C.A.P.L.
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SASKATCHEWAN

SASKATCHEWAN SURFACE LEASE AGREEMENT

This Surface Lease made this _____ day of _____, _____

Between:_____

of _____, in the Province of _____ (hereinafter called the "Lessor").

- and -

_____(hereinafter called the "Lessee").

Whereas the Lessor is the registered owner (or is entitled to become registered as owner under an agreement for sale or unregistered transfer or otherwise) of an estate in fee simple, subject to such mortgages and encumbrances contained in the existing Certificate of Title, of and in that certain parcel of land situated, lying and being in the Province of Saskatchewan and described as follows:

Excepting thereout all mines and minerals

as more particularly described in Certificate(s) of Title No.(s) _____ of Record in the Land Titles Office for the _____ Land Registration District (hereinafter referred to as "the said lands"); and

Whereas the Lessor has agreed to lease certain portions of the said lands to the Lessee for the purposes and upon the terms and conditions hereinafter set forth:

NOW THEREFORE THIS SURFACE LEASE WITNESSETH THAT:

Leased Premises

The Lessor , in consideration of $10.00 Dollars paid to the Lessor by the Lessee (the receipt of which is hereby acknowledged), for the purposes and at the consideration hereinafter set forth, does hereby lease to the Lessee all and singular those parts of the said lands outlined in red on the sketch or plan attached hereto as Schedule "A" (hereinafter called the "leased premises") to be held by the Lessee as tenant for the term of 21 years from the date hereof for any and all purposes and uses as may be necessary or useful in connection with any of the Lessee's operations including, without limitation, the exploration, development, production and transmission of oil, gas and any related hydrocarbons or substances produced in association therewith.

Compensation

The Lessee yielding and paying unto the Lessor:

(a) For the first year the sum of _____ Dollars ($_____) which sum includes the following:

(i) Compensation for Capital Damage $_____
(ii) Annual Compensation $_____

TOTAL FIRST YEAR COMPENSATION $_____

(b) Annual compensation payable for each subsequent year after the first year in advance of the anniversary of the date of this Surface Lease , in the sum of _____ Dollars ($_____), which payment includes , without limitation, compensation for loss of use, adverse effect, severance, nuisance, inconvenience, disturbance and noise.

Non Exercise of Rights Granted

Notwithstanding the provisions of (a) or (b) set forth above if the leased premises covered by this Surface Lease are not entered upon, except for survey purposes, within 120 days of the date of this Surface Lease, the Lessee shall pay to the Lessor the sum of _____ Dollars ($_____) for the right to survey and all other inconveniences and on the making of such payment this Surface Lease shall terminate. However, should the Lessee enter the leased premises to conduct drilling operations or should the Lessee make payment of first year consideration in the amount of _____ Dollars ($_____) as previously set out, within the said 120 day period, then the Lessee shall have full rights on the leased premises pursuant to the terms of this Surface Lease.

THE LESSOR HEREBY COVENANTS AND AGREES TO AND WITH THE LESSEE:

1. **Quiet Enjoyment:**
The Lessor has the right to lease the leased premises to the Lessee. The Lessee, if not in default, has the right to occupy and use the leased premises without interruption or disturbance from either the Lessor or any other persons claiming by, through or under the Lessor.

2. **Site Assessments:**
The Lessee shall have the right to conduct soil and water samples on the said lands, and to condition, maintain, reclaim and restore the surface of the leased premises during the term of the within Surface Lease or any renewal thereof.

THE LESSEE HEREBY COVENANTS AND AGREES WITH THE LESSOR:

3. **Indemnification:**
The Lessee shall indemnify and save harmless the Lessor from and against any and all claims or demands that may directly result from the Lessee's use and occupation of the leased premises, other than through willful damage or gross negligence by the Lessor.

4. **Fencing:**
During the continuance of this Surface Lease , the Lessee shall erect and put upon the boundaries of the leased premises or portions thereof as may be agreed upon a good and substantial fence, if reasonably required by the Lessor or the Lessee, and shall replace all fences which the Lessee may have required removed for its purposes and repair all fences which it may have damaged, and if and when so reasonably required by the Lessor, to provide a proper livestock guard at any point of entry upon the leased premises used by it and, upon the use thereof, to close all gates.

5. **Roadways:**
The Lessee shall, if reasonably required by either party, ensure that any roadway constructed by the Lessee on the leased premises is constructed to a low profile unless topography of land dictates otherwise.

6. **Culverts:**
The Lessee shall construct and maintain such culverts and other structures on the leased premises as may be reasonably required to ensure the unimpeded flow of water through natural drainage courses.

7. **Weeds:**
The Lessee shall control all weeds on the leased premises but in so doing, will not use a soil sterilant without the written consent of the Lessor. The Lessee may use commonly accepted herbicides and weed sprays.

8. **Topsoil:**
The Lessee shall conserve and preserve the topsoil situated on the leased premises in accordance with good soil conservation practices.

9. **Compensation for Damages:**
The Lessee shall pay compensation for damage done by its servants and/or agents which, without restricting the generality thereof, shall include damage to crops, machinery, livestock, fences, buildings, or other improvements of the Lessor upon the said lands other than the leased premises.

10. **Abandonment:**
Upon abandonment of any well drilled by the Lessee on the leased premises, the Lessee shall cause such well to be plugged and all excavations in connection therewith to be filled and completed in accordance with all applicable laws and regulations of the Province of Saskatchewan.

THE LESSOR AND THE LESSEE DO HEREBY MUTUALLY COVENANT AND AGREE EACH WITH THE OTHER AS FOLLOWS:

11. **Repair, Removal or Replacement of Equipment:**
The Lessee may at all times during the continuance of this Surface Lease remove or replace any buildings, structures, fixtures, casing in wells, pipelines, material and equipment of whatsoever nature or kind which it may have placed on or in the leased premises or in any area to be surrendered.

12. **Taxes:**
The Lessor and the Lessee shall each promptly pay and satisfy all taxes, rates and assessments that may be assessed or levied against the said lands as a result of their respective use and occupation of the said lands.

13. **Compliance with Laws and Regulations:**
The Lessor and the Lessee shall comply with all applicable laws and regulations as may be in force from time to time pertaining to their respective activities on the said lands.

14. **Review of Annual Compensation:**
The Annual Compensation set forth in paragraph (b) under the heading Compensation above shall be reviewed in accordance with The Surface Rights Acquisition and Compensation Act (as the same may be amended or replaced).

15. **Renewal:**
If the Lessee is not in default in respect of any of the covenants and conditions contained in this Surface Lease at the date of expiration of the term of 21 years hereinbefore provided, then this Surface Lease shall be automatically renewed for a further term of 21 years commencing on the day following the expiration of the aforesaid term.

16. **Reclamation:**
The Lessee shall, upon the surrender of the whole or any portion of the leased premises, promptly restore the surface of the leased premises which are the subject of such surrender, as nearly as possible to its original condition in accordance with applicable laws and regulations.

17. **Surrender:**
Subject to the provisions of clause 16 hereof, the Lessee shall have the right at any time, by giving written notice to the Lessor to that effect, to surrender and terminate this Surface Lease effective as at a date to be specified in such notice. Provided that if no date is specified in such notice, then the effective date of the surrender shall be the day before the following anniversary date of the within Surface Lease. There shall be no refund to the Lessee of any annual compensation which may have been paid in advance.

18. **Discharge of Encumbrances:**
The Lessee may, at its option, pay or discharge all or any portion of any balance owing under any agreement for sale or mortgage, or of any tax, charge, lien or encumbrance of any kind or nature whatsoever which may now or hereafter exist on or be assessed against or in any way affect the said lands, in which event the Lessee shall be subrogated to the rights of the holder or holders thereof, and may in addition thereto, at its option, reimburse itself by applying on account the repayment of the amount(s) so paid by it, the annual compensation or other sums accruing to the Lessor under the terms of this Surface Lease .

19. **Assignment:**
The Lessee or the Lessor may delegate, assign or convey to other persons, corporations or agents all or any of the powers, rights and interests obtained by or conferred upon the Lessee or the Lessor herein, and may enter into all agreements, contracts, and writings and do all necessary acts and things to give effect to the provisions of this clause. No delegation, assignment or conveyance by the Lessor or the Lessee is effective or binding upon the other party until the other party has received notice of the assignment in writing, which notice shall include the name and address of the assignee.

20. **Default:**
Notwithstanding anything herein contained to the contrary, the Lessee shall not be in default in the performance of any of its covenants or obligations under this Surface Lease, including the payment of annual compensation unless and until the Lessor has notified the Lessee in writing of such default and the Lessee has failed to commence action to remedy the same within thirty (30) days of the receipt of such notice. For the purpose of this clause, a notice from the Lessee of its intent to remedy a default shall constitute a commencement of action to remedy the said default.

21. **Saskatchewan Law:**
This Surface Lease shall for all purposes be construed according to the laws of the Province of Saskatchewan.

22. **Successors and Assigns:**
This Surface Lease and everything herein contained shall enure to the benefit of and be binding upon the Lessor, his heirs, executors, administrators, successors and assigns and upon the Lessee, its successors and assigns. References to the terms "Lessor" and "Lessee" in the singular number and masculine gender shall also include the plural number and feminine or neuter gender where the context so requires.

23. **Force Majeure**
Neither the Lessor nor the Lessee shall be considered in default of the performance of their respective obligations under this Surface Lease, other than obligations to make payment of monies due hereunder, to the extent that the performance of such obligations, or any of them, is prevented or delayed by any cause or circumstances which are beyond the reasonable control of the party obliged to perform. Any obligation which is prevented or delayed by any such cause or circumstance shall be suspended during the continuance of any inability so caused and the performance of any such obligation shall begin or be resumed within a reasonable time after such cause has been removed. Nothing contained herein shall require the settlement of strikes, lockouts or other labour disturbances except in the sole discretion of the party involved in any such dispute.

24. **Notices:**
All notices or other written communications required or permitted to be given hereunder shall be in writing and may be delivered personally or, except during periods of postal disruption, by registered mail, postage prepaid, to the party to whom the notice is to be given. All such notices shall be addressed to the party to whom it is directed at the following addresses:
To the Lessor: _____
_____

To the Lessee: _____
_____

Any party may at any time change its address hereunder by giving written notice of such change of address to the other party in the manner specified in this clause. Any notice given hereunder by personal delivery shall be deemed to have been given and received on the day of delivery, and if given by registered mail, shall be deemed to have been given and received five days after the mailing thereof, provided that if a notice is so mailed and prior to the expiration of the time period after which such notice is deemed to be given and received by the addressee, there exists a disruption of postal services, then such notice shall not be deemed to be given and received until the expiration of five days following the resumption of postal service.

25. **Additional Terms:**
Any additional terms or conditions as may be agreed to by the Lessor and the Lessee shall be attached as Schedule "B" and shall form part of this Surface Lease.

26. **Acceptance by Lessee:**
The Lessee hereby accepts this Surface Lease of the leased premises, to be held by it as tenant and subject to the conditions, restrictions and covenants set forth above.

CONSENT OF NON-OWNING SPOUSE

_____, non-owning spouse of _____, consent to the above/attached disposition (Surface Lease). I declare that I have signed this consent for the purpose of relinquishing all my homestead rights in the property described in the above/attached disposition in favor of _____ to the extent necessary to give effect to this disposition.

_____
Signature of Non-owning Spouse

In witness whereof the Lessor and Lessee have hereunto affixed their hands and seals as of the day and year first above written.

SIGNED, SEALED AND DELIVERED
by the above named Lessor in the presence of:

LESSOR

_____ _____ ◯ **seal**
Witness

_____ _____ ◯ **seal**
Witness

LESSEE

_____ **Per:** _____
Witness (or Corporate Seal)

_____ **Per:** _____

CERTIFICATE OF ACKNOWLEDGMENT

I, _____, a Notary Public, certify that I have examined _____, the non-owning spouse of _____, the owning spouse, in the above/attached disposition(Surface Lease), separate and apart from the owning spouse. The non-owning spouse acknowledged to me that he or she:

(a) signed the consent to the disposition of his or her own free will and consent and without any compulsion on the part of the owning spouse; and

(b) understands his or her rights in the homestead.

I further certify that I have not, nor has my employer, partner or clerk, prepared the above/attached disposition(Surface Lease), and that I am not, nor is my employer, partner or clerk, otherwise interested in the transaction involved.

DATED at _____, in the _____ of _____, this _____, day of _____, _____.

_____
A NOTARY PUBLIC
in and for the _____ of _____

My Appointment expires: _____

CANADA
PROVINCE OF SASKATCHEWAN
TO WIT:

HOMESTEADS AFFIDAVIT

I, _____, of _____, in the _____ of _____, _____,

MAKE OATH AND SAY AS FOLLOWS:

1. I am the Lessor named in the within disposition(Surface Lease.)
2. My spouse and I have not occupied the land described in this disposition as our homestead at any time during our marriage.

- or -

2. I have no spouse.

- or -

2. My spouse is a registered owner of the land that is the subject matter of this disposition and a signatory of this disposition.

- or -

2. My spouse and I have entered into an interspousal agreement pursuant to *The Matrimonial Property Act, 1997* in which my spouse has specifically released all his or her homestead rights in the land that is the subject matter of this disposition.

- or -

2. An order has been made by Her Majesty's Court of Queen's Bench for Saskatchewan/Unified Family Court pursuant to *The Matrimonial Property Act, 1997* declaring that my spouse (or the spouse of the lessor or as the case may be) has no homestead rights in the land that is the subject matter of this disposition and (the order has not been appealed and the time for appealing has expired) or (all appeals from the order have been disposed of or discontinued).

SWORN before me at the _____ of _____, in the _____ of _____ this _____ day of _____, _____.

_____
A COMMISSIONER FOR OATHS or A NOTARY PUBLIC
In and for the Province of Saskatchewan
OR
Without the Province of Saskatchewan

My Appointment expires: _____

_____

CANADA
PROVINCE OF SASKATCHEWAN
TO WIT:

AFFIDAVIT OF EXECUTION

I, _____, of _____, in the _____ of _____, _____,

MAKE OATH AND SAY AS FOLLOWS:

1. THAT I was personally present and did see _____, named in the within Surface Lease, who is/are personally known to me to be the person(s) named therein, duly sign, seal and execute the same for the purposes named therein;
2. THAT the said Surface Lease agreement was executed at the _____ of _____, in the _____ of _____, and that I am the subscribing witness thereto;
3. THAT I know the said _____ and he/she/each is/are in my belief eighteen years of age or more.

SWORN before me at the _____ of _____, in the _____ of _____ this _____ day of _____, _____.

_____
A COMMISSIONER FOR OATHS or A NOTARY PUBLIC
In and for the Province of Saskatchewan
OR
Without the Province of Saskatchewan

My Appointment expires: _____

_____

SCHEDULE "B"

Attached to and made a part of a Saskatchewan Surface Lease dated this _____ day of _____, 19_____ between _____ as Lessor and _____ as Lessee.

Additional Terms and Conditions:

capl