall be in writing and shall be deemed to be a demand for payment under the Agreements. Demand by the Bank and payment by the Guarantor, in respect of any one or more of the Guaranteed Obligations shall not exhaust this Guarantee, but same shall remain in effect for any and all Guaranteed Obligations existing from time to time.

3.2 Remedies

After the making of a demand pursuant to Section 3.1 and the failure of the Guarantor to make payment upon receipt of such demand, the Bank may (subject to Section 2.5) proceed directly and at once, without further notice, against the Guarantor to obtain performance of and to collect and recover the full amount, or any portion, of the Guaranteed Obligations, including enforcing all rights available to the Bank under the Guarantor Security Documents, without first proceeding against the Corporation or any other Person or against any other security or collateral for the Guaranteed Obligations. The Guarantor waives all benefits of discussion and division. The Bank shall have the exclusive right to determine the application of payments and credits, if any, from the Corporation, the Guarantor or from any other Person on account of the Guaranteed Obligations, and shall not be bound by the law of imputation. The Bank shall be entitled to prove against the Corporation upon any insolvency or winding-up in respect to the whole of the Guaranteed Obligations. If the Bank is required to file its claim against the Corporation and value its security, it will be entitled to place such valuation as the Bank in its discretion sees fit, and the filing of such claim and the valuation of its security shall in no way prejudice or restrict its rights against the Guarantor. The Guarantor shall have no right to be subrogated to the Bank until the Bank shall have received payment in full of the Guaranteed Obligations with interest and costs. The Guarantor agrees that, notwithstanding the foregoing and without limiting the generality of the foregoing, if, after the making of a demand pursuant to Section 3.1, the Bank is prevented by applicable law from enforcing or exercising any other right or remedy with respect to the Guaranteed Obligations, the Guarantor shall (subject to Section 2.5) pay to the Bank, upon demand therefor, the amount that would otherwise have been due and payable had such rights and remedies been permitted to be exercised by the Bank, and the Guarantor Security Documents shall secure such payment.

3.3 No Waiver By Bank

No failure on the part of the Bank to exercise, and no delay in exercising, any right hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any right hereunder preclude any other or further exercise thereof or the exercise of any other right.

Article 4
Postponement and Subrogation

4.1 Postponement

All indebtedness and liability, present and future, of the Corporation to the Guarantor are hereby assigned to the Bank as security for its obligations hereunder and is postponed to the Guaranteed Obligations, and all moneys received by the Guarantor in respect thereof following the time at which the Bank becomes entitled to make a demand pursuant to Section 3.1 shall be received in trust for the Bank and any such moneys shall be paid over to the Bank forthwith upon receipt thereof by the Guarantor and shall be applied by the Bank to the payment of the Guaranteed Obligations, the whole without in any way limiting or lessening the liability of the Guarantor hereunder, and this assignment and postponement is independent of and severable from the guarantee herein provided for.

4.2 Subrogation

The Guarantor will not exercise any rights which it may acquire by way of subrogation under this Guarantee, by any payment made hereunder or otherwise, until all the Guaranteed Obligations shall have been paid in full or otherwise satisfied. If any amount shall be paid to the Guarantor on account of such subrogation rights at any time when all the Guaranteed Obligations shall not have been paid in full or otherwise satisfied, such amount shall be held in trust by the Guarantor for the benefit of the Bank and shall forthwith be paid to the Bank, to be credited and applied to the Guaranteed Obligations, whether matured or unmatured, in accordance with Section 3.2 of this Guarantee.

Article 5
Notices and Demands

5.1 Notices

(a) Any notice, request, demand and other communication (a "Notice") provided for hereunder shall be in writing and either delivered personally, or sent by facsimile and addressed as follows:

If to the Guarantor:

Northern Gas Marketing Inc.
c/o High Plains Energy
444 5th Avenue S.W., Suite 2240
Calgary, AB T2P 2T8
Facsimile: (403) 266-5959

If to the Bank:

National Bank of Canada
530 8th Avenue S.W., Suite 2700
Calgary, Alberta T2P 3S8
Facsimile: (403) 294-3078

or at such other address or facsimile number, as the Guarantor or the Bank, as the case may be, shall designate from time to time by Notice to the other in accordance with the provisions of this Subsection 5.1(a).

(b) Any Notice which is delivered personally shall be effective when delivered, and any Notice which is sent by facsimile shall be effective on the Business Day following the day of sending.

Article 6
Continuing Guarantee

6.1 Continuing Guarantee

This Guarantee shall create a continuing guarantee and shall:

(a) remain in full force and effect until payment in full of the Guaranteed Obligations and all other amounts payable hereunder;

(b) be binding upon the Guarantor and its successors and assigns; and

(c) enure, together with the rights and remedies of the Bank hereunder, to the benefit of and be enforceable by the Bank, its successors and assigns for its and their benefit.

6.2 Guarantee in Addition

This Guarantee, the Borrower Security Documents and the Guarantor Security Documents are in addition to and not in substitution for any other guarantee, indemnity or any other securities by whomsoever given or at any time held by the Bank for any present or future obligation of the Corporation or the Guarantor to the Bank, and the Bank shall at all times have the right to proceed against or realize upon all or any portion of any other guarantees, indemnities or securities or any other moneys or assets to which the Bank may become entitled or have a claim in such order and in such manner as the Bank in its sole discretion may deem fit (including without limitation concurrently with enforcing its rights hereunder or under the Guarantor Security Documents) and without obligation to marshal in favor of the Guarantor any other guarantees, indemnities or securities or any assets or funds which the Bank may be entitled to receive or have a claim upon.

6.3 Account Settled

The Guarantor shall be bound by any account settled between the Bank and the Corporation, and if no such account has been so settled immediately before demand of payment hereunder any account stated by the Bank shall be accepted by the Guarantor, absent manifest error, as prima facie evidence of the amount which at the date of the account so stated is due by the Corporation to the Bank or remains unpaid by the Corporation to the Bank.

6.4 No Escrow

Possession of this instrument by the Bank shall be conclusive evidence against the Guarantor that this instrument was not delivered in escrow or pursuant to any agreement that it should not be effective until any conditions precedent or subsequent had been complied with.

6.5 Covenants

The Guarantor acknowledges receipt of a copy of the Commitment Letter and the Borrower Security Documents and understands the nature and extent of the Guaranteed Obligations. The Guarantor agrees to be bound by and perform every provision in the Commitment Letter and the Borrower Security Documents which relates to it, and will not do anything which would result in a breach thereof. The Guarantor makes and repeats every representation and covenant in the Commitment Letter and the Borrower Security Documents to the extent relating to it as if all such representations were set forth herein.

6.6 Covenants

The Guarantor acknowledges and confirms that the Guarantor Security Documents shall operate as security for, among other things, the observance and performance of the Guarantor's obligations under this Guarantee.

Article 7
Miscellaneous

7.1 Amendments, Etc.

No amendment or waiver of any provision of this Guarantee, nor consent by the Bank to any departure herefrom, shall in any event be effective unless the same shall be in writing and signed by the Bank, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.

7.2 Severability

In the event that any provision of this Guarantee shall be invalid, illegal or unenforceable in any respect in any jurisdiction, it shall not affect the validity, legality or enforceability of such provision in any other jurisdiction or the validity, legality or enforceability of any other provision of this Guarantee.

7.3 Acknowledgment

The Guarantor acknowledges that no representations have been made to the Guarantor affecting its liability hereunder.

7.4 Time

Time shall, in all respects, be of the essence.

7.5 Waiver

The Guarantor hereby waives any right it may have to receive a copy of a financing statement or financing change statement previously or hereafter registered by the Bank (or any verification statement issued in respect of same) in connection with the Guarantee or any security previously, now or hereafter granted by the Guarantor in favor of the Bank.

7.6 Amalgamation

The Guarantor acknowledges and agrees that in the event that it amalgamates with any other corporation or corporations, it is the intention of the Guarantor and the Bank that the term "Guarantor" when used herein shall apply to each of the amalgamating corporations and to the resulting amalgamated corporation, such that each of the amalgamating corporations and the amalgamated corporation at the time of the amalgamation shall be subject to the provisions of the Guarantee.

7.7 Further Assurances

The Guarantor will, at its sole cost and expense, execute and deliver to the Bank such further and other deeds, documents, instruments and assurances and do or cause to be done all such other acts and things as may be required by the Bank from time to time to give full force and effect to this Guarantee, and without limiting the foregoing the Guarantor will promptly cure any defects in the creation and issuance of this Guarantee.

Executed and delivered.

NORTHERN GAS MARKETING INC.

Per: ______________________ c/s

Per: ______________________

THIS IS EXHIBIT "K"
referred to in the Affidavit of
Murray D'Angelo
Sworn before me this 26th
Day of October A.D. 2009
J.M.Barnett
A COMMISSIONER FOR OATHS
IN AND FOR THE PROVINCE OF ALBERTA
GILLIAN BARNETT
Student-at-Law

CONFIRMATION OF GUARANTEE AND SECURITY

TO: National Bank of Canada

WHEREAS on July 21, 2005, High Plains Energy Inc. accepted an offering letter dated July 19, 2005 (the "**Original Credit Agreement**") from National Bank of Canada (the "**Bank**") pursuant to which the Bank agreed to lend monies to High Plains Energy Inc. on the terms and conditions therein contained;

AND WHEREAS in connection with the Original Credit Agreement and by way of a guarantee dated September 28, 2005 (the "**Guarantee**"), the undersigned guaranteed the payment to the Bank of all Guaranteed Obligations (as defined in the Guarantee);

AND WHEREAS, as collateral security for its obligations under the Guarantee, the undersigned, along with Northern Gas Marketing Inc., executed and delivered to the Bank a first priority deed of trust, mortgage, and security interest dated July 23, 2003, as amended by an amendment to mortgage dated September 28, 2005 (the "**Security**");

AND WHEREAS, pursuant to a plan of arrangement effective November 20, 2006 (the "**Arrangement**") between High Plains Energy Inc. and Action Energy Inc., a reverse take-over and change of control of High Plains Energy Inc. occurred within the meaning of Policy 5.2 of the TSX Venture Exchange and the resulting entity subsequently changed its name to Action Energy Inc. ("**Action Energy**");

AND WHEREAS pursuant to an offering letter dated December 12, 2006 (the "**Credit Agreement**"), agreed to and accepted December 14, 2006 by Action Energy, the undersigned and Northern Gas Marketing Inc., the Bank offered to amend and restate the terms and conditions of the Original Credit Agreement as set out in the Credit Agreement;

AND WHEREAS pursuant to the Credit Agreement, all obligations and indebtedness outstanding pursuant to the Original Credit Agreement (the "**Original Credit Agreement Obligations**") continue to be outstanding and are deemed to be obligations owing by Action Energy under the Credit Agreement;

AND WHEREAS all additional obligations and indebtedness arising pursuant to the Credit Agreement shall, along with the Original Credit Agreement Obligations be included in the definition of Guaranteed Obligations pursuant to the Guarantee;

AND WHEREAS the undersigned wishes to confirm to the Bank that the Guarantee and the Security apply and shall continue to apply to the Guaranteed Obligations of the undersigned.

IN CONSIDERATION of the sum of Cdn. $10.00 now paid by the Bank to the undersigned and other good and valuable consideration (the receipt and sufficiency of which are hereby conclusively acknowledged), the undersigned hereby confirms and agrees that each of the Guarantee and the Security is and shall remain in full force and effect in all respects and shall continue to exist and apply to the Guaranteed Obligations notwithstanding the Arrangement and the amendment and restatement of the Original Credit Agreement pursuant to the Credit Agreement. This Confirmation of Guarantee and Security is in addition to and shall not limit, derogate from or otherwise affect any provisions of the Guarantee, the Security or the Credit Agreement.

The undersigned covenants and agrees, at its sole cost and expense, to execute and deliver to the Bank such further and other deeds, documents, instruments and assurances and do or cause to be done all such other acts and things as may be required by the Bank from time to time to give full force and effect to this Confirmation of Guarantee and Security.

DATED as of December 22, 2006

GRIFFON PETROLEUM, INC.

By:__________________________
Name: R.D. (BOB) BOWMAN
Title: PRESIDENT & COO

THIS IS EXHIBIT " L *"*
referred to in the Affidavit of
Murray D'Angelo
Sworn before me this 26th
day of October *, 20* 09
mBarnett
A Commissioner for Oaths in and for the Province of Alberta

GILLIAN BARNETT
Student-at-Law

CONFIRMATION OF GUARANTEE AND SECURITY

TO: National Bank of Canada

WHEREAS on July 21, 2005, High Plains Energy Inc. accepted an offering letter dated July 19, 2005 (the "**Original Credit Agreement**") from National Bank of Canada (the "**Bank**") pursuant to which the Bank agreed to lend monies to High Plains Energy Inc. on the terms and conditions therein contained;

AND WHEREAS in connection with the Original Credit Agreement and by way of a guarantee dated September 28, 2005 (the "**Guarantee**"), the undersigned guaranteed the payment to the Bank of all Guaranteed Obligations (as defined in the Guarantee);

AND WHEREAS, as collateral security for its obligations under the Guarantee, the undersigned, along with Griffon Petroleum, Inc., executed and delivered to the Bank a first priority deed of trust, mortgage, and security interest dated July 23, 2003, as amended by an amendment to mortgage dated September 28, 2005 (the "**Security**");

AND WHEREAS, pursuant to a plan of arrangement effective November 20, 2006 (the "**Arrangement**") between High Plains Energy Inc. and Action Energy Inc., a reverse take-over and change of control of High Plains Energy Inc. occurred within the meaning of Policy 5.2 of the TSX Venture Exchange and the resulting entity subsequently changed its name to Action Energy Inc. ("**Action Energy**");

AND WHEREAS pursuant to an offering letter dated December 12, 2006 (the "**Credit Agreement**"), agreed to and accepted December 14, 2006 by Action Energy, the undersigned and Griffon Petroleum, Inc., the Bank offered to amend and restate the terms and conditions of the Original Credit Agreement as set out in the Credit Agreement;

AND WHEREAS pursuant to the Credit Agreement, all obligations and indebtedness outstanding pursuant to the Original Credit Agreement (the "**Original Credit Agreement Obligations**") continue to be outstanding and are deemed to be obligations owing by Action Energy under the Credit Agreement;

AND WHEREAS all additional obligations and indebtedness arising pursuant to the Credit Agreement shall, along with the Original Credit Agreement Obligations be included in the definition of Guaranteed Obligations pursuant to the Guarantee;

AND WHEREAS the undersigned wishes to confirm to the Bank that the Guarantee and the Security apply and shall continue to apply to the Guaranteed Obligations of the undersigned.

IN CONSIDERATION of the sum of Cdn. $10.00 now paid by the Bank to the undersigned and other good and valuable consideration (the receipt and sufficiency of which are hereby conclusively acknowledged), the undersigned hereby confirms and agrees that each of the Guarantee and the Security is and shall remain in full force and effect in all respects and shall continue to exist and apply to the Guaranteed Obligations notwithstanding the Arrangement and the amendment and restatement of the Original Credit Agreement pursuant to the Credit Agreement. This Confirmation of Guarantee and Security is in addition to and shall not limit, derogate from or otherwise affect any provisions of the Guarantee, the Security or the Credit Agreement.

The undersigned covenants and agrees, at its sole cost and expense, to execute and deliver to the Bank such further and other deeds, documents, instruments and assurances and do or cause to be done all such other acts and things as may be required by the Bank from time to time to give full force and effect to this Confirmation of Guarantee and Security.

DATED as of December 22, 2006

NORTHERN GAS MARKETING INC.

By: ______________________
Name: R.D. (BOB) BOWMAN
Title: PRESIDENT & COO

Macleod Dixon LLP

Our File: 264986

Your File:

Howard A. Gorman
Direct Phone: (403) 267-8144
E-mail: howard.gorman@macleoddixon.com

Roberta Savard
Assistant
Direct Phone: (403) 267-8194
E-mail: roberta.savard@macleoddixon.com

October 19, 2009

Via Courier

THIS IS EXHIBIT " M "
referred to in the Affidavit of
Murray D'Angelo
Sworn before me this ~~October~~ 26th
day of October, *20* 09
M Barnett
Commissioner for Oaths in and for the Province of Alberta

GILLIAN BARNETT
Student-at-Law

Mr. Roger Tang,
President and Chief Executive Officer
Action Energy Inc.
#800, 350 - 7th Ave. SW
Calgary, Alberta
T2P 3N9

Dear Sir:

Re: Secured Indebtedness owing by Action Energy Inc. ("Action") to National Bank of Canada ("Lender") as Guaranteed by Northern Gas Marketing Inc. and Griffon Petroleum Ltd.

Our offices are the solicitors who act on behalf of the Lender in connection with the amounts owed to it pursuant to various loans and advances made to Action by the Lender as secured by various Mortgages, Land Charges, Debentures, General Security Agreements and other security.

As at October 19, 2009, the amounts outstanding and owing to the Lender are as follows:

	Principal plus accrued interest	Per diem
Loan (Credit Facilities A, B, C and D)	$31,671,227.69	$4,491.00

In addition to the per diem interest, the amounts owing will be increased by any costs incurred by the Lender.

Demand is hereby made upon Action for payment in full of the amounts outstanding together with any accrued interest and other legal fees or charges that may arise. In the event that payment is not made in full by close of business on October 29, 2009 or if the Lender determines that its collateral is at risk, the Lender will take such steps as it may consider necessary to protect its position.

Also enclosed for service upon you is a Notice of Intention to Enforce Security provided in accordance with the provisions of the ***Bankruptcy and Insolvency Act***. If you consent to the Lender taking earlier enforcement, please return the consent executed by a duly authorized officer.

Kindly govern yourself accordingly.

Yours truly,

Macleod Dixon LLP

Howard A. Gorman

c: **McCarthy Tetrault, Attn: Sean Collins, Via Email**
Counsel to Action Energy Ltd.

c: **National Bank of Canada, Attn: Murray D'Angelo**
and Abid Kabani, Via Email

NOTICE OF INTENTION TO ENFORCE SECURITY
(Subsection 244(1))

THIS IS EXHIBIT "N"
referred to in the Affidavit of
Murray D'Angelo
Sworn before me this 26th
Day of October A.D. 2009
G.M. Barnett
A COMMISSIONER FOR OATHS
IN AND FOR THE PROVINCE OF ALBERTA

GILLIAN BARNETT
Student-at-Law

To: Action Energy Inc.

Take notice that:

1. National Bank of Canada (the "Lender"), a secured creditor, intends to enforce its security on the property of the above insolvent person which encompasses all of its property and assets;

2. The security that is to be enforced includes security granted by the insolvent person in favour of the Lender as set out in Schedule "A" attached hereto;

3. The principal amount of the indebtedness secured by the security is $31,671,227.69 plus accrued interest and other costs and expenses; and

4. The secured creditor (the Lender) will not have the right to enforce the security until after October 29, 2009 unless the insolvent person consents to an earlier enforcement.

Dated at Calgary, Alberta, this 19th day of October, 2009.

National Bank of Canada
by its solicitors and agents, Macleod Dixon LLP

Per: ______________________________
Howard A. Gorman

264986\1391756.v1

Action Energy Inc. hereby:

(a) consents to the immediate enforcement by the Lender as a secured party of the security described in paragraph 2 above pursuant to Section 244(2) of the ***Bankruptcy and Insolvency Act*** (Canada);

(b) consents to the secured party's (the Lender's) disposition of any or all collateral subject to the secured party's security immediately or otherwise as the secured party may determine in its sole discretion, without notice as required by the ***Personal Property Security Act*** (Alberta);

(c) consents to the Lender's immediate appointment of a Receiver, or a Receiver-Manager in accordance with the provisions of the abovenoted security.

Action Energy Inc. by its duly authorized officer

c/s

Per:____________________________________
Authorized Signatory

SCHEDULE "A"

1. Debentures and Security Agreements granted by High Plains Energy Inc. ("High Plains"), Powermax Energy Inc. ("Powermax") and Rolling Thunder Exploration Ltd. ("Rolling Thunder")

2. General Assignment of Book Debts granted by His Plains, Powermax and Rolling Thunder

3. Various Mortgages issued by Griffon Petroleum Inc. ("Griffon") and Northern Gas Marketing Inc. ("Northern Gas")

4. Supplemental Debenture granted by Action Energy Inc. ("Action")

5. Guarantees issued by Rolling Thunder, Griffon and Northern Gas

6. Action is the successor by amalgamation to High Plains, Powermax and Rolling Thunder and is thereby obligated under those entities' security referenced above

ACTION ENERGY INC.

THIS IS EXHIBIT "O"
referred to in the Affidavit of
Murray D'Angelo
Sworn before me this 26th
Day of October A.D. 2009
G.M. Barnett
A COMMISSIONER FOR OATHS
IN AND FOR THE PROVINCE OF ALBERTA

GILLIAN BARNETT
Student-at-Law

September 1, 2009

Action Energy Inc.
First Canadian Centre
800, 350 - 7th Avenue S.W.
Calgary, Alberta T2P 3N9

Michael Steele
c/o Avonlea Ventures Inc.
Steele Consulting
15466 The Gore Road
Caledon, Ontario L7C 3E5

RE: MEMORANDUM OF UNDERSTANDING

Dear MICHAEL:

In connection with our recent communications and meetings, this Memorandum of Understanding ("MOU") outlines the general terms and conditions by which Avonlea Ventures Inc. ("Avonlea") and its designated representative Michael Steele of the Steele Consulting Partnership ("Steele") are prepared to work as a Chief Restructuring Consultant ("CRC") on behalf of Action Energy Inc. ("AEI") and its stakeholders. As an integral part of the restructuring process we will require acting as your business planning and development consultant. If required, Steele and Avonlea will engage potential investment or Venture Capital Interest ("VCI") on behalf of AEI as required in part for the restructuring funds. Such funds will be required as a part of the process in overseeing all or any capital restructuring initiatives in the development of a detailed business plan with a view of establishing a longer term strategic corporate program. Should Steele, in connection with these restructuring initiatives, be successful in completing a transaction (the "Transaction"), Avonlea will be compensated based on certain cash payment(s) and/or Common Shares of AEI (the "Shares") as outlined on Schedule "A" attached. Such Transactions may include, without limitation, a plan of arrangement, amalgamation, merger, take-over bid, reverse-take over bid, asset purchase, share purchase, joint venture or other business combination.

For the purpose of this MOU:

- The VCI consists of, but is not necessarily limited to individuals, companies, corporations and other financial institutions that are seeking opportunities to finance AEI efforts from which the VCI would be compensated by earning a property interest owned by AEI and/or an equity interest in AEI shares.

- Steele is an independent entrepreneurial individual with certain business, financial and marketing skills and connections to engage VCI to promote potential economic transactions and opportunities. Steele and Avonlea have experience in business planning and corporate restructuring and business combination initiatives.

- AEI is a public company located in the City of Calgary in the Province of Alberta. AEI is in the business of developing oil and gas assets in western Canada.

General Terms and Conditions of the MOU:

1. Steele/Avonlea together agree to work closely with the AEI management and Board of Directors on the following initiatives:

   a. Develop a one year financial proforma and restructuring plan whereby such plan shall include, without limitation, a two phase approach: Phase 1 shall focus on a steady state interim operating program whereby there shall be no further negative cash flow. Within this phase an interim financing may be put into place to address the settlement of all trade payables and the restructuring of the current debt; Phase 2 shall focus on a strategic business combination that takes into account the shareholders of AEI on a go forward basis in an attempt to realize on the true intrinsic value of the AEI assets.

   b. The goal in the Phase 2 plan is to ensure that an expanded management structure be developed within the newly merged entities as a part of a larger consolidation roll-up plan. This is to be accomplished through the completion of a Transaction. Several candidates have been identified. It is anticipated that the entire time frame for each phase shall be as follows: with Phase 1 requiring (60 to 90 days) & then Phase 2 will be as little as 45 days to a max of 90 days depending on the complexity of the Transaction.

   c. Recapitalization of entity or entities resulting from the Transaction, for future acquisitions based on the needs of the newly structured entity from private equity funds may also be required. This task will require establishing an expanded valuation model off the back of the restructuring plan to ensure the new capital coming in both Phase 1 and Phase 2 is not only accretive to them but the existing shareholder base as well.

   d. Attend all Board meetings as an advisor and observer.

   e. Oversee all Corporate Governance meetings.

   f. Over see creditor negotiations.

   g. Oversee all asset dispositions as part of the approved corporate governance agreement and associated process.

2. Steele agrees to provide AEI with potential VCI that may complete a transaction with AEI, which Steele would be compensated for in accordance with Schedule "A" attached hereto (the "Fees").

3. Success Fees shall only be due or payable by AEI to Steele, as provided for in Schedule "A", and only at the closing of the specifically related Transaction. Full payment of Fees by AEI to Steele

shall be required contemporaneously with the closing of any Transaction (the "Closing"). The Parties hereto acknowledge that the payment of any Fees in Shares will require the consent of the TSX Venture Exchange Inc. (or such other exchange on which the Shares are then listed and posted for trading), and AEI agrees to use its reasonable commercial efforts to obtain such approval. Notwithstanding the forgoing, an early termination fee shall be made to the consultant as per section 4 herein.

NOTE: any shares issued for services rendered must be liquid and or publicly traded.

4. TERM: Shall commence on the first day of September, 2009 and continue for 6 months. Term may be extended to 30 day increments if so needed. Should Steele's services be terminated prior to either the 6 month term and subsequent non renewal or the restructuring being completed, then AEI shall agree to pay within the first 60 days of this engagement the greater of all earned fees or $200,000 CDN to Steele or Avonlea at the time of early termination and thereafter AEI shall agree to pay the greater of all earned fees or $500,000.

5. Steele represents to AEI that the nature of his business, to engage certain VCI in connection with a potential transaction that involves AEI, does not require Avonlea or Steele to be registered as a broker dealer pursuant to any security laws or regulations and that neither Steele nor Avonlea is an "accredited investor" as defined by all applicable securities laws and regulations. As such, any Fee paid to Avonlea or Steele shall be categorized as an introductory or business advisory restructuring Fee.

6. Steele and Avonlea agree to keep confidential all information, data, plans, specifications, reports, summaries, models, samples, know-how, technical information, systems, methodologies, computer programs, information technology and any other information that concerns the business, corporate, exploration or strategic plans of AEI.

7. AEI, Avonlea and Steele (collectively the "Parties" and each a "Party")) agree to indemnify and hold each other harmless from and against any and all losses, claims or damages in connections with any Transaction; provided, however that the Party from which indemnification is sought shall be liable in any such case to the extent that any loss or damage if found to have resulted from another Party's willful misconduct, negligence, intentional misrepresentation or violation of any statue or regulation.

8. It is agreed the effective date of this MOU shall be DATE (the "Effective Date") and that this MOU will automatically terminate without notice by either Party on the anniversary of the Effective Date (the "Termination Date") or the MOU may be extended for successive periods of time on terms mutually agreed to by the Parties.

9. Notwithstanding Paragraph 9 above, this MOU may be terminated immediately by either party upon written notice, however any introductions or VCI Parties registered herein (Schedule B) shall survive under the terms of this agreement for a minimum of 12 months from the date of termination.

10. Notwithstanding the termination of the MOU, as outlined in Paragraph 9 and 10 above, if AEI at any time within a one (1) year period following the Termination Date enters into a Transaction with any VCI first introduced to or referred to by Steele, as listed specifically in Schedule "B" hereto which will then be updated from time to time and form in integral part of this agreement, which Transaction is subsequently completed, then AEI shall pay, or cause to be paid the Fee in accordance with Schedule "A".

11. Any communication in connection with this MOU must be writing and delivered by mail or electronically as indicated below (the "Notice"):

Michael Steele
Avonlea Ventures Inc.
15466 The Gore Road
Caledon, ON L7C 3E5
Email: steeleconsult@aol.com
Fax: (905) 880-7866

Roger Tang
President & CEO, Director of the Board
Action Energy Inc.
First Canadian Centre
800, 350 - 7th Avenue S.W.
Calgary, Alberta T2P 3N9
Email: rtang@action-energy.com

12. The individual signing on behalf of each Party to this MOU represents and warrants that they have the authority to enter into this MOU for and on behalf of AEI.

13. The MOU shall be governed by the laws of the Province of Alberta, Canada.

Accepted and Agreed

Action Energy Inc.

By: ______________________ By : ______________________

Roger (C.W.) Tang
Chairman & CEO

By: ______________________

Michael A. Steele ("Steele")
(Steele Consulting)

By: ______________________
Michael Steele

Avonlea Ventures Inc.

By: ______________________
President and CEO

<u>Schedule "A"</u>

ACTIVITY	CASH FEE	SHARES	EQUITY FEE
Property Transaction	1% of Property Transaction Values Sold by NBF within the first 60 days then 3% thereafter for all Property Dispositions		NOT APPLICABLE
Financing Transaction	5.0% of Financing Transaction Value	AND	5.0% of Share Purchase Warrants
Merger & Acquisition (M & A) Transaction	5% $0 – $25 million 4% $25 - $50 million 3% > $50 million (all cumulative) of M & A Transaction & E.V.	AND	5% $0 - $25 million 4% $25 - $50 million 3% > $50 million (all cumulative) E.V. paid common Shares
Liability Restructure	10% of all discount reduction in debt & payables	AND	5% of all or any debt converted in equity or the ensuing financing structure
EXPENSES & Work Fee	Flat $10,000/ month payable on the first of each month		NOT APPLICABLE

1. "Property Transaction" means the sale of any real property, lands, producing assets, farm-ins, option-to-earn and/or joint venture type arrangement between AEI and a VCI in which a VCI is funding or incurring exploration expense on behalf of AEI to earn an interest in a property AEI owns. In the case of a farm-in or option-to-earn type arrangement, the Transaction Value would be amounts actually incurred annually by the VCI until completion of the earn-in term and the VCI is vested. Should the VCI choose not to complete the earn-in obligation, all subsequent cash Fees to Steele would terminated accordingly.

2. "Financing Transaction" means equity offering in which Shares are issued to the VCI in exchange for proceeds received by AEI from the VCI. Equity offering shall also include any debenture financings convertible, bridge, mezzanine or otherwise. Debt for equity shall be treated as noted within the above schedule.

3. "Merger & Acquisition Transactions" means a cash or equity share exchange between AEI and the VCI or its affiliate(s). This may also be facilitated through the completion of a Transaction.

4. "Transaction Value" means the total consideration in cash or debt financing received or shares and warrants issued by AEI or a VCI as applicable, at the closing of the Transaction with a VCI, which Steele has introduced and/or otherwise facilitated on behalf of AEI. This shall be herein known as the Enterprise Value (E.V.)

5. "Liability Restructuring" means the reduction of any or all debt (short & long term) including accounts payable that either is converted into the ensuing financing transaction, equity or reduced as a direct result of Steele's restructuring initiatives.

THIS IS EXHIBIT "P"
referred to in the Affidavit of
Murray D'Angelo
Sworn before me this 26th
Day of October A.D. 2009
GBarnett
A COMMISSIONER FOR OATHS
IN AND FOR THE PROVINCE OF ALBERTA

GILLIAN BARNETT
Student-at-Law

CORPORATE GOVERNANCE AGREEMENT

This Agreement is made and effective as of September 1, 2009.

Among:

ACTION ENERGY INC. ("AEI" or the "Corporation"), a corporation, existing under the laws of Alberta,

- and -

STEELE CONSULTING PARTNERSHIP ("Steele Consulting"), a partnership, existing under the laws of Ontario,

-and-

MICHAEL STEELE ("Steele"), an individual resident in the Province of Ontario,

WHEREAS AEI has entered into a Memorandum of Understanding dated September 3rd, 2009 with Steele Consulting and Avonlea Ventures Inc. (the "MOU") in respect of the proposed restructuring of the Corporation's debt facilities and certain other matters (the "Restructuring");

AND WHEREAS it is a term of the MOU that the Corporation agrees to certain restrictions on the governance and affairs of the Corporation;

AND WHEREAS Steele has agreed to serve as the Chief Restructuring Consultant of the Corporation with respect to the Restructuring;

NOW THEREFORE THIS AGREEMENT WITNESSETH that for and in consideration of the mutual covenants herein contained and other good and valuable consideration. the receipt and sufficiency of which are hereby acknowledged, it is agreed by and among the parties as follows:

SECTION 1- INTERPRETATION

1.1 Definitions

Unless otherwise defined herein. capitalized terms contained herein. shall have the meanings given to them in the MOU.

1.2 Sections and Headings

The division of this Agreement into Articles and Sections and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Agreement. The terms "this Agreement," "hereof," "hereunder" and similar expressions refer to this Agreement and not to any particular article, section or other portion hereof and include any agreement or instrument supplemental or ancillary hereto. Unless something in the subject matter or context is inconsistent therewith, references herein to Articles and Sections are to Articles and Sections of this Agreement.

1.3 Number and Gender

Words importing the singular number only shall include the plural and vice versa, and words importing gender shall include the masculine, feminine and neuter genders.

1.4 Governing Law

This Agreement shall be governed by and construed in accordance with the laws of the Province of Alberta and the federal laws of Canada applicable therein and each of the parties hereby attorns to the non-exclusive jurisdiction of the courts of Alberta. Each of the parties irrevocably submits to the nonexclusive jurisdiction of the court of the Province of Alberta with respect to any matter arising out of or relating to this Agreement or any other document related hereto and irrevocably agrees that all claims in respect of such matters· may be heard and determined in such courts.

1.5 Counterparts and Facsimile

This Agreement may be signed in counterparts whether by original or by facsimile. Each counterpart will constitute an original document and all counterparts, taken together, will constitute one and the same instrument.

1.6 Schedule

Attached to this Agreement is Schedule A with respect to invoicing and meetings.

SECTION 2 - CORPORATE GOVERNANCE

2.1 Steele Approval

Notwithstanding the provisions of the by-laws of the Corporation (the "By-laws"), until such time as the Restructuring has been completed, the Corporation shall not, other than pursuant to applicable laws and subject to section 2.4, without the approval of Steele, such approval not to be unreasonably withheld:

(1)Amend its articles or by-laws.

(2) Enter into any voluntary liquidation, dissolution or winding up of its affairs or make an assignment for the benefit of its creditors.

(3) Enter into an agreement for the sale of all or part of its shares or sell all or substantially all of its assets.

(4) Enter into any transactions with any person who is not at arm's length (as such term is defined in the Income Tax Act (Canada))

(5) Create, acquire or dispose of any subsidiaries (as such term is defined in the Business Corporations Act (Alberta))

(6) Materially change its business or the business of any subsidiary (the "Subsidiaries") of the Corporation.

(7) Enter into any agreements to amalgamate, consolidate, merge or enter into or acquire an interest in a partnership, joint venture, syndicate or similar entity (other than sales of goods in the ordinary course of business) or any corporate reorganization.

(8) except as disclosed to Steele prior to the date hereof, take any action which would cause the Corporation to be in violation of it covenants with the National Bank of Canada ("NBC").

2.2 Other Provisions

In addition to the foregoing:

(1) At any time that debt obligations under the NBC Facility remain outstanding, AEI shall not, and will not suffer or permit any of its subsidiaries, if any, to declare, pay or set aside for payment any dividends or other distributions or payments to its shareholders other than to a shareholder who is also a creditor of the Corporation.

(2) There shall be no capital expenditures that materially affect the Corporation without the consent of a special committee of the Board of Directors (the "Special Committee").

(3) The Corporation shall not obtain any additional bank financing from any financial institution other than the facilities currently established as of the date hereof.

(4) Steele shall be provided with not less than two (2) business days prior written notice of any meeting of the Board of Directors of the Corporation, the audit committee, the compensation committee and any meetings of management, and Steele shall have the right to attend all such meetings as a non-voting observer, provided that Steele agrees to keep all information disclosed at such meetings as confidential information, that shall only be released to other parties, as agreed to by the Corporation. Steele shall also be entitled to receive, and the Corporation shall provide, all notices, documents, minutes or other materials circulated to the board of directors or any committee thereof, on the same basis and at the same time as the board of directors or any committee thereof. Notwithstanding the foregoing, in the event that an emergency meeting of the Board of Directors is required (in the opinion of the President of the Corporation acting in good faith), the President of the Corporation may call an emergency meeting on twenty-four hours written notice.

(5) The provisions relating to the disclosure of confidential information in Section 2.2(4) above shall not apply in the case of any confidential information which: (i) is known to the general public or enters the public domain prior to any disclosure by any party hereto at any time after the date hereof (ii) in respect of which disclosure required by law or administrative order; (iii) was independently developed or discovered without the use of the confidential information; and (iv) was disclosed independently by a third party having no fiduciary relationship with the Corporation and having no obligation of confidentiality with respect thereto. Within 10 days of prior written notice to AEI, it will allow proposed investors or lenders under the Restructuring (or their respective representatives) to review its minute books arid corporate books and records at AEI's premises, provided that any such parties agree to maintain the confidentiality of any materials reviewed.

(6) The Corporation will prepare and provide to Steele a daily cash report and daily accounts payable/accounts receivable report which shall be submitted to Steele on a weekly basis and comply with the invoicing and meeting requirements set out in the attached Schedule A.

(7) Any fees related to the services to be performed by Steele under this Agreement are hereby expressly acknowledged by Steele to have been reimbursed to it by virtue of the fees being paid to Steele under the MOU.

2.3 Steele Acknowledgment

Steele Consulting and Steele hereby acknowledge that: (a) they are aware that Canadian securities laws restrict persons with material non-public information about the Corporation obtained directly or indirectly from the Corporation from purchasing or selling securities of the Corporation, or from communicating such information to any other person under circumstances in which it is reasonably foreseeable that such person is likely to purchase or sell such securities.

2.4 Fiduciary Duties of Directors

This Agreement has been approved by the Board of Directors of the Corporation. The parties agree that AEI shall fulfill all of its duties and obligations under the terms and conditions of this Agreement, provided that nothing contained in this Agreement will: (a) restrict, limit or prohibit the Board of Directors of the Corporation or any officer of the Corporation from exercising, in his capacity as a director or officer of or counsel to the Corporation, his fiduciary duties to the Corporation and its shareholders under applicable law, or (b) require any officer, in his capacity as an officer of, or counsel to the Corporation, to take any action in contravention of, or omit to take any action pursuant to, or otherwise take or refrain from taking any actions which are inconsistent with, instructions or directions of the Corporation's board of directors undertaken in the exercise of their fiduciary duties

2.5 Termination

This Agreement shall terminate and be of no force and effect and the p8rties shall be released from all of their obligations hereunder upon the earlier of the date on which the Restructuring has been completed and the termination of the MOU.

2.6 Assignment

Except as otherwise provided hereunder, no party may assign its rights or obligations under this Agreement without the prior written consent of the other parties hereto.

2.7 Benefit of the Agreement

This Agreement shall ensure to the benefit of and be binding upon the respective heirs, executors, administrators, successors and permitted assigns of the parties hereto.

2.8 Entire Agreement

This Agreement, the Term Credit Facility Agreement and all ancillary documents necessary to give effect to the transactions contemplated therein constitute the entire agreement between the parties hereto with respect to the subject matter hereof and supersedes any prior understandings, negotiations and agreements between the parties hereto with respect thereto. There are no representations, warranties, terms, conditions, undertakings or collateral agreements, express or implied, between the parties other than as expressly set forth in this Agreement.

2.9 Amendments and Waivers

No amendment to this Agreement shall be valid and binding unless set forth in writing and duly executed by all of the parties hereto. No waiver of any breach of any provision of this Agreement shall be effective or binding unless made in writing and signed by the party purporting to give the same and, unless otherwise provided in the written waiver, shall be limited to the specific breach waived.

2.10 Further Assurances

The parties agree to execute and deliver such further documents and do such things as may be necessary or desirable to give full effect to this Agreement.

2.11 Time of the Essence

Time shall be of the essence of this Agreement.

2.12 Severability

If any provision of this Agreement is determined by a court of competent jurisdiction to be invalid, illegal or unenforceable in any respect, such determination shall not impair or affect the validity, legality or enforceability of the remaining provisions hereof, and each provisions is hereby declared to be - separate, severable and distinct.

2.13 Successors and Assigns

This Agreement shall ensure to the benefit of and shall be binding on and enforceable by the parties and, where the context so permits, their respective successors, legal representatives, heirs and permitted assigns. No party may assign any of its rights or obligations hereunder with the prior written consent of the other parties.

IN WITNESS WHEREOF the parties hereto have duly executed this Agreement to be effective as of the date first written above.

ACTION ENERGY INC.

Roger Tang
President and Chief Executive Officer

STEELE CONSULTING PARTNERSHIP

Michael Steele
President

SCHEDULE "A"

1) **Invoice Approval**: On a weekly basis, the Corporation shall prepare an invoice approval sheet (the "Invoice Approval Sheet") which lists and attaches the invoices the Corporation proposes to pay out the following week. The Invoice Approval Sheet shall be submitted to the Special Committee, who must approve the Invoice Approval Sheet prior to cheques being issued to pay the listed invoices.

2) **Payment of Invoices:** all invoices to be paid by the Corporation must be by way of cheque drawn on the Corporation's operating account at National Bank of Canada.

3) **Reports/Meetings**: Each week a meeting shall be held (to be attended to in person or by telephone) of Steele and the President of the Corporation and an appointed accountant (the "Accountant"), to review and discuss production, accounts payable and accounts receivable. The Accountant shall ensure that production, accounts payable and accounts receivable reports are provided to all participants prior to the meeting.

In addition, at the beginning of each month a meeting shall be held (to be attended to in person or by telephone) of Steele, the President of the Corporation, the Accountant, and others as necessary to review and discuss total production activity, consider the monthly financial statement for the Corporation for the preceding month, review the operations of the Corporation for the month to come and to consider a one page monthly MD&A paper that shall be prepared by the President of the Corporation in advance of the meeting.

WestFire
ENERGY LTD

Suite 810, 555 – 4th Avenue SW Calgary, Alberta T2P 3E7

www.westfireenergy.com

THIS IS EXHIBIT "Q"
referred to in the Affidavit of
Murray D'Angelo
Sworn before me this 26th
Day of October A.D. 2009
A COMMISSIONER FOR OATHS
IN AND FOR THE PROVINCE OF ALBERTA

GILLIAN BARNETT
Student-at-Law

STRICTLY PRIVATE & CONFIDENTIAL

October 15, 2009

Action Energy Inc.
#800, 350-7th Avenue SW
Calgary, AB
T2P 3N9

Attention: Mr. Roger Tang, President and Chief Executive Officer

Dear Sirs:

Further to our recent discussions and previous correspondence, WestFire Energy Ltd. ("**WestFire**") is pleased to provide this non-binding proposal regarding a proposed acquisition of all of the assets including all oil and natural gas assets together with the associated tangibles and miscellaneous interests (the "**Action Assets**") of Action Energy Inc. ("**Action**") (the "**Proposed Transaction**").

1. **Proposed Terms.** We are prepared to begin working immediately toward definitive transaction documentation on the following basis:

   (a) **Price and Transaction Structure.** WestFire would be prepared to acquire the Action Assets for $30 million in cash inclusive of the Deposit (as defined below). This proposal is subject to receiving an order from the Court of Queen's Bench of Alberta (the "**Court**") for approval of the Proposed Transaction and vesting the Action Assets in WestFire (or a subsidiary of WestFire) free and clear of all encumbrances on or before November 30, 2009 (the "**Vesting Order**").

   (b) **Conditions.** Our proposal is subject to (i) completing satisfactory confirmatory due diligence, (ii) negotiation and execution of satisfactory definitive transaction documentation, and (iii) approval of our respective boards. In addition, while not a condition to the Proposed Transaction, WestFire may pursue up to $50 million of private placement or public equity financing of common shares to be completed concurrently with the closing of the Proposed Transaction at a price acceptable to WestFire.

   (c) **Definitive Documentation.** The transaction documentation would include a definitive purchase and sale agreement (the "**P&S Agreement**") with Action and/or the Receiver with an effective date of November 1, 2009, which would contain customary representations, warranties, terms, conditions, indemnities and deal protection measures for a transaction of this nature. Without limitation, the P&S Agreement will provide for (i) "non-solicitation" provisions (including, without limitation, termination of discussions with and non-solicitation by Action of third parties in connection with any transaction (other than as contemplated herein) as well as closure of any data rooms), (ii)a reciprocal non-completion or "break fee" in the amount of $2.0 million payable by one party to the other in certain circumstances in the event the Proposed Transaction is not completed, (iii) customary restrictions on Action's operations during the interim period, (iv) a covenant that Action will take all ~~necessary steps and actions~~ to maintain its net

payable by Action as a "stocking horse" fee in priority to any other claim against Action or the Action Assets.

production between 900 to 950 boe/d, (v) customary purchase price adjustments specifying that all benefits and obligations of any kind and nature relating to the operation of the Action Assets shall be adjusted between the parties as of November 1, 2009 in accordance with generally accepted accounting principles, (vi) a provision for a joint tax election under section 66.7 of the Income Tax Act in respect of all cumulative resource tax accounts and that all cumulative resource tax pools in respect of the Action Assets will be between $50 to $55 million on the closing of the Proposed Transaction, (vii) a representation that Action's net undeveloped land position is approximately 120,000 net acres at closing of the Proposed Transaction, and (viii) customary termination provisions which will include, among others, a provision that provides that in the event there is a "material adverse change" or a "material adverse effect" in respect of the Action Assets that is valued greater than ~~15~~% of the purchase price for the Action Assets, as adjusted then either party may elect to terminate the P&S Agreement.

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(d) **Timetable and Process.** In order to move forward, we and our advisors require access to certain confidential information regarding Action to complete our due diligence review. We are prepared to commit a full team of resources to complete our due diligence review on a timely basis and we anticipate that, with cooperation from Action, this process should take approximately [15] business days from receipt of the necessary information and access to Action.

(e) **Exclusivity.** For a period commencing on the date of this letter and ending on (the "**Expiration Date**") the earliest of: (a) the execution of the P&S Agreement; and (b) 5:00 p.m. (Calgary time) on October 31, 2009, Action (including their respective directors, officers, employees, financial and other advisors, legal counsel, representatives and agents (collectively, "**Representatives**")) shall: (i) immediately cease and cause to be terminated all existing discussions, solicitations, initiations, encouragements and negotiations, if any, with any parties other than each other and each other's Representatives with respect to any actual or potential issue or sale of any equity securities or debt or any acquisition, divestment, merger, amalgamation, reorganization, arrangement or other similar transaction (a "**Competing Transaction**"); (ii) deal exclusively with WestFire and each other's Representatives in connection with a Proposed Transaction; (iii) not discuss, solicit, initiate, encourage or negotiate with or enter into any agreement or engage any agent to discuss, solicit, initiate, encourage or negotiate with any person in respect of a Competing Transaction or any action inconsistent with the Proposed Transaction; and (iv) not engage in or conduct any transactions or other activity that could materially affect the Proposed Transaction (or enter into any agreement relating thereto) without the prior written consent of WestFire, other than transactions relating to the Proposed Transaction as contemplated in this letter; provided, that the foregoing shall not restrict Action's board of directors (the "**Action Board**") from responding as they consider appropriate to any unsolicited proposals for a Competing Transaction if the Action Board believes, acting in good faith, that any such proposal represents a superior proposal to the Proposed Transaction and if responding to such unsolicited proposal is necessary to satisfy their respective fiduciary obligations.

(f) **Confidentiality.** The terms of this letter shall be kept in the strictest confidence and each party covenants that their employees, officers, directors, representatives and advisors shall keep such information confidential except as may be required by applicable law or regulatory authority.

(g) **Authority/Approvals.** It is acknowledged that each of WestFire and Action will require approval from their respective board of directors to enter into the P&S Agreement. While the Proposed Transaction will be subject to customary conditions regarding receipt of all necessary government and regulatory approvals, WestFire is confident that all such approvals will be obtained within the time frame required for the completion of the Proposed Transaction.

(h) **Non-Binding Proposal.** This proposal is a preliminary, non-binding indication of interest and, except as set forth below, nothing in this letter should be considered to constitute a binding agreement between WestFire and Action, which binding obligation would arise only upon the execution and delivery of a P&S Agreement.

2. **Costs.** All fees, costs and expenses incurred in connection with this letter and the transactions contemplated hereby shall be paid by the party incurring such fees, costs or expenses, whether or not the P&S Agreement is entered into and for greater certainty any fees payable to the Receiver or in connection with the Vesting Order shall be borne by Action. It is hereby acknowledged that a restructuring and referral fee to Avonlea Ventures of 3% of the total purchase price of the Action Assets, as adjusted, is to be paid by WestFire and which fee shall be deducted from the total purchase of the Action Assets, as adjusted.

3. **Applicable Law.** This letter agreement shall be governed and construed in accordance with the laws of the Province of Alberta and the federal laws applicable therein without giving effect to conflicts of law principles. The courts of Alberta shall have exclusive jurisdiction with respect to all matters relating to or arising out of this letter agreement.

4. **Counterparts.** This letter agreement may be signed in counterparts, all of the counterparts together constituting one document. Facsimile or email transmission of executed copies of this letter agreement will constitute complete and valid delivery of an executed letter agreement.

5. **Deposit.** Within one business day after acceptance of this letter of intent, WestFire will deposit with Action's counsel $2 million (the "**Deposit**") to be held in trust pending the closing of the Proposed Transaction. The Deposit is to be applied to the purchase price for the Action Assets and is non-refundable to WestFire unless:

(a) the terms and conditions of the P&S are not satisfactory to WestFire, acting reasonably; or

(b) the terms and conditions of the Vesting Order are not satisfactory to WestFire, acting reasonably; or

(c) the Vesting Order is not granted by the Court by November 30, 2009; or

(d) there is a "material adverse change" in connection with the Action Assets or a "material adverse effect" on the aggregate value of the Action Assets provided that a "material adverse change" or "material adverse effect" shall not include any change or effect that is valued at less than 10% of the purchase price for the Action Assets, as adjusted; or

(e) Action or the Receiver is in breach of any of its covenants or representations and warranties contained in the P&S Agreement;

in which case the Deposit will be fully refundable to WestFire on WestFire's demand.

6. **Scope of Letter.** It is not the intention of the parties hereto that this letter, or any actions of the parties with respect hereto, be, or be deemed to constitute, a legally binding obligation of the parties hereto, except with respect to the provisions of paragraphs 2(e) ("Exclusivity"), 2(f) ("Confidentiality"), 3 ("Costs"), 4 ("Applicable Law"), 5 ("Counterparts") and 6 ("Deposit") and this paragraph, which shall be binding and enforceable obligations of the parties. Any other legally binding obligations with respect to the Proposed Transaction shall exist only upon the execution and delivery of the P&S Agreement, and all rights and obligations of the parties shall be governed by such agreement.

7. **Expiry.** This letter of intent shall expire at 4:00 pm (Calgary Time) on October 16, 2009 unless otherwise withdrawn in writing by WestFire.

Sincerely,

WESTFIRE ENERGY LTD.

Lowell Jackson
President and Chief Executive Officer

ACCEPTED AND AGREED TO this 16th day of October, 2009

ACTION ENERGY INC.

Per: ______________________

THIS IS EXHIBIT "R"
referred to in the Affidavit of
Murray D'Angelo
Sworn before me this 26th
Day of October A.D. 2009
M Barrett
A COMMISSIONER FOR OATHS
IN AND FOR THE PROVINCE OF ALBERTA

Action No. 0901-

IN THE COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE OF CALGARY

BETWEEN:

NATIONAL BANK OF CANADA

Plaintiff
(Applicant)

-and-

ACTION ENERGY INC., NORTHERN GAS MARKETING INC. and GRIFFON PETROLEUM INC.

Defendants
(Respondents)

CONSENT TO ACT AS RECEIVER

Ernst & Young Inc. does hereby consent to act as Receiver or Receiver and Manager of the Defendant, Action Energy Inc., if so ordered by this Honourable Court.

DATED this 21st day of October, 2009.

Ernst & Young Inc.

Per: ______________________
Authorized Signatory

264986\391870.v1

Action No. ____________________

In the Court of Queen's Bench of Alberta

Judicial Centre of Calgary

BETWEEN:

NATIONAL BANK OF CANADA

Plaintiff
(Applicant)

-and-

ACTION ENERGY INC., NORTHERN GAS MARKETING INC. and GRIFFON PETROLEUM INC.

Defendants
(Respondents)

CONSENT TO ACT AS RECEIVER

Macleod Dixon LLP
Barristers & Solicitors
3700 Canterra Tower
400 Third Avenue S.W.
Calgary, Alberta
T2P 4H2
Howard A. Gorman
Telephone: (403) 267-8222
Fax: (403) 264-5973

File No. 264986

264986\391870.v1

Action No. ____________________
Affidavit of Murray D'Angelo
sworn October 26th, 2009

In the Court of Queen's Bench of Alberta
Judicial Centre of Calgary

BETWEEN:

NATIONAL BANK OF CANADA

Plaintiff
(Applicant)

-and-

ACTION ENERGY INC., NORTHERN GAS MARKETING INC. and GRIFFON PETROLEUM INC.

Defendants
(Respondents)

AFFIDAVIT OF MURRAY D'ANGELO
(Appointment of Receiver and Manager of Action Energy Inc.)

Macleod Dixon LLP
Barristers & Solicitors
3700 Canterra Tower
400 Third Avenue S.W.
Calgary, Alberta
T2P 4H2
Howard A. Gorman
Telephone: (403) 267-8222
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File No. 264986