

COURT FILE NUMBER 1901-14615

COURT COURT OF QUEEN'S BENCH OF ALBERTA

JUDICIAL CENTRE CALGARY

PLAINTIFF ORPHAN WELL ASSOCIATION

DEFENDANT HOUSTON OIL AND GAS LTD.

DOCUMENT **APPROVAL AND VESTING ORDER
(Sale by Receiver)**



ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT **Borden Ladner Gervais LLP**
1900, 520 – 3rd Avenue S.W.
Calgary, AB T2P 0R3

Attention: Robyn Gurofsky
Telephone: (403) 232-9774
Email: RGurofsky@blg.com

DATE ON WHICH ORDER WAS PRONOUNCED: September 3, 2020

LOCATION WHERE ORDER WAS PRONOUNCED: Calgary, Alberta

NAME OF JUSTICE WHO MADE THIS ORDER: Madam Justice B.E.C. Romaine

UPON THE APPLICATION by BDO Canada Limited in its capacity as the Court-appointed receiver and manager (the “**Receiver**”) of the undertakings, property and assets of Houston Oil and Gas Ltd. (the “**Debtor**”) for an order approving the sale transaction (the “**Transaction**”) contemplated by an agreement of purchase and sale (the “**Sale Agreement**”) between the Receiver and Canamax Energy Ltd. (the “**Purchaser**”) dated August 13, 2020, a redacted copy of which is appended to the Second Report of the Receiver dated August 24, 2020 and an unredacted copy of which is appended to the Confidential Supplement to the Second Report dated August 24, 2020 (collectively, the “**Report**”), and vesting in the Purchaser (or its nominee) the Debtor’s right, title and interest in and to the assets described in the Sale Agreement (the “**Purchased Assets**”);

AND UPON HAVING READ the Receivership Orders dated October 29, 2019 and June 30, 2020 (together, the “**Receivership Order**”), the Report and the Affidavit of Service of Jennifer Gorrie, filed; **AND UPON HEARING** the submissions from counsel for the Receiver and counsel for any other interested parties appearing at the hearing of this application, which occurred via WebEx Video Conference, having regard to the Court’s procedures for the COVID-19 pandemic;

IT IS HEREBY ORDERED AND DECLARED THAT:

SERVICE

1. Service of notice of this application and supporting materials is hereby declared to be good and sufficient, no other person is required to have been served with notice of this application and time for service of this application is abridged to that actually given.

APPROVAL OF TRANSACTION

2. The Transaction is hereby approved and execution of the Sale Agreement by the Receiver is hereby authorized and approved, with such minor amendments as the Receiver may deem necessary. The Receiver is hereby authorized and directed to take such additional steps and execute such additional documents as may be necessary or desirable for completion of the Transaction and conveyance of the Purchased Assets to the Purchaser (or its nominee).

VESTING OF PROPERTY

3. Subject only to approval by the Alberta Energy Regulator (“**Energy Regulator**”) of transfer of any applicable licenses, permits and approvals pursuant to section 24 of the *Oil and Gas Conservation Act* (Alberta) and section 18 of the *Pipeline Act* (Alberta) upon delivery of a Receiver’s certificate to the Purchaser (or its nominee) substantially in the form set out in **Schedule “A”** hereto (the “**Receiver's Closing Certificate**”), all of the Debtor’s right, title and interest in and to the Purchased Assets listed in **Schedule “B”** hereto shall vest absolutely in the name of the Purchaser (or its nominee), free and clear of and from any and all caveats, security interests, hypothecs, pledges, mortgages, liens, trusts or deemed trusts, reservations of ownership, royalties, options, rights of pre-emption,

privileges, interests, assignments, actions, judgements, executions, levies, taxes, writs of enforcement, charges, or other claims, whether contractual, statutory, financial, monetary or otherwise, whether or not they have attached or been perfected, registered or filed and whether secured, unsecured or otherwise (collectively, “**Claims**”) including, without limiting the generality of the foregoing:

- (a) any encumbrances or charges created by the Receivership Order;
- (b) any charges, security interests or claims evidenced by registrations pursuant to the *Personal Property Security Act* (Alberta) or any other personal property registry system;
- (c) any liens or claims of lien under the *Builders’ Lien Act* (Alberta); and
- (d) those Claims listed in Schedule “C” hereto (all of which are collectively referred to as the “**Encumbrances**”, which term shall not include the permitted encumbrances, caveats, interests, easements, and restrictive covenants listed in Schedule “D” (collectively, “**Permitted Encumbrances**”))

and for greater certainty, this Court orders that all Claims including Encumbrances other than Permitted Encumbrances, affecting or relating to the Purchased Assets are hereby expunged, discharged and terminated as against the Purchased Assets.

4. Upon delivery of the Receiver’s Closing Certificate, and upon filing of a certified copy of this Order, together with any applicable registration fees, all governmental authorities including those referred to below in this paragraph (collectively, “**Governmental Authorities**”) are hereby authorized, requested and directed to accept delivery of such Receiver’s Closing Certificate and certified copy of this Order as though they were originals and to register such transfers, interest authorizations, discharges and discharge statements of conveyance as may be required to convey to the Purchaser or its nominee clear title to the Purchased Assets subject only to Permitted Encumbrances. Without limiting the foregoing:

- (a) Alberta Energy (“**Energy Ministry**”) shall and is hereby authorized, requested and directed to forthwith:
 - (i) cancel and discharge those Claims including builders’ liens, security notices, assignments under section 426 (formerly section 177) of the *Bank*

Act (Canada) and other Encumbrances (but excluding Permitted Encumbrances) registered (whether before or after the date of this Order) against the estate or interest of the Debtor in and to any of the Purchased Assets located in the Province of Alberta; and

(ii) transfer all Crown leases forming part of the Purchased Assets, if any, standing in the name of the Debtor, to the Purchaser (or its nominee) free and clear of all Claims including Encumbrances but excluding Permitted Encumbrances;

(b) the Registrar of the Alberta Personal Property Registry (the “**PPR Registrar**”) shall and is hereby directed to forthwith cancel and discharge any registrations at the Alberta Personal Property Registry (whether made before or after the date of this Order) claiming security interests (other than Permitted Encumbrances) in the estate or interest of the Debtor in any of the Purchased Assets which are of a kind prescribed by applicable regulations as serial-number goods.

5. In order to effect the transfers and discharges described above, this Court directs each of the Governmental Authorities to take such steps as are necessary to give effect to the terms of this Order and the Sale Agreement. Presentment of this Order and the Receiver’s Closing Certificate shall be the sole and sufficient authority for the Governmental Authorities to make and register transfers of title or interest and cancel and discharge registrations against any of the Purchased Assets of any Claims including Encumbrances but excluding Permitted Encumbrances.
6. No authorization, approval or other action by and no notice to or filing with any governmental authority or regulatory body exercising jurisdiction over the Purchased Assets is required for the due execution, delivery and performance by the Receiver of the Sale Agreement, other than any required approval by the Energy Regulator referenced in paragraph 3 above.
7. Upon delivery of the Receiver’s Closing Certificate together with a certified copy of this Order, this Order shall be immediately registered by the Land Titles Registrar

notwithstanding the requirements of section 191(1) of the *Land Titles Act*, RSA 2000, c.L-7 and notwithstanding that the appeal period in respect of this Order has not elapsed. The Land Titles Registrar is hereby directed to accept all Affidavits of Corporate Signing Authority submitted by the Receiver in its capacity as Receiver of the Debtor and not in its personal capacity.

8. For the purposes of determining the nature and priority of Claims, net proceeds from sale of the Purchased Assets (to be held in an interest bearing trust account by the Receiver) shall stand in the place and stead of the Purchased Assets from and after delivery of the Receiver's Closing Certificate and all Claims including Encumbrances (but excluding Permitted Encumbrances) shall not attach to, encumber or otherwise form a charge, security interest, lien, or other Claim against the Purchased Assets and may be asserted against the net proceeds from sale of the Purchased Assets with the same priority as they had with respect to the Purchased Assets immediately prior to the sale, as if the Purchased Assets had not been sold and remained in the possession or control of the person having that possession or control immediately prior to the sale. Unless otherwise ordered (whether before or after the date of this Order), the Receiver shall not make any distributions to creditors of net proceeds from sale of the Purchased Assets without further order of this Court, provided however the Receiver may apply any part of such net proceeds to repay any amounts the Receiver has borrowed for which it has issued a Receiver's Certificate pursuant to the Receivership Order.
9. Upon completion of the Transaction, the Debtor and all persons who claim by, through or under the Debtor in respect of the Purchased Assets, and all persons or entities having any Claims of any kind whatsoever in respect of the Purchased Assets, save and except for persons entitled to the benefit of the Permitted Encumbrances, shall stand absolutely and forever barred, estopped and foreclosed from and permanently enjoined from pursuing, asserting or claiming any and all right, title, estate, interest, royalty, rental, equity of redemption or other Claim whatsoever in respect of or to the Purchased Assets, and to the extent that any such persons or entities remain in the possession or control of any of the Purchased Assets, or any artifacts, certificates, instruments or other indicia of title

representing or evidencing any right, title, estate, or interest in and to the Purchased Assets, they shall forthwith deliver possession thereof to the Purchaser (or its nominee).

10. The Purchaser (or its nominee) shall be entitled to enter into and upon, hold and enjoy the Purchased Assets for its own use and benefit without any interference of or by the Debtor, or any person claiming by, through or against the Debtor.
11. Immediately upon closing of the Transaction, holders of Permitted Encumbrances shall have no claim whatsoever against the Receiver.
12. The Receiver is directed to file with the Court a copy of the Receiver's Closing Certificate forthwith after delivery thereof to the Purchaser (or its nominee).
13. Pursuant to clause 7(3)(c) of the *Personal Information Protection and Electronic Documents Act* (Canada) and section 20(e) of the *Alberta Personal Information Protection Act*, the Receiver is authorized and permitted to disclose and transfer to the Purchaser (or its nominee) all human resources and payroll information in the Debtor's records pertaining to the Debtor's past employees. The Purchaser (or its nominee) shall maintain and protect the privacy of such information and shall be entitled to use the personal information provided to it in a manner which is in all material respects identical to the prior use (of such information) to which the Debtor was entitled.

MISCELLANEOUS MATTERS

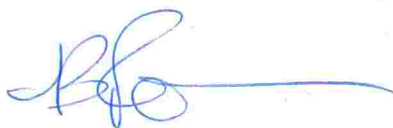
14. Notwithstanding:
 - (a) the pendency of these proceedings and any declaration of insolvency made herein;
 - (b) the pendency of any applications for a bankruptcy order now or hereafter issued pursuant to the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c.B-3, as amended (the "BIA"), in respect of the Debtor, and any bankruptcy order issued pursuant to any such applications;
 - (c) any assignment in bankruptcy made in respect of the Debtor; and
 - (d) the provisions of any federal or provincial statute:

the vesting of the Purchased Assets in the Purchaser (or its nominee) pursuant to this Order shall be binding on any trustee in bankruptcy that may be appointed in respect of the Debtor and shall not be void or voidable by creditors of the Debtor, nor shall it constitute nor be deemed to be a transfer at undervalue, settlement, fraudulent preference, assignment, fraudulent conveyance, or other reviewable transaction under the BIA or any other applicable federal or provincial legislation, nor shall it constitute oppressive or unfairly prejudicial conduct pursuant to any applicable federal or provincial legislation.

15. The Receiver, the Purchaser (or its nominee) and any other interested party, shall be at liberty to apply for further advice, assistance and direction as may be necessary in order to give full force and effect to the terms of this Order and to assist and aid the parties in closing the Transaction.
16. This Honourable Court hereby requests the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in any of its provinces or territories or in any foreign jurisdiction, to act in aid of and to be complimentary to this Court in carrying out the terms of this Order, to give effect to this Order and to assist the Receiver and its agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such order and to provide such assistance to the Receiver, as an officer of the Court, as may be necessary or desirable to give effect to this Order or to assist the Receiver and its agents in carrying out the terms of this Order.
17. Service of this Order shall be deemed good and sufficient by:
 - (a) Serving the same on:
 - (i) the persons listed on the service list created in these proceedings;
 - (ii) any other person served with notice of the application for this Order;
 - (iii) any other parties attending or represented at the application for this Order;
 - (iv) the Purchaser or the Purchaser's solicitors; and
 - (b) Posting a copy of this Order on the Receiver's website at:
[https://relieffromdebt.ca/houston-oil-gas-ltd./](https://relieffromdebt.ca/houston-oil-gas-ltd/)

and service on any other person is hereby dispensed with.

18. Service of this Order may be effected by facsimile, electronic mail, personal delivery or courier. Service is deemed to be effected the next business day following transmission or delivery of this Order.

A handwritten signature in blue ink, consisting of stylized initials and a long horizontal flourish extending to the right.

Justice of the Court of Queen's Bench of Alberta

Schedule "A"

Form of Receiver's Certificate

COURT FILE NUMBER	1901-14615
COURT	COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE	CALGARY
PLAINTIFF	ORPHAN WELL ASSOCIATION
DEFENDANT	HOUSTON OIL AND GAS LTD.
DOCUMENT	RECEIVER'S CERTIFICATE

Clerk's Stamp

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT	Borden Ladner Gervais LLP 1900, 520 – 3 rd Avenue S.W. Calgary, AB T2P 0R3
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Attention: Robyn Gurofsky
Telephone: (403) 232-9774
Email: RGurofsky@blg.com

RECITALS

- A. Pursuant to an Order of the Honourable Justice K. Eidsvik of the Court of Queen's Bench of Alberta, Judicial District of Calgary (the "**Court**") dated October 29, 2019, Hardie & Kelly Inc. (as now substituted with BDO Canada Limited pursuant to an Order of the Court dated June 30, 2020) was appointed as the receiver (the "**Receiver**") of the undertakings, property and assets of Houston Oil and Gas Ltd. (the "**Debtor**").
- B. Pursuant to an Order of the Court dated September 3, 2020, the Court approved the agreement of purchase and sale made as of August 13, 2020 (the "**Sale Agreement**") between the Receiver and Canamax Energy Ltd. (the "**Purchaser**") and provided for the vesting in the Purchaser of the Debtor's right, title and interest in and to the Purchased Assets, which vesting is to be effective with respect to the Purchased Assets upon the

delivery by the Receiver to the Purchaser of a certificate confirming (i) the payment by the Purchaser of the Purchase Price for the Purchased Assets; (ii) that the conditions to Closing as set out in section * of the Sale Agreement have been satisfied or waived by the Receiver and the Purchaser; and (iii) the Transaction has been completed to the satisfaction of the Receiver.

C. Unless otherwise indicated herein, capitalized terms have the meanings set out in the Sale Agreement.

THE RECEIVER CERTIFIES the following:

1. The Purchaser (or its nominee) has paid and the Receiver has received the Purchase Price for the Purchased Assets payable on the Closing Date pursuant to the Sale Agreement;
2. The conditions to Closing as set out in section * of the Sale Agreement have been satisfied or waived by the Receiver and the Purchaser (or its nominee); and
3. The Transaction has been completed to the satisfaction of the Receiver.
4. This Certificate was delivered by the Receiver at [Time] on [Date].

BDO CANADA LIMITED, in its capacity as Receiver of the undertakings, property and assets of Houston Oil and Gas Ltd., and not in its personal capacity.

Per; _____

Name: Marc Kelly

Title: Senior Vice President

Schedule “B”

Purchased Assets

The Purchased Assets consist of the Assets (as defined in the Sale Agreement, and each subsequent capitalized term herein having the respective meaning as defined therein), including, without limitation, the Petroleum and Natural Gas Rights, the Tangibles, and the Miscellaneous Interests, described in the attachments to this Schedule “B”, but specifically excluding the Excluded Assets.

Lands and Petroleum and Natural Gas Rights

See attachment Mineral Schedule "A" Report dated January 10, 2020 10:59 am

Specifically Pages 5-10 from the Retlaw Area.

HOUSTON OIL & GAS LTD.
Mineral Schedule "A" Report

Report Id: RP-0053

File Number	Title Information	Lands	Seller's Interests	Encumbrances	Operating Contract	Wells
M01522 A	LSE TYPE: CR PNG CR: 0488100250 LSE DATE: 1988 Oct 28 EFF DATE: 1988 Oct 20 EXP DATE: 1993 Oct 19 INT TYPE: WI MNRL INT: 100.0 EXT CODE: 15 GROSS ACRES: 319.778 NET ACRES: 35.531 COUNT ACREAGE: Y	TWP 10 RGE 15 W4M PTN N 7 PET TO BASE SECOND_WHITE_SPECKS (PORTION OF NE7 LYING TO THE NORTH OF THE CR RIGHT-OF-WAY)	CUR INT: WI HOUSTON OI 11.111%	SLIDING SCALE OIL S/S BASED ON 100.0% PDBY HOUSTON OI 11.111% NONCONV GOR ALL 5.0% BASED ON 11.111% PDBY HOUSTON OI 100.0%	CUR INT OPER CONT C00720 A CAPL 1981 ROFR Not Applicable OPER: SANLING EN	
M01522 B	LSE TYPE: CR PNG CR: 0488100250 LSE DATE: 1988 Oct 28 EFF DATE: 1988 Oct 20 EXP DATE: 1993 Oct 19 INT TYPE: NI MNRL INT: 100.0 EXT CODE: 15 GROSS ACRES: 0.000 NET ACRES: 0.000 COUNT ACREAGE: Y	TWP 10 RGE 15 W4M N 7 NG TO BASE SECOND_WHITE_SPECKS (PORTION OF NE7 LYING TO THE NORTH OF THE CR RIGHT-OF-WAY)			CUR INT OPER CONT C00720 B CAPL 1981 ROFR Not Applicable OPER: DRAKE ENER	
M01523 A	LSE TYPE: CR PNG CR: 0488100252 LSE DATE: 1988 Oct 28 EFF DATE: 1988 Oct 20 EXP DATE: 1993 Oct 19 INT TYPE: WI MNRL INT: 100.0 EXT CODE: 15 GROSS ACRES: 320.000 NET ACRES: 35.555 COUNT ACREAGE: Y	TWP 10 RGE 16 W4M N 12 PET TO BASE SECOND_WHITE_SPECKS	CUR INT: WI HOUSTON OI 11.111%	SLIDING SCALE ALL S/S BASED ON 100.0% PDBY HOUSTON OI 11.111% NONCONV GOR ALL 5.0% BASED ON 11.111% PDBY HOUSTON OI 100.0%	CUR INT OPER CONT C00720 A CAPL 1981 ROFR Not Applicable OPER: SANLING EN	

HOUSTON OIL & GAS LTD.
Mineral Schedule "A" Report

Report Id: RP-0053

File Number	Title Information	Lands	Seller's Interests	Encumbrances	Operating Contract	Wells	
M01523 B	LSE TYPE: CR PNG CR: 0488100252 LSE DATE: 1988 Oct 28 EFF DATE: 1988 Oct 20 EXP DATE: 1993 Oct 19 INT TYPE: NI MNRL INT: 100.0 EXT CODE: 15 GROSS ACRES: 0.000 NET ACRES: 0.000 COUNT ACREAGE: Y	TWP 10 RGE 16 W4M N 12 NG TO BASE SECOND_WHITE_SPECK				CUR INT OPER CONT C00720 B CAPL 1981 ROFR Not Applicable OPER: DRAKE ENER	
M01513 A	LSE TYPE: FH PNG LSE DATE: 1974 Jan 21 EFF DATE: 1974 Jan 21 EXP DATE: 1984 Jan 20 INT TYPE: WRI MNRL INT: 50.0 EXT CODE: HBP GROSS ACRES: 79.905 NET ACRES: 74.255 COUNT ACREAGE: Y	TWP 14 RGE 13 W4M NE 33 (AS TO AN UNDIVIDED 50% INTEREST) PETROLEUM FROM BASE SECOND_WHITE_SPECKS TO BASE MANNVILLE	CUR INT: WI HOUSTON OI 92.9289% ROYALTY INT NONCONV GOR OIL 10.0% BASED ON 25.0% PDTO HOUSTON OI 71.7156%	NONCONV GOR ALL 1.5% BASED ON 50.0% PDBY HOUSTON OI 100.0% NONCONV GOR OIL 1.0% BASED ON 25.0% PDBY HOUSTON OI 100.0% NONCONV GOR OIL 10.0% BASED ON 25.0% PDBY HOUSTON OI 100.0% NONCONV LOR ALL 15.0% BASED ON 50.0% PDBY HOUSTON OI 92.9289% NONCONV GOR ALL 2.5%	CUR INT OPER CONT C00734 B CAPL 1974 ROFR Applies OPER: HOUSTON OI ROYALTY LINKS C00726 A ROFR Unknown C00723 A ROFR Unknown C00734 B CAPL 1974 ROFR Applies C00719 B ROFR Unknown	100/08-33-014-13-W4/00 ABD OIL LIC: SANLING ENERGY 102/09-33-014-13-W4/00 PUMPING OIL LIC: HOUSTON OIL	

HOUSTON OIL & GAS LTD.
Mineral Schedule "A" Report

Report Id: RP-0053

File Number	Title Information	Lands	Seller's Interests	Encumbrances	Operating Contract	Wells
				BASED ON 50.0% PDBY HOUSTON OI 50.0% NONCONV GOR ALL 5.0% BASED ON 92.9289% PDBY HOUSTON OI 100.0%		
M01513 B	LSE TYPE: FH PNG LSE DATE: 1974 Jan 21 EFF DATE: 1974 Jan 21 EXP DATE: 1984 Jan 20 INT TYPE: WRI MNRL INT: 50.0 EXT CODE: HBP GROSS ACRES: 0.000 NET ACRES: 0.000 COUNT ACREAGE: Y	TWP 14 RGE 13 W4M PTN NE 33 (AS TO AN UNDIVIDED 50% INTEREST) NG FROM BASE SECOND_WHITE_SPECKS TO TOP PALEOZOIC (PET FROM BASE MANNVILLE TO TOP PALEOZOIC)	CUR INT: WI HOUSTON OI 42.9289% ROYALTY INT NONCONV GOR GAS 10.0% BASED ON 25.0% PDTO HOUSTON OI 71.7156%	NONCONV GOR ALL 2.5% BASED ON 50.0% PDBY HOUSTON OI 50.0% NONCONV GOR GAS 10.0% BASED ON 25.0% PDBY HOUSTON OI 42.9289% NONCONV LOR ALL 15.0% BASED ON 50.0% PDBY HOUSTON OI 42.9289% NONCONV GOR ALL 5.0% BASED ON 42.9289% PDBY HOUSTON OI 100.0%	CUR INT OPER CONT C00734 A CAPL 1974 ROFR Applies OPER: PALLISER P ROYALTY LINKS C00719 A ROFR Unknown C00734 A CAPL 1974 ROFR Applies	
M01519 A	LSE TYPE: FH PNG LSE DATE: 1980 Feb 11 EFF DATE: 1980 Feb 11 EXP DATE: 1984 Feb 10 INT TYPE: WI MNRL INT: 25.0 EXT CODE: HBP	TWP 14 RGE 13 W4M NE 33 (AS TO AN UNDIVIDED 25% INTEREST) PETROLEUM FROM BASE SECOND_WHITE_SPECKS TO BASE MANNVILLE	CUR INT: WI HOUSTON OI 92.9289%	NONCONV GOR OIL 1.0% BASED ON 25.0% PDBY HOUSTON OI 100.0% NONCONV LOR ALL 25.0%	CUR INT OPER CONT C00734 B CAPL 1974 ROFR Applies OPER: HOUSTON OI ROYALTY LINKS	100/08-33-014-13-W4/00 ABD OIL LIC: SANLING ENERGY 102/09-33-014-13-W4/00 PUMPING OIL LIC: HOUSTON OIL

HOUSTON OIL & GAS LTD.
Mineral Schedule "A" Report

Report Id: RP-0053

File Number	Title Information	Lands	Seller's Interests	Encumbrances	Operating Contract	Wells
	GROSS ACRES: 39.950 NET ACRES: 37.125 COUNT ACREAGE: Y			BASED ON 100.0% PDBY HOUSTON OI 92.9289%	C00719 B ROFR Unknown C00726 A ROFR Unknown	
				NONCONV GOR ALL 2.5% BASED ON 50.0% PDBY HOUSTON OI 50.0%		
				NONCONV GOR ALL 5.0% BASED ON 92.9289% PDBY HOUSTON OI 100.0%		
M01519 B	LSE TYPE: FH PNG LSE DATE: 1980 Feb 11 EFF DATE: 1980 Feb 11 EXP DATE: 1984 Feb 10 INT TYPE: WRI MNRL INT: 25.0 EXT CODE: HBP GROSS ACRES: 0.000 NET ACRES: 0.000 COUNT ACREAGE: Y	TWP 14 RGE 13 W4M NE 33 (AS TO AN UNDIVIDED 25% INTEREST) NG FROM BASE SECOND_WHITE_SPECKS TO TOP PALEOZOIC (PET FROM BASE MANNVILLE TO TOP PALEOZOIC)	CUR INT: WI HOUSTON OI 42.9289% ROYALTY INT NONCONV GOR GAS 10.0% BASED ON 25.0% PDTO HOUSTON OI 71.7156%	NONCONV GOR ALL 2.5% BASED ON 50.0% PDBY HOUSTON OI 50.0% NONCONV GOR OIL 1.0% BASED ON 25.0% PDBY HOUSTON OI 100.0% NONCONV GOR GAS 10.0% BASED ON 25.0% PDBY HOUSTON OI 42.9289%	CUR INT OPER CONT C00734 A CAPL 1974 ROFR Applies OPER: PALLISER P ROYALTY LINKS C00719 A ROFR Unknown C00726 A ROFR Unknown C00734 A CAPL 1974 ROFR Applies	
				NONCONV LOR ALL 25.0% BASED ON 25.0% PDBY HOUSTON OI 42.9289%		
				NONCONV GOR ALL 5.0%		

HOUSTON OIL & GAS LTD.
Mineral Schedule "A" Report

Report Id: RP-0053

File Number	Title Information	Lands	Seller's Interests	Encumbrances	Operating Contract	Wells
				BASED ON 42.9289% PDBY HOUSTON OI 100.0%		
M01520 A	LSE TYPE: FH PNG LSE DATE: 1989 Jul 01 EFF DATE: 1989 Jul 01 EXP DATE: 1992 Jun 30 INT TYPE: WI MNRL INT: 25.0 EXT CODE: HBP GROSS ACRES: 39.953 NET ACRES: 37.128 COUNT ACREAGE: Y	TWP 14 RGE 13 W4M NE 33 (AS TO AN UNDIVIDED 25% INTEREST) PET FROM BASE SECOND_WHITE_SPECKS TO BASE MANNVILLE	CUR INT: WI HOUSTON OI 92.9289%	NONCONV LOR PDBY HOUSTON OI 92.9289% NONCONV GOR ALL 2.5% BASED ON 50.0% PDBY HOUSTON OI 50.0% NONCONV GOR ALL 5.0% BASED ON 92.9289% PDBY HOUSTON OI 100.0%	CUR INT OPER CONT C00734 B CAPL 1974 ROFR Applies OPER: HOUSTON OI ROYALTY LINKS C00719 B ROFR Unknown	100/08-33-014-13-W4/00 ABD OIL LIC: SANLING ENERGY 102/09-33-014-13-W4/00 PUMPING OIL LIC: HOUSTON OIL
M01511 A	LSE TYPE: CR PNG CR: 3358A LSE DATE: 1995 Mar 23 EFF DATE: 1964 Jul 16 EXP DATE: 1974 Jul 15 INT TYPE: WI MNRL INT: 100.0 EXT CODE: 15 GROSS ACRES: 0.000 NET ACRES: 0.000 COUNT ACREAGE: Y	TWP 14 RGE 15 W4M NE 22 PETROLEUM TO BASE MANNVILLE (EXCL NG IN MANNVILLE "30") (EXCL NG IN MANNVILLE "I31") (EXCL NG IN GLAUCONITIC)	CUR INT: WI HOUSTON OI 100.0%	SLIDING SCALE ALL S/S BASED ON 100.0% PDBY HOUSTON OI 100.0% NONCONV GOR ALL 5.0% BASED ON 100.0% PDBY HOUSTON OI 100.0%		
M01511 B	LSE TYPE: CR PNG CR: 3358A LSE DATE: 1995 Mar 23 EFF DATE: 1964 Jul 16 EXP DATE: 1974 Jul 15 INT TYPE: WI MNRL INT: 100.0	TWP 14 RGE 15 W4M NE 22 NG IN GLAUCONITIC_SS	CUR INT: WI HOUSTON OI 25.0%	SLIDING SCALE ALL S/S 1/23 (MIN 5.0 MAX 15.0) GAS 15.0% OTHER 15% BASED ON 75.0% PDBY HOUSTON OI 25.0%	CUR INT OPER CONT C00709 A CAPL 1990 No ROFR Applies OPER: CNRL RENT INT OPER CONT	102/06-22-014-15-W4/00 PUMPING GAS LIC: CNRL 100/13-22-014-15-W4/00 PUMPING GAS LIC: CNRL

HOUSTON OIL & GAS LTD.
Mineral Schedule "A" Report

Report Id: RP-0053

File Number	Title Information	Lands	Seller's Interests	Encumbrances	Operating Contract	Wells
	EXT CODE: 15 GROSS ACRES: 160.000 NET ACRES: 40.000 COUNT ACREAGE: Y			SLIDING SCALE GAS S/S BASED ON 100.0% PDBY HOUSTON OI 25.0%	C00709 A CAPL 1990 No ROFR Applies OPER: CNRL ROYALTY LINKS C00709 A CAPL 1990 No ROFR Applies	
M01511 C	LSE TYPE: CR PNG CR: 3358A LSE DATE: 1995 Mar 23 EFF DATE: 1964 Jul 16 EXP DATE: 1974 Jul 15 INT TYPE: WI MNRL INT: 100.0 EXT CODE: 15 GROSS ACRES: 0.000 NET ACRES: 0.000 COUNT ACREAGE: Y	TWP 14 RGE 15 W4M NE 22 NG TO BASE MANNVILLE (EXCL NG IN MANNVILLE "30") (EXCL NG IN MANNVILLE "I31") (EXCL NG IN GLAUCONITIC)	CUR INT: WI HOUSTON OI 25.0%	SLIDING SCALE GAS S/S BASED ON 100.0% PDBY HOUSTON OI 25.0% NONCONV GOR ALL 5.0% BASED ON 25.0% PDBY HOUSTON OI 100.0%	CUR INT OPER CONT C00710 B CAPL 1990 No ROFR Applies OPER: CNR	
M01511 D	LSE TYPE: CR PNG CR: 3358A LSE DATE: 1995 Mar 23 EFF DATE: 1964 Jul 16 EXP DATE: 1974 Jul 15 INT TYPE: WI MNRL INT: 100.0 EXT CODE: 15 GROSS ACRES: 0.000 NET ACRES: 0.000 COUNT ACREAGE: Y	TWP 14 RGE 15 W4M NE 22 NG IN MANNVILLE ("I31")	CUR INT: WI HOUSTON OI 25.0%	SLIDING SCALE GAS S/S BASED ON 100.0% PDBY HOUSTON OI 25.0% NONCONV GOR ALL 5.0% BASED ON 25.0% PDBY HOUSTON OI 100.0%	CUR INT OPER CONT C00710 A CAPL 1990 No ROFR Applies OPER: CNR	100/15-22-014-15-W4/00 PUMPING GAS LIC: CNRL
M01511 E	LSE TYPE: CR PNG	TWP 14 RGE 15 W4M NE 22	REF INT: APEN		CUR INT OPER CONT	100/16-22-014-15-W4/00

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	CR: 3358A LSE DATE: 1995 Mar 23 EFF DATE: 1964 Jul 16 EXP DATE: 1974 Jul 15 INT TYPE: PEN HOGL MNRL INT: 100.0 EXT CODE: 15 GROSS ACRES: 0.000 NET ACRES: 0.000 COUNT ACREAGE: Y	NG IN MANNVILLE ("30")	HOUSTON OI 25.0%		C00710 C CAPL 1990 No ROFR Applies OPER: CNR	SUSP GAS LIC: CNR
M01512 A	LSE TYPE: CR PNG CR: 0488120288 LSE DATE: 1988 Dec 30 EFF DATE: 1988 Dec 15 EXP DATE: 1993 Dec 14 INT TYPE: WI MNRL INT: 100.0 EXT CODE: 15 GROSS ACRES: 320.000 NET ACRES: 80.000 COUNT ACREAGE: Y	TWP 14 RGE 15 W4M S 22 NG IN GLAUCONITIC_SS	CUR INT: WI HOUSTON OI 25.0%	SLIDING SCALE ALL S/S 1/23 (MIN 5.0 MAX 15.0) GAS 15.0% OTHER 15% BASED ON 75.0% PDBY HOUSTON OI 25.0%	CUR INT OPER CONT C00709 A CAPL 1990 No ROFR Applies OPER: CNRL	102/06-22-014-15-W4/00 PUMPING GAS LIC: CNRL 100/13-22-014-15-W4/00 PUMPING GAS LIC: CNRL
				SLIDING SCALE GAS S/S BASED ON 100.0% PDBY HOUSTON OI 25.0%	ROYALTY LINKS C00709 A CAPL 1990 No ROFR Applies	
M01512 B	LSE TYPE: CR PNG CR: 0488120288 LSE DATE: 1988 Dec 30 EFF DATE: 1988 Dec 15 EXP DATE: 1993 Dec 14 INT TYPE: WI	TWP 14 RGE 15 W4M S 22 NG TO BASE MANNVILLE (EXCL NG IN MANNVILLE "30") (EXCL NG IN MANNVILLE "I31") (EXCL NG IN GLAUCONITIC)	CUR INT: WI HOUSTON OI 25.0%	SLIDING SCALE ALL S/S BASED ON 100.0% PDBY HOUSTON OI 25.0%	CUR INT OPER CONT C00710 B CAPL 1990 No ROFR Applies OPER: CNR	
				NONCONV GOR		

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File Number	Title Information	Lands	Seller's Interests	Encumbrances	Operating Contract	Wells
	MNRL INT: 100.0 EXT CODE: 15 GROSS ACRES: 0.000 NET ACRES: 0.000 COUNT ACREAGE: Y			ALL 5.0% BASED ON 25.0% PDBY HOUSTON OI 100.0%		
M01512 C	LSE TYPE: CR PNG CR: 0488120288 LSE DATE: 1988 Dec 30 EFF DATE: 1988 Dec 15 EXP DATE: 1993 Dec 14 INT TYPE: WI MNRL INT: 100.0 EXT CODE: 15 GROSS ACRES: 0.000 NET ACRES: 0.000 COUNT ACREAGE: Y	TWP 14 RGE 15 W4M S 22 NG IN MANNVILLE ("131")	CUR INT: WI HOUSTON OI 25.0%	SLIDING SCALE GAS S/S BASED ON 100.0% PDBY HOUSTON OI 25.0% NONCONV GOR ALL 5.0% BASED ON 25.0% PDBY HOUSTON OI 100.0%	CUR INT OPER CONT C00710 A CAPL 1990 No ROFR Applies OPER: CNR	100/15-22-014-15-W4/00 PUMPING GAS LIC: CNRL
M01512 D	LSE TYPE: CR PNG CR: 0488120288 LSE DATE: 1988 Dec 30 EFF DATE: 1988 Dec 15 EXP DATE: 1993 Dec 14 INT TYPE: PEN HOGL MNRL INT: 100.0 EXT CODE: 15 GROSS ACRES: 0.000 NET ACRES: 0.000 COUNT ACREAGE: Y	TWP 14 RGE 15 W4M S 22 NG IN MANNVILLE ("30")	REF INT: APEN HOUSTON OI 25.0%		CUR INT OPER CONT C00710 C CAPL 1990 No ROFR Applies OPER: CNR	100/16-22-014-15-W4/00 SUSP GAS LIC: CNR
M01541 A	LSE TYPE: CR PNG CR: 0488120289 LSE DATE: 1988 Dec 15 EFF DATE: 1988 Dec 15 EXP DATE: 1993 Dec 14	TWP 14 RGE 15 W4M NW 22 PETROLEUM TO BASE MANNVILLE (EXCL NG IN MANNVILLE "30") (EXCL NG IN MANNVILLE "131") (EXCL NG IN GLAUCONITIC)	CUR INT: WI HOUSTON OI 100.0%	SLIDING SCALE ALL S/S BASED ON 100.0% PDBY HOUSTON OI 100.0%	REF INT OPER CONT C00710 C CAPL 1990 No ROFR Applies OPER: CNR	

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	INT TYPE: WI MNRL INT: 100.0 EXT CODE: 15 GROSS ACRES: 0.000 NET ACRES: 0.000 COUNT ACREAGE: Y			NONCONV GOR ALL 5.0% BASED ON 100.0% PDBY HOUSTON OI 100.0%		
M01541 B	LSE TYPE: CR PNG CR: 0488120289 LSE DATE: 1988 Dec 15 EFF DATE: 1988 Dec 15 EXP DATE: 1993 Dec 14 INT TYPE: WI MNRL INT: 100.0 EXT CODE: 15 GROSS ACRES: 160.000 NET ACRES: 40.000 COUNT ACREAGE: Y	TWP 14 RGE 15 W4M NW 22 NG IN GLAUCONITIC_SS	CUR INT: WI HOUSTON OI 25.0%	NONCONV GOR ALL 5.0% BASED ON 25.0% PDBY HOUSTON OI 100.0%	CUR INT OPER CONT C00709 A CAPL 1990 No ROFR Applies OPER: CNRL	102/06-22-014-15-W4/00 PUMPING GAS LIC: CNRL 100/13-22-014-15-W4/00 PUMPING GAS LIC: CNRL C00709 A CAPL 1990 No ROFR Applies OPER: CNRL
M01541 C	LSE TYPE: CR PNG CR: 0488120289 LSE DATE: 1988 Dec 15 EFF DATE: 1988 Dec 15 EXP DATE: 1993 Dec 14 INT TYPE: WI MNRL INT: 100.0 EXT CODE: 15 GROSS ACRES: 0.000 NET ACRES: 0.000 COUNT ACREAGE: Y	TWP 14 RGE 15 W4M NW 22 NG TO BASE MANNVILLE (EXCL NG IN MANNVILLE "30") (EXCL NG IN MANNVILLE "I31") (EXCL NG IN GLAUCONITIC)	CUR INT: WI HOUSTON OI 25.0%	SLIDING SCALE ALL S/S BASED ON 100.0% PDBY HOUSTON OI 25.0%	CUR INT OPER CONT C00710 B CAPL 1990 No ROFR Applies OPER: CNR	
	INT TYPE: WI MNRL INT: 100.0 EXT CODE: 15 GROSS ACRES: 0.000 NET ACRES: 0.000 COUNT ACREAGE: Y			NONCONV GOR ALL 5.0% BASED ON 25.0% PDBY HOUSTON OI 100.0%		
M01541 D	LSE TYPE: CR PNG CR: 0488120289 LSE DATE: 1988 Dec 15 EFF DATE: 1988 Dec 15	TWP 14 RGE 15 W4M NW 22 NG IN MANNVILLE ("I31")	CUR INT: WI HOUSTON OI 25.0%	SLIDING SCALE ALL S/S BASED ON 100.0% PDBY HOUSTON OI 25.0%	CUR INT OPER CONT C00710 A CAPL 1990 No ROFR Applies	100/15-22-014-15-W4/00 PUMPING GAS LIC: CNRL

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	EXP DATE: 1993 Dec 14 INT TYPE: WI MNRL INT: 100.0 EXT CODE: 15 GROSS ACRES: 0.000 NET ACRES: 0.000 COUNT ACREAGE: Y			NONCONV GOR ALL 5.0% BASED ON 25.0% PDBY HOUSTON OI 100.0%	OPER: CNR	
M01541 E	LSE TYPE: CR PNG CR: 0488120289 LSE DATE: 1988 Dec 15 EFF DATE: 1988 Dec 15 EXP DATE: 1993 Dec 14 INT TYPE: PEN HOGL MNRL INT: 100.0 EXT CODE: 15 GROSS ACRES: 0.000 NET ACRES: 0.000 COUNT ACREAGE: Y	TWP 14 RGE 15 W4M NW 22 NG IN MANNVILLE ("30")	REF INT: APEN HOUSTON OI 25.0%		CUR INT OPER CONT C00710 C CAPL 1990 No ROFR Applies OPER: CNR REF INT OPER CONT C00710 C CAPL 1990 No ROFR Applies OPER: CNR	100/16-22-014-15-W4/00 SUSP GAS LIC: CNR
M01509 A	LSE TYPE: CR PNG CR: 28027 LSE DATE: 1972 May 16 EFF DATE: 1972 May 16 EXP DATE: 1982 May 15 INT TYPE: WI MNRL INT: 100.0 EXT CODE: 15 GROSS ACRES: 73.000 NET ACRES: 73.000 COUNT ACREAGE: Y	TWP 14 RGE 15 W4M PTN NE 23 PNG TO BASE MANNVILLE	CUR INT: WI HOUSTON OI 100.0%	SLIDING SCALE ALL S/S BASED ON 100.0% PDBY HOUSTON OI 100.0%		100/11-23-014-15-W4/00 SUSP GAS LIC: HOUSTON OIL 100/11-23-014-15-W4/02 SUSP GAS LIC: HOUSTON OIL 100/11-23-014-15-W4/03 SUSP GAS LIC: HOUSTON OIL
M01510 A	LSE TYPE: CR PNG CR: 3358	TWP 14 RGE 15 W4M S, NW 23 PNG TO BASE MANNVILLE	CUR INT: WI HOUSTON OI 100.0%	SLIDING SCALE ALL S/S		100/11-23-014-15-W4/00 SUSP GAS

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File Number	Title Information	Lands	Seller's Interests	Encumbrances	Operating Contract	Wells
	LSE DATE: 1964 Jul 16 EFF DATE: 1964 Jul 16 EXP DATE: 1974 Jul 15 INT TYPE: WI MNRL INT: 100.0 EXT CODE: 15 GROSS ACRES: 480.000 NET ACRES: 480.000 COUNT ACREAGE: Y			BASED ON 100.0% PDBY HOUSTON OI 100.0%		LIC: HOUSTON OIL 100/11-23-014-15-W4/02 SUSP GAS LIC: HOUSTON OIL 100/11-23-014-15-W4/03 SUSP GAS LIC: HOUSTON OIL
M01518 A	LSE TYPE: CR PET CR: 0496090382 LSE DATE: 1996 Sep 27 EFF DATE: 1996 Sep 19 EXP DATE: 2001 Sep 18 INT TYPE: WI MNRL INT: 100.0 GROSS ACRES: 0.000 NET ACRES: 0.000 COUNT ACREAGE: Y	TWP 14 RGE 15 W4M SW 27 PETROLEUM IN BASAL_QUARTZ	CUR INT: WI HOUSTON OI 30.0%	SLIDING SCALE ALL S/S BASED ON 100.0% PDBY HOUSTON OI 30.0% NONCONV GOR ALL 5.0% BASED ON 30.0% PDBY HOUSTON OI 100.0%	CUR INT OPER CONT C00722 A CAPL 1990 No ROFR Applies OPER: TAMARACK C	
M01518 B	LSE TYPE: CR PET CR: 0496090382 LSE DATE: 1996 Sep 27 EFF DATE: 1996 Sep 19 EXP DATE: 2001 Sep 18 INT TYPE: RI MNRL INT: 100.0 EXT CODE: 15 GROSS ACRES: 160.000 NET ACRES: 0.000 COUNT ACREAGE: Y	TWP 14 RGE 15 W4M SW 27 PNG TO BASE MANNVILLE (EXCL PETROLEUM FROM BASAL_QUARTZ)	ROYALTY INT NONCONV GOR ALL 7.5% BASED ON 25.0% PDTO HOUSTON OI 30.0%		CUR INT OPER CONT C00729 A CAPL 1990 No ROFR Applies OPER: DRAKE ENER ROYALTY LINKS C00729 A CAPL 1990 No ROFR Applies	100/04-27-014-15-W4/00 ABD GAS LIC: DRAKE ENERGY LT 100/08-27-014-15-W4/00 ABZ UNKNOWN LIC: DRAKE ENERGY LT
M01521 A	LSE TYPE: FH PNG	TWP 14 RGE 15 W4M PTN SW 27,	ROYALTY INT		CUR INT OPER CONT	100/04-27-014-15-W4/00

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File Number	Title Information	Lands	Seller's Interests	Encumbrances	Operating Contract	Wells
	LSE DATE: 2001 Jul 30 EFF DATE: 2001 Jul 30 EXP DATE: 2002 Jul 29 INT TYPE: RI MNRL INT: 100.0 EXT CODE: HBP GROSS ACRES: 114.000 NET ACRES: 0.000 COUNT ACREAGE: Y	N 27 NG TO BASE MANNVILLE	NONCONV GOR ALL 7.5% BASED ON 25.0% PDTO HOUSTON OI 30.0%		C00729 A CAPL 1990 No ROFR Applies	ABD GAS LIC: DRAKE ENERGY LT 100/08-27-014-15-W4/00 ABZ UNKNOWN LIC: DRAKE ENERGY LT C00729 A CAPL 1990 No ROFR Applies

Wells

UWI: 100/15-22-014-15W4/00 Lic: 0199291

UWI: 102/06-22-014-15W4/00 Lic: 0157126

UWI: 100/13/22-014-15W4/00 Lic: 0247578

Pipelines

None

Facilities

None

Schedule “C”

Claims

“**Claim**” means any claim, demand, lawsuit, proceeding or arbitration, or any investigation by a Governmental Authority, pertaining to the Assets (as defined in the Sale Agreement), in each case whether asserted, threatened, pending or existing.

Schedule “D”

Permitted Encumbrances

Permitted Encumbrances consist of the following (with capitalized terms having the definitions given to them in the Sale Agreement, unless otherwise defined in this Order):

- (i) all encumbrances, overriding royalties and other royalties, net profits interests and other burdens identified in the Title Documents or in Schedule “A”;
- (ii) any Preferential Purchase Rights or any similar restriction applicable to any of the Assets;
- (iii) the terms and conditions of the Title Documents, including the requirement to pay any rentals or royalties (including reassessments) to the grantor thereof to maintain the Title Documents in good standing and any royalty or other burden reserved to the grantor thereof or any gross royalty trusts applicable to the grantor’s interest in any of the Title Documents;
- (iv) the right reserved to or vested in any grantor, Governmental Authority by the terms of any Title Document or by Applicable Law to terminate any Title Document;
- (v) easements, rights of way, servitudes or other similar rights in land, including rights of way and servitudes for highways, railways, sewers, drains, gas and oil pipelines, gas and water mains, electric light, power, telephone or cable television conduits, poles, wires or cables;
- (vi) and any obligations to Third Parties for any thirteenth month adjustments or for payments due as a result of any audits conducted by operators or Third Parties;
- (vii) taxes on Petroleum Substances or the income or revenue from the Petroleum Substances and requirements imposed by Applicable Law or Governmental Authorities concerning rates of production from the Wells or from operations on any of the Lands, or otherwise affecting recoverability of Petroleum Substances from the Lands, which taxes or requirements are generally applicable to the oil and gas industry in the jurisdiction in which the Assets are located;
- (viii) agreements for the sale, processing, transmission or transportation of Petroleum Substances, which are terminable on not more than 30 days’ notice (without an early termination penalty or other like cost);
- (ix) any obligation of Houston to hold any right or interest in and to any of the Assets in trust for Third Parties;

- (x) the right reserved to or vested in any Governmental Authority to control or regulate any of the Assets in any manner, including any directives or notices received from any Governmental Authority pertaining to the Assets;
- (xi) undetermined or inchoate liens incurred or created as security in favour of any Person with respect to the development or operation of any of the Assets, as regards Houston's share of the costs and expenses thereof which are not due or delinquent as of the date hereof or, if then due or delinquent are being contested in good faith by Vendor;
- (xii) the reservations, limitations, provisos and conditions in any grants or transfers from the Crown of any of the Lands or interests therein, and statutory exceptions to title;
- (xiii) agreements and plans relating to pooling or unitization of any of the Petroleum and Natural Gas Rights;
- (xiv) agreements respecting the operation of Wells or Facilities by contract field operators;
- (xv) provisions for penalties and forfeitures under agreements as a consequence of non-participation in operations; and
- (xvi) liens created in the ordinary course of business in favour of any Governmental Authority with respect to operations pertaining to any of the Assets.