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RECORDS

LEASE AND GRANT

S.S. 70 66.

This Indenture made the 16th day of March A.D. 1957

BETWEEN Wilfred Forcey Bishop, Teacher.

of Calgary, Alberta. (formerly of Weyburn, Saskatchewan.)

— AND —

IMPERIAL OIL LIMITED, a body corporate having its Head Office at the City of Sarnia, in the Province of Ontario,

(hereinafter referred to as "the Lessee"),
OF THE SECOND PART

THE LESSOR, being registered as owner, (or entitled to become registered as owner under an Agreement for Sale or unregistered Transfer or otherwise), subject, however, to such mortgages and incumbrances as are notified by memorandum underwritten or indorsed hereon, of the petroleum and natural gas and all related hydrocarbons within, upon or under

The North East Quarter (NE¹) of Section Twelve (12)

in Township T₂₀ (2), Range Thirty Four (34) West of the 1st Meridian in the Province of Saskatchewan, as more particularly described and set forth in Certificate(s) of Title No(s) 36-111 of Record in the Land Titles Office, The Arcola Land Registration District, in consideration of the sum of

(\$ 1600.00 ..) Sixteen Hundred .. 00/100 .. Dollars paid to the Lessor by the Lessee, (the receipt whereof is hereby acknowledged) and in consideration of the covenants of the Lessee hereinafter contained, DOTH HEREBY GRANT AND LEASE unto the Lessee all the petroleum, natural gas and related hydrocarbons (except coal and valuable stone), all other gases, and all minerals and substances (whether liquid or solid and whether hydrocarbons or not) produced in association with any of the foregoing or found in any water contained in an oil or gas reservoir (all hereinafter referred to as the "leased substances"), subject to the royalties hereinafter reserved, within, upon or under the lands hereinafter described and all the right, title, estate, and interest, if any, of the Lessor in and to the leased substances or any of them within, upon or under any lands excepted from, or roadways, lanes or rights-of-way adjoining, the lands aforesaid, together with the exclusive right and privilege to explore, drill for, win, take, remove, store and dispose of the leased substances and for the said purposes to drill wells, lay pipe lines and build and install such tanks, stations, structures and roadways as may be necessary, and insofar as the Lessor has the right so to grant, and for the said purposes, the right of entering upon, using and occupying the said lands or so much thereof and to such an extent as may be necessary or convenient.

TO HAVE AND ENJOY the same for the term of Ten (10) years from the date hereof and so long thereafter as the leased substances or any of them are produced from the said lands, subject to the sooner termination of the said term as hereinafter provided.

PROVIDED that if operations for the drilling of a well are not commenced on the said lands within One (1) year from the date hereof, this Lease shall terminate and be at an end on the first anniversary date, unless the Lessee shall have paid or tendered to the Lessor on or before said anniversary date the sum of One hundred and Sixty .. 00/100 ..

Dollars, (hereinafter called the "delay rental"), which payment shall confer the privilege of deferring the commencement of drilling operations for a period of One (1) year from said anniversary date, and that, in like manner and upon like payments or tenders, the commencement of drilling operations and the termination of this Lease shall be further deferred for like periods successively; (\$ 160.00 ..)

PROVIDED FURTHER that if at any time during the said Ten (10) year term and prior to the discovery of production on the said lands, the Lessee shall drill a dry well or wells thereon, or if at any time during such term and after the discovery of production on the said lands such production shall cease and the well or wells from which such production was taken shall be abandoned, then this Lease shall terminate at the next ensuing anniversary date hereof unless operations for the drilling of a further well on the said lands shall have been commenced or unless the Lessee shall have paid or tendered the delay rental, in which latter event the immediately preceding proviso hereof governing the payment of the delay rental and the effect thereof, shall be applicable thereto;

AND FURTHER ALWAYS PROVIDED that if at the end of the said Ten (10) year term the leased substances are not being produced from the said lands and the Lessee is then engaged in drilling or working operations thereon, or if at any time after the expiration of the said Ten (10) year term production of the leased substances has ceased and the Lessee shall have commenced further drilling or working operations within Ninety (90) days after the cessation of said production, then this Lease shall remain in force so long as any drilling or working operations are prosecuted with no cessation of more than Ninety (90) consecutive days, and, if they result in the production of the leased substances or any of them, so long thereafter as the leased substances or any of them are produced from the said lands; provided that if drilling or working operations are interrupted or suspended as the result of any cause whatsoever beyond the Lessee's reasonable control, or if any well on the said lands or on any spacing unit of which the said lands or any portion thereof form a part, is shut-in, suspended or otherwise not produced as the result of a lack of or an intermittent market, or any cause whatsoever beyond the Lessee's reasonable control, the time of such interruption or suspension or non-production shall not be counted against the Lessee, anything hereinbefore contained or implied to the contrary notwithstanding.

1. Interpretation:—

In this Lease, unless there is something in the subject or context inconsistent therewith, the expressions following shall have the following meaning, namely:

- (a) "Commercial production" shall mean the output from a well of such quantity of the leased substances or any of them as, considering the cost of drilling and production operations and price and quality of the leased substances, after a production test of Thirty (30) consecutive days, would commercially and economically warrant the drilling of a like well in the vicinity thereof.
- (b) "Spacing unit" shall mean the area allocated to a well for the purpose of drilling for and/or producing the leased substance or any of them, by or under any law of the province of Saskatchewan now or hereafter in effect governing the spacing of petroleum and/or natural gas wells.
- (c) "Said lands" shall mean all the lands hereinbefore described or referred to, or such portion or portions thereof as shall not have been surrendered.

2. Royalties:—

The Lessor does hereby reserve unto himself a gross royalty of Twelve and one-half (12½%) per cent of the leased substances produced and marketed from the said lands. Any sale by the Lessee of any crude oil, crude naphtha, or gas produced from the said lands shall include the royalty share thereof reserved to the Lessor, and the Lessee shall account to the Lessor for his said royalty share in accordance with the following provisions namely:

The Lessee shall remit to the Lessor, on or before the 20th day of each month, (a) an amount equal to the current market value on the said lands of Twelve and one-half (12½%) per cent of the crude oil and crude naphtha produced, saved and marketed from the said lands during the preceding month, and (b) an amount equal to the current market value on the said lands of Twelve and one-half (12½%) per cent of all gas produced and marketed from the said lands during said preceding month.

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Imperial Oil Limited
(hereinafter referred to as "the Lessor")
OF THE FIRST PART

Notwithstanding anything to the contrary herein contained or implied, the Lessee shall be entitled to use such part of the production of the leased substances from the said lands as may be required and used by the Lessee in its operations hereunder, and the Lessor shall not be entitled to any royalty with respect to said leased substances.

3. Shut-In Wells:—

If all wells on the said lands are shut in, suspended or otherwise not produced during any year ending on an anniversary date as the result of a lack of or an intermittent market, or any cause whatsoever beyond the Lessee's reasonable control, the Lessee shall pay to the Lessor at the expiration of each said year a sum equal to the delay rental hereinbefore set forth, and each such well shall be deemed to be a producing well hereunder.

4. Lessor Interest:—

If the Lessor's interest in the leased substances be less than the entire and undivided fee simple estate therein, then the royalties and rentals herein provided shall be paid to the Lessor only in the proportion which his interest bears to the whole and undivided fee.

5. Taxes Payable By The Lessor:—

The Lessor shall promptly satisfy all taxes, rates and assessments that may be assessed or levied, directly or indirectly, against the Lessor by reason of the Lessor's interest in production obtained from the said lands, or the Lessor's ownership of mineral rights in the said lands, and shall further pay all taxes, rates and assessments that may be assessed or levied against the surface of the said lands during the continuance of the term hereby granted or any extension thereof if and so long as the said surface of the said lands continues to be owned by the Lessor.

6. Taxes Payable By The Lessee:—

The Lessee shall pay all taxes, rates and assessments that may be assessed or levied in respect of the undertaking and operations of the Lessee on, in, over or under the said lands, and shall further pay all taxes, rates and assessments that may be assessed or levied directly or indirectly against the Lessee by reason of the Lessee's interest in production from the said lands. The Lessee shall on the written request of the Lessor, accompanied by such tax receipts, statements or tax notices as the Lessee may require, reimburse the Lessor for seven-eighths (7/8ths) of any taxes assessed or imposed on the Lessor during the currency of this Lease by reason of the Lessor being the registered owner of the leased substances or being entitled to become such owner.

7. Use of Gas By Lessor:—

If as a result of drilling operations of the Lessee on the said lands, surplus natural gas owned by the Lessor is produced which is not needed for the operations hereunder and which is safe and suitable for domestic use as produced, the Lessee shall supply at the sole risk of the Lessor, free of charge, and not subject to the accounting of royalty by the Lessee, such surplus natural gas to the Lessor for domestic use in his principal dwelling only on the said lands, but all the necessary installations for the supply of the said gas shall be made by the Lessee at the expense of the Lessor.

8. Offset Wells:—

In the event of commercial production being obtained from any well drilled on any spacing unit laterally adjoining the said lands and not owned by the Lessor, or, if owned by the Lessor, not under lease to the Lessee, then unless a well has been or is being drilled on the spacing unit of the said lands laterally adjoining the said spacing unit on which production is being so obtained and to the horizon in the formation from which production is being so obtained, the Lessee shall, within Six (6) months from the date of said well being placed on regular production, either:—

(a) Commence or cause to be commenced within the six month period aforesaid operations for the drilling of an offset well on the spacing unit of the said lands laterally adjoining the said spacing unit on which production is being so obtained, and thereafter drill the same to the horizon in the formation from which production is being obtained from the said adjoining spacing unit; or

(b) Surrender all or any portion of the said lands pursuant to the provisions of paragraph 15 hereof, provided that the lands surrendered shall include that portion of the said lands comprised in the said spacing unit laterally adjoining the said spacing unit on which production is being so obtained;

PROVIDED, that if such well drilled on lands laterally adjoining the said lands is productive primarily or only of natural gas, the Lessee shall not be obligated either to drill an offset well or to surrender said spacing unit unless and until an adequate and commercially profitable market for natural gas which might be produced from the offset well can be previously arranged and provided.

9. Pooling:—

The Lessee is hereby given the right and power at any time and from time to time to pool or combine the said lands, or any portion thereof, or any zone or formation underlying the said lands or any portion thereof, with any other lands or any zone or formation underlying the same, but so that the lands so pooled and combined (herein referred to as a "unit") shall not exceed One (1) spacing unit as hereinbefore defined. In the event of such pooling or combining, the Lessor shall, in lieu of the royalties elsewhere herein specified, receive on production of the leased substances from the said unit, only such portion of the royalties stipulated herein surface area of the said lands placed in the unit bears to the total surface area of lands in such unit. Drilling operations on, or production of the leased substances from, or the presence of a shut-in or suspended well on, any land included in such unit shall have the same effect in continuing this Lease in force and effect as to all the said lands, as if such operations or production were upon or from the said lands, or some portion thereof, or as if said shut-in or suspended well were located on the said lands, or some portion thereof.

10. Operations:—

The Lessee shall conduct all its operations on the said lands in a diligent, careful and workmanlike manner and in compliance with the provisions of law applicable to such operations, and where such provisions of law conflict or are at variance with the provisions of this Lease, such provisions of law shall prevail.

11. Records of Production:—

The Lessee shall make available to the Lessor during normal business hours at the Lessee's address hereinafter mentioned the Lessee's records relative to the quantity of leased substances produced from the said lands.

12. Indemnification:—

The Lessee shall indemnify the Lessor against all actions, suits, claims and demands by any person or persons whomsoever in respect of any loss, injury, damage or obligation to compensate arising out of or connected with the work carried on by the Lessee on the said lands or in respect of any breach of any of the terms and conditions of this Lease in so far as the same relates to and affects the said lands.

13. Compensation:—

The Lessee shall pay and be responsible for actual damages caused by its operations to the surface of, and growing crops and improvements on, the said lands.

14. Discharge of Encumbrances:—

The Lessee may at the Lessee's option pay or discharge the whole or any portion of any tax, charge, mortgage, lien or encumbrance of any kind or nature whatsoever incurred or created by the Lessor and/or the Lessor's predecessors or successors in title or interest which may now or hereafter exist on or against or in any way affect the said lands or the leased substances, in which event the Lessee shall be subrogated to the rights of the holder or holders thereof and may in addition thereto at the Lessee's option, reimburse itself by applying on the amount so paid by the Lessee the rentals, royalties, or other sums accruing to the Lessor under the terms of this Lease, and any rentals, royalties or such other sums so applied shall, for all purposes of this Lease, be deemed to have been paid by and received by the Lessor.

15. Surrender:—

Notwithstanding anything herein contained, the Lessee may at any time or from time to time determine or surrender this Lease and the term hereby granted as to the whole or any part or parts of the leased substances and/or the said lands, upon giving the Lessor written notice to that effect, WHEREUPON this Lease and the said term shall terminate as to the whole or any part or parts thereof so surrendered and the rentals, royalty or otherwise, shall be extinguished or correspondingly reduced as the case may be, but the Lessee shall not be entitled to a refund of any such rent theretofore paid.

16. Removal of Caveat:—

In the event of the Lessee having registered in the Land Titles Office for the area in which the said lands are situated this Lease or any caveat or other document in respect thereof, the Lessee shall withdraw or discharge the document so registered within a reasonable time after termination of this Lease.

17. Removal of Equipment:—

The Lessee shall at all times during the currency of this Lease and for a period of Six (6) months from the termination thereof, have the right to remove all or any of its machinery, equipment, structures, pipe lines, casing and materials from off the said lands.

18. Default:—

In the case of the breach or non-observance or non-performance or non-performance on the part of the Lessee of any covenant, proviso, condition, restriction or stipulation herein contained which ought to be observed or performed by the Lessee and which has not been waived by the Lessor, the Lessor shall, before bringing any action with respect thereto or declaring any forfeiture, give to the Lessee written notice setting forth the particulars of and requiring it to remedy such default, and in the event that the Lessee shall fail to commence to remedy such default within a period of Ninety (90) days from receipt of such notice, and thereafter diligently proceed to remedy the same, then except as hereinafter provided, this Lease shall thereupon terminate and it shall be lawful for the Lessor into or upon the said lands (or any part thereof in the name of the whole) to re-enter and the same to have again, repossess and enjoy; PROVIDED that this Lease shall not terminate nor be subject to forfeiture or cancellation if there is located on the said lands a well capable of producing the leased substances or any of them, and in that event the Lessor's remedy for any default hereunder shall be for damages only.

19. Quiet Enjoyment:—

The Lessor covenants and warrants that he has good title to the leased substances and the said lands as hereinbefore set forth, has good right and full power to grant and demise the same and the rights and privileges in manner aforesaid, and that the Lessee, upon observing and performing the covenants and conditions on the Lessee's part herein contained, shall and may peaceably possess and enjoy the same and the rights and privileges hereby granted during the said term and any extension thereof without any interruption or disturbance from or by the Lessor or any other person whomsoever.

20. Covenant For Further Assurance:—

The Lessor and the Lessee hereby agree that they will each do and perform all such acts and things and execute all such deeds, documents and writings and give all such assurance as may be necessary to give effect to this Lease and all covenants herein contained.

21. Assignment:—

The parties hereto may each or either of them delegate, assign, sub-let or convey to any other person or persons, corporation or corporations, all or any of the property, powers, rights and interests obtained by or conferred upon them respectively hereunder 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; provided, that no assignment of royalties or other moneys payable hereunder shall be binding upon the Lessee, notwithstanding any actual or constructive notice or knowledge thereof, unless and except the same be for the entire interest of the Lessor in all of the sums remaining to be paid or to accrue hereunder, nor then until Thirty (30) days after the Lessee has been actually furnished at its address hereinafter set forth with evidence satisfactory to the Lessee of such assignment of the entire interest of the Lessor in all the sums aforesaid, including, if effected by voluntary act, the original or a certified copy of the instrument effecting such assignment; Provided Further that in the event that the Lessee shall assign this Lease as to any part or parts of the said lands, then the delay rental shall be apportioned amongst the several leaseholders rateably according to the surface area of each, and should the Assignee or Assignees of any such part or parts fail to pay the proportionate part of the delay rental payable by him or them, such failure to pay shall not operate to terminate or affect this Lease in so far as it relates to and comprises the part or parts of the said lands in respect of which the Lessee or its Assignees shall make due payment of rental.

22. Manner of Payment:—

All payments to the Lessor provided for in this Lease shall, at the Lessee's option, be paid or tendered either to the Lessor or to the depository named in or pursuant to this clause, and all such payments or tenders may be made by cheque or draft of the Lessee either mailed or delivered to the Lessor or to said depository, which cheque or draft shall be payable in Canadian funds at par in the bank on which it is drawn. The Lessor does hereby appoint The Royal Bank of Canada, (Main Branch)

as the depository for the receipt of all moneys payable under this Lease, and the Lessor agrees that said depository and its successors shall be and continue as his agents for the receipt of any and all sums payable hereunder regardless of changes of ownership (whether by assignment, succession or otherwise) of the said lands or of the leased substances or of the rentals or royalties to accrue hereunder. The Lessor may at any time designate a new depository by giving written notice to the Lessee specifying the name and address of such new depository; provided that only a bank or trust company in Canada may be designated as depository, that only one depository shall be designated at any one time as aforesaid, and that the Lessee shall not be required to recognize any change of depository until the expiration of Forty-five (45) days from the receipt by the Lessee of the notice in writing aforesaid. If any depository designated by the Lessor shall at any time resign or fail or refuse to act as depository and a successor depository shall not be designated as aforesaid within Ten (10) days thereafter, or if any moneys payable hereunder become payable to more than one person and the persons to whom said moneys are payable shall have failed to designate one depository hereunder, then the Lessee may at its option designate a bank or trust company in Canada as depository hereunder which depository shall be entitled to charge its usual fees, and said bank or trust company shall be the depository to all intents and purposes as if originally designated herein by the Lessor.

23. Entire Agreement:—

The terms of this Lease express and constitute the entire agreement between the parties, and no implied covenant or liability of any kind is created or shall arise by reason of these presents or anything herein contained.

24. Notices:—

All notices to be given hereunder may be given by registered letter addressed to the Lessee at 2431 - 11th Avenue, Regina, Saskatchewan, and to the Lessor at 124-26th Ave., N.Y., Calgary, Alberta. or such other address as the Lessor and the Lessee may respectively from time to time appoint in writing, and any such notice shall be deemed to be given to and received by the addressee Seven (7) days after the mailing thereof, postage prepaid.

I, Ethel Margaret Thompson, wife of the within named

CANADA
PROVINCE OF SASKATCHEWAN
TO WIT:

AFFIDAVIT OF EXECUTION

I, Ethel Margaret Thompson, of Regina, in the Province of Saskatchewan, Secretary, make oath and say:

1. THAT I was personally present and did see Vernon Harper Hunter attorney for Imperial Oil Limited, named in the within instrument, who is personally known to me to be the attorney for Imperial Oil Limited named therein, duly sign, seal and execute the same for the purposes named therein.
2. THAT the same was executed at Regina, in the Province of Saskatchewan, and that I am the subscribing witness thereto.
3. THAT I know the said Vernon Harper Hunter and he is, in my belief, of the full age of twenty-one years.

SWORN before me at Regina, in the Province of Saskatchewan, this 10th day of April, A.D. 1957.

Ethel Margaret Thompson

A NOTARY PUBLIC
IN AND FOR SASKATCHEWAN
My Commission does not expire

REGINA DIV.

CANADA
PROVINCE OF SASKATCHEWAN
To wit: }
Ien. Johnson

AFFIDAVIT OF EXECUTION

of the Province of Saskatchewan, Alberta, Landman
(Occupation)

of Calgary

, make oath and say:

1. THAT I was personally present and did see Wilfred Forcey Bishop named in the within instrument, who is ~~(also)~~ 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 same was executed at Calgary in the Province of Saskatchewan and that I am the subscribing witness thereto.

3. THAT I know the said Wilfred Forcey Bishop and he ~~(of age)~~ is ~~(twenty-one years)~~, in my belief, of the full age of twenty-one years.

SWORN before me at Calgary

in the Province of Saskatchewan this 16th day of March A.D. 1957

Ien Johnson

A Commissioner for Oaths in and for the Province of Saskatchewan

Ernest ...

Ernest ...

Dated 16 19

Between:

— and —
IMPERIAL OIL LIMITED
LEASE AND GRANT

IMPERIAL OIL LIMITED
(PRODUCING DEPARTMENT)
LAW DEPARTMENT
Calgary - - Alberta

HOMESTEAD AFFIDAVIT

Wilfred Forcey Bishop, of the Province of Saskatchewan, Alberta, Teacher

of Calgary

1. I am the Lessor named in the within Lease and Grant, and I say that no part of the said land is my homestead, or has been my homestead at any time.

1. ~~I am the Lessor named in the within Lease and Grant and I say that no part of the said land is my homestead, or has been my homestead at any time.~~

1. ~~I am the Lessor named in the within Lease and Grant and I say that no part of the said land is my homestead, or has been my homestead at any time.~~

SWORN before me at Calgary in the Province of Saskatchewan, Alberta, this 16th day of March A.D. 19 57

W.F. Bishop

A Notary Public, Commissioner for Oaths in and for the Province of Saskatchewan
Ernest ...

CERTIFICATE UNDER THE HOMESTEADS ACT

I, Ernest ..., do hereby certify that I have examined Wilfred Forcey Bishop of the Province of Saskatchewan, Alberta, Teacher, in the Province of Saskatchewan, Alberta, Teacher, the owner in the within Lease and Grant separate and apart from her said husband, and she acknowledges to me that she signed the same of her own free will and consent and without any compulsion on the part of her husband and for the purpose of relinquishing her rights in the homestead in favour of Imperial Oil Limited in so far as may be necessary to give effect to the within Lease and Grant, and further that she was aware of what her rights in said homestead were.

I further certify that I have not, nor has my employer, partner or clerk, prepared the within Lease and Grant and that I am not, nor is my employer, partner or clerk, otherwise interested in the transaction involved.

Dated at Calgary in the Province of Saskatchewan, this 16th day of March A.D. 19 57