PSAC Master Service Agreement

December 2005

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Index

DEC 2005

Article #		Page #
1.	Definitions	2
2.	Contracting Procedure	4
3.	Supply of Equipment, Materials, Supplies and Services	5
4.	Servicing Methods and Practices	6
5.	Reports to be Furnished by Contractor	7
6.	Early Termination of Services and Contractor Compensation	8
7.	Payments to Contractor	8
8.	Allocation of Risk and Liability	9
9.	Insurance	14
10.	Assessments, Liens and Third Party Charges	15
11.	Laws, Rules and Regulations	16
12.	Force Majeure	16
13.	Intellectual Property	17
14.	Confidential Information	18
15.	Term	18
16.	Entire Agreement, Conflicts	19
17.	Audit	19
18.	Notices	20
19.	Assignments	20
20.	Applicable Law	20
21.	Binding Effect	21
22.	Arbitration	21
23.	Facsimile and Counterpart Signing	22

WHEREAS:

Operator and Contractor want to enter into this Agreement under which Contractor will provide Operator with Services, required by Operator from time to time, in accordance with the terms and conditions set out herein;

IN CONSIDERATION of the mutual covenants and conditions set out herein, Operator and Contractor agree with each other as follows:

ARTICLE 1
DEFINITIONS

1.1 In this Agreement:

"Affiliate" means, in relation to any person, any other person directly or indirectly controlling, controlled by or under direct or indirect common control with such person and, for the purpose of this definition, a person shall be deemed to control another person if such person possesses, directly or indirectly, the power to direct or cause the direction of the management and policies of such other person, whether through the ownership of voting securities, by contract or otherwise;

"Agreement" means this Master Service Agreement made between Operator and Contractor;

"Contractor's Group Downhole Equipment" means all equipment, supplies or materials owned or leased by Contractor’s Group and furnished by Contractor’s Group for the provision of Services, when such equipment, materials or supplies are located below the rotary table or, where there is no rotary table, below ground level in a wellbore;

"Contractor’s Group Equipment" means Contractor’s Group Surface Equipment and Contractor’s Group Downhole Equipment;

"Contractor's Group" means Contractor, its co-interest Contractors, joint venturers, partners, co-lessors, its and their contractors/subcontractors, its and their Affiliates and the shareholders, officers, directors, employees, agents, consultants, servants, and invitees of each of them;

"Contractor's Group Surface Equipment" means all equipment, materials or supplies, owned or leased by Contractor’s Group and furnished by Contractor’s Group for the provision of Services, when such equipment, materials or supplies are used or intended to be used at or above the rotary table and, where there is no rotary table, used at or above the ground level; and all equipment, materials

or supplies used or intended to be used below the ground level, when such equipment, materials or supplies are located at or above ground level;

"Force Majeure" means any occurrence beyond the reasonable control of the party claiming suspension of an obligation hereunder which such party was unable to prevent or provide against by the exercise of reasonable diligence at a reasonable cost and includes, without limiting the generality of the foregoing, an act of God, war, terrorism, revolution, insurrection, blockage, riot, strike, a lockout or other industrial disturbance, fire, lightning, unusually severe weather, storms, floods, explosion, accident, shortage of labour or materials or government restraint, action, delay or inaction;

"Indemnified Party" means a party who is entitled to be indemnified by the other party by the terms of this Agreement;

"Intellectual Property" means all rights, title and interest in and to intellectual property, in law, equity or otherwise, whether registered or not, including compilations, concepts, discoveries, documents, developments, data, artistic and literary works, designs, ideas, improvements, information, inventions (whether patentable or otherwise), methods, processes, technologies, trade secrets, works of authorship, copyrights, patents, trademarks, service marks, industrial designs, integrated circuit topographies or otherwise and all applications, filings, registrations and the like related thereto;

"Multiple Site Agreement" means a Services Work Order made hereunder by which Contractor agrees to provide Services to Operator at more than one Work Site;

"Notices" means all notices, communications and statements required or contemplated under this Agreement;

"Operator's Group Equipment" means, in respect of a Work Site, all equipment, materials or supplies owned or leased by Operator’s Group and furnished by Operator’s Group for the provision of Services, whether such equipment, materials or supplies are located at, above or below ground level;

"Operator's Group" means Operator, its co-interest Operators, joint venturers, partners, co-lessors, its and their contractors/subcontractors other than the Contractor, its and their Affiliates and the shareholders, officers, directors, employees, agents, consultants, servants, and invitees of each of them;

"Services" means those services that are to be undertaken, are being undertaken or have been undertaken by Contractor pursuant to Section 3.1 of this Agreement;

"Services Records" means the books, records and accounts relating to the Services performed by the Contractor under any Services Work Order;

"Services Work Order" means: (a) a Single Site Agreement or a Multiple Site Agreement entered into by Operator and Contractor from time to time in accordance with the terms of this Agreement; (b) a work order, purchase order or other form agreed to by Operator and Contractor in accordance with the provisions of Section 2.1 and includes such equipment schedules, rate schedules, location and site descriptions or other attachments that Operator and Contractor agree to include as part thereof; or (c) a work order in the form and containing the terms as agreed to in writing by the Operator and the Contractor;

"Single Site Agreement" means a Services Work Order made hereunder by which Contractor agrees to provide Services to Operator at a single Work Site;

"Well" means an oil, natural gas, oil and natural gas, geothermal, injection, disposal, observation or relief well to be serviced, in the course of being serviced or that has been serviced; and

"Work Site" means the location at which Services are to be provided, are being provided, or have been provided under a Services Work Order pursuant to an agreement hereunder.

ARTICLE 2
CONTRACTING PROCEDURE

2.1 From time to time, Contractor may agree to provide, and Operator may agree to receive Services in accordance with the terms of a Services Work Order executed by representatives of Operator and Contractor. Operator is not obligated to order Services from Contractor, nor is Contractor obligated to accept such Services. The Services contemplated are any such work or services performed by Contractor in the scope of its usual business, and shall include the furnishing of any equipment, materials or personnel and the performance of all Services that Operator may order from Contractor from time to time during the term of this Agreement.

2.2 Each Services Work Order completed and agreed to shall be governed by this Agreement, and taken together with the terms of this Agreement, shall constitute a single and separate agreement binding the parties.

2.3 For any period during which no Services Work Order is in effect, this Agreement shall remain in force, unless terminated pursuant to Section 15.1, and shall be effective for any Services undertaken while this Agreement remains in force.

ARTICLE 3
SUPPLY OF EQUIPMENT, MATERIALS, SUPPLIES AND SERVICES

3.1 Contractor agrees, subject to the other terms and conditions of this Agreement:

(a) to perform the Services described in and in accordance with the terms and specifications of each applicable Services Work Order; and,

(b) in order to perform such Services, to provide the equipment, materials, supplies, services and labour required as set out in, and in accordance with, the terms and specifications of the applicable Services Work Order.

3.2 Operator agrees, subject to the other terms and conditions of this Agreement:

(a) to identify the location of each Work Site at which Contractor is undertaking Services; and,

(b) to provide, for each such location, the equipment, materials, supplies, services and labour required as set out in, and in accordance with, the terms and specifications of the applicable Services Work Order.

3.3 Contractor shall be an independent Contractor with respect to all matters hereunder and neither Contractor nor anyone in Contractor's Group shall be deemed for any purpose to be the employee, agent or representative of Operator in the performance of Services undertaken pursuant to this Agreement. Contractor shall perform its obligations pursuant to a Services Work Order under the direction and supervision of Operator.

3.4 Operator shall pay Contractor for all equipment, materials, supplies, services and labour provided by Contractor in respect of each Work Site at the rate or rates specified in the applicable Services Work Order or pricing agreement in effect between Operator and Contractor.

3.5 If equipment, materials, supplies, services or labour not identified in a Services Work Order or pricing agreement in effect between Operator and Contractor are required for completing Services thereunder, the cost of such equipment, materials, supplies, services or labour and how and by whom such are to be purchased or provided shall be subject to further agreement of Operator and Contractor.

3.6 Operator shall secure and maintain rights of access for Contractor to each Work Site. Operator shall advise Contractor of any limitations or restrictions affecting access and Contractor shall abide by such limitations or restrictions. Should Contractor be denied free access to a Work Site for any reason not within the control of Contractor, Operator shall pay Contractor during the time of such denial at the rate specified in the applicable Services Work Order or pricing agreement in effect between Operator and Contractor.

3.7 If Contractor becomes aware that any materials, equipment, tools or other items furnished by Operator for each Work Site contain apparent defects which in Contractor's opinion, make the use of any such items unsuitable or unsafe, then Contractor shall notify Operator of such apparent defect or defects and Operator shall, at its sole discretion and expense, replace the defective items.

3.8 Operator shall, at its sole cost and risk, be responsible for and provide the transportation, storage, treatment, disposal and/or recycling, as required, of any materials or products resulting from Services provided at each Work Site including those materials and products deemed to be dangerous or hazardous waste by any municipal, provincial, territorial or federal regulation, order or statute.

3.9 Operator shall be entitled to inspect and approve Contractor's performance of Services in order to ensure the satisfactory completion thereof.

3.10 Unless otherwise agreed by Operator and Contractor in order to further the completion of a Services Work Order, any Operator's Equipment shall, upon completion or abandonment of Services at a Work Site, be returned to Operator in as good condition as when received by Contractor, ordinary wear and tear excepted.

ARTICLE 4
SERVICING METHODS AND PRACTICES

4.1 Contractor agrees to perform each Services Work Order with due care and diligence, in a good and workmanlike manner, in accordance with good oilfield industry practices, and in accordance with any additional written policies or specifications that are provided to Contractor and agreed to by Operator and Contractor and referenced in the applicable Services Work Order.

4.2 Contractor agrees to maintain the Contractor's Equipment, in good operating condition at all times, which shall include, without limitation, meeting or exceeding prevailing regulatory requirements.

4.3 Operator agrees that:

a) The Services are of such a nature that no certainty of results can be assured by the Contractor's Group and the Contractor's Group makes no warranty concerning the accuracy or completeness of any data, the effectiveness of material used, recommendations given, or results of the services rendered. Contractor's Group will not be responsible for accidental or intentional interception of, or tampering with data by others, nor does Contractor's Group guarantee the safe storage or the length of time of storage of any data in any form;

b) There are no warranties or conditions express, implied, statutory or otherwise as to the merchantability or fitness for a particular purpose of any equipment, materials and supplies incorporated into or utilized in the performance of the Services, other than the equipment, materials and supplies shall be free of defects in workmanship or materials for a period of ninety (90) days from the earlier of the date the equipment, materials or supplies are delivered to the Work Site or were incorporated into or utilized in the performance of the Services; and

c) The Operator's sole and exclusive remedy at law or equity, whether in contract, tort or other theory of law is limited to the repair, or the replacement, or credit for the equipment, materials or supplies proven to the satisfaction of the Contractor's Group, acting reasonably, to have been defective;

d) If the Operator and the Contractor fail to agree on the repair, replacement of or credit for the defective equipment, materials or supplies, then the Operator will be credited or reimbursed the cost of the defective equipment, materials or supplies based on the Contractor's cost of the equipment, materials or supplies.

ARTICLE 5
REPORTS TO BE FURNISHED BY CONTRACTOR

5.1 Delivery tickets covering any materials or supplies furnished by Contractor or by third parties for which Operator is obligated to reimburse Contractor must disclose the quantity and description of materials or supplies so furnished, and shall be verified in writing and visually checked by Contractor and/or the Operator or its representative.

ARTICLE 6
EARLY TERMINATION OF SERVICES AND CONTRACTOR COMPENSATION

6.1 Operator shall be entitled to stop Services being undertaken or to be undertaken at a Work Site and to terminate such Services at any time prior to the completion thereof.

6.2 If Services are terminated on any Work Site pursuant to Section 6.1 either prior to or after the commencement of Services at the Work Site, Operator shall pay Contractor all expenses reasonably and necessarily incurred by Contractor prior to or by reason of the premature stoppage of the work on such Work Site, including, without limitation, Contractor's costs reasonably and necessarily incurred to demobilize equipment and personnel to the base of origin as well as Contractor's costs for goods manufactured or purchased specifically for the provision of Services at the Work Site, which amounts shall be in addition to any amounts otherwise to be paid to Contractor pursuant to Article 7.

6.3 If the parties jointly determine that a total loss, destruction or a major breakdown with indefinite repair time has forced cessation of or prevents undertaking operations with respect to Services to be completed, either party shall be entitled, upon written notice to the other, to terminate the Services undertaken or to be undertaken in respect of such Work Site. Responsibility for the costs of demobilization or mobilization shall be negotiated by the parties at the time.

ARTICLE 7
PAYMENTS TO CONTRACTOR

7.1 Upon completion of Services pursuant to a Services Work Order, Contractor shall submit an itemized invoice to Operator, prepared in accordance with the terms of the applicable Services Work Order, for all equipment, materials, supplies and labour furnished and services rendered, and shall include with such statement copies of all third party invoices reimbursable by Operator to Contractor together with all applicable receipts. For Services provided pursuant to a Services Work Order over a period of greater than one month, Contractor shall be entitled to render interim invoices to Operator on a monthly basis. Subject to Section 7.2 and Section 10.4, Operator shall pay Contractor the amount of each invoice within the period specified in the applicable Services Work Order. All invoices shall be submitted to Operator at the address shown above or at any other address that Operator may specify to Contractor in writing for the purpose of payment.

7.2 If Operator disputes any invoice or any part of an invoice in good faith, Operator shall within thirty (30) days of receiving the invoice, give Contractor written notice setting out the details which the Operator is relying upon to dispute payment and Operator shall be entitled to withhold payment of the portion of the invoiced

amount relating to the dispute. Operator shall make timely payment of any undisputed portion of the invoiced amount. Except for any claim that Operator may make as a result of an audit undertaken pursuant to Article 17, Operator expressly releases Contractor in respect of any claim not communicated to Contractor by a Notice timely delivered and waives any claim it may have against Contractor in respect thereof.

7.3 Operator shall pay Contractor for the Services provided hereunder in accordance with the rates and terms set out in the applicable Services Work Order, or pricing agreement in effect between Operator and Contractor. During the term of the Agreement, the rates set out in the pricing agreement in effect between Operator and Contractor shall be revised to compensate Contractor for any escalation in its cost of labour and subsistence, supervision, catering and camp facilities, maintenance, fuel, insurance or transportation, should such escalation be general throughout the service industry. The date of revision is to be the date of such escalation. The rates set out in the payment schedule shall also be revised to compensate Contractor for increased costs and/or reduction in profit as a result of municipal, provincial, federal or territorial taxes or other legislation which becomes effective after the date hereof. Federal Goods and Services Tax and applicable provincial taxes will be invoiced to Operator at the prescribed rate.

7.4 If, at Operator's request, Contractor purchases equipment, materials, supplies, or services that Operator is otherwise obligated to provide in respect of a particular Work Site in accordance with the applicable Services Work Order, then, within thirty (30) days from the date of Contractor's invoice in respect of such purchases (which shall be supported with copies of all related third party invoices), Operator shall reimburse Contractor for Contractor's full cost of purchasing and shipping such equipment, materials, supplies, and services, plus applicable handling charges as specified in the applicable Services Work Order or pricing agreement in effect between Operator and Contractor.

7.5 Any sum not paid within 30 days after the date of receipt of the invoice shall bear interest at a rate of 18% per annum from such due date until paid.

ARTICLE 8
ALLOCATION OF RISK AND LIABILITY

8.1 Except as provided in Sections 8.2, 8.3 and 8.5, Contractor shall at all times assume all of the risk of and be solely liable for any actions, claims, costs, damage to, loss of or destruction of Contractor's Group Surface Equipment, regardless of the negligence or other fault of Operator's Group or howsoever arising, and Contractor shall defend and indemnify Operator's Group from and against any and all actions, claims, losses, costs, damages and expenses resulting therefrom and specifically releases Operator's Group in regard to any claims that Contractor's Group may otherwise have in regard thereto.

8.2 Operator shall at all times assume all of the risk of and be solely liable for any actions, claims, costs, damage to, loss of, or destruction of Contractor's Group Surface Equipment:

(a) caused by exposure to corrosive, destructive or abrasive elements that enter the atmosphere whether from the Well or any other cause whatsoever;

(b) caused by exposure to corrosive, destructive or abrasive elements that enter into the Well or well bore from sub-surface formations or the use of corrosive, destructive, or abrasive additives in well bore fluids not introduced by Contractor during the performance of Services; and,

(c) caused by Operator intentionally firing a Well in order to gain control of any blowout or wild well,

regardless of the negligence or other fault of Contractor's Group or howsoever arising and Operator shall defend and indemnify Contractor's Group from and against any and all actions, claims, losses, costs, damages and expenses resulting therefrom, and Operator specifically releases Contractor's Group in regard to any claims that Operator’s Group may otherwise have in regard thereto.

8.3 Operator shall at all times assume all of the risk of and be solely liable for all actions, claims, costs:

(a) for any loss of, damage to or destruction of:

(i) Contractor's Group Downhole Equipment;
(ii) Contractor’s Group Equipment while in the care, custody and control of or being transported by any member of the Operator’s Group;
(iii) Operator's Group Equipment; and,
(iv) the Well, well bore, reservoir or any underground formation, including without limitation, any loss of, damage to or destruction of down hole casing or tubulars, and any loss, damage or destruction occurring by reason of the failure of Operator's Group Equipment during the performance of Services;

(b) for any loss, liability or damage to any party arising:

(i) by reason of subsurface trespass;
(ii) from exposure to corrosive, destructive or abrasive elements that enter into the Well or well bore from sub-surface formations or the use of corrosive, destructive, or abrasive additives in well bore fluids used during the performance of Services;

(iii) from blow-out, cratering, fire, wild well or work performed to control a wild well;

(iv) in whole or in part from the use of the equipment, materials or supplies, provided by or to be provided by Operator's Group;

(v) by reason of any cessation of operations pursuant to Section 6.1; and,

(c) the cost of gaining control of any blowout or wild well, including the cost of any removal of debris in relation thereto;

regardless of the negligence or other fault of Contractor's Group or howsoever arising, and Operator shall defend and indemnify Contractor's Group from and against any and all actions, claims, losses, costs, damages and expenses resulting therefrom, and specifically releases Contractor's Group from any claims Operator's Group may otherwise make in regard thereto.

8.4 (a) Operator shall at all times assume all of the risk of and be solely liable for the cost of repairing, re-drilling or re-servicing a lost or damaged Well, including without limitation, the cost of fishing operations, regardless of the negligence or other fault of Contractor's Group or howsoever arising, and Operator shall defend and indemnify Contractor's Group from and against any and all actions, claims, losses, costs, damages and expenses resulting therefrom and Operator specifically releases Contractor's Group in regard to any claims Operator's Group may otherwise have in regard thereto.

(b) Operator shall at all times assume all of the risk of and be solely liable for the repair cost for any of Contractor's Group Downhole Equipment damaged while below the rotary table or ground level, whichever is the case, or the fully landed replacement cost for any of Contractor's Group Downhole Equipment which has been lost in the Well and not recovered.

(c) The radioactive sources that Contractor's Group may use in performing the Services are potentially dangerous. If any radioactive source is lost in a Well, at the worksite, while being transported by a third party employed by Operator, or while under the custody or control of Operator's Group, Operator shall exert commercially reasonable efforts to recover the source and shall take special precautions in order to avoid breaking or damaging the source container. If the source is not recovered, or if the container is broken, Operator shall immediately comply with all applicable laws and regulations, including the isolation and marking of the location of the source, and shall keep Contractor informed of all related developments.

8.5 Operator shall be responsible for preparing a sound location fully capable of supporting Contractor's Group Equipment. Operator has superior knowledge of the Work Site and shall advise Contractor of any subsurface conditions including, but not limited to, mines, caverns, streams or springs that could result in the cratering or the shifting of the location surface during the course of

completing the Services. If any such conditions are encountered and result in the cratering or shifting of the location surface, Operator shall be liable for and shall defend and indemnify Contractor's Group for all actions, claims, losses, costs, damages and expenses resulting from such conditions, including, without limitation, any loss of, damage to, or destruction of Contractor's Group Equipment and payment of any costs necessarily incurred to protect Contractor's Group Equipment and Contractor's personnel, regardless of the negligence or other fault of Contractor's Group or howsoever arising.

8.6 Contractor shall be responsible at all times for any actions, claims, costs, losses, damages and expenses of every kind and character arising as a result of loss of life or bodily injury to the employees of Contractor's Group, regardless of the negligence or other fault of Operator's Group or howsoever arising and Contractor shall defend and indemnify Operator's Group from and against all such actions, claims, losses, costs, damages and expenses arising therefrom; provided that this Section 8.6 shall not apply to limit apportionment for associated costs under applicable workers' compensation legislation.

8.7 Operator shall be responsible at all times for any actions, claims, losses, costs, damages and expenses of every kind and character arising as a result of loss of life or bodily injury to the employees of Operator's Group, regardless of the negligence or other fault of Contractor's Group or howsoever arising and Operator shall defend and indemnify Contractor's Group from and against all such actions, claims, losses, costs, damages and expenses arising therefrom; provided that this Section 8.7 shall not apply to limit apportionment for associated costs under applicable workers' compensation legislation.

8.8 Contractor shall assume all the risk of and be solely liable for all actions, claims, losses, costs, damages and expenses of every kind and character arising from pollution or contamination that originates above the surface of the ground from spills of fuels, lubricants, motor oils, wire cuttings, water, paints, solvents and garbage wholly in the possession and control of Contractor's Group and which originates from the Contractor's Group Equipment, and Contractor shall defend and indemnify Operator's Group from and against all such actions, claims, losses, costs, damages and expenses.

8.9 Operator shall assume all the risk of and be solely liable for all actions, claims, losses, costs, damages and expenses of every kind and character arising from all pollution or contamination not referred to in Section 8.8 including, but not limited to, pollution, radiation damage or contamination that may result from slush pit or Operator's storage tank breakage or seepage, fire, blowout, cratering, or any other uncontrolled flow of oil, gas, water or other substances, as well as from the use or disposition of servicing fluids, disposal, storage or treatment of any dangerous and/or hazardous waste associated with the Services and completion operations, or items of equipment wholly in the possession and control of Operator's Group or directly associated with

Operator’s Group Equipment, regardless of the negligence or other fault of Contractor's Group or howsoever arising and Operator shall defend and indemnify Contractor's Group from and against all such actions, claims, losses, costs, damages and expenses.

8.10 Except as specifically provided in this Article 8, Contractor shall, with respect to third party claims:

(a) be liable to Operator’s Group for such actions, claims, losses, costs, damages and expenses which Operator’s Group may suffer, sustain, pay or incur; and

(b) defend and indemnify Operator's Group against all actions, claims, losses, costs, damages and expenses brought against Operator's Group or that Operator's Group may suffer sustain, pay or incur,

as a result and to the extent of the negligent or willful acts or negligent or willful omissions of Contractor’s Group arising in connection with this Agreement or a Services Work Order.

8.11 Except as specifically provided in this Article 8, Operator shall, with respect to third party claims:

(a) be liable to Contractor’s Group for such actions, claims, losses, costs, damages and expenses which Contractor’s Group may suffer, sustain, pay or incur; and

(b) defend and indemnify Contractor's Group against all actions, claims, losses, costs, damages and expenses brought against Contractor's Group or which Contractor's Group may suffer, sustain, pay or incur,

as a result and to the extent of the negligent or willful acts or negligent or willful omissions of Operator’s Group arising in connection with this Agreement or a Services Work Order.

8.12 Each Indemnified Party shall, in a timely manner, advise the other party by written notice, with particulars, of any matter in respect of which, pursuant to the provisions of this Article 8, the Indemnified Party claims indemnity or requires the other party to defend.

8.13 For greater clarity, Operator and Contractor acknowledge and agree that:

(a) the purpose of this Article 8 is to allocate contractually between Contractor or Contractor's Group and Operator or Operator's Group certain of the risks, responsibilities, and potential losses or liabilities associated with the

operations and activities at a Work Site under the Agreement or a Services Work Order; and

(b) such allocation shall prevail in the place and stead of any other allocation of risks, responsibilities, or potential losses or liabilities that might be made on the basis of the negligence or other fault of either party or howsoever arising or any other theory of legal liability and notwithstanding the breach or alleged breach by either party of any provision of the Agreement or a Services Work Order.

8.14 Notwithstanding any other provision of the Agreement or a Services Work Order, under no circumstances shall any party be liable to any other party, by reason of the Agreement or a Services Work Order or otherwise, for punitive damages, aggravated damages, special damages or for indirect or consequential damages or losses suffered by the other, including, without limitation, indirect or consequential damages or losses involving loss of profits, loss of business or indirect economic loss.

ARTICLE 9
INSURANCE

9.1 At all times during a Services Work Order, Contractor and Operator shall carry insurance of types and in minimum amounts as follows:

(a) Comprehensive General Liability insurance having a limit of Two Million Dollars ($2,000,000) inclusive, per occurrence, for bodily injury, death and property damage;

(b) Employer's Liability insurance having a limit of One Million Dollars ($1,000,000) inclusive, per occurrence, for bodily injury, death and property damage;

(c) Automobile liability insurance having a limit of One Million Dollars ($1,000,000) inclusive, per occurrence, for bodily injury, death and property damage; and

(d) Worker's Compensation Insurance covering all Contractor's employees working on the operations and activities governed by the Services Work Order that complies with provincial, territorial or federal laws and regulations applicable to the Services Work Order.

9.2 Contractor shall not be a self-insurer in respect of any one or more of the risks for which coverage is required herein unless Contractor has first obtained the written consent of Operator, signed by a representative of Operator authorized to provide such consent.

9.3 Either party shall provide to the other, on written request by the other, certificates of insurance evidencing the above insurance coverages.

9.4 To the extent of the risks or liabilities assumed by Operator pursuant to this Agreement or a Services Work Order, Operator shall ensure that, to the extent Operator obtains policies of insurance in respect of such risks and liabilities, such policies of insurance, excluding Worker's Compensation Insurance:

(a) shall specify Contractor's Group as additional insureds; and

(b) are endorsed to provide that the insurers waive all rights, by subrogation or otherwise, against Contractor's Group.

9.5 To the extent of the risks or liabilities assumed by Contractor pursuant to the Agreement or a Services Work Order, Contractor shall ensure that, to the extent Contractor obtains policies of insurance in respect of such risks and liabilities, such policies of insurance, excluding Worker's Compensation Insurance:

(a) shall specify Operator's Group as additional insureds; and,

(b) are endorsed to provide that the insurers waive all rights, by subrogation or otherwise, against Operator's Group.

ARTICLE 10
ASSESSMENTS, LIENS AND THIRD PARTY CHARGES

10.1 Contractor agrees to pay all taxes, assessments, fees and charges levied or assessed on Contractor in connection with or incidental to the performance of a Services Work Order, unless otherwise identified in the Services Work Order as the responsibility of Operator, including any statutory deductions on the wages of Contractor's employees for employment insurance, old age security benefits or income tax and shall require the same undertaking from its subcontractors.

10.2 Contractor agrees to allow no lien or charge to be fixed upon any Work Site as a result of default by Contractor in payment of any bona fide third party claims and Contractor shall indemnify and save Operator harmless from and against all such charges and liens. If Contractor fails or refuses to pay any third party claims incurred by Contractor in connection with a Work Site, unless Contractor has a bona fide reason for so doing, Operator shall have the right to pay any such claims out of any money due or to become due to Contractor hereunder. No assignment by Contractor of the payment due Contractor hereunder shall have any force or effect until all such bona fide claims shall have been completely discharged.

10.3 Operator may require Contractor to furnish proof by statutory declaration that there are no unsatisfied claims for equipment, materials, supplies, services and labour before making payment to Contractor as required in a Services Work Order.

10.4 Operator may withhold that part of the payment due to Contractor in respect of Services performed at a Work Site as may be required by, and to be dealt with as specified in, the mechanic's or builder's lien legislation in force where a Work Site is located.

10.5 For the purpose of any claim Contractor may have against Operator for failing to pay amounts outstanding in respect of a Services Work Order, Operator acknowledges and agrees that:

(a) Contractor is entitled under the Services Work Order to register, pursuant to applicable legislation, a lien or liens against the interests of Operator's Group in any parcel of land for which Services have been provided by Contractor under the Services Work Order to the extent that there are amounts owing to Contractor for Services provided in respect of that parcel of land; and

(b) the period within which Contractor may file such lien or liens shall commence on the last day on which Contractor has performed Services under the Services Work Order; provided that no claim shall be made in respect of a single Work Site under a Services Work Order more than two (2) years after the work was performed on such Work Site.

ARTICLE 11
LAWS, RULES AND REGULATIONS

11.1 Operator and Contractor each agree to comply with all laws, rules and regulations, federal, provincial, municipal and territorial, which are or may be applicable during the performance of a Services Work Order.

ARTICLE 12
FORCE MAJEURE

12.1 If any party is prevented by Force Majeure from fulfilling any obligations hereunder, the obligations of the party, insofar only as its obligations are affected by the Force Majeure, shall be suspended while the Force Majeure continues to prevent the performance of such obligations and for the time thereafter as that party may reasonably require to commence to fulfill such obligation. A party prevented from fulfilling any obligation by Force Majeure shall promptly give the

other party notice of the Force Majeure and the affected obligations, including reasonably full particulars thereof.

12.2 The party claiming suspension of an obligation as described shall promptly remedy the cause and effect of the applicable Force Majeure, insofar as it is reasonably able to do so and such party shall promptly give the other party notice when the Force Majeure ceases to prevent the performance of the applicable obligation. However, the terms of settlement of any strike, lockout or other industrial disturbance shall be wholly in the discretion of such party, and that party shall not be required to accede to the demands of its opponents in any strike, lockout or industrial disturbance solely to remedy promptly the Force Majeure thereby constituted.

12.3 Notwithstanding anything contained in this Article 12, lack of finances shall not be considered Force Majeure, nor shall Force Majeure suspend any obligation for the payment of money due hereunder.

ARTICLE 13
INTELLECTUAL PROPERTY

13.1 Contractor represents and warrants that the use of all equipment furnished by Contractor in the performance of a Services Work Order does not knowingly infringe on any license or patent which has been issued or pending, and Contractor agrees to defend and indemnify Operator's Group from and against any and all actions, claims, losses, costs, damages and expenses, of every kind and character arising from the breach of such representation and warranty, provided Operator:

(a) gives Contractor prompt notice of the commencement or threat of any such claim or suit;

(b) gives Contractor the sole control of the defense of such claim or suit and all negotiations for the settlement or compromise thereof; and

(c) cooperates fully and completely with Contractor in providing information, documentation and witnesses relevant to the claim or suit.

13.2 The Operator and the Contractor agree that:

(a) all Intellectual Property originated by the Contractor prior to entering into this Master Service Agreement and all Intellectual Property developed solely by the Contractor during the term of this Master Service Agreement or any particular Services Work Order shall belong to the Contractor;

(b) all Intellectual Property originated by the Operator prior to entering into this Master Service Agreement and all Intellectual Property developed

solely by the Operator during the term of this Master Service Agreement or any particular Services Work Order shall belong to the Operator; and

(c) if the Operator and the Contractor jointly develop any Intellectual Property associated with the Services, they shall negotiate in good faith and execute a development agreement to identify and allocate ownership rights in the jointly developed Intellectual Property.

ARTICLE 14
CONFIDENTIAL INFORMATION

14.1 All information obtained by Contractor from Operator and by Operator from Contractor either provided for, related to or resulting from the provision of Services hereunder shall be considered confidential information and shall not be divulged to any third party by the party receiving such information or its employees without the prior written consent of the other party.

14.2 The obligations of confidentiality hereunder will not apply to any particular part of the confidential information if the party can establish:

(a) it is generally available to the public or subsequently enters the public domain through no fault of the party;

(b) it was received by the party without obligation of confidence from a third party who the party had no reason to believe was not lawfully in possession of such information free of any obligation of confidence;

(c) it was developed and applied by the party using only their own knowledge and resources or using the knowledge and resources of a third party not connected with or under an obligation of confidentiality in relation to confidential information of the other party; or

(d) it is required to disclose this information by law.

ARTICLE 15
TERM

15.1 This Agreement may be terminated by either party upon thirty (30) days written notice to the other party, but shall, in any event, continue until the completion or termination of any Services Work Order then in effect. The provisions of Articles 8, 13 and 14 shall survive any termination of this Agreement.

ARTICLE 16
ENTIRE AGREEMENT, CONFLICTS

16.1 Each Services Work Order or pricing agreement, and the terms of this Agreement, shall constitute the entire agreement between Operator and Contractor in connection with the subject matter thereof and shall supersede all prior agreements, arrangements, negotiations, representations or understandings by or between them, whether written or otherwise.

16.2 No amendment to this Agreement or to any Services Work Order or pricing agreement made hereunder shall be effective or binding upon the parties hereto unless it is set forth in writing and duly executed by each of the parties hereto.

16.3 If there is a conflict between the provisions of this Agreement and any Services Work Order or other documentation that may be attached hereto and made part of a Services Work Order, the provisions of this Agreement shall have precedence over the terms of the Services Work Order and such other documentation.

16.4 If any of the provisions of this Agreement or a Services Work Order are determined to be invalid, illegal or unenforceable in any respect, the validity, legality or enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

16.5 Recitals and headings used in this Agreement are intended by the parties to assist in the reading of this Agreement and are not to be used or construed for the purpose of interpreting any provision herein.

ARTICLE 17
AUDIT

17.1 Contractor shall retain Service Records for a period of two (2) years after the completion of such Services. Operator shall have the right during this two (2) year period to inspect and audit, at Operator's sole cost, the Service Records in Contractor's office during Contractor's regular office hours upon giving reasonable written notice to Contractor. No claim based on a discrepancy disclosed by such an audit shall be made by Operator unless it is made in writing to Contractor on or before the thirtieth (30th) day after the two (2) year period. Any accountant used by the Operator to perform the audit shall be bound to keep all information he receives about the Contractor during the audit confidential in accordance with Article 15. Operator's audit rights shall not extend to the confidential, proprietary or solicitor-client privileged information of Contractor, nor shall Operator be entitled to investigate the make-up of rates or lump sum prices.

ARTICLE 18
NOTICES

18.1 The addresses for Notices for the Operator and the Contractor are those set out on the first page of this Agreement.

18.2 All Notices shall be in writing, and shall be deemed to be sufficiently given and received if:

(a) personally served on the other party by delivery during the normal business hours of the recipient at the addresses set forth above (personally served Notices shall be deemed received by the addressee when actually delivered); or,

(b) by telefax or e-mail (or by any other like method by which a written message may be sent) directed to the party on whom they are to be served at that party's fax number or e-mail address set forth above and such Notices so served shall be deemed to have been received by the addressee thereof when actually received within the normal working hours of a business day, or, if received outside the normal working hours of a business day, at the commencement of the next ensuing business day following transmission thereof.

18.3 Either of the parties hereto may change its address for Notices by giving Notice to the other.

ARTICLE 19
ASSIGNMENTS

19.1 Neither party hereto may assign any of its rights or obligations hereunder without the written consent of the other party, such consent not to be unreasonably withheld.

ARTICLE 20
APPLICABLE LAW

20.1 Except as otherwise provided herein, this Agreement, any Services Work Order entered into hereunder and any related documentation shall be interpreted, construed and enforced in accordance with the laws of the Province of Alberta, excluding any conflicts of law principles that could lead to the application of another jurisdiction’s laws. Any legal proceedings that may be taken by the parties in respect of this Agreement, any Services Work Order entered into hereunder or any related such documentation, shall be taken before the Court of

Queen's Bench of Alberta and each of the parties specifically agrees to the jurisdiction thereof.

ARTICLE 21
BINDING EFFECT

21.1 This Agreement is binding on the Operator and the Contractor and their respective successors and permitted assignees.

ARTICLE 22
ARBITRATION

22.1 The Operator and the Contractor agree that they may resolve disputes by arbitration as follows:

(a) In the event any dispute arises out of or in connection with this Agreement that is not resolved by negotiation, including any question about interpretation, validity or termination of this Agreement, such dispute shall be referred to binding arbitration under the *Arbitration Act* (Alberta).

(b) The arbitration panel shall consist of three (3) persons, one person selected by the Operator, one person selected by Contractor and the third person to be selected by the two persons so chosen by the Operator and the Contractor. The arbitration shall be conducted in Calgary, Alberta, unless the parties otherwise agree.

(c) Any party may serve a Notice on the other party requesting arbitration of an issue and notifying the other party of its selection of a member of the arbitration panel. The other party shall have ten (10) days to appoint its member of the arbitration panel and so notify the first party.

(d) Failure of the other party to timely notify the first party as specified above shall entitle the first party to refer the matter to a court of competent jurisdiction to appoint the other members of the arbitration panel.

(e) The members of the arbitration panel, when selected or appointed, shall establish a timetable and procedure and proceed to determine the issues in dispute.

(f) The decision of the arbitration panel is binding on the Operator and the Contractor.

22.2 This Article will only apply if the Operator and the Contractor select arbitration as a method of resolving disputes in a particular Services Work Order.

ARTICLE 23
FACSIMILE AND COUNTERPART SIGNING

23.1 This Agreement may be executed and delivered in counterparts, each of which when executed and delivered shall be deemed to be an original. The counterparts together shall constitute the Agreement. Transmission by facsimile shall be an accepted mode of delivery of such counterparts to the other Party.

ARTICLE 24
OCCUPATIONAL HEALTH AND SAFETY ACT

24.1 In this Agreement, “Prime Contractor” shall have the meaning set forth in section 3 of the *Occupational Health and Safety Act*, Revised Statutes of Alberta 2000, c.0-2, and all amendments, substitutions or replacements thereof, or any similar legislation in any jurisdiction applicable to this Agreement.

24.2 In this Agreement, the Operator is designated the Prime Contractor and nothing in this Agreement shall constitute or deem the Contractor to be the Prime Contractor.

IN WITNESS WHEREOF, the parties hereto have signed this Agreement by their duly authorized officers.

DATE signed by Operator: _____

_____
Operator

By: _____
Title

DATE signed by Contractor: _____

_____
Contractor

By: _____
Title