

This is **Exhibit "12"** referred to in the Affidavit of Mark Horrox sworn before me this 5th day November, 2019.

A handwritten signature in black ink, appearing to read 'Chris Simard', written over a horizontal line.

CHRIS SIMARD  
Barrister and Solicitor

## CAPITAL LEASE AGREEMENT

THIS AGREEMENT made effective as of the 9<sup>th</sup> day of November, 2018.

BETWEEN:

**ACCEL CANADA HOLDINGS LIMITED**, a body corporate formed under the laws of Alberta (hereinafter referred to as "ACCEL")

- and -

**ACCEL CANADA RESOURCES LIMITED**, a body corporate formed under the laws of Alberta (hereinafter referred to as "LESSOR")

WHEREAS ACCEL is the legal and beneficial owner of the Facilities (as defined herein), as to those working interests set forth in Schedule "A" hereto, and ACCEL is the operator of the Facilities;

AND WHEREAS ACCEL has agreed to sell the Participating Interest to LESSOR and LESSOR has agreed to pay to ACCEL the fair market value of such Participating Interest pursuant to the terms and conditions hereinafter set forth;

AND WHEREAS ACCEL and LESSOR have agreed to enter into this Agreement for the purposes of leasing, owning, renting and operating the Facilities;

AND WHEREAS the Field Battery Assets and the Sour Gas Plant are designed to collect, separate and store Petroleum Substances produced from the Subject Areas prior to delivery into third party pipeline systems;

AND WHEREAS, LESSOR has agreed with ACCEL to permit ACCEL to rent the Facilities, upon the terms and conditions hereinafter set forth.

NOW THEREFORE, in consideration of the premises hereto and the mutual covenants and agreements hereinafter set forth, the parties hereto covenant and agree as follows:

### ARTICLE 1 INTERPRETATION

- 1.1 In this Agreement, including this Section 1.1, the recitals and the Schedules hereto, unless the context otherwise requires:
- (a) "ACCEL Notice of Exercise" has the meaning ascribed to it in Section 4.3 hereof;
  - (b) "ACCEL Option" has the meaning ascribed to it in Section 4.3 hereof;

- (c) "ACCEL ROFR" has the meaning ascribed to it in Section 4.2 hereof;
- (d) "AER" means the Alberta Energy Regulator;
- (e) "Affiliate" means, as to a Person, any other Person controlling, controlled by or under common control with that Person where "control", "controlling" or "controlled" means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of another Person, whether through the ownership of voting securities or by contract, partnership agreement, trust arrangement or other means, either directly or indirectly, that results in control in fact; provided that direct or indirect ownership of shares of a corporation or interests of a general partnership or voting securities of the general partner of a limited partnership carrying more than 50% of the voting rights shall constitute control of that corporation, general partnership or limited partnership, respectively;
- (f) "Agreement", "hereto", "hereof", "herein", "hereby", "hereunder" and similar terms mean and refer to this Lease Agreement and all written instruments made by the parties hereto to supplement, amend or confirm this Agreement;
- (g) "Collateral Documents" has the meaning set forth in Section 3.2 hereof;
- (h) "Confidential Information" means all information of a party, including without limitation: written communications, computer programs, photographs, financial and accounting books and records, specifications, reports, products, know-how, processes, technology, practices, correspondence, documents, and other information, whether written or otherwise, that is prepared or received by a party in connection with this Agreement and the payment to ACCEL for value attributable to the Facilities, but shall not include information that:
  - (i) is now or becomes in the public domain without the wrongful act or breach of this Agreement by another party;
  - (ii) is already known by the receiving party at the time of disclosure, or is rightfully received from a third party on a non-confidential basis, as demonstrated by reasonable evidence; or
  - (iii) is approved for release by the prior express written authorization of the party to whom such confidential information belongs;
- (i) "Credit Agreement" means that credit agreement dated the date hereof among, *inter alios*, LESSOR, as borrower, such other persons as guarantors thereunder, Third Eye Capital Corporation, as agent, and the lenders thereto;
- (j) "Credit Agreement Encumbrance" has the meaning set forth in Section 4.4 hereof;

- (k) "Cure Period" has the meaning ascribed to it in Section 7.2 hereof;
- (l) "Effective Date" means the date hereof;
- (m) "ETA" means the *Excise Tax Act* (Canada);
- (n) "Event of Force Majeure" means any event which is not within the reasonable control of the Party subject to such event, is not caused by such Party, does not result from the fault or negligence of such Party and with the exercise of due diligence could not reasonably be prevented, avoided or removed by such Party, which causes the Party claiming that an Event of Force Majeure occurred to be delayed, in whole or in part, or unable, using commercially reasonable efforts, to partially or wholly perform its obligations under this Agreement (other than any obligation for the payment of money) or that damages (or is reasonably expected to damage) equipment, including, without limitation but provided such events would otherwise meet the criteria set forth above:
  - (i) natural disasters; landslides; drought; fire or explosion; flood; unusual and extreme weather conditions, including those affecting visibility; earthquake; lightning; hail; hurricanes; tornados; tsunamis; dust storms; perils of sea; volcanic activity; civil disturbances, sabotage, war, blockades, insurrections, vandalism, riots, epidemics or pandemics; war (whether declared or undeclared) or other armed conflict; riot; explosions; strikes, lockouts or labour disturbances; terrorism or threats of terrorism; accidents in shipping or transportation (but solely to the extent such accident would itself be an Event of Force Majeure if the Person shipping or transporting were a party hereto); acts of God or the public enemy or natural catastrophes; and
  - (ii) the order of any court or the action, ruling, decree, injunction or directive of any governmental authority;
- (o) "Facilities" means the facilities described in Schedule "A" (including, without limitation, the Field Battery Assets and the Sour Gas Plant), inclusive of the machinery, equipment, facilities and other tangible depreciable property comprising any part thereof, and the Miscellaneous Interests relating thereto;
- (p) "Facilities Lease Fee" has the meaning ascribed thereto in Section 7.1;
- (q) "Field Battery Assets" means the machinery, equipment, facilities and other tangible property comprising the Facilities relating to the "Imperial Redwater Crude Oil Multi-Well Proration Battery" in Schedule "A" hereto;
- (r) "Financial Quarter" means a period of three consecutive months in each Financial Year ending on March 31, June 30, September 30 and December 31 of such year;

- (s) "GST" means the goods and services tax payable pursuant to the ETA or such other similar, amended or replacement legislation in force from time to time;
- (t) "Insolvency Event" means a Party hereto (i) becomes insolvent or generally not able to pay its debts as they become due, (ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit of creditors, (iii) institutes or has instituted against it any proceeding seeking (x) to adjudicate it a bankrupt or insolvent, (y) liquidation, winding up, administration, reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any applicable law relating to bankruptcy, insolvency, reorganization or relief of debtors including any proceeding under applicable corporate law seeking a compromise or arrangement of, or stay of proceedings to enforce, some or all of the debts of such Person, or (z) the entry of an order for relief or the appointment of a receiver, receiver-manager, administrator, custodian, monitor, trustee or other similar official for it or for any substantial part of its assets, and in the case of any such proceeding instituted against it (but not instituted by it), either the proceeding remains undismissed or unstayed for a period of thirty (30) days, such Person fails to diligently and actively oppose such proceeding, or any of the actions sought in such proceeding (including the entry of an order for relief against it or the appointment of a receiver, receiver-manager, administrator, custodian, monitor, trustee or other similar official for it or for any substantial part of its properties and assets) occurs, or (iv) takes any corporate action to authorize any of the above actions;
- (u) "Lease Objectives" has the meaning ascribed to it in Section 2.2 hereof;
- (v) "LESSOR Notice of Exercise" has the meaning ascribed to it in Section 4.4 hereof;
- (w) "LESSOR Put" has the meaning ascribed to it in Section 4.4 hereof;
- (x) "Manager" means ACCEL as operator of the Facilities;
- (y) "Maturity Date" means the date that is thirty-six (36) months after the Effective Date.
- (z) "Minimum Facilities Utilization" means, with respect to the Sour Gas Plant, an average daily volume over any three (3) consecutive calendar month period of not less than 90% of the total volume of all Petroleum Substances stored and processed by ACCEL in the Subject Areas during such time;
- (aa) "Miscellaneous Interests" means, subject to the limitations and exclusions below in this definition, all of ACCEL's right, title and interest in and to all property and rights that pertain directly to the Facilities (excluding the Facilities themselves), including:

- (i) subject to the provisions of Section 7.3, the Collateral Documents;
- (ii) surface rights;
- (iii) records, files, reports, data, correspondence and other information, including lease, contract and facilities files and records and emergency response plans; and
- (iv) all extensions, renewals, replacements, substitutions or amendments of or to any of the agreements and instruments described in paragraphs (i) and (ii);

however, the Miscellaneous Interests do not include any deposits or other security related to Permits or any operations pertaining to the Facilities.

- (bb) "**Operating Costs**" means all operating costs and expenses, including maintenance capital expenditures (other than capital costs) incurred in connection with the ownership, operation, testing, repair and maintenance of the Facilities, including, without limiting the generality of the foregoing, property taxes, surface Leases, fire and liability insurance, property insurance, boiler and machinery insurance, general liability insurance and pollution liability insurance, the cost of acquiring materials and supplies (excluding Petroleum Substances) consumed in the normal operation of the Facilities and overhead and administrative expenses;
- (cc) "**Participating Interest**" means a 100% undivided beneficial interest in and to the Facilities and a 99.99% undivided legal interest in and to the Facilities, unless the Retained Interest is transferred to LESSOR in accordance with the provisions of Section 3.7, in which case, following such transfer, Participating Interest means a 100% undivided legal and beneficial interest in and to the Facilities;
- (dd) "**Parties**" means ACCEL and LESSOR, and "**Party**" shall mean any one of them;
- (ee) "**Permits**" means, all licences, permits, approvals and authorizations granted or issued by any governmental authorities and relating to the construction, installation, ownership, use or operation of the Facilities including, without limitation, the licenses issued by the AER for the operation of the Facilities under the *Oil and Gas Conservation Act* (Alberta).
- (ff) "**Permitted Encumbrances**" means, in respect of any Person at any time:
  - (i) liens for taxes, assessments and governmental charges which are not due or delinquent at such time, or the validity of which is being contested in good faith by such Person;
  - (ii) mechanics', builders', materialmen's or similar liens for services rendered or goods supplied for which payment is not due or

delinquent at such time, or the validity of which is being contested in good faith by such Person;

- (iii) easements, rights of way, servitudes and other similar rights in land, including rights of way and servitudes for highways and other roads, railways, sewers, drains, gas and oil pipelines, gas and water mains and electric light, power, telephone, telegraph and cable television conduits, poles, wires and cables;
  - (iv) the right reserved to or vested in any governmental authority by the terms of any lease, license, franchise, grant or permit or by any applicable law, to terminate any such lease, license, franchise, grant or permit;
  - (v) the terms of the Collateral Documents; and
  - (vi) liens or security granted in the ordinary course of business to a public utility, municipality or governmental authority in connection with operations pertaining to the Facilities.
- (gg) "**Person**" means an individual, partnership, corporation, trust, unincorporated organization, government, or any department or agency thereof, and the successors and assigns thereof or the heirs, executors, administrators or other legal representatives of an individual;
- (hh) "**Petroleum Substances**" means petroleum, natural gas and natural gas liquids, and related hydrocarbons produced in association with any of the foregoing;
- (ii) "**Purchase Amount**" means the amount of \$20,000,000 to be paid by LESSOR to ACCEL pursuant to the terms of Section 3.1 hereof exclusive of any applicable GST and any applicable Sales Taxes;
- (jj) "**Retained Interest**" has the meaning ascribed to it in Section 3.4(a) hereof;
- (kk) "**Sales Taxes**" means sales taxes, value added taxes, business transfer taxes or any other taxes, other than GST;
- (ll) "**Sour Gas Plant**" means the Redwater Gas Conservation & Sulphur Recovery Plant as set forth in Schedule "A" hereto;
- (mm) "**Subject Areas**" means, collectively, the areas of Alberta set forth in Schedule "B" attached hereto; and
- (nn) "**Third Party Fees**" means all revenues received by ACCEL or its Affiliates for the use of the Facilities by third parties.

1.2 Time shall, in all respects, be of the essence in each of the terms, covenants, obligations and conditions in this Agreement.

- 1.3 The division of this Agreement into articles, sections and subsections and the provision of headings for any division of this Agreement are for convenience of reference only and shall not affect the construction or interpretation of this Agreement.
- 1.4 Any word contained herein importing the singular shall include the plural and vice versa and any word importing gender shall include masculine, feminine and neuter.
- 1.5 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 the Parties hereby irrevocably submit to the exclusive jurisdiction of the courts of the Province of Alberta for all matters arising out of or in connection with this Agreement or any of the transactions contemplated hereby.
- 1.6 Any reference in this Agreement to "generally accepted accounting principles" or "IFRS" means International Financial Reporting Standards or generally accepted accounting principles applicable to public companies in Canada at the relevant time.
- 1.7 All dollar amounts referred to in this Agreement are stated in Canadian dollars.
- 1.8 All amounts hereunder are exclusive of GST and any applicable Sales Taxes.
- 1.9 The following are the schedules annexed to and incorporated in this Agreement by reference and deemed to be a part hereof:
- (a) Schedule "A" - Description of the Facilities; and
  - (b) Schedule "B" - the Subject Areas.
- 1.10 References to ACCEL herein include ACCEL in its capacity as Manager and/or operator of the Facilities, as the context requires.

## ARTICLE 2 LEASE OBJECTIVES

- 2.1 The Parties shall limit the operations under this Agreement to the Lease Objectives (as that term is defined in Section 2.2).
- 2.2 The purpose, nature and character of the business to be performed under this Agreement shall be limited:
- (a) to refinance the capital value of the Facilities and transfer to LESSOR the Participating Interest;
  - (b) to permit, as applicable, the processing, separation and storing of Petroleum Substances owned or controlled by ACCEL and other parties from the Subject Areas and for ACCEL's operations pertaining to the Subject Areas;

- (c) to provide for the ongoing lease, operation, testing, repair and maintenance of the Facilities; and
- (d) to engage in such other activities incidental or ancillary to the matters referred to in paragraphs (a), (b) and (c) above,

all of which are collectively referred to in this Agreement as the "Lease Objectives".

- 2.3 This Agreement does not create a partnership, agency or other fiduciary relationship between the Parties. No Party shall be considered to be an agent or representative of any other Party or have any authority or power to act for or to undertake any obligation on behalf of the other Parties, except as expressly contained in this Agreement.
- 2.4 Each Party shall have the absolute right to commence, continue, expand, diminish or cease to carry on any business (provided such cessation of business would not affect such Party's obligations under this Agreement) or undertaking whatsoever (including the acquisition, development, leasing, sale, operation and management of any oil and gas properties and facilities) and to engage in undertakings separate and apart from those relating to the Lease Objectives without any accountability to any other Party. A Party shall not, by reason of this Agreement, have any interest in any other property now owned or hereafter acquired by any other Party or in any other undertaking of other Parties, whether or not similar to the Lease Objectives.
- 2.5 Pursuant to this Agreement, the Parties agree to file a joint election pursuant to Section 16.1 of the *Income Tax Act* (Canada).

### ARTICLE 3 REIMBURSEMENT OF VALUE, LEASE AND OPERATION OF THE FACILITIES

- 3.1 In consideration of the transfer by ACCEL to LESSOR of the Participating Interest, LESSOR covenants to pay to ACCEL the Purchase Amount. LESSOR shall pay the Purchase Amount on the Effective Date by way of wire transfer to an account designated by ACCEL prior to the Effective Date.
- 3.2 Upon payment by LESSOR of the Purchase Amount pursuant to Section 3.1 hereof, ACCEL shall hereby have sold, and LESSOR shall hereby have purchased and shall be entitled to, its Participating Interest. The Participating Interest of LESSOR shall be held subject to the Permitted Encumbrances and the Credit Agreement Encumbrance, all the terms and provisions of all Permits issued by regulatory authorities in respect of the Facilities and any other agreements or instruments relating to the ownership and operation of the Facilities, including any third party agreements pertaining to the use of the Facilities (the "Collateral Documents"), but LESSOR shall not, except as expressly provided in this Agreement, have any liabilities or obligations in respect of the Collateral Documents. LESSOR is entitled to obtain a copy of any Collateral Documents upon written request to ACCEL.

3.3 Notwithstanding any other provision of this Agreement, but subject to payment by LESSOR of the Purchase Amount, ACCEL shall be solely liable for and shall pay and shall indemnify and hold LESSOR harmless from and against all Operating Costs incurred or for which a liability arose: (i) prior to the Effective Date; or (ii) during the period commencing on the Effective Date and continuing until the date on which ACCEL ceases to have an interest (including the Retained Interest or legal title) in the Facilities. ACCEL further agrees to be solely liable for and to indemnify and save harmless LESSOR from all claims, demands, proceedings, fines, losses, damages, liabilities, deficiencies, accrued and future asset retirement, abandonment and reclamation obligations, costs and expenses arising directly or indirectly in connection with the ownership, testing, repair, maintenance and operation of the Facilities: (i) prior to the Effective Date; or (ii) during the period commencing on the Effective Date and continuing until the date on which ACCEL ceases to have an interest (including the Retained Interest or legal title) in the Facilities (regardless of whether such claims, demands, proceedings, fines, losses, damages, liabilities, deficiencies, obligations, costs or expenses are known or unknown at the time ACCEL ceases to have an interest in the Facilities).

3.4 During the term of this Agreement, ACCEL:

- (a) shall retain an undivided 0.01% legal interest in and to the Facilities (the "Retained Interest") and shall hold the Retained Interest as a nominee and bare trustee for and on behalf of LESSOR, as beneficial owner of the Retained Interest, in accordance with the provisions of Section 3.7 herein;
- (b) shall not, except for Permitted Encumbrances or the Credit Agreement Encumbrance as herein provided, sell, sub-lease, mortgage, encumber or otherwise dispose of the Retained Interest and its interest under this Agreement without the prior written consent of LESSOR, which consent may be withheld in the LESSOR's sole and absolute discretion; and
- (c) except to the extent that ACCEL is permitted or required to do so in the performance of its obligations as Manager of the Facilities, having regard to the best interests of LESSOR as the owner of the Participating Interest, shall not, without the prior written consent of LESSOR, such consent not to be unreasonably withheld, agree to or cause any amendment, modification or alteration of the underlying Collateral Documents.

3.5 Permits

- (a) ACCEL, in its capacity as Manager and owner of the Retained Interest, shall continue to hold the Permits for the Facilities issued by the Alberta Energy Regulator. ACCEL shall, in accordance with the standard of a reasonably prudent operator of facilities which are comparable to the Facilities, maintain such Permits in accordance with the Regulations.

- (b) If ACCEL has committed an Insolvency Event, LESSOR may require ACCEL to transfer to it or its designee the Permits on written notice delivered to ACCEL by LESSOR ("Transfer Notice"). On receipt of a Transfer Notice, ACCEL shall electronically submit an application to the AER for approval of the transfers of the Permits to LESSOR or its designee not later than five (5) Business Days following receipt of the Transfer Notice. If the AER does not approve all of any portion of such licence transfers, ACCEL shall thereupon hold such portion of the Permits that have not been transferred to LESSOR as bare trustee for and on behalf of LESSOR.
- (c) ACCEL shall on a timely and continuing basis keep LESSOR apprised and informed regarding all communications ACCEL may have with the AER in respect of the Permits, including all communications in relation to any transfers of the Permits pursuant to Section 3.5(b) hereof or otherwise and shall provide copies to LESSOR of all related correspondence from ACCEL to the AER, and ACCEL shall instruct the AER to provide copies to LESSOR of all related correspondence from the AER to ACCEL.

3.6 Notwithstanding any other provision contained in this Agreement to the contrary:

- (a) ACCEL shall pay to LESSOR an amount equal to any and all GST and any applicable other Sales Taxes imposed on LESSOR with respect to the Facilities Lease Fee payable by ACCEL under this Agreement, it being the intention of the parties that LESSOR shall be fully reimbursed by ACCEL with respect to any and all GST and any applicable other Sales Taxes payable by LESSOR.
- (b) Concurrently with the purchase by LESSOR of its Participating Interest, LESSOR will pay ACCEL all GST or other Sales Taxes payable or assessed in respect of the purchase of the Participating Interest and LESSOR shall indemnify, defend and save harmless ACCEL in respect of all such GST and other Sales Taxes payable or assessed in respect of the purchase and any interest and penalties levied or imposed in connection therewith, except to the extent that such penalty, interest or other amounts payable by ACCEL is the result of any act or omission by ACCEL (including the failure of ACCEL to collect or remit such GST or other Sales Taxes at the Effective Date). ACCEL shall remit all such GST or other Sales Taxes to the applicable government authority(ies).

3.7 Nominee and Bare Trust

- (a) Upon the Effective Date and thereafter, LESSOR appoints ACCEL to hold bare legal title to the Retained Interest as nominee and bare trustee for and on behalf of LESSOR.
- (b) ACCEL hereby acknowledges, covenants and agrees that except as otherwise provided herein:

- (i) it will hold bare legal title to the Retained Interest as and from the Effective Date and all right, title and interest therein and benefit to be derived therefrom, as nominee and bare trustee for and on behalf of LESSOR;
  - (ii) that ACCEL otherwise has no legal or beneficial interest in and to the Retained Interest; and
  - (iii) all attributes of the beneficial ownership of the Retained Interest shall be and remain in LESSOR.
- (c) ACCEL covenants and agrees to hold the Retained Interest for and on behalf of LESSOR, to deal therewith only as set forth herein or as specifically directed by LESSOR in writing and that it will do no act relating to the Retained Interest (including, without limitation, amending, releasing, surrendering, terminating or otherwise modifying any Permit or Collateral Document) without the express authorization and direction in writing of LESSOR.
- (d) ACCEL shall enter into, execute and deliver all such instruments relating to the Retained Interest as may be reasonably requested from time to time by LESSOR. Except for Permitted Encumbrances, as directed by LESSOR or otherwise as permitted hereunder, ACCEL shall not convey, transfer, assign, mortgage, charge, encumber or otherwise deal with the Retained Interest, nor enter into any instruments of any kind whatsoever with respect to the Retained Interest or any portion thereof or any interest therein. LESSOR may at any time direct that ACCEL convey, transfer and assign the Retained Interest to LESSOR. If the Retained Interest is transferred to LESSOR, then the provisions of this Section 3.7 shall terminate and be of no further force or effect.
- (e) ACCEL shall promptly transmit to LESSOR copies of all notices, claims, demands and other communications which ACCEL may receive and which relate in any way to the Retained Interest and any of the Permits.
- (f) ACCEL hereby irrevocably appoints LESSOR as its attorney to, in the name of and on behalf of ACCEL at any time and from time to time, take any necessary steps in order to deal in any manner whatsoever with the Retained Interest or any portion thereof or any interest therein, provided that this irrevocable appointment as attorney shall in no way release ACCEL from itself observing and performing its obligations in this Section 3.7.
- (g) It is understood and agreed between the parties hereto that the relationship between LESSOR and ACCEL under this Section 3.7 shall be that of principal and bare nominee only, that there is no intention to create a relationship of partnership between LESSOR and ACCEL, and that this Section 3.7 should not be construed to create any trust, association or joint venture between LESSOR and ACCEL except as is set forth in this Section 3.7.

- (h) The provisions of this Section 3.7 shall survive the execution and delivery of this Agreement.

**ARTICLE 4**  
**TRANSACTIONS INVOLVING THE PARTICIPATING INTEREST**

- 4.1 Subject to Section 4.4 and anything contained in the Collateral Documents, LESSOR shall not assign, transfer, convey or otherwise dispose of its Participating Interest or any portion thereof in any Facility without the prior written consent of ACCEL. The consent of ACCEL may not be unreasonably withheld provided LESSOR has complied with Section 4.2 and the assignee or transferee executes transfer documentation and an acknowledgement in which the transferee or assignee agrees, among other things, to be novated into and bound by the terms of this Agreement, and to hold its Participating Interest in the Facility subject to the terms of any Collateral Documents and any other documentation required by the Collateral Documents.
- 4.2 If LESSOR wishes to assign, sell or dispose of, or has received an offer which it is willing to accept for the assignment, sale or disposition of all or part of its Participating Interest in a Facility (in this Section 4.2 called the "Subject Interest"), LESSOR shall give written notice thereof to ACCEL. LESSOR's notice shall contain the terms and conditions of the proposed assignment, sale or disposition, including the consideration to be received for the Subject Interest (including a bona fide estimate of the value of any non-cash consideration) and the name of the offering party ACCEL shall have the right for a period of forty-five (45) days after receipt of the written notice from LESSOR to elect in writing to acquire the Subject Interest from LESSOR on the terms and conditions contained in the notice (the "ACCEL ROFR"). ACCEL, if it so elects, shall be obligated to acquire the Subject Interest in its entirety. If ACCEL declines or fails to elect within the said notice period to acquire the Subject Interest, LESSOR shall, subject to Section 4.1, be free for a period of ninety (90) days next following the expiry of the notice period, to assign, sell or dispose of the Subject Interest on the terms and conditions and to the offering party stipulated in its offer, but not after the said 90 day period, nor otherwise than as so stipulated, without again complying with the provisions of this Section 4.2.
- 4.3 Provided that the Obligations (as defined therein) under the Credit Agreement have been fully repaid thereunder (and, as a result thereof the Credit Agreement Encumbrance has been satisfied and released), and that ACCEL has not exercised the ACCEL ROFR set forth in Section 4.2 and subject to the terms and conditions in this Section 4.3, ACCEL shall have the option (the "ACCEL Option") to acquire the Participating Interest of LESSOR, including in the event LESSOR is subject to an Insolvency Event, at the time and for the amount described below. ACCEL may exercise the ACCEL Option by giving not less than thirty (30) days written notice thereof to LESSOR (the "ACCEL Notice of Exercise"). Upon expiry of such thirty (30) day notice period, and on such date as shall be agreed between the Parties, but in any event not later than forty five (45) days following delivery of the Notice of Exercise; the Parties shall close the acquisition by ACCEL of the Participating Interest of

LESSOR whereby, *inter alia*: (a) ACCEL shall pay to LESSOR by wire transfer an amount equal to the Purchase Amount and, if applicable, any amounts owing to LESSOR on account of the Facilities Lease Fee; (b) LESSOR shall assign the Participating Interest free and clear of all security interests (subject only to the Permitted Encumbrances, and the Collateral Documents, if any) to ACCEL, or such other party as ACCEL may designate, including, if applicable, the delivery by LESSOR to ACCEL of registrable discharges of any such security or encumbrances granted by or at the direction of LESSOR; and (c) ACCEL shall assume and release or indemnify LESSOR from any and all liabilities relating to the operation and abandonment of the Facilities.

- 4.4 Notwithstanding any other provision in this Agreement and without being required to comply with the ACCEL ROFR in Section 4.2, ACCEL hereby consents to LESSOR encumbering the Facilities and its Participating Interest (and any subsequent assignment of the Facilities and its Participating Interest in connection with any enforcement of such encumbrances) in connection with any financing thereof by LESSOR or any Affiliate of LESSOR, including and specifically that LESSOR may grant a security interest in the Participating Interest or any portion thereof to secure the Obligations (as defined therein) under the Credit Agreement (the "Credit Agreement Encumbrance") without the prior written consent of ACCEL. Further, for clarity, all purported transfers and other transactions (including the ACCEL ROFR and the ACCEL Option) are subject to the terms and provisions of the Credit Agreement.
- 4.5 If ACCEL wishes to assign, sell or dispose of, or has received an offer which it is willing to accept for the assignment, sale or disposition of (i) a material portion of its interests in the Subject Areas, or (ii) except for the sale of Petroleum Substances in the ordinary course of business, all of its interests in the producing petroleum and natural gas rights in the Subject Areas, (in this Section 4.5 called the "Subject Interest"), ACCEL shall give written notice thereof to LESSOR and in the event of an assignment, sale or transfer of the Subject Interest, such third party shall assume the obligations under this Agreement and ACCEL shall use commercially reasonable efforts to provide, as a term and condition of such assignment, sale or transfer, that such third party shall agree to use the Facilities on terms reflective of then-prevailing market rates for the use of the Facilities.

## ARTICLE 5 MANAGER

- 5.1 ACCEL shall be Manager and operator of the Facilities and shall make all decisions and elections and to perform all duties with respect to the operation and use of the Facilities and the Permits, including, without limiting the generality of the foregoing, all decisions and elections required to be made and all duties required to be performed by LESSOR pursuant to this Agreement and any decisions or elections required to be made and all duties required to be performed pursuant to any Collateral Documents, pursuant to a direction of AER or otherwise by applicable law. The Manager shall be an independent contractor in conducting the management of the Facilities. LESSOR

agrees that it shall be bound by all lawful decisions and elections made by the Manager in respect of the operation of the Facilities and that it shall not bring or have any claim or action against the Manager for any decision or election made or duty performed by the Manager provided such decision or election is lawful and is made or such duty performed in good faith and without wilful misconduct or gross negligence.

5.2 The Manager, except as expressly provided elsewhere in this Agreement, and at its own cost and expense:

- (a) will provide office space, equipment and accounting, engineering and clerical staff necessary for the ownership and operation of the Facilities. LESSOR is not required to engage employees for its own account;
- (b) will keep and maintain at all times true and accurate books, records and accounts containing full and complete particulars of all operations, receipts and disbursements relating to the Participating Interest and the contractual rights of the Parties hereunder and, upon request by LESSOR, shall make available such books, records and accounts to LESSOR or its agents, at all reasonable times;
- (c) will conduct and cause to be conducted all operation of the Facilities hereunder in the manner of a reasonable and prudent operator and in accordance with good industry practice;
- (d) except as otherwise provided herein, will maintain the interest of LESSOR in the Participating Interest in the Facilities free from all liens, charges and encumbrances except for Permitted Encumbrances and the Credit Agreement Encumbrance and such liens, charges or encumbrances which may be created or granted by LESSOR;
- (e) will comply in all material respects with all of the terms of any Collateral Documents and obtain and maintain in good standing all required permits and approvals;
- (f) will procure and maintain insurance (and LESSOR (or a nominee thereof) shall be listed as first loss payee on each certificates of insurance) against such risks and in such amounts as would a reasonably prudent operator engaged in the ownership, operation of a facility similar to the Facilities, including property insurance, boiler and machinery insurance, general liability insurance, business interruption insurance and pollution liability insurance;
- (g) shall exercise the powers and discharge the duties of Manager and in this respect will manage, control and operate the Facilities and will cause to be done any and all acts necessary, appropriate or incidental to carrying out the purpose and business of the Lease Objectives and will do so honestly and in good faith;

- (h) will provide from time to time the representatives of LESSOR, upon reasonable notice by LESSOR to the Manager, access to the Facilities to enable LESSOR to inspect and ensure proper care and maintenance of the equipment listed in Schedule "A"; and
  - (i) will provide to LESSOR such information regarding the ownership and operation of the Facilities as LESSOR may from time to time request.
- 5.3 The Manager shall ensure that the proceeds of all policies of insurance referred to in Section 5.2(f) are used (i) to rebuild or refurbish the Facilities as promptly as reasonably practicable, as may be necessary to restore the Facilities to no lesser than the operating specifications as of the date hereof, or (ii) as may otherwise be directed by the Parties.
- 5.4 For such periods of time where ACCEL is Manager of the Facilities, LESSOR shall have no responsibility or liability whatsoever arising as a result of, and ACCEL shall indemnify LESSOR against liability for:
- (a) losses or damages incurred or sustained in connection with the maintenance and operation of the Facilities;
  - (b) changes in the quality or characteristics of ACCEL's Petroleum Substances or for any losses or damages resulting from the commingling of ACCEL's Petroleum Substances with other Petroleum Substances;
  - (c) any loss or destruction of Petroleum Substances owned by ACCEL or any environmental damage that may ensue as a result of any mechanical or structural failure in the operation of the Facilities;
  - (d) all royalties, overriding royalties, production payments and all other taxes and payments chargeable against ACCEL's share of Petroleum Substances;
  - (e) any costs, actions, claims or losses, express or implied, whatsoever suffered by or brought against LESSOR resulting from any Person, firm, corporation or body politic claiming an interest in the Petroleum Substances stored at the Facilities, if applicable, by ACCEL, any of its Affiliates or any other Person, firm, corporation or body politic;
  - (f) any breach of or default by ACCEL under this Agreement; and
  - (g) any and all losses caused by, resulting or arising from or otherwise relating to, directly or indirectly, a breach by ACCEL of, or non-compliance by ACCEL with, any applicable laws (including, without limitation, environmental laws) and any rules, directives, orders, policies or other regulations of any other governmental or regulatory authority,

in each case, for which a liability arose (i) prior to the Effective Date; or (ii) during the period commencing on the Effective Date and continuing until the date on which neither ACCEL or LESSOR have an interest (including legal title) in the Facilities.

- 5.5 Except as otherwise provided herein, LESSOR shall indemnify and save harmless the Manager, its Affiliates, directors, officers, agents or employees from and against any and all actions, causes of action, suits, claims, demands, costs, losses and expenses resulting from any loss, expense, injury, death or damage respecting any person (including LESSOR), which may be brought against or incurred or suffered by the Manager, its Affiliates, directors, officers, agents or employees, or which the Manager, its Affiliates, directors, officers, agents or employees may sustain, pay, incur by reason of, or which may be attributable to or arise out of, any action or omission of LESSOR, its Affiliates, directors, officers, agents or employees, except in each case to the extent such loss, expense, injury, death or damage is a result of, or is attributable to, the unlawful act or omission of the Manager, the gross negligence or willful misconduct of the Manager, its Affiliates, directors, officers, agents or employees or the failure of the Manager to comply with its obligations hereunder in all material respects.

#### ARTICLE 6 USE OF FACILITIES

- 6.1 In consideration for the payment set out in Section 7.1, ACCEL shall have possession and use of the Facilities for the term of this Agreement.
- 6.2 ACCEL shall have possession and use of the Facilities on an "as is-where is" basis and LESSOR shall not be responsible to ACCEL for quality or performance of the Facilities rented to ACCEL hereunder.
- 6.3 ACCEL shall, during the term hereof, and at its sole risk and expense, be responsible for maintaining all facilities and equipment as may be necessary to use the Facilities as contemplated in Section 6.4.
- 6.4 Subject to:
- (a) the terms and conditions of the Collateral Documents;
  - (b) all applicable laws and regulations; and
  - (c) ACCEL's duties and standards of care as Manager;

ACCEL hereby agrees to, and to cause its Affiliates to use the Facilities, for so long as the Facilities are capable of being safely and economically used, for ACCEL's oil and gas operations within the Subject Areas and, with respect to the Sour Gas Plant, to ensure that the Minimum Facilities Utilization threshold is satisfied (except to the extent resulting from an Event of Force Majeure) and with respect to the Sour Gas Plant, to use commercially reasonable efforts to use the Sour Gas Plant in preference to any other facilities utilized for the same or similar purpose that ACCEL may have access to as operator of its oil and gas assets in the Subject Areas.

- 6.5 It is understood and agreed that LESSOR shall not and does not hereby acquire title to any Petroleum Substances. It is further understood and agreed that Petroleum Substances owned by ACCEL may be commingled with Petroleum Substances owned by other producers.
- 6.6 Other than as specifically provided herein, ACCEL shall not be required to pay additional fees for the use of the Facilities during the term of this Agreement.
- 6.7 The rights and obligations of the Parties contained in this Article 6 shall remain in full force and effect until termination of this Agreement.

**ARTICLE 7**  
**FACILITIES LEASE & THIRD PARTY FEES**

- 7.1 ACCEL shall pay to LESSOR a facilities lease fee (the "Facilities Lease Fee") for the use of the Facilities, being both:
- (a) \$230,000 on the first day of each month following the Effective Date; and
  - (b) Seean amount equal to \$23,000,000, together with any accrued unpaid interest and fees and any other obligations then outstanding in connection with this Agreement, on the Maturity Date; *provided that* such payment shall be on a Business Day and if such day is not a Business Day, such payment shall be on the immediately following Business Day. The Parties acknowledge that the amount paid hereunder shall equal the Purchase Amount inclusive of any and all GST or Sales Taxes paid by LESSOR to ACCEL on the Effective Date irrespective of whether GST or Sales Taxes are levied or not levied on the transaction of repurchase by ACCEL from LESSOR on the Maturity Date or at any other applicable time hereunder.
- 7.2 Should ACCEL fail to pay any amount payable by it under this Agreement when due, the amount shall bear interest at a rate per annum equal to [five] percent (5%) per annum from the date payment was due to the date of payment. If any amount due hereunder is not paid on the date such payment is due hereunder and ACCEL does not remedy such default within five (5) business days (the "Cure Period"), then LESSOR shall have the right, upon the expiration of the Cure Period (or earlier written notice received by LESSOR from ACCEL that it will not be able to remedy the default) to notify ACCEL of LESSOR's election to terminate this Agreement in accordance with Article 9.
- 7.3 Third Party Fees received or accrued by ACCEL or any of its affiliates pursuant to existing Collateral Documents or any contracts that the Manager or its Affiliates may, in its sole discretion, negotiate for the use of the Facilities shall, in consideration of the performance by ACCEL of its obligations as Manager pursuant to Article 5, be receivable and retained by ACCEL for its own account.

## ARTICLE 8 CONFIDENTIALITY

- 8.1 The Parties agree that all Confidential Information they may receive as a result of or in connection with the work carried out under this Agreement shall be the exclusive property of the Parties hereto, shall be classified as confidential and treated as proprietary, and shall not be shared or traded with any other Person whatsoever, except as permitted hereunder.
- 8.2 Each Party agrees that it will comply with all confidentiality provisions contained in any contract between the Parties hereto and a third party made in connection with this Agreement or the Lease Objectives, as if it were a party to such contract, during the term of this Agreement, as well as subsequent to the termination of this Agreement.
- 8.3 Notwithstanding the provisions of Sections 8.1 and 8.2, any Party, without the consent of the other, may at any time provide disclosure as required in the following circumstances: (i) disclosure to duly organized stock exchanges or other regulatory bodies; (ii) disclosure required by governments, their agencies or other regulatory authorities having or purporting to have jurisdiction; (iii) disclosure required by any financial institution with whom a Party is attempting to obtain financing or has existing financing arrangements including pursuant to the Credit Agreement; (iv) disclosure to its legal and financial advisors, provided such disclosure is made under a duty of confidentiality; (v) disclosure required by law; (vi) disclosure by LESSOR to a prospective purchaser of a Participating Interest or a prospective replacement operator or Manager of the Facilities, provided such disclosure is made under a duty of confidentiality; or (vii) disclosure by ACCEL to a prospective purchaser of its interest in the Subject Areas or a prospective replacement operator or Manager of the Facilities, provided such disclosure is made under a duty of confidentiality.
- 8.4 The Parties shall take all reasonable steps to ensure the observance of the restrictions set forth in this Article 8 by the Parties, and by their employees, officers and directors, and shall take all reasonable steps to minimize the risk of disclosure of Confidential Information by such Persons.
- 8.5 The obligation of confidentiality contained herein shall survive the termination of this Agreement for a period of one year.
- 8.6 The Parties shall consult with one another before making, and shall use commercially reasonable efforts to agree upon the content of, any news release or other public disclosure in connection with this Agreement.

## ARTICLE 9 TERMINATION

- 9.1 Except as otherwise provided herein, this Agreement shall continue until the earlier of:

- (a) the Maturity Date, and the payment of all amounts (including all payments of the Facilities Lease Fee pursuant to Section 7.1) payable by ACCEL hereunder; or
- (b) provided all Obligations under the Credit Agreement have been fully satisfied in full and the Credit Agreement Encumbrance has been removed, such date as is mutually agreed upon by the Parties.

Any such termination shall not affect the rights and remedies of ACCEL and LESSOR that accrued prior to such termination or that arise as a result thereof.

- 9.2 In the event of the termination of this Agreement pursuant to Section 9.1(a), LESSOR shall assign, transfer and convey all of its Participating Interest, free and clear of all security interests (subject only to the Permitted Encumbrances, the Collateral Documents (if any) and, unless all Obligations under the Credit Agreement have been satisfied in full, the Credit Agreement Encumbrance), to ACCEL, together with all benefits and advantages to be derived therefrom, and ACCEL shall accept such assignment and transfer of the Participating Interest in consideration for the payment of an amount equal to \$1.00 to LESSOR and the assumption by ACCEL, and the release of LESSOR from, any and all liabilities relating to the operation and abandonment of the Facilities.

#### ARTICLE 10 REPRESENTATIONS, WARRANTIES AND COVENANTS

- 10.1 LESSOR represents, warrants and acknowledges to ACCEL that:

- (a) it is a corporation duly formed under the laws of the Province of Alberta and it has the necessary legal capacity and authority to execute and deliver this Agreement and to observe and perform its covenants and obligations hereunder and this Agreement constitutes a legal, valid and binding contract of LESSOR enforceable against it in accordance with its terms and will not result in a violation of any of LESSOR's constating documents, any of the terms or provisions of any law applicable to LESSOR or any agreement to which LESSOR is a party or by which it is bound;
- (b) the head office or principal place of business of LESSOR is located at the address set forth in Section 12.5 and LESSOR is acting as principal for its own account, and not for the benefit of any other Person; and
- (c) LESSOR has such knowledge in financial and business affairs as to be capable of evaluating the merits and risks of its investment in Facilities, is capable of assessing the proposed investment as a result of its management experience or as a result of advice received from a Person registered under applicable securities legislation, is aware of the risks relating to an investment in the Facilities and is able to bear the economic risk of loss of its investment in the Facilities.

10.2 ACCEL represents and warrants to LESSOR that:

- (a) ACCEL is a corporation duly formed under the laws of the Province of Alberta and it has the necessary legal capacity and authority to execute and deliver this Agreement and to observe and perform its covenants and obligations hereunder and has obtained all necessary approvals in respect thereof and this Agreement constitutes a legal, valid and binding contract of ACCEL enforceable against it in accordance with its terms and will not result in a violation of ACCEL's constating documents, any of the terms or provisions of any law applicable to ACCEL or any agreement to which ACCEL is a party or by which it is bound;
- (b) ACCEL has not done any act or thing whereby title to the Facilities may be encumbered, alienated, cancelled or determined, and the Facilities are free and clear of all liens, charges and encumbrances (other than Permitted Encumbrances or the Credit Agreement Encumbrance);
- (c) to ACCEL's knowledge, ACCEL is not in material default under any title and operating documents pertaining to the Facilities, nor has it failed to comply with, perform, observe or satisfy, in all material respects, any term, condition, obligation or liability which has heretofore arisen under the provisions of any of such title and operating documents;
- (d) ACCEL has not received from any third party or government authority notice of material violation of or material default under any title and operating document, permit, applicable law or other obligation, agreement, document, order, writ, injunction or decree of any government authority that relates to the Facilities and, to ACCEL's knowledge, no particular circumstance presently exists which may give rise to any such violation or default and, additionally, to ACCEL's knowledge, there are no such outstanding defaults or notices of default in relation to any third party or governmental authority;
- (e) to ACCEL's knowledge, all construction and operations in respect of the Facilities have been conducted in accordance with good oilfield industry practices, and to ACCEL's knowledge, all applicable law, all Permits and the requirements of all government authorities have been complied with in all material respects with respect to the construction and operation of the Facilities;
- (f) ACCEL has not received notice from any third party claiming an interest in and to the Facilities adverse to the interest of ACCEL and ACCEL has no reason to believe that any such claim may be made;
- (g) the Field Battery Assets are personal property and are not (nor will they be as a result of their use by ACCEL) considered to be a fixture to any real property or any interest therein;

- (h) ACCEL has all required rights in the real property upon which the Facilities are located in order to permit ACCEL to access, operate, repair and maintain the Facilities; and
- (i) each of the Field Battery Assets and the Sour Gas Plant comprise a material component of the equipment and assets required by ACCEL in order to operate its business in the Subject Area in accordance with good industry practice.

**10.3 ACCEL covenants to LESSOR that:**

- (a) ACCEL will not do any act or thing whereby title to the Facilities, the Participating Interest and the Retained Interest may be encumbered, alienated, cancelled or determined, and the Facilities are free and clear of all liens, charges and encumbrances, other than Permitted Encumbrances or the Credit Agreement Encumbrance;
- (b) ACCEL will comply with, perform, observe or satisfy, in all material respects, any term, condition, obligation or liability under the provisions of any of the Collateral Documents, if any;
- (c) ACCEL will not expand, supplement, replace, reconfigure, rebuilt, substitute or decommission the Facilities or any part thereof without the prior written consent of LESSOR;
- (d) ACCEL will repair and maintain the Facilities in accordance with good oilfield industry practices, will maintain all Permits with respect to the construction and operation of the Facilities; and
- (e) no later than forty-five (45) days after the end of each Financial Quarter, ACCEL will deliver to LESSOR a report calculating the Minimum Facilities Utilization for such Financial Quarter, including, without limitation, volumes of Petroleum Substances going through the Field Battery Assets, details of Operating Costs and maintenance activities regarding the Facilities performed, contract pricing discussions regarding other areas than the Subject Areas, the status of Permits and Third Party Fees and the annual operating budget and expected capital expenditures regarding the Facilities.

**ARTICLE 11  
FORCE MAJEURE**

- 11.1** Subject to the other provisions of this Article 11, a Party's obligations under this Agreement shall be suspended when and to the extent its performance of such obligations are prevented due to an Event of Force Majeure. Neither Party's obligations to pay money shall be suspended by an Event of Force Majeure regardless of the claiming Party.

- 11.2 The Party claiming an Event of Force Majeure shall give verbal notice, as soon as possible after the happening of an Event of Force Majeure, followed by prompt written notice, to the other Party that it is unable by reason of the Event of Force Majeure (the nature of which shall be therein specified) to perform its obligations under this Agreement.
- 11.3 The Party claiming Force Majeure shall promptly remedy the cause and effect of the Event of Force Majeure described in the notice delivered under Section 11.2 insofar as it is commercially reasonably able to do so. Notwithstanding the foregoing, the Party claiming Force Majeure is not required to settle any strike, lockout or other labour dispute in which it may be involved, and the terms of the settlement of any strike, lockout, or other labour dispute will be wholly in the discretion of the Party claiming the Event of Force Majeure.
- 11.4 The Party claiming an Event of Force Majeure shall give verbal notice, to the other Party as soon as possible after the Event of Force Majeure has been remedied, followed by prompt written notice, that the claiming Party is then in a position to resume the performance of its obligations.

## ARTICLE 12 GENERAL

- 12.1 No waiver by or on behalf of any party hereto of any breach of a provision of this Agreement shall be binding upon that party unless it is expressed in writing and duly executed by that party or signed by its fully authorized representatives, and such a waiver shall not operate as a waiver of any future breach, whether of a like or different character.
- 12.2 Each of the Parties acknowledges and agrees that if any covenant, obligation, term or condition of this Agreement or the application thereof to any Person or circumstances shall to any extent be illegal, invalid or unenforceable, then the remainder of this Agreement or the application of such covenant, obligation, term or condition to Persons or circumstances other than those as to which it is held, illegal, invalid or unenforceable shall not be affected thereby and each covenant, obligation, term and condition of this Agreement shall be separately legal, valid and enforceable to the fullest extent permitted by law.
- 12.3 The Parties hereto shall from time to time and at all times do all such further acts and execute and deliver all such further deeds and documents as shall be reasonably required in order fully to perform and carry out the terms of this Agreement.
- 12.4 The Parties hereto have expressed herein their entire understanding and agreement concerning the subject matter of this Agreement and no implied covenant, condition, term or reservation shall be read into this Agreement relating to or concerning such subject matter.

12.5 All notices, payments and communications hereunder shall be in writing and in lieu of personal service may be given or made by facsimile, email or mail. Notices or communications shall be deemed to have been received one (1) business day after the sending thereof in the case of a facsimile or email and four (4) business days after the date of mailing, in the case of mailing, in either case, excluding Saturdays, Sundays and statutory holidays. The contact information appearing below shall be used for the purpose of notices and communications, but any Party may change its contact information by notice to the other Parties in accordance with this Section 12.5.

ACCEL: ACCEL Canada Holdings Limited  
1400, 222 3<sup>rd</sup> Avenue SW  
Calgary, Alberta T2P 0B4  
Attention: Wayne Chodzicki  
Email: [wchodzicki@accelenergyltd.com](mailto:wchodzicki@accelenergyltd.com)

With a copy to: Dentons Canada LLP  
1500, 850 - 2<sup>nd</sup> Street SW  
Calgary, Alberta T2P 0R8  
Attention: George Antonopoulos  
Email: [george.antonopoulos@dentons.com](mailto:george.antonopoulos@dentons.com)

LESSOR: ACCEL Canada Resources Limited  
1400, 222 3<sup>rd</sup> Avenue SW  
Calgary, Alberta T2P 0B4  
Attention: Michael Williams  
Email: [mwilliams@accelenergyltd.com](mailto:mwilliams@accelenergyltd.com)

With a copy to: Third Eye Capital Corporation  
161 Bay St., Suite 3930  
Toronto, Ontario, M5J 2S1  
Attention: Ops  
Email: [ops@thirdeyecapital.com](mailto:ops@thirdeyecapital.com)

12.6 This Agreement shall enure to the benefit of and shall be binding upon the Parties hereto and their respective administrators, trustees, receivers, successors and assigns.

12.7 No amendment or variation of the provisions of this Agreement shall be binding upon any party unless it is evidenced in writing and is executed by the parties, and consented to by Third Eye Capital, as agent under the Credit Agreement.

12.8 This Agreement may be executed in several counterparts, each of which so executed shall be deemed to be an original, and all such counterparts together constitute the one and the same agreement.

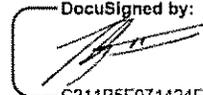
*The remainder of this page intentionally left blank. Signature page follows.*

IN WITNESS WHEREOF the Parties hereto have executed this Agreement as of the day and year first above written.

**ACCEL CANADA HOLDINGS LIMITED**

DocuSigned by:  
  
Per: C311B5F071424FE...

**ACCEL CANADA RESOURCES LIMITED**

DocuSigned by:  
  
Per: C311B5F071424FE...

SCHEDULE "A"

DESCRIPTION OF FACILITIES

FACILITY TYPE	FACILITY LOCATION (UWI)	ACCEL WORKING INTEREST
REDWATER GAS CONSERVATION & SULPHUR RECOVERY PLANT	01-29-057-21W4	100%
IMPERIAL REDWATER CRUDE OIL MULTI-WELL PRORATION BATTERY	08-29-057-21W4	100%

**SCHEDULE "B"**

**SUBJECT AREAS**

1. FIRST

THE EAST HALF OF THE SOUTH WEST QUARTER OF  
SECTION TWENTY SEVEN (27)  
TOWNSHIP FIFTY SIX (56)  
RANGE TWENTY ONE (21)  
WEST OF THE FOURTH MERIDIAN,  
CONTAINING 32.4 HECTARES (80 ACRES) MORE OR LESS  
EXCEPTING THEREOUT ALL MINES AND MINERALS  
AND THE RIGHT TO WORK THE SAME

SECOND

THE WEST HALF OF THE SOUTH EAST QUARTER OF  
SECTION TWENTY SEVEN (27)  
TOWNSHIP FIFTY SIX (56)  
RANGE TWENTY ONE (21)  
WEST OF THE FOURTH MERIDIAN  
CONTAINING 32.4 HECTARES (80 ACRES) MORE OR LESS.  
EXCEPTING THEREOUT:  
0.886 HECTARES (2.19 ACRES) MORE OR LESS, AS SHOWN  
ON ROAD PLAN 2712HW.  
EXCEPTING THEREOUT ALL MINES AND MINERALS  
AND THE RIGHT TO WORK THE SAME

2. FIRST

MERIDIAN 4 RANGE 21 TOWNSHIP 56  
SECTION 15  
QUARTER SOUTH WEST  
EXCEPTING THEREOUT ALL MINES AND MINERALS  
AS SET FORTH IN TRANSFER 7632EO  
AREA: 64.7 HECTARES (160 ACRES) MORE OR LESS

SECOND

MERIDIAN 4 RANGE 21 TOWNSHIP 56  
SECTION 15  
QUARTER SOUTH EAST

EXCEPTING THEREOUT ALL MINES AND MINERALS AS SET FORTH IN TRANSFER  
7632EO  
AREA: 64.7 HECTARES (160 ACRES) MORE OR LESS

3. MERIDIAN 4 RANGE 21 TOWNSHIP 57  
SECTION 16  
QUARTER SOUTH EAST  
EXCEPTING THEREOUT ALL MINES AND MINERALS  
AREA: 64.7 HECTARES (160 ACRES) MORE OR LESS
4. MERIDIAN 4 RANGE 21 TOWNSHIP 57  
SECTION 16  
QUARTER SOUTH WEST  
EXCEPTING THEREOUT ALL MINES AND MINERALS  
AREA: 64.7 HECTARES (160 ACRES) MORE OR LESS
5. THE NORTH HALF OF THE NORTH EAST QUARTER OF  
SECTION SIXTEEN (16)  
TOWNSHIP FIFTY SEVEN (57)  
RANGE TWENTY ONE (21)  
WEST OF THE FOURTH MERIDIAN  
CONTAINING 32.4 HECTARES (80) ACRES, MORE OR LESS.  
EXCEPTING THEREOUT: THE MOST SOUTHERLY TEN (10)  
THROUGHOUT, CONTAINING 16.2 HECTARES (40) ACRES, MORE OR LESS.  
EXCEPTING THEREOUT ALL MINES AND MINERALS
6. FIRST  
MERIDIAN 4 RANGE 21 TOWNSHIP 57  
SECTION 28  
QUARTER SOUTH WEST  
CONTAINING 64.7 HECTARES (160 ACRES) MORE OR LESS  
EXCEPTING THEREOUT:  
0.807 HECTARES (1.99 ACRES) MORE OR LESS,  
FOR ROAD AS SHOWN ON ROAD PLAN 8122841  
EXCEPTING THEREOUT ALL MINES AND MINERALS  
  
SECOND  
MERIDIAN 4 RANGE 21 TOWNSHIP 57  
SECTION 28  
QUARTER SOUTH EAST  
CONTAINING 64.7 HECTARES (160 ACRES) MORE OR LESS  
EXCEPTING THEREOUT:  
0.806 HECTARES (1.99 ACRES) MORE OR LESS  
FOR ROAD AS SHOWN ON ROAD PLAN 8122841  
EXCEPTING THEREOUT ALL MINES AND MINERALS
7. MERIDIAN 4 RANGE 21 TOWNSHIP 57  
SECTION 29  
QUARTER SOUTH EAST  
CONTAINING 64.7 HECTARES (160 ACRES) MORE OR LESS.

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EXCEPTING THEREOUT:

A) 0.397 HECTARES (0.98 ACRES) MORE OR LESS FOR ROAD AS SHOWN  
ON ROAD PLAN 3476MC

B) 0.802 HECTARES (1.98 ACRES) MORE OR LESS FOR ROAD AS SHOWN  
ON ROAD PLAN 8122841.

EXCEPTING THEREOUT ALL MINES AND MINERALS