

IN THE MATTER OF the *Ontario Energy Board Act*, 1998, S.O. 1998, c. 15 (Schedule B);

AND IN THE MATTER OF an application by Marie Snopko, Wayne McMurphy, Lyle Knight and Eldon Knight under section 19 of the *Ontario Energy Board Act*, 1998, S.O. 1998, for an Order of the Board determining that the contracts, filed with the Application, between the Applicants and Union Gas Limited /Ram Petroleums Limited have been terminated;

AND IN THE MATTER OF an application by Marie Snopko, Wayne McMurphy, Lyle Knight and Eldon Knight under section 38(2) of the *Ontario Energy Board Act*, 1998, S.O. 1998, for an Order of the Board determining the quantum of compensation the Applicants are entitled to have received from Union Gas Limited and Ram Petroleums Limited.

RESPONDING MOTION RECORD

(Re: Union Gas Limited's Notice of Motion dated June 22, 2011)

July 21, 2011

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TAB 1

IN THE MATTER OF the *Ontario Energy Board Act*, 1998, S.O. 1998, c. 15 (Schedule B);

AND IN THE MATTER OF an application by Marie Snopko, Wayne McMurphy, Lyle Knight and Eldon Knight under section 19 of the *Ontario Energy Board Act*, 1998, S.O. 1998, for an Order of the Board determining that the contracts, filed with the Application, between the Applicants and Union Gas Limited /Ram Petroleums Limited have been terminated;

AND IN THE MATTER OF an application by Marie Snopko, Wayne McMurphy, Lyle Knight and Eldon Knight under section 38(2) of the *Ontario Energy Board Act*, 1998, S.O. 1998, for an Order of the Board determining the quantum of compensation the Applicants are entitled to have received from Union Gas Limited and Ram Petroleums Limited.

RESPONSE TO NOTICE OF MOTION

(Re: Union Gas Limited's Notice of Motion dated June 22, 2011)

INTRODUCTION

1. In the Application dated March 16, 2011, the Applicants request an Order from the Board, pursuant to section 19 of the *Ontario Energy Board Act*, declaring that all contracts between the Applicants and the Respondents have been terminated and the Respondents must immediately surrender all interest in the Applicants' land.
2. Subject to paragraph 1 above, the Applicants also seek damages and/or compensation from the Respondents, Union and Ram, pursuant to section 38(2) of the *Ontario Energy Board Act*. Specifically, the Applicants seek compensation for a misrepresentation made by Ram, negligence, breach of contract, nuisance, unjust enrichment by Ram and Union and for Union continuing to store gas in the Applicants' property without their consent or a contract. The Applicants also seek damages from Ram for trespass to their respective

properties. The Applicants seek compensation from Union and Ram severally in the amount of \$3,500,000.00, or an amount to be determined by the Ontario Energy Board at the hearing.

3. The Moving Party, Union Gas Limited (“Union”), now brings a motion to the Ontario Energy Board (the “Board”) for summary judgement dismissing certain issues of this application.
4. The Applicants dispute the relief sought and each and every one of the grounds submitted by Union with respect to this motion. It is the Applicants position that all issues of the Application should be heard before the Board and the motion should be dismissed with costs.

SUMMARY OF PROCEEDINGS

5. In 2004, the Applicants Marie Snopko and Wayne McMurphy (by way of his father Colin McMurphy, now deceased) were part of a group of approximately 160 landowners who brought an Application to the Board seeking “just and equitable compensation” from the Respondents of this Application, pursuant to section 38 of the *Ontario Energy Board Act* (the “Act”). That Application essentially covered the same issues and requested remedies as the current Application of this matter, insofar as compensation is owed to the Applicants.
6. At that time, Union argued that the Applicants did not have standing to apply to the Board for compensation because of the existence of prior agreements between the parties (except Union admitted that Marie Snopko had standing with respect to wellheads). Union took the position that the Board had no jurisdiction in the matter because of the existence of such agreements.

7. The Board agreed with Union and found that the Applicants of this matter did not have standing to receive compensation pursuant to section 38 of the Act (however, the Board found that Marie Snopko had standing with respect to wellheads and roadways).
8. Following the Board's determination that they lacked jurisdiction, the Applicants of this matter turned to the Ontario Superior Court of Justice for a remedy – and issued a Statement of Claim against the Respondents dated January 29, 2008.
9. On December 17, 2008, Union brought a motion for summary judgment in that case, arguing at that time that the Superior Court of Justice had no jurisdiction over the matter and, rather, the Board had exclusive jurisdiction to determine all of the issues and relief sought (**Exhibit "A", appended to the Affidavit of John Snopko, sworn July 12, 2011, Responding Motion Record, tab 2, page 20**). As part of its motion on jurisdiction, the key case Union relied on was *Wellington and Imperial Oil Ltd. (Re)*, [1970] 1 O.R. 177, [1969] O.J. No. 1438 (H.C.J.). In 2004, at the time when Union argued against jurisdiction of the Board in this matter, Union should have been aware of this case. It now appears that Union knowingly misled the Board in an effort to preclude the Board from dealing with this matter seven years ago.

Wellington and Imperial Oil Ltd., [1970] 1 O.R. 177-184 (H.C.J.),
Respondents' Book of Authorities, Tab 10.

10. The Court, in its decision dated January 6, 2009, granted Union's motion for summary judgment and agreed that the Board had exclusive jurisdiction.
11. The Applicants of this matter then appealed the Court's decision respecting jurisdiction. Following submissions from the Board, which stated that the Board may exercise jurisdiction over matters involving contracts between parties, the Court of Appeal

dismissed the appeal and ruled that the Board has exclusive jurisdiction to determine all issues and relief sought (**Exhibits “B”, “C” and “D”, appended to the Affidavit of John Snopko, sworn July 12, 2011, Responding Motion Record, tab 2, pages 46-55).**

12. The matter now returns to the Board as an Application setting out precisely the same issues and relief sought which the Court of Appeal confirmed was within the exclusive jurisdiction of the Board. Now, pursuant to its Notice of Motion, Union is again changing its position and is again claiming that the Board does not have jurisdiction to determine the issues and relief sought by the Applicants.
13. The Applicants of this matter have been seriously prejudiced by the above described tactics of Union. The Act provides the Board with broad reaching powers to settle disputes between private parties. Going forward, the Applicants of this matter respectfully request that the Board be extremely sensitive with respect to the manner in which the Applicants have been treated throughout the process of having this matter heard. Having Ontario farmers and landowners effectively ‘whip-sacked’ between the Board, the Courts, and back to the Board, seriously undermines the integrity of the system – as well as the public’s trust in the Board to adjudicate such matters fairly.

THE FACTS

14. The Applicants own land in a rural area near the village of Edys Mills, in the Province of Ontario. The Applicants’ land is within the boundaries of the Edys Mills Designated Storage Area.
15. The Respondent, Union, is a Canadian natural gas utility with a head office in the city of Chatham, in the Province of Ontario.

16. The Respondent, Ram Petroleum Ltd. (“Ram”), is a petroleum and gas producing company with a head office in the City of Toronto, in the Province of Ontario.
17. The Respondent, Ram, signed petroleum and natural gas lease agreements (the “Head Leases”) with the Applicants, or in some cases the Applicants’ predecessors.
18. Duplicate copies of the Head Leases were also signed by the Applicants (the “Clone Leases”). The Head Leases and Clone Leases contained the following terms:
 - a. Ram has the right to enter into the Applicants’ property for the purpose of producing crude oil and natural gas;
 - b. The Applicants will receive from Ram a royalty of one eighth of all crude oil and natural gas that was produced, saved and marketed, at market price;
 - c. The Applicants will receive from Ram compensation for any damages to crops caused by Ram’s operations;
 - d. If crude oil and natural gas production is discontinued for at least 300 days, the agreement can be terminated by the Applicants giving written notice to Ram;
 - e. Once production of the crude oil has commenced there is no provision in the petroleum and natural gas agreement to stop production and return to an acreage payment schedule; continuous production is required to keep the said agreement valid, and;
 - f. The rights the agreement gives to Ram cannot be sold, transferred or assigned without the written consent of the Applicants.
19. Subsequently, the Applicants entered into a Pooling Agreement with Ram. This agreement set out the percentage of royalties each Applicant was entitled to.
20. In the late 1980s, the Applicants entered into Gas Storage Agreements (“GSA”) with Ram. The GSA contained the following terms:
 - a. The Head Lease and Pooling Agreement are adopted and ratified in every respect, including storage;
 - b. Ram is granted the right to inject, store and withdraw natural and artificial gas into naturally occurring underground chambers in the Applicants’ property;
 - c. The Applicants are to be compensated by Ram for any property damage that results from Ram’s operations;

- d. Ram is to provide the Applicants with a 10% profit share of all of Ram's earnings from the storage operations;
- e. If Ram assigns the lease to a third party the third party is not obligated to provide the Applicants with 10% of the profit share from the storage operations while the assignment remains in effect;
- f. Ram can only transfer this agreement with the Applicants' written consent;
- g. Ram will remain responsible to the Applicants for the obligations of the lessee while the agreement is in effect;
- h. Ram is to restore the surface of the land to its original condition, as far as may be practicable, once the operation ends, and;
- i. The term of the agreement, subject to the provisions of the Head and Clone Leases, is seven years from the date of the agreement. At the end of the seven years the lease will be extended from year to year provided the lessee shall have installed facilities for storage and /or used the lands for storage. The Lessee also shall have the option to pay an acreage rental, before the anniversary date, to keep the contract valid for the year following.

21. The Applicants entered into a Consent Agreement on August 9, 1989. The Consent Agreement contained the following terms:

- a. The Applicants consent to Ram assigning the leases described above to Union provided Ram takes back a sublease of all oil production rights;
- b. The Applicants agree to take a onetime payment, as described in the agreement, that will satisfy and extinguish all future royalties payable under the lease for natural gas production and storage, and;
- c. The Applicants are still entitled to royalties on future oil production in the amount set out in the Head Lease.

22. After the Consent Agreement was signed by the Applicants and Ram, Ram assigned some, but not all, of its interest in the lease agreements to Union. Ram did not assign to Union the Head Lease signed by Marie Snopko's father, but instead assigned the "Clone" Lease to Union. Union, in a separate agreement, assigned back to Ram the right to produce crude oil from the land, provided Ram pay the Applicants all oil royalties they are owed under the Head Lease.

23. On November 12, 1992, the Ontario Energy Board approved Union's Application to inject into, store in and withdraw gas from the Applicants' land. At the Ontario Energy Board hearing, Union's expert witnesses assured the Ontario Energy Board that their gas storage operations would not interfere with oil production. In fact, they suggested the storage operations would enhance oil production.
24. Union began storing natural gas in the Applicants' property soon after being granted approval.
25. From 1977 to 1993, Ram produced crude oil. However, shortly after the first injection of gas in 1993 oil production became sporadic and then ceased. As such, royalty payments to the Applicants ceased in 1994.
26. On June 17, 1998, Ram, without written consent from the Applicants, assigned their interest in the oil sublease to CanEnerco. On June 7, 2001, CanEnerco's court appointed receiver transferred their interest in the Oil Sublease to Kinetic Energy Inc. which has since become Torque Energy Inc.
27. No oil has been produced since Ram ceased production in 1993.
28. By 2006, the Applicants concluded that no oil was going to be produced in the near future. They decided to exercise their rights under the Head and Clone Leases to have all parties 'surrender all their interest in the lands'. On April 25, 2006, the Applicants sent a registered letter to Union, Ram, CanEnerco and Torque stating that since no oil or natural gas had been produced in the last 300 days they were exercising their rights to terminate all contracts and to have the Respondents "surrender all their interest" pursuant to clause 10 of the Head and Clone Leases.

29. Union responded to the Applicants' letter stating that they would surrender the oil and gas production leases but will not surrender the GSA. Despite the Applicants' termination of the Head Lease and the GSA, Union continues to operate its storage operation on the Applicants' land to this day.

RESPONSE TO UNION'S GROUNDS FOR THE MOTION

The issues subject to this Motion should not be determined by summary judgment

Test for granting summary judgment

30. A Motion for Summary Judgement should only be granted in circumstances where there is no genuine issue for trial. This position is consistent with the Ontario *Rules of Civil Procedure* which states the same:

The court shall grant summary judgment if,

(a) the court is satisfied that there is no genuine issue for trial with respect to a claim or defence.

Rules of Civil Procedure, RRO 1990, Reg 194 at s. 20.04, Respondents' Book of Authorities, Tab 1.

31. In *Mensink v. Dale*, the Court of Appeal held that the issue before a judge hearing a motion for summary judgment is not how the matter should be resolved, but whether there is a triable issue.

Mensink v. Dale (1998), 39 O.R. (3d) 51, Respondents' Book of Authorities, Tab 2 at para. 1.

32. In *Aguonie v. Galion Solid Waste Material Inc.*, the Ontario Court of Appeal held that in ruling on a motion for summary judgment, the court will never assess credibility, weigh the evidence, or find the facts. Rather, the court's role is narrowly limited to assessing the threshold issue of whether a genuine issue exists as to the material facts requiring a trial.

Aguonie v. Galion Solid Waste Material Inc. (1998), 38 O.R. (3d) 161, Respondents' Book of Authorities, Tab 3 at paras 30, 32.

33. In *Mensah v. Robinson*, the court held that summary judgment should be granted only where there is no reason for doubt as to what the judgment of the court should be if the matter proceeds to trial.

Mensah v. Robinson, [1989] O.J. No. 239, Respondents' Book of Authorities, Tab 4 at pg. 10.

34. In *Davis v. Sawkiw*, the court held that in order to succeed in a motion for summary judgment the moving party must make out a case so clear that there is no reason to doubt what the result at trial would be.

Davis v. Sawkiw (1983), 38 O.R. (2d) 466, Respondents' Book of Authorities, Tab 5 at pg. 1-2.

35. In *Smyth v. Waterfall*, the Court of Appeal held that it is not appropriate to resolve a limitations issue involving the discoverability rule on a motion for summary judgment.

Smyth v. Waterfall (2000), 50 O.R. (3d) 481, Respondents' Book of Authorities, Tab 6 at para. 10.

36. In *Horton v. Joyce*, the court stated that "When a case appears only to lack evidence, so long as the gaps may be filled, either by discovery or a revelation of evidence, the case should be allowed to proceed".

Horton v. Joyce, [1990] O.J. No. 1641, Respondents' Book of Authorities, Tab 7 at pg. 6.

37. Summary judgment should only be granted where the moving party satisfies the court that there is no triable issue.

Hi-Tech Group Inc. v. Sears Canada Inc., [2001] O.J. No. 33, Respondents' Book of Authorities, Tab 8 at paras. 26, 30.

38. It is clear that, at the very least, each of the issues Union wishes to dismiss by summary judgment raise a triable issue. Union's motion for summary judgment should, therefore, be dismissed.

Time limitations are not a factor in this case

39. The Applicants dispute Union's submissions with respect to time limitations. Since the issue of jurisdiction respecting this matter has only been finally settled by the Court of Appeal as of April 7, 2010, the Applicants are well within limitation periods to bring their Application – by any standard.
40. Any delays in bringing this matter before the Board were caused, or materially contributed to, by Union for the following reasons:
- a. Union first took the position in 2004 that the Board did not have jurisdiction to hear the matter. In making its submissions, Union presented a number of cases supporting its position that the Board did not have jurisdiction;
 - b. Once the Applicants sought relief in the Superior Court, Union took the opposite position and declared that the Board had exclusive jurisdiction. This time, in making its submissions to the Court, Union presented case law supporting the opposite position;
 - c. Now, pursuant to this Motion, Union is attempting to again take its original position that the Board lacks jurisdiction – thereby continuing to delay a hearing of the matter.
41. Union's repeated efforts to have the matter dismissed for lack of jurisdiction amounts to an abuse of process, seemingly designed to delay the matter until the Applicants finally give up or can no longer afford to ever have the matter heard and decided on its merits.
42. Contrary to Union's submissions at paragraph 25 of its Notice of Motion, the Applicants have moved to take each step of the various processes well within expected and normal time-frames – despite the aforementioned set-backs caused by Union.

43. The Applicants respectfully submit that, at the very least, the issue of whether or not Application is subject to time period limitations is a triable issue. Furthermore, pursuant to *Smyth v. Waterfall* it is not appropriate to resolve a limitations issue involving the discoverability rule on a motion for summary judgment. For these reasons the Appellants submit that summary judgment should not be granted on the ground that it is time barred as the discoverability rule is very much at issue in this case.

Smyth v. Waterfall (2000), 50. O.R. (3d) 481, Respondents' Book of Authorities, Tab 6 at para. 10.

The Board has jurisdiction over the matters

44. As part of Union's submissions before the Ontario Superior Court and Ontario Court of Appeal, Union claimed that the Board has exclusive jurisdiction to hear this matter. Union specifically cited section 38 of the Act as its basis for its claims
45. Before rendering its decision on the question of jurisdiction, the Court of Appeal afforded the Board the opportunity to provide submissions respecting jurisdiction of the matter. The Board responded with references to Board file E.B.O. 64(1)&(2) (decision dated July 16, 1982) ("Bentpath"). In its letter to the Court, and copied to the parties, the Board remarked that it has, generally speaking, "taken a broad view of its section 38 powers" which may include matters involving contracts between parties – citing Bentpath. In light of the Boards' submissions, the Court of Appeal agreed that the matter should be dismissed for lack of jurisdiction, and the Board has exclusive jurisdiction over all issues and relief sought contained in the Applicants' Statement of Claim.
46. The Application now before the Board contains the same claims as that which were contained in the aforementioned Statement of Claim.

47. The Applicants of this matter rely on the decision of the Ontario Court of Appeal to support their position that the Board has exclusive jurisdiction over all of the matters of the Application

Snopko v. Union Gas Ltd., [2010] O.J. No. 1335 (Ont. C.A.),
Respondents' Book of Authorities, Tab 9.

The claims are not futile

48. Union's claims with respect to futility of the Applicants' claims, as set out in paragraphs 29-33 of its Notice of Motion, are not relevant to most of the Applicants' issues set out in their Application. Such claims are, therefore, not an appropriate basis for summary judgement.
49. Notwithstanding this position, Union's position regarding the Designation Order is also unfounded. The effect of the Designation Order on the Application is limited by the fact that Union has failed to abide by the conditions set out in the Order – especially those set out in Appendix "C" (**Exhibit "S", appended to the Affidavit of Bill Wachsmuth, sworn August 29, Motion Record of Union Gas, tab 2, p. 276**). In other words, the rights allegedly enjoyed by Union are of no force or effect because Union has breached the conditions of the Order.
50. In fact, the relief sought by the Applicants is consistent with that which is provided by the Order – meaning that the Applicants should not only be deemed entitled to the relief sought, but they should also be entitled to receive the benefits provided for in the Designation Order.
51. At the very least, the issue of whether or not the Designation Order precludes some of the relief sought by the Applicants is a triable issue.

The Applicants are not precluded from seeking the relief sought

52. Union's claim that the Applicants are precluded from seeking the relief sought is another way of claiming that the Board lacks jurisdiction in the matter. The Applicants response to such claims is stated at paragraphs 44 to 47 above.
53. In addition, with respect to Union's claim that the contracts between the parties preclude the relief sought, Union's position is based on the premise that the agreements are still in effect. Union suggests at paragraph 35 of its Notice of Motion that the relief sought is covered by existing agreements. However, as stated clearly in the Application, the Applicants' have requested the Board to declare that all contracts between the Applicants and the Respondents have been terminated. Clearly, a terminated agreement cannot bind the parties.

Summary

54. The Applicants respectfully submit that all of the issues Union propose to be summarily dismissed are triable and deserve a hearing. The plaintiffs respectfully request, therefore, that Union's motion for summary judgment should be dismissed with costs.

COSTS

55. If Union's motion for summary judgment fails, the Applicants respectfully request they be awarded their costs pursuant to section 30 of the Act. The Applicants submit that Union's motion was not reasonable as they knew, or ought to have known, that all of the subject issues are triable matters. By bringing the motion, Union has further and unnecessarily caused undue costs to the Applicants.

DOCUMENTARY EVIDENCE

56. The Applicants propose to rely upon:
- a. The affidavit of John Snopko, sworn July 12, 2011;
 - b. The affidavit of Wayne McMurphy dated October 29, 2008;
 - c. The supplementary affidavit of Wayne McMurphy dated October 29, 2008;
 - d. Ontario Energy Board Application, dated March 16, 2011, and;
 - e. Such further material as may be required.

RELIEF SOUGHT

57. The Applicants respectfully request that this motion be dismissed and that their costs be paid forthwith pursuant to section 30 of the Act.

July 21, 2011

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TAB 2

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AFFIDAVIT OF JOHN SNOPKO

(Sworn July 14, 2011)

(Re: Union Gas Limited's Notice of Motion dated June 22, 2011)

INTRODUCTION

1. I am the spouse of the Applicant Marie Snopko and as such have direct knowledge of the matters herein deposed. Unless I indicate to the contrary, these matters are within my own knowledge and are true. Where I have indicated that I have obtained facts from other sources, I have identified the source and I believe those facts to be true.
2. The Applicants Marie Snopko and Wayne McMurphy (by way of his father Colin McMurphy, now deceased) were part of a group of approximately 160 landowners who brought an Application to the Board in 2004 seeking "just and equitable compensation" from the Respondents of this Application, pursuant to section 38 of the *Ontario Energy Board Act* (the "Act"). That Application essentially covered the same issues and

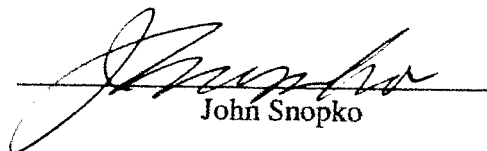
requested remedies as the current Application of this matter, insofar as compensation is owed to the Applicants.

3. Union argued that the Applicants of this matter did not have standing to apply to the Board for compensation because of the existence of prior agreements between the parties (except Union admitted that Marie Snopko had standing with respect to wellheads). Union took the position that the Board had no jurisdiction in the matter because of the existence of such agreements.
4. The Board agreed with Union and found that the Applicants of this matter did not have standing to receive compensation pursuant to section 38 of the Act (except the Board found that Marie Snopko had standing with respect to wellheads and roadways).
5. Following the Board's determination that they lacked jurisdiction, the Applicants of this matter turned to the Ontario Superior Court of Justice for a remedy – and issued a Statement of Claim against the Respondents dated January 29, 2008.
6. On December 17, 2008, Union brought a motion for summary judgment in that case, arguing this time that the Superior Court of Justice had no jurisdiction over the matter and, rather, the Board had exclusive jurisdiction to determine all of the issues and relief sought. A copy of Union's Factum, filed with respect to its Motion for summary judgment, is attached as **Exhibit "A"** to this my affidavit.
7. The Court, in its decision dated January 6, 2009, granted Union's motion for summary judgment and agreed that the Board had exclusive jurisdiction.
8. The Applicants of this matter then appealed the Court's decision respecting jurisdiction. Following submissions from the Board, which stated that the Board may exercise


jurisdiction over matters involving contracts between parties, the Court of Appeal dismissed the appeal and ruled that the Board had exclusive jurisdiction to determine all issues and relief sought. A copy of the Court of Appeal's letter, dated January 22, 2010, sent to the Ontario Energy Board inviting submissions on the subject of jurisdiction, is attached as **Exhibit "B"** to this my affidavit. A copy of the Ontario Energy Board's letter, dated February 10, 2010, providing submissions to the Court of Appeal on the subject of jurisdiction, is attached as **Exhibit "C"** to this my affidavit. A copy of an Order, dated June 1, 2010, issued by the Court of Appeal dismissing the Applicants' appeal, is attached as **Exhibit "D"** to this my affidavit.

9. The matter now returns to the Board as an Application setting out the same issues and relief sought which the Court of Appeal confirmed was within the exclusive jurisdiction of the Board. Now, pursuant to its Notice of Motion, Union is again claiming that the Board does not have the jurisdiction required to determine the issues and relief sought by the Applicants.
10. The Applicants of this matter have been seriously prejudiced by the above described tactics of Union.
11. I make this affidavit in support of the within motion and for no other or improper purpose.

SWORN before me
at the ~~City of Ottawa~~ *Town of Petrolia*
in the Province of Ontario,
on this *27th* day of July, 2011




John Snopko



Commissioner for Taking Oaths
R. Scott Gawley, Director of Corporate
Services/ Treasurer/ Deputy Clerk, Town
of Petrolia, a Commissioner for
taking affidavits in and for the County of
Lambton, Province of Ontario.

TAB A

This is Exhibit "A" referred to in the
Affidavit of John Snopko
sworn before me, this 17th day of July, 2011.


Commissioner for Taking Oaths

R. Scott Gawley, Director of Corporate
Services/ Treasurer/ Deputy Clerk, Town
of Petrolia, a Commissioner for
taking affidavits in and for the County of
Lambton, Province of Ontario.

**ONTARIO
SUPERIOR COURT OF JUSTICE**

BETWEEN:

**MARIE SNOPKO, WAYNE MCMURPHY, LYLE KNIGHT and
ELDON KNIGHT**

Plaintiffs

- and -

UNION GAS LTD. and RAM PETROLEUMS LTD.

Defendants

FACTUM OF THE DEFENDANT, UNION GAS LIMITED
(on motion for summary judgment returnable December 17, 2008)

Torys LLP
Suite 3000
79 Wellington St. W.
Box 270, TD Centre
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M5K 1N2 Canada

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Lawyers for the Defendant,
Union Gas Limited

**ONTARIO
SUPERIOR COURT OF JUSTICE**

BETWEEN :

MARIE SNOPKO, WAYNE McMURPHY,
LYLE KNIGHT and ELDON KNIGHT

Plaintiffs

- and -

UNION GAS LTD. and RAM PETROLEUMS LTD.

Defendants

FACTUM OF UNION GAS LIMITED
(motion for summary judgment returnable December 17, 2008)

PART I – OVERVIEW

1. This is a motion by the defendant, Union Gas Limited ("Union"), for summary judgment dismissing the plaintiffs' claims.
2. In Ontario, the storage of natural gas is regulated by the Ontario Energy Board (the "Board") pursuant to the *Ontario Energy Board Act*, 1998 (the "Act"). Under the Act, the Board has broad, exclusive jurisdiction to designate an area as a gas storage area, to authorize the injection of gas into that area, and to order the person so authorized to pay just and equitable compensation to the owners of the property overlaying the storage area. No civil proceeding may be commenced to determine that compensation.
3. The plaintiffs are landowners whose land forms part of the Edys Mills Pool; a designated storage area. Their claims for declaratory relief and compensation - however framed - all arise from Union's operation of the pool and, therefore, must be brought to the Board.
4. Further, Union and the plaintiffs are already parties to agreements which provide for just and equitable compensation. In 2004 and 2005, following the settlement of an application

brought by an association of landowners to the Board (which included two of the plaintiffs), Union extended to the plaintiffs an offer to be paid the same compensation as that agreed to by the association and approved by the Board. All of the plaintiffs accepted Union's offer and have valid agreements covering the period 1999 to 2008. In respect of two of the plaintiffs, Lyle and Eldon Knight, their agreements extend to 2013. These agreements represent a further bar to the plaintiffs' claims.

5. In any event, even if the plaintiffs could bring their claims in this Honourable Court they are largely time barred. The plaintiffs' claims cover the period 1993 to the present. There is no issue as to the discoverability of those claims. Therefore, under the applicable limitations legislation the plaintiffs' claims, almost without exception, are out of time.

PART II - THE FACTS

6. This Part II is organized as follows:

- A. *The Action.* This section describes the parties, the claims by the plaintiffs and Union's defences.
- B. *The Gas Storage Leases and Consent Agreement.* This section describes the Gas Storage Leases and Consent Agreement at issue in the Action.
- C. *The Storage Designation Hearing.* This section describes the storage designation hearing conducted by the Board, the plaintiffs' participation in that hearing and the roadway agreements entered into by certain of the plaintiffs.
- D. *The Storage Compensation Hearing.* This section describes the 2004 storage compensation hearing conducted by the Board, the claims advanced in that hearing and the agreements reached by the plaintiffs with Union following the hearing.
- E. *2009 Compensation Agreements.* This section describes the agreements entered into by the plaintiffs, Lyle Knight ("L. Knight") and Eldon Knight ("E. Knight"), for compensation in respect of the period 2009 to 2013.

A. The Parties

7. *Union.* Union is an Ontario company with its head office in Chatham. Union is an integrated natural gas storage, transmission and distribution company that provides services to residential, commercial and industrial customers across northern, southwestern and eastern Ontario.¹

8. Union is the operator of the Edys Mills Pool, one of 19 natural gas storage pools operated by Union that form part of its integrated natural gas storage and transmission system.²

9. Natural gas storage pools are naturally occurring underground geological formations, called "reefs", which are suitable for the injection, withdrawal and storage of natural gas. These pools are accessed through storage wells which, in turn, are connected to Union's integrated natural gas system through a series of underground pipelines. Often natural gas storage pools are depleted, or nearly depleted oil deposits.³

10. *The plaintiffs.* The plaintiffs are landowners whose land, along with various third parties, forms part of the Edys Mills Pool. The plaintiffs, Marie Snopko ("M. Snopko") and Wayne McMurphy (W. McMurphy"), are, or were during the relevant period, members of the Lambton County Storage Association (the "LCSA") which is a voluntary association representing approximately 160 landowners who own property within Union's storage system.⁴

11. M. Snopko is the successor in interest of George Graham. W. McMurphy is M. Snopko's tenant.⁵

12. W. McMurphy is the successor to Colin McMurphy and the brother of Leonard McMurphy. Both M. Snopko and Leonard McMurphy filed evidence in the "Storage Compensation Hearing" discussed below.⁶

¹ *Affidavit of Bill Wachsmuth, sworn August 29, 2008 ("Wachsmuth Affidavit")*, para. 4, Compendium, Tab 5, p. 43

² *Wachsmuth Affidavit*, para. 5, Compendium, Tab 5, p. 43

³ *Wachsmuth Affidavit*, para. 6, Compendium, Tab 5, p. 43

⁴ *Wachsmuth Affidavit*, para. 7, Compendium, Tab 5, pp. 43-44

⁵ *Wachsmuth Affidavit*, para. 8, Compendium, Tab 5, p. 44

13. *The Action.* The plaintiffs claim against Union and an unrelated third party, Ram Petroleums Ltd. ("RAM"). For the purposes of this motion only the claims against Union are relevant. In this respect, the plaintiffs make the following claims:

- (a) breach of contract - the plaintiffs claim that Union, in breach of their Gas Storage Leases, has failed to properly compensate them for crop loss and other lost income arising from Union's storage operations.
- (b) unjust enrichment - the plaintiffs claim that Union has been unjustly enriched by storing gas on and in the plaintiffs' land.
- (c) nuisance - the plaintiffs claim that Union's storage operations constitute a nuisance which have decreased the profitability of their land, caused damage to their land and decreased their enjoyment of the land.
- (d) negligence - the plaintiffs claim that as a result of Union's storage operations oil has not been produced from the Edys Mills Pool since 1993 and, as a result, the plaintiffs' have not received royalty payments since that time.
- (e) declaratory relief - the plaintiffs seek a declaration that their Gas Storage Leases were terminated in 2006 and seek compensation from Union on the basis that it is storing gas without a contract.⁷

14. Union has defended the plaintiffs' claim and has denied liability to the plaintiffs on each basis asserted in the statement of claim. It is Union's position, as set out in its statement of defence, among other things, that:

- (a) it has paid to the plaintiffs the compensation agreed to by the parties, whether pursuant to the Gas Storage Leases, the Amending Agreement entered into by M. Snopko, the Roadway Agreements, or the Compensation Agreements (all as defined below);

⁶ Wachsmuth Affidavit, paras. 8-9, Compendium, Tab 5, p. 44

⁷ Statement of Claim, Compendium, Tab 2, pp. 9-27

- (b) that the Gas Storage Leases remain in force and are not terminable by the plaintiffs;
- (c) the plaintiffs' claims for compensation are barred by the provisions of the Act which confer exclusive jurisdiction over these matters on the Board, and that;
- (d) in any event, the plaintiffs' claims are time barred.⁸

B. The Gas Storage Leases and Consent Agreement

15. *The Gas Storage Leases.* By leases made as of October, 1987, RAM entered into Gas Storage Lease Agreements (the "Gas Storage Leases") with each of the plaintiffs or their predecessors in interest, pursuant to which RAM obtained the contractual right to inject, store and withdraw gas from the plaintiffs' property. The rights acquired by RAM pursuant to the Gas Storage Leases were in addition to rights previously acquired by RAM pursuant to Petroleum and Natural Gas Leases ("PNG Leases") which it had entered into with the plaintiffs or their predecessors in interest in the mid-1970s.⁹ The PNG Leases granted RAM the right to conduct drilling operations on the plaintiffs' property in exchange for a monthly royalty payment on all oil produced.¹⁰

16. The Gas Storage Leases each provide that, at the end of their initial seven (7) year term, the lease will be extended from year to year provided the lessee (RAM and subsequently Union) shall have installed facilities for storage and/or utilized the property within the first 7 years of the lease. Specifically, the Gas Storage Leases provide, in relevant part, that:

"3. The Lessor agrees that at the expiration of the term of 7 years hereinbefore mentioned, this Lease will be extended from year to year provided the Lessee shall have installed facilities for storage and/or utilized the said lands within the first 7 years of this Lease."¹¹

⁸ Statement of Defence, Compendium, Tab 3, pp. 28-35

⁹ Wachsmuth Affidavit, para. 12, Compendium, Tab 5, p. 45

¹⁰ Petroleum and Natural Gas Lease, Compendium, Tab 7, pp. 58-66

¹¹ Petroleum and Natural Gas Lease, Compendium, Tab 7, pp. 59-60

17. There is no dispute that Union installed its storage operations within the initial term of the leases.

18. In the case of M. Snopko, in addition to her Gas Storage Lease and PNG Lease, in about October 1992, M. Snopko entered into an Amendment of Gas Storage Lease Agreement (the "Amending Agreement") pursuant to which Union acquired the right to construct certain roadways on her property. In the Amending Agreement M. Snopko acknowledged receipt of compensation in respect of these roadways while reserving the right to make a future claim in relation to wells installed by Union.¹²

19. *The Consent Agreement.* By Consent Agreement made as of August, 1989, the plaintiffs consented to the assignment of the Gas Storage Leases from RAM and PNG Leases to Union and authorized Union to:

- (a) immediately use the Edys Mills Pool for storage of natural gas;
- (b) be the operator of the Edys Mills Pool with respect to the production of natural gas and injection storage in withdrawal of natural gas; and
- (c) sublease the Edys Mills Pool back to Ram in respect of oil production only.¹³

20. Further, pursuant to the Consent Agreement, the plaintiffs agreed that on receipt of certain payments specified in that Agreement, the past and future royalties payable under the Gas Storage Leases and PNG Leases would be satisfied and extinguished, and those leases would be deemed to be royalty free thereafter with respect to the production and/or storage of natural gas provided that Union would not be relieved of any future obligation to pay annual storage rentals or royalties on future oil production.¹⁴ On this latter point, however, the plaintiffs also agreed, in

¹² Wachsmuth Affidavit, para. 15, Compendium, Tab 5, p. 45; Amending Agreement, Compendium, Tab 9, pp. 75-80

¹³ Wachsmuth Affidavit, para. 16, Compendium, Tab 5, pp. 45-46

¹⁴ Wachsmuth Affidavit, para. 18, Compendium, Tab 5, p. 46

section 6 of the agreement, that RAM would be responsible for payment of all future oil royalties during the term of its sublease.¹⁵

21. In total, the landowners in the Edys Mills Pool (including the plaintiffs) were paid the cumulative sum of over \$2 million in consideration for the consent, authorization and releases given pursuant to the Consent Agreement.¹⁶

C. The Storage Designation Hearing

22. *Union's Applications.* By application dated March, 1992, Union applied to the Board pursuant to the predecessor of the Act for a regulation designating as a gas storage area the lands overlaying the Edys Mills Pool. At the same time, Union applied to the Board for orders authorizing it to inject, store, and remove gas from the Edys Mills Pool and for leave to drill and construct the wells and other facilities necessary to connect the Edys Mills Pool to Union's integrated natural gas storage and transmission system.¹⁷

23. Between early October and November 1992, the Board issued reports and decisions as follows:

- (a) a Report to the Lieutenant Governor-in-Council recommending the designation of the Edys Mills Pool;
- (b) a Report to the Minister of Natural Resources recommending the issuance of permits to bore and drill natural gas storage, injection and withdrawal wells as well as an observation well;
- (c) Reasons for Decisions authorizing Union, upon the enactment of a regulation designating the Edys Mills Pool as a gas storage area, to inject gas into, store gas and refine gas from the Edys Mills Pool and to construct the necessary related facilities.¹⁸

¹⁵ Consent Agreement, Compendium Tab 10, p. 84

¹⁶ Wachsmuth Affidavit, para. 19, Compendium, Tab 5, p. 46

¹⁷ Wachsmuth Affidavit, para. 20, Compendium, Tab 5, p. 46

¹⁸ Wachsmuth Affidavit, para. 21, Compendium, Tab 5, pp. 46-47

24. On November 30, 1992, the Lieutenant Governor-in-Council issued a regulation designating the Edys Mills Pool as a designated storage area and, on February 1, 1993, the Board issued an Order granting Union's applications in all respects. The above decisions of the Board and the Lieutenant Governor-in-Council are collectively referred to as the "Designation Order".¹⁹

25. *The Roadway Agreements.* After obtaining the Designation Order, Union began construction of the facilities necessary to connect the Edys Mills Pool to Union's integrated storage and transmission system. Among the facilities constructed were certain roadways on the plaintiff, M. Snopko's, property as well as certain pipelines. At the time it built the roadways and before, Union had extensive discussions with M. Snopko over the location and construction method to be used. M. Snopko informed Union that she would prefer a one time payment for the roads rather than the annual payment that is standard for roadways. Union agreed to M. Snopko's request and entered into the Amending Agreement referred to above.²⁰

26. Union also had similar discussions with the plaintiffs, E. Knight and L. Knight, who elected to enter into a Roadway Agreement that provides for annual payments.²¹

27. Between 1993 and 1999, Union paid to the plaintiffs compensation pursuant to the terms of their Gas Storage Leases and, in the case of M. Snopko, pursuant to the Amending Agreement, Union also paid to E. Knight and L. Knight compensation pursuant to their Roadway Agreement.²²

D. The Storage Compensation Hearing

28. *The LCSA Application.* In 2000, the LCSA commenced an application to the Board on behalf of its members across all of Union's storage system for just and equitable compensation pursuant to section 38(2) of the Act (the "Storage Compensation Hearing"). The LCSA was represented by counsel.²³

¹⁹ Wachsmuth Affidavit, para. 22, Compendium, Tab 5, p. 47

²⁰ Wachsmuth Affidavit, para. 23, Compendium, Tab 5, p. 47

²¹ Wachsmuth Affidavit, para. 24, Compendium, Tab 5, p. 47

²² Wachsmuth Affidavit, para. 25, Compendium, Tab 5, p. 47

²³ Wachsmuth Affidavit, para. 26, Compendium, Tab 5, p. 48

29. In October, 2002, the LCSA amended its application. In its Amended Notice of Application, the LCSA claimed, among other things, the following relief on behalf of its members:

- (a) "just and equitable" annual compensation for gas, oil and storage rights, being an annual payment for lands within a designated storage area, and a separate annual per acre payment for affected lands outside of the storage area; and
- (b) for those landowners with surface storage facilities, "just and equitable" annual compensation on a per facility basis for wellheads and roadways, including amounts for:
 - (i) land rights for each facility; and
 - (ii) crop loss and disturbance damages for each facility.²⁴

30. Along with its Amended Notice of Application, the LCSA filed a three volume Application Record containing evidence in support of its claims. As referred to above, evidence from M. Snopko and Leonard McMurphy formed part of the Application Record.²⁵ Also included in the LCSA's evidence were detailed expert reports in support of all aspects of the claims for just and equitable compensation including reports in support of claims for crop loss, disturbance damages, decreased enjoyment of land, and diminution in value.²⁶

31. Union responded to the Application Record with its own evidentiary record. Among other things, in its Pre-Filed Evidence Union discussed its crop loss compensation practices including the fact that compensation was paid to M. Snopko and releases given by her in respect of the years 1994 and 1995.²⁷

²⁴ Wachsmuth Affidavit, para. 27, Compendium, Tab 5, p. 48; Amended Notice of Application, Compendium, Tab 14, pp. 112-113

²⁵ Wachsmuth Affidavit, para. 28, Compendium, Tab 5, p. 48

²⁶ See, for example, evidence of Dr. Charles S. Baldwin, Assessment of Disturbance and Crop Loss Impacts from the Construction and Operation of Storage Facilities in Lambton County, Motion Record, Vol. 3, Tab 2W, pp. 649-678

²⁷ Wachsmuth Affidavit, para. 29, Compendium, Tab 5, p. 48

32. In total, the evidence filed by the parties included the LCSA's three volume Application Record, Union's Pre-filed Evidence, as well as answers (and supporting documents) provided in response to hundreds of interrogatories asked by the parties.²⁸

33. *Standing.* Prior to the Storage Compensation Hearing, the Board convened a hearing into the eligibility for standing of certain LCSA members in light of their pre-existing agreements with respect to compensation (i.e. the Gas Storage Leases), the validity of which were not in dispute in the proceeding. The standing of M. Snopko and W. McMurphy to assert claims was dealt with specifically by the Board. The Board determined that having regard to Mr. Murphy's valid, pre-existing Gas Storage Lease he was not entitled to standing, whereas, M. Snopko, was entitled to standing only in relation to her claims for compensation in respect of the roadways and wells on her property. With respect to M. Snopko, the Board stated:

"The Board finds that Mrs. Snopko is not eligible for an order of the Board on other aspects of storage compensation because she has an existing agreement with respect to those aspects of storage compensation. She is entitled to participate actively in the proceeding.

...

... the Board expects that, at the conclusion of the proceeding or at another appropriate time, Union will extend to her [and W. McMurphy] an offer which is equivalent to the compensation awarded by the Board to other applicants."²⁹

34. *The LCSA Settlement.* In March 2004, shortly before the Storage Compensation Hearing was scheduled to start, Union and the LCSA reached a settlement. Expressly included in the settlement were all claims which were, or could have been raised in the Storage Compensation Hearing including claims for disturbance damages and crop loss. The settlement had retroactive effect and covered the years 1999 to 2008, inclusive.³⁰

²⁸ Wachsmuth Affidavit, para. 30, Compendium, Tab 5, pp. 48-49

²⁹ Wachsmuth Affidavit, para. 31, Compendium, Tab 5, p. 49; Decision and Order, Compendium, Tab 20, pp. 220-222

³⁰ Wachsmuth Affidavit, para. 32, Compendium, Tab 5, p. 49

Dawson v. Rexcraft Storage & Warehouse Inc. (1998), 164 D.L.R. (4th) 257 (Ont. C.A.) at 269, para. 20

Ford Motor Co. of Canada Ltd. v. Ontario Municipal Employees Retirement Board (1997), 36 O.R. (3d) 384 (C.A.) at 394-396

50. The summary judgment procedure expressly contemplates and provides for partial summary judgment. Partial summary judgment is available to a defendant where it is demonstrated that there is no genuine issue for trial in respect of a discrete claim made among others within an action, where the elimination of the claim would shorten trial in a meaningful way or eliminate the need for a trial altogether. The elimination of such discrete claims, again, is conducive to procedural justice in saving the defendant the time, inconvenience and expense that would otherwise be incurred in dealing with the claim.

Ford Motor Co. of Canada Ltd., supra, at 394-396, 400

51. The overall legal or persuasive burden is on the defendant (in a defendant's motion for summary judgment) to establish the absence of a genuine issue for trial. However, in response to the defendant's material, the plaintiff, in the words of Rule 20.04(1), "must set out, in affidavit material or other evidence, specific facts showing that there is a genuine issue for trial". This has been described as a requirement that the plaintiff put "its best foot forward"; the motions judge is entitled to assume that the evidence presented by the plaintiff is the best available and that the plaintiff will not produce further or better evidence at trial. Consistent with this, the Supreme Court of Canada has emphasized that:

A summary judgment motion cannot be defeated by vague references to what may be adduced in the future, if the matter is allowed to proceed. To accept that proposition would be to undermine the rationale of the rule. A motion for summary judgment must be judged on the basis of the pleadings and materials actually before the judge, not on suppositions about what might be pleaded or proved in the future.

Canada (Attorney General) v. Lameman, 2008 S.C.C. 14, at para. 11

Hi-Tech Group Inc. v. Sears Canada Inc. (2001), 52 O.R. (3d) 97 (C.A.) at 104, para. 30

45. On April 28, 2005, Union, through counsel, responded to M. Snopko and W. McMurphy. In its letter Union advised that it was Union's position that these claims for crop loss damages were or could have been made during the Storage Compensation Hearing and, as such, formed part of the parties settlement. Again, Union copied the Board as well as counsel for the LCSA. There was no response to this letter.⁴³

E. The 2009 Compensation Agreement

46. Beginning in early 2007, Union had discussions with the LCSA regarding compensation for the period 2009 to 2013. These discussions were successful and resulted in an agreement between the LCSA and Union.⁴⁴

47. On April 3, 2007, the plaintiffs, E. Knight and L. Knight, accepted the terms agreed to by the LCSA and entered into a further agreement with Union on compensation payable to them for the period 2009 to 2013.⁴⁵

PART III – ISSUES AND LAW

48. The issue on this motion is whether any of the plaintiffs' claims give rise to a genuine issue for trial. It is Union's position that they do not, and permitting the plaintiffs to proceed with their action would be a failure of procedural justice. What follows is a discussion of the relevant legal principles and an application of those principles to the plaintiffs' claims.

A. Applicable Principles

49. *Summary Judgment.* The purpose of the summary judgment procedure under Rule 20 (on a motion by the defendant) is to remove from the process leading to trial claims in respect of which it is clearly demonstrated that a trial is unnecessary. The procedure is a recognition that where a trial would serve no purpose, to require a defendant to submit to the inconvenience, expense and delay associated with a trial would be a failure of procedural justice.

⁴³ Wachsmuth Affidavit, para. 42, Compendium, Tab 5, p. 50

⁴⁴ Wachsmuth Affidavit, para. 43, Compendium, Tab 5, p. 50

⁴⁵ Wachsmuth Affidavit, para. 44, Compendium, Tab 5, p. 50-51

39. For their part, M. Snopko and W. McMurphy did not initially accept Union's offer. In July and October of 2004, they wrote to the Board to demand additional compensation. M. Snopko sought additional compensation in respect of the roadways on her property while W. McMurphy sought additional storage lease payments.³⁷

40. Also, in October 2004, John Snopko, M. Snopko's spouse, wrote to Union as the Edys Mills Pool's designated representative to demand oil royalties in respect of oil production from the Edys Mills Pool notwithstanding that production had ceased in 1993.³⁸

41. Union, through counsel, responded to the Board to the above letters on November 23, 2004 denying that M. Snopko and W. McMurphy were entitled to any further compensation.³⁹ Union's letter was copied to M. Snopko and W. McMurphy, as well as counsel for the LCSA.

42. On January 26, 2005, M. Snopko accepted Union's offer to pay her compensation pursuant to the Compensation Order. And, later that month, W. McMurphy also accepted Union's offer.⁴⁰ The plaintiffs' agreements with Union are referred to collectively as the "Compensation Agreements".

43. All of the Compensation Agreements provide that the compensation reflects just and equitable compensation for storage rights for the period 1999 to 2008, reflects the Compensation Order and covers all claims for compensation that were or could have been raised in the Storage Compensation Hearing.⁴¹

44. In April 2005, M. Snopko and W. McMurphy again wrote to Union, this time to demand compensation for crop loss for the period 1996 to 2004 and 1993 to 2004, respectively.⁴²

³⁶ Wachsmuth Affidavit, para. 37, Compendium, Tab 5, p. 49

³⁷ Wachsmuth Affidavit, para. 36, Compendium, Tab 5, p. 50;
Supplementary Affidavit of Bill Wachsmuth, paras. 1-2, Compendium, Tab 6, p. 52

³⁸ Wachsmuth Affidavit, para. 38, Compendium, Tab 5, p. 50

³⁹ Wachsmuth Affidavit, para. 39, Compendium, Tab 5, p. 50

⁴⁰ Supplementary Affidavit of Bill Wachsmuth, para. 2, Compendium, Tab 6, p. 52;
Wachsmuth Affidavit, Compendium, Tab 5, p. 50

⁴¹ Compensation Agreement, Compendium, Tab 27, p. 259

⁴² Wachsmuth Affidavit, para. 41, Compendium, Tab 5, p. 50

35. By Order dated March 2004, the Board approved the parties' settlement and determined that it represented just and equitable compensation under the Act ("the Compensation Order").³¹

As set out in the Compensation Order, this compensation had the following annual components:

- an amount per acre for each "inside acre", defined as an acre within the boundary of a designated storage area, such amount being for the lease of storage, and for petroleum and natural gas rights;
- an amount per acre for each "outside acre", defined as an acre of land on a property severed by a boundary of a designated storage leased by Union such amount being for the lease of storage, and for petroleum and natural gas rights;
- if applicable, an amount per acre of roadway on land owned by a landowner holding a roadway agreement, such amount being for the lease of land for facilities and in respect of all damages, including disturbance, loss of opportunity, and crop loss; and
- if applicable, an amount for each wellhead on land owned by a landowner in the designated storage area, such amount being for the lease of land for facilities and in respect of all damages, including disturbance, loss of opportunity, and crop loss.³²

36. *Subsequent Correspondence and the Plaintiffs' Compensation Agreements.* Following the Storage Compensation Hearing, and consistent with the terms of an undertaking given by Union to the Board and the Board's decision on standing, Union extended to all non-LCSA members, and those members who did not receive full standing, an offer to be paid the same compensation as that provided in the Compensation Order.³³

37. As a member of the LCSA with standing, M. Snopko received a payment in respect of the wellheads on her property.³⁴ As agreed by counsel for the LCSA, she did not receive a payment for roadways.³⁵

38. In August 2004, E. Knight and L. Knight accepted Union's settlement offer to pay them compensation pursuant to the Compensation Order.³⁶

³¹ Wachsmuth Affidavit, para. 33, Compendium, Tab 5, p. 49

³² Compensation Order, Compendium, Tab 21, pp. 223-237

³³ Wachsmuth Affidavit, para. 34, Compendium, Tab 5, p. 49

³⁴ Compensation Order, Compendium, Tab 21, p. 226

³⁵ Letter dated November 23, 2004, Compendium, Tab 26, pp. 243-258

Ontario Energy Board Act, 1998, c. 15, Sch. B, s. 38(3)

56. Within its jurisdiction, the Board has authority to hear and determine all questions of law and of fact. Even where the parties have entered into an agreement, the jurisdiction of the Board extends to determining the rights of the parties under that agreement and whether those rights have been complied with.

Re Wellington and Imperial Oil Ltd., [1970] 1 O.R. 177 (H.C.J.)

Ontario Energy Board Act, 1998, c. 15, Sch. B, s. 19(1)

57. An appeal lies to the Divisional Court from any order of the Board as to compensation (s. 38(4)).

Ontario Energy Board Act, 1998, s. 38(4)

58. **Limitation Period.** The *Limitations Act*, 2002 (the "LTA") sets out a basic limitation period that applies to all claims, unless stated otherwise in the LTA. The basic limitation period is two years after the date on which the claim was discovered. Under the LTA, a person is presumed to have discovered his or her claim on the date on which the alleged act took place unless the contrary is proven.

Limitations Act, 2002, c. 24, Sch. B, ss. 4-5

59. The LTA replaced the former *Limitations Act* (the "Former LTA") pursuant to which claims for breach of contract, negligence and nuisance were subject to a 6 year limitation period.

Limitations Act, R.S.O. 1990, c. L 15, s. 45(1)(g)

60. The LTA contains transition rules covering claims based on acts which took place prior to 2002 and in respect of which no proceeding had been commenced prior to January 1, 2004. In substance, these rules provide that where the claim was discovered prior to 2004, the Former LTA applies, and for claims discovered subsequent to 2004, the LTA applies.

Limitations Act, 2002, c. 24, Sch. 24, s. 24(5)

52. Self serving affidavits that merely assert propositions without detail or supporting evidence are not sufficient to create a genuine issue for trial.

Rozin v. Ilitchev et al. (2003), 66 O.R. (3d) 410 (C.A.) at 414,
para. 8

53. In deciding whether the defendant has succeeded in establishing that there is no genuine issue for trial, the motions judge must take a hard look at the merits and is entitled, in that connection, to make inferences of fact based on the undisputed facts before the court, as long as the inferences are strongly supported by the facts.

Canada (Attorney General) v. Lameman, supra, at para. 11

54. ***Jurisdiction of the Board.*** In Ontario, the storage of natural gas is regulated by the Board pursuant to the Act. Under the Act, the Board has broad, exclusive jurisdiction to:

- (a) designate an area as a gas storage area for purposes of the Act (s. 36.1);
- (b) prohibit any person from injecting gas for storage into a geological formation unless the formation is within a designated gas storage area, and unless authorization to do so has been obtained from the Board (ss. 37 and 38(1)); and
- (c) require any person authorized to store gas to pay to the owners of any right to store gas in the designated storage area (i.e. the landowners) just and equitable compensation:
 - (i) in respect of the storage right; and
 - (ii) for any damage necessarily resulting from the exercise of the authority given by the Board or authorizing the storage of gas (s. 38(2)).

Ontario Energy Board Act, 1998, c. 15, Sch. B, ss. 36.1-38

55. The Act provides that no action or proceeding lies in respect of compensation payable under the Act and, failing agreement, the amount of compensation shall be determined by the Board (s. 38(3)).

B. Application of Principles to the Plaintiffs' Claims

The Board has Exclusive Jurisdiction over the Plaintiffs' Claims

61. However framed, the plaintiffs claims all suffer from the same fundamental flaw; they all arise from Union's operation of the Edys Mills Pool and, therefore, are precluded by the Act. For example, the plaintiffs' claim for breach of contract alleges that "as a result of" Union's storage operations, the plaintiffs have suffered crop loss and other damages. Similar allegations are made in support of the claims in negligence and nuisance. Under s. 38(3) of the Act, these claims must be brought to the Board, and cannot be the subject of a civil proceeding.

62. As discussed, the thrust of sections 36.1 to 38 of the Act is to confer on the Board exclusive jurisdiction over the storage of natural gas including the compensation payable by a storage operator (i.e. Union) to landowners for damages resulting from the storage operation. In exercising its jurisdiction, the Board has the power to hear and decide all questions of fact and of law. There is a statutory right of appeal to the Divisional Court from any decision of the Board.

63. In the present case, the plaintiffs do not appear to dispute the fact that their claims arise from Union's operation of the Edys Mills Pool. Rather, the plaintiffs argue that the restriction in section 38(3) against civil proceedings only applies where the parties have not entered into an agreement regarding compensation. This argument is without merit.

64. The Board's exclusive jurisdiction exists whether or not the parties have entered into an agreement regarding compensation. In other words, properly interpreted, section 38(3) precludes any proceeding for compensation whether or not the parties have an agreement. Where no agreement exists, compensation is determined by the Board. Where, as here, the parties have an agreement, compliance with that agreement is also a matter for the Board.

65. In *Re Wellington*, this Court considered, and rejected, the argument advanced by the plaintiffs. In that case, the applicants, who were parties to oil and gas leases, sought a declaration as to their rights under those agreements. After considering the predecessor to section 38(3), this Court dismissed the application and held that the section precluded any claim for relief. In doing so, the Court stated:

"Now, it is true that the issue between the parties may require the consideration and construction of the gas leases and unit operation agreement. But whatever may be the form of the issue presented to me, it seems to me it is in substance a claim for compensation in respect of a gas right and damages necessarily resulting from the exercise of the authority given by virtue of the Ontario Energy Board.

...

It seems to me that the language of s. 21(3) is the language of obligation and not of alternative remedy. The right to compensation and the remedy exist together in s. 21. Subsection (3) of s. 21 of the Act provides in the widest and unqualified terms, that, "no action or other proceeding has in respect of such compensation and, failing agreement, the amount thereof shall be determined by a board of arbitration...".

Re Wellington, *supra*, paras. 27 and 30

66. The plaintiffs' claim for damages on the basis that Union is storing gas on their property without a contract underscores Union's position. As part of that claim, like in *Re Wellington*, the plaintiffs first seek a determination of their rights under the Gas Storage Leases (i.e. that these were terminated by them in April 2006). They then proceed, based on this determination to claim damages (presumably for trespass). The problem with this argument is that even under the plaintiffs' interpretation of the Act, where no agreement between the parties exists, compensation shall be determined by the Board. In other words, on the plaintiffs' interpretation of s. 38(3), this Court would be entitled to grant a declaration that the Gas Storage Lease had been terminated but could not award compensation. This perverse result could not have been intended by the Legislature and, as set out above, was rejected in *Re Wellington*.

67. In any event, the claim that Union is storing gas without a contract, and the claim for unjust enrichment suffer from another flaw. That is, they are precluded by the Designation Order.

68. As discussed above, pursuant to the Designation Order, Union obtained the right to inject, store and remove gas from the Edys Mills Pool. This right is not dependent upon any underlying contractual relationship between the parties. Therefore, even if the plaintiffs could seek a declaration that the Gas Storage Leases were terminated (which is denied), they would have no

claim that Union was storing gas on their property unlawfully. Rather, they would have a statutory claim to the Board for compensation.

69. Similarly, to make out their claim that Union has been unjustly enriched by storing gas on their property, the plaintiffs must be able to establish the absence of a juristic reason for this enrichment. However, the Designation Order is such a reason and the plaintiffs' claim must, therefore, fail.

The Plaintiffs Have Agreements Regarding Compensation

70. Even if the plaintiffs could bring their claims, they have already entered into agreements, the Compensation Agreements, which provide for just and equitable compensation for damages arising from Union's storage operations. These agreements, which have not been impugned, supplant the compensation provisions contained in the Gas Storage Leases and fully cover all aspects of the plaintiffs' claims for damages. The Compensation Agreements provide that they reflect the terms of the Compensation Order approved by the Board and cover all claims that were or could have been raised in the Storage Compensation Hearing. As described above, these claims included the claims for crop loss, disturbance damages (i.e. inconvenience), loss of enjoyment of land and for storage and petroleum and natural gas rights.⁴⁶

71. The Compensation Agreements cover the period 1999 through to the end of this year and, in the case of E. Knight and L. Knight, through to 2013.

The Plaintiffs' Claims are Statute Barred

72. In any event, the plaintiffs' claims are largely time barred and must be dismissed. While it is not entirely clear from the Statement of Claim, the plaintiffs' claims appear to cover the period from 1993 to the present. There is no issue as to the discoverability of those claims as the plaintiffs have adduced no evidence on the issue. Even if they had, it would not raise a genuine issue for trial. There is ample evidence in the record of examples of the plaintiffs being aware of their claims and, in fact, asserting those claims to Union. For example, in respect of their claim

⁴⁶ This may not apply to M. Snopko who purported to retain her petroleum and natural gas rights. However, this aspect of her claim is, in any event, precluded by s. 38(3) of the Act and the relevant limitation legislation.

for lost oil royalties, the plaintiffs admit in the Statement of Claim that since 1994 they "have on several occasions approached Union to resolve the oil product issue to no avail".

73. As the plaintiffs' claims cover the period before and after 2004, the LTA and the Former LTA both apply. Pursuant to the transition rules in the LTA described above, for all claims discovered prior to 2004 the former 6 year limitation period applies, whereas, the two year limitation period under the LTA applies to claims discovered subsequently to 2004. In short, because the Statement of Claim was issued on January 29, 2008, this means that all claims discovered before January 30, 2002, and all claims discovered after January 1, 2004 (but not after January 30, 2006) are time barred.

PART IV – ORDER REQUESTED

74. Union respectfully requests an order dismissing the plaintiffs' claims against it with costs.

ALL OF WHICH IS RESPECTFULLY SUBMITTED



Crawford G. Smith

Of counsel for the defendant, Union Gas Limited

SCHEDULE A – LIST OF AUTHORITIES

1. *Dawson v. Rexcraft Storage & Warehouse Inc.* (1998), 164 D.L.R. (4th) 257 (Ont. C.A.)
2. *Ford Motor Co. of Canada Ltd. v. Ontario Municipal Employees Retirement Board* (1997), 36 O.R. (3d) 384 (C.A.)
3. *Canada (Attorney General) v. Lameman*, 2008 S.C.C. 14
4. *Hi-Tech Group Inc. v. Sears Canada Inc.* (2001), 52 O.R. (3d) 97 (C.A.) at 104
5. *Rozin v. Ilitchev et al.* (2003), 66 O.R. (3d) 410 (C.A.)
6. *Re Wellington and Imperial Oil Ltd.* [1970] 1 O.R. 177 (H.C.J.)

SCHEDULE B – STATUTES

1. *Ontario Energy Board Act*, 1998, c. 15, Sch. B, ss. 19(1), 36.1-38, s. 38(3), s. 38(4)

PART III GAS REGULATION

Order of Board required

19. (1) The Board has in all matters within its jurisdiction authority to hear and determine all questions of law and of fact. 1998, c. 15, Sched. B, s. 19 (1).

Gas storage areas

36.1 (1) The Board may by order,

- (a) designate an area as a gas storage area for the purposes of this Act; or
- (b) amend or revoke a designation made under clause (a). 2001, c. 9, Sched. F, s. 2 (2).

Transition

(2) Every area that was designated by regulation as a gas storage area on the day before this section came into force shall be deemed to have been designated under clause (1) (a) as a gas storage area on the day the regulation came into force. 2001, c. 9, Sched. F, s. 2 (2).

Prohibition, gas storage in undesignated areas

37. No person shall inject gas for storage into a geological formation unless the geological formation is within a designated gas storage area and unless, in the case of gas storage areas designated after January 31, 1962, authorization to do so has been obtained under section 38 or its predecessor. 1998, c. 15, Sched. B, s. 37; 2001, c. 9, Sched. F, s. 2 (3).

Authority to store

38. (1) The Board by order may authorize a person to inject gas into, store gas in and remove gas from a designated gas storage area, and to enter into and upon the land in the area and use the land for that purpose. 1998, c. 15, Sched. B, s. 38 (1).

Right to compensation

- (2) Subject to any agreement with respect thereto, the person authorized by an order under subsection (1),
 - (a) shall make to the owners of any gas or oil rights or of any right to store gas in the area just and equitable compensation in respect of the gas or oil rights or the right to store gas; and
 - (b) shall make to the owner of any land in the area just and equitable compensation for any damage necessarily resulting from the exercise of the authority given by the order. 1998, c. 15, Sched. B, s. 38 (2).

Determination of amount of compensation

(3) No action or other proceeding lies in respect of compensation payable under this section and, failing agreement, the amount shall be determined by the Board. 1998, c. 15, Sched. B, s. 38 (3).

Appeal

(4) An appeal within the meaning of section 31 of the *Expropriations Act* lies from a determination of the Board under subsection (3) to the Divisional Court, in which case that section applies and section 33 of this Act does not apply. 1998, c. 15, Sched. B, s. 38 (4); 2003, c. 3, s. 31.

2. *Limitations Act, 2002, c. 24, Sch. B, ss. 4-5*

BASIC LIMITATION PERIOD

Basic limitation period

4. Unless this Act provides otherwise, a proceeding shall not be commenced in respect of a claim after the second anniversary of the day on which the claim was discovered. 2002, c. 24, Sched. B, s. 4.

Discovery

5. (1) A claim is discovered on the earlier of,

- (a) the day on which the person with the claim first knew,
 - (i) that the injury, loss or damage had occurred,
 - (ii) that the injury, loss or damage was caused by or contributed to by an act or omission,
 - (iii) that the act or omission was that of the person against whom the claim is made, and
 - (iv) that, having regard to the nature of the injury, loss or damage, a proceeding would be an appropriate means to seek to remedy it; and
- (b) the day on which a reasonable person with the abilities and in the circumstances of the person with the claim first ought to have known of the matters referred to in clause (a). 2002, c. 24, Sched. B, s. 5 (1).

Presumption

(2) A person with a claim shall be presumed to have known of the matters referred to in clause (1) (a) on the day the act or omission on which the claim is based took place, unless the contrary is proved. 2002, c. 24, Sched. B, s. 5 (2).

3. *Limitations Act, R.S.O. 1990, c. L. 24, s. 45(1)(g)*

Limitation of time for commencing particular actions

45. (1) The following actions shall be commenced within and not after the times respectively hereinafter mentioned,

- (g) an action for trespass to goods or land, simple contract or debt grounded upon any lending or contract without specialty, debt for arrears of rent, detinue, replevin or upon the case other than for slander, within six years after the cause of action arose,

Marie Snopko et al. Union Gas Ltd. et al.
Plaintiffs and
Defendants

Court File No: 5021-08

ONTARIO
SUPERIOR COURT OF JUSTICE

Proceeding commenced at Sarnia

FACTUM OF THE DEFENDANT,
UNION GAS LIMITED
(on motion for summary judgment
returnable December 17, 2008)


Torys LLP
Suite 3000
79 Wellington St. W.
Box 270, TD Centre
Toronto, Ontario
M5K 1N2 Canada

Crawford Smith LSUC#: 42131S
Tel: 416.865.8209
Fax: 416.865.7380

Lawyers for the Defendant, Union Gas Limited

TAB B

This is Exhibit "B" referred to in the
Affidavit of John Snopko
sworn before me, this 12th day of July, 2011.


Commissioner for Taking Oaths

R. Scott Gawley, Director of Corporate
Services/ Treasurer/ Deputy Clerk, Town
of Petrolia, a Commissioner for
taking affidavits in and for the County of
Lambton, Province of Ontario.



COURT OF APPEAL FOR ONTARIO
COUR D'APPEL DE L'ONTARIO

1920 003
PLEASE ADDRESS ALL COMMUNICATIONS TO
ADRESSER TOUTE CORRESPONDANCE À :

SENIOR LEGAL OFFICER/AVOCAT PRINCIPAL
OSGOODE HALL
130 QUEEN STREET WEST/130, RUE QUEEN OUEST
TORONTO, ONTARIO
M5H 2N5

Friday, January 22nd, 2010.

Sent by fax and ordinary mail

Ontario Energy Board
Legal Services and Board Secretary
Suite 2700, 2300 Yonge Street
Toronto, Ontario, M4P 1E4

Attention: Ms. Mary Anne Aldred

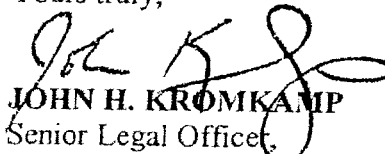
Dear Ms. Aldred:

Re: Snopko, Marie et al v. Union Gas Ltd. et al
Court of Appeal for Ontario File No.: C49977

The above noted appeal, raising an issue as to the jurisdiction of the Ontario Energy Board, was argued before a panel of the Court (Justices Sharpe, MacFarland and Watt) on January 22nd, 2010. The panel has reserved its decision. The panel was informed that you are aware of the proceedings and the jurisdictional issue upon which the Court is asked to pronounce. At the conclusion of oral argument, the panel informed counsel that it would direct me to write to you to afford you the opportunity to make written submissions as to the Ontario Energy Board's position on the jurisdictional issue if you wish to do so. In the event that you do provide the court with submissions, those submissions will be made available to the parties and they will be afforded the opportunity to respond in writing.

If you wish to make any submissions to the Court, please do so within by February 10th, 2010.

Yours truly,

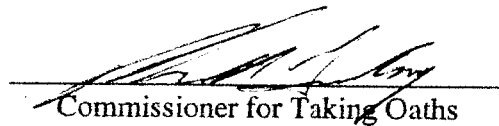

JOHN H. KROMKAMP
Senior Legal Officer,
Court of Appeal for Ontario

JHK/pp

c.c.: Mr. Donald R. Good
c.c.: Ms. Patricia D.S. Jackson
c.c.: Mr. Crawford Smith

TAB C

This is Exhibit "C" referred to in the
Affidavit of John Snopko
sworn before me, this/2nd day of July, 2011.



Commissioner for Taking Oaths

R. Scott Gawley, Director of Corporate
Services/ Treasurer/ Deputy Clerk, Town
of Petrolia, a Commissioner for
taking affidavits in and for the County of
Lambton, Province of Ontario.

Office of the General Counsel
Ontario Energy
Board
P.O. Box 2319
2300 Yonge Street
27th Floor
Toronto, ON M4P 1E4
Telephone: (416) 440-7735
Facsimile: (416) 440-7656

Bureau de l'avocate en chef
Commission de l'énergie
de l'Ontario
C.P. 2319
2300, rue Yonge
27e étage
Toronto (ON) M4P 1E4
Téléphone: (416) 440-7735
Télécopieur: (416) 440-7656



February 10, 2010

Sent by Email and Courier

John.Kromkamp@ontario.ca

Court of Appeal for Ontario
Osgoode Hall
130 Queen Street West
Toronto, ON M5H 2N5

Attention: Mr. John Kromkamp

Dear Mr. Kromkamp:

**Re: Snopko, Marie et al v. Union Gas Ltd. et al
Court of Appeal for Ontario File No. C49977**

Thank you for your letter dated January 22, 2010. The Board appreciates the opportunity to make submissions to the Court regarding this matter.

The Board has reviewed the facts of both the Appellant and the Respondent, and is generally familiar with the fact situation giving rise to the appeal and the original action. That being said, the Board does not have detailed knowledge regarding any of the particulars in the proceeding currently before the Court, and will therefore restrict its comments to a higher level discussion of the Board's views concerning its jurisdiction in section 38 matters. We hope that this will be of some assistance to the Court.

The Board is pleased to make a brief submission on its practice with regard to section 38 matters under the *Ontario Energy Board Act, 1998*. Section 38 states:

38. (1) The Board by order may authorize a person to inject gas into, store gas in and remove gas from a designated gas storage area, and to enter into and upon the land in the area and use the land for that purpose.

Right to compensation

(2) Subject to any agreement with respect thereto, the person authorized by an order under subsection (1),

(a) shall make to the owners of any gas or oil rights or of any right to store gas in the area just and equitable compensation in respect of the gas or oil rights or the right to store gas; and

(b) shall make to the owner of any land in the area just and equitable compensation for any damage necessarily resulting from the exercise of the authority given by the order.

Determination of amount of compensation

(3) No action or other proceeding lies in respect of compensation payable under this section and, failing agreement, the amount shall be determined by the Board.

The Board typically considers the following questions when dealing with applications under s. 38:

1. Will appropriate safety requirements for proposed injection/withdrawal activities be ensured?
2. Have the proposed storage wells been appropriately designed and are construction and maintenance plans in order?
3. Will all relevant codes and standards be followed?
4. Is the proposed maximum operating pressure safe and prudent?
5. What are the potential impacts of injection/withdrawal activities?
6. Are the proposed mitigation programs appropriate?
7. Is the applicant a capable prospective storage operator in terms of technical and financial capabilities to develop and operate the proposed storage facilities?

8. Is the applicant appropriately accountable for losses or damages occasioned by its activities?¹

The specific issue of the scope of the Board's section 38 jurisdiction has not arisen frequently before the Board. In Board file E.B.O. 64(1)&(2) (decision dated July 16, 1982) ("Bentpath"), the Board considered its jurisdiction to determine compensation under 21(2) of the old *Ontario Energy Board Act*. Section 21(2) is nearly identical to section 38 in the current *Ontario Energy Board Act, 1998*. The only difference between the wording in the old Act and the current Act is the inclusion of the word "fair" in subsection 21(2)(a) and (b) of the old Act:

(2) Subject to any agreement with respect thereto, the person authorized by an order under subsection (1),

(a) shall make to the owners of any gas or oil rights or of any right to store gas in the area **fair**, just and equitable compensation in respect of the gas or oil rights or the right to store gas; and

(b) shall make to the owner of any land in the area **fair**, just and equitable compensation for any damage necessarily resulting from the exercise of the authority given by the order. [Emphasis added.]

A copy of the Bentpath decision is attached. In that case, Union Gas Ltd. had executed certain documents with landowners which Union claimed vested certain storage rights in Union. The landowners disputed this, and sought a finding from the Board regarding the appropriate amount of compensation irrespective of what the documents provided. Some of the landowners pleaded *non est factum*, in that they alleged misrepresentation by Union with respect to the implications of executing the disputed documents. The Board expressed the issue before it as follows:

In the instant case the Board is being asked by a number of Applicants to determine fair, just and equitable compensation under section 21, subsections 2 and 3 of the Act. Before the Board can make such determination, it must ascertain what the subsisting rights of the parties are and in order to do this, it must ascertain if there are valid agreements in effect. If the

¹ Decision with Reasons, EB-2006-0162/EB-2006-0163/EB-2006-0164/EB-2006-0165/EB-2006-0166/EB-2006-0167 (February 13, 2007).

agreements are valid the Board has no jurisdiction to determine compensation in respect of these Applicants. In short, the issue is: does the Board have jurisdiction to determine the validity of a written contract, a power usually reposing with a s. 96 court.²

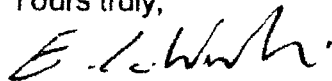
Ultimately the Board found that the power to determine the validity of contracts (including the claims of *non est factum*) was within its section 21 powers. In making its decision, the Board relied in part upon the Divisional Court case *Union Gas Ltd. v. Township of Dawn*, in which Keith J. stated:

In my view the statute makes it crystal clear that all matters relating to or incidental to the production, distribution, transmission or storage of natural gas, including the setting of rates, location of lines and appurtenances, expropriation of necessary lands and easements are under the exclusive jurisdiction of the Ontario Energy Board...³

Although the Bentpath case does not speak directly to the issues that are currently before the Court, it does demonstrate that, generally speaking, the Board has taken a broad view of its section 38 powers including considering the validity of the compensation contracts as in the Bentpath case.

To the extent that the Court rejects the appeal of the plaintiffs on the basis that the Board has exclusive jurisdiction over the matters identified in the Appellants' original statement of claim, and that the Appellants subsequently make an application for relief to the Board, the Board would certainly take note of the decision of the Court if any question regarding the Board's jurisdiction arose. The Board is of course bound by any direct findings by the Court regarding its jurisdiction.

Yours truly,



Kirsten Walli
Board Secretary


c.c.: Mr. Donald R. Good – farmlaw@on.aibn.com ✓
c.c.: Ms. Patricia D.S. Jackson – tjackson@torys.com
c.c.: Mr. Crawford Smith – csmith@torys.com

² Bentpath, p. 32.

³ 15 O.R. 2nd 722, at p. 731. Quoted on p. 32 of the Bentpath decision.

TAB D

This is Exhibit "D" referred to in the
Affidavit of John Snopko
sworn before me, this 2nd day of July, 2011.


Commissioner for Taking Oaths

R. Scott Gawley, Director of Corporate
Services/ Treasurer/ Deputy Clerk, Town
of Petrolia, a Commissioner for
taking affidavits in and for the County of
Lambton, Province of Ontario.

COURT OF APPEAL FOR ONTARIO

THE HONOURABLE JUSTICE SHARPE
THE HONOURABLE JUSTICE MACFARLAND
THE HONOURABLE JUSTICE WATT J.J.A.

WEDNESDAY, THE 7TH
DAY OF APRIL, 2010

BETWEEN:

MARIE SNOPKO, WAYNE MCMURPHY, LYLE KNIGHT
and ELDON KNIGHT

Plaintiffs
(Appellants)

- and -

UNION GAS LTD. and RAM PETROLEUMS LTD.

Defendants
(Respondents)

ORDER

THIS APPEAL, by the Appellants, Marie Snopko, Wayne McMurphy, Lyle Knight and Eldon Knight, from the judgment of Justice John A. Desotti of the Superior Court of Justice, dated January 6, 2009 for an order setting aside the judgment of Justice Desotti and dismissing the respondent, Union Gas Limited's, motion for summary judgment was heard on January 22, 2010, at Toronto, in the presence of counsel for the Appellants and counsel for the Respondent, Union Gas Limited.

ON READING the Appeal Book and Compendium, the facts of the Appellants and Union Gas Limited, and the written submissions of the Ontario Energy Board and the supplementary submissions of the Appellant and Union Gas Limited, and on hearing submissions of lawyers for the Appellants and Union Gas Limited, and judgment having been reserved until this day.

1. THIS COURT ORDERS that the appeal be and is hereby dismissed.
2. THIS COURT ORDERS that the Appellants pay to Union Gas Limited its costs fixed in the amount of \$7,306.73, inclusive of GST and disbursements.

THIS ORDER BEARS INTEREST at the rate of 2 percent per year commencing on April 7, 2010.

ENTERED AT/INSCRIT À TORONTO
ON/BOOK NO:
LE/DANS LE REGISTRE NO:

JUN 01 2010

PER/PAR: DD.


Diana Dawkins
Registrar Court of Appeal for Ontario

IN THE MATTER OF the Ontario Energy Board Act, 1998, S.O. 1998, c. 15 (Schdule B);

AND IN THE MATTER OF an application by Marie Snopko, Wayne McMurphy, Lyle Knight and Eldon Knight under section 19 of the Ontario Energy Board Act, 1998, S.O. 1998, for an Order of the Board determining that the contracts, filed with the Application, between the Applicants and Union Gas Limited /Ram Petroleums Limited have been terminated;

AND IN THE MATTER OF an application by Marie Snopko, Wayne McMurphy, Lyle Knight and Eldon Knight under section 38(2) of the Ontario Energy Board Act, 1998, S.O. 1998, for an Order of the Board determining the quantum of compensation the Applicants are entitled to have received from Union Gas Limited and Ram Petroleums Limited.

AFFIDAVIT OF JOHN SNOPKO

(Sworn July 1st, 2011) 
(Re: Union Gas Limited's Notice of Motion
dated June 22, 2011)

**DONALD R. GOOD A PROFESSIONAL
CORPORATION**

Barristers and Solicitors
43 Roydon Place, Suite 207
Ottawa, ON, K2E 1A3

Donald R. Good, P.Ag.,
LSUC No. 21253J

Tel: 613-228-9676

Fax: 613-228-7404

Solicitor for Applicants

TAB 3

**ONTARIO
SUPERIOR COURT OF JUSTICE**

BETWEEN:

**MARIE SNOPKO, WAYNE MCMURPHY, LYLE KNIGHT and ELDON
KNIGHT**

Plaintiffs

-and-

UNION GAS LTD. and RAM PETROLEUMS LTD.

Defendants

AFFIDAVIT OF WAYNE MCMURPHY

I, **WAYNE MCMURPHY** of the Township of Dawn-Euphemia, in the Province of Ontario, MAKE OATH AND SAY:

1. I am one of the plaintiffs in this action and as such I have knowledge of the matters to which I herein depose. Where my knowledge is based on information from others, I have stated the sources of my information and believe it to be true.
2. In paragraph 1 of the affidavit of Bill Wachsmuth ("Union's affidavit") Bill Wachsmuth states that he has been employed by Union Gas Limited ("Union") since 1990. It is worth noting that the Lease Agreements in dispute between the plaintiffs and their predecessors and Union date back to the early 1970s, long before Bill Wachsmuth was employed by

Union.

3. The remainder of this affidavit is organized in the same manner as Union's affidavit.

Specifically, this affidavit is organized as follows:

- A) The Action - This section briefly described the parties, the claims by the plaintiffs and Union's defences.
- B) The Petroleum and Natural Gas ("PNG") Leases, the Gas Storage Leases and Consent Agreement - This section describes the PNG Leases, the Gas Storage Leases and Consent Agreement at issue in the Action.
- C) The Storage Designation Hearing - This section describes the storage designation conducted by the Board, the plaintiffs' participation in that hearing and the roadway agreements entered into by certain of the plaintiffs.
- D) The Storage Compensation Agreement - This section describes the 2004 Storage Compensation Agreement reached between the LCSA and Union and the claims advanced by the LCSA.
- E) 2009 Compensation Agreements - This section describes the agreements

entered into by the plaintiffs, Lyle Knight and Eldon Knight, for compensation in respect of the period 2009 to 2013.

A) The Action

4. The defendant, Union, is a Canadian natural gas utility with a head office in the City of Chatham, in the Province of Ontario.
5. The plaintiffs are landowners in a rural area near the Township of Dawn-Euphemia, in the Province of Ontario. The plaintiffs' land forms part of the Edys Mills Storage Pool.
6. The plaintiffs were members of the Lambton County Storage Associate ("LCSA"). However, despite being members of the LCSA, a group of approximately 160 landowners, the plaintiffs were viewed as individual landowners by both the Ontario Energy Board ("OEB") and Union.
7. Contrary to the statement in paragraph 8 of Union's affidavit Leonard McMurphy is not a tenant on Marie Snopko's property. I have been Marie Snopko's tenant since 1994.
8. Attached to this affidavit and marked as "**Exhibit A**" is a copy of the Statement of Claim issued against Union.

9. Our Statement of Claim seeks damages against the defendants for breach of contract, negligence, unjust enrichment and nuisance.
10. Attached to this affidavit and marked as "**Exhibit B**" is a copy of Union's Statement of Defence denying liability.
11. Attached to this affidavit and marked as "**Exhibit C**" is a copy of our Reply to Union's Statement of Defence. It is our position, as set out in our Reply, that:
 - A) Union is storing gas without a contract. Particulars of this claim are as follows:
 - i) The Gas Storage Leases are subject to the PNG Leases. The Gas Storage Leases explicitly state that certain PNG Leases are adopted and ratified in every respect.
 - ii) All of the PNG Leases have a termination provision that states if crude oil and natural gas production are discontinued for 300 days the landowners can terminate the Lease Agreement by giving notice in writing.
 - iii) Crude oil production and natural gas production was discontinued for over 300 days. As such, the

plaintiffs exercised their right to terminate the Lease Agreements by providing notice in writing to the defendants on April 25, 2006.

- B) Contrary to Union's claim our action is not time barred. As long as facilities for oil production were in place the possibility of oil production existed. By 2006 the other plaintiffs concluded that no oil was going to be produced in the near future. As such, on April 25, 2006 we exercised our right to have the defendants surrender all their interests. This is the date our cause of action arose. Our claim was issued on January 29, 2008, within two years of the time the cause of action arose.
- C) Contrary to Union's claim the OEB does not have exclusive jurisdiction to hear this Action. As Union's own lawyers have argued the OEB does not have jurisdiction to deal with compensation issues if the amount of compensation is already in an existing contract, as it is in this case. The Ontario Superior Court of Justice has the jurisdiction to hear this action and interpret the contracts in dispute.

B) The PNG Leases, Gas Storage Leases and Consent Agreement

12. In the mid 1970s the plaintiffs, and in some cases their predecessors, entered into PNG Leases with the defendant, Ram Petroleum Limited ("Ram"). Attached to this affidavit and marked as "**Exhibits D to I**" are copies of the PNG Leases executed by the plaintiffs or their predecessors. Among other things the PNG Leases provided as follows:

- A) The landowners will receive from Ram a royalty of 1/8th of all crude oil and natural gas that was produced, saved and marketed, at market price;
- B) The rights the agreements give to Ram cannot be sold, transferred or assigned without the written consent of the landowners; and
- C) If crude oil and natural gas production is discontinued for 300 days the landowners by written notice can have Ram "surrender ALL their interest".

13. In October 1987 the plaintiffs entered into a Gas Storage Leases with Ram. Attached to this affidavit and marked as "**Exhibits J to N**" are copies of the Gas Storage Leases executed by the plaintiffs or their predecessors. Among other things the Gas Storage Leases provided as follows:

- A) Certain PNG Leases are adopted and ratified in every respect;
- B) Ram is to provide the landowners with a 10% profit share of all of Ram's earnings from the storage operations. However, if the Gas Storage Leases are assigned to a third party the third party is not bound by the profit share clause; and
- C) Ram cannot assign the Lease to a third party without the landowners written permission.

- 14. Our position is that since the PNG Leases are adopted and ratified in every respect the termination provisions from the PNG Leases are adopted and remain in full force and effect. As such, when no oil was produced for over 300 days the plaintiffs had the right to terminate both the PNG Leases and the Gas Storage Leases. This is what we did on April 25, 2006. As such, Union no longer has a contract to store gas on our property.
- 15. The plaintiffs entered into a Consent Agreement in August 1989 permitting Ram to assign the PNG and Gas Storage Leases to Union. As a result of the assignment of the Lease from Ram to Union the plaintiffs lost their 10% profit share. The plaintiffs agreed to the assignment because we were told we would be receiving significant crude oil royalty payments if we consented to the assignment. Shortly after Union's gas storage operation commenced oil production, and royalty payments to the plaintiffs, ceased.

16. It is the plaintiffs position that the Consent Agreement to Union is not valid as the plaintiffs were induced to enter into the agreement by a misrepresentation by Ram that oil production would continue and in fact would be enhanced by the gas storage operation. We have lost millions of dollars in profit share payments as a result of being induced to enter into the Consent Agreement through a misrepresentation.
17. The continued production of oil was not extinguished by the Consent Agreement. In fact, this remained vital to the continuing validity of all the Lease Agreements and was the reason the plaintiffs agreed to enter into the Consent Agreement.
18. Union's storage operations have adversely affected oil production. Union has not maintained steady pressure levels making oil removal from the ground impractical. As a result of Union's actions the plaintiffs have lost significant amounts of money in lost oil royalties.
19. We also dispute that Union is in fact a true "third party" as required in the Gas Storage Lease agreements to relieve Ram of the obligation to provide the landowners with a 10% profit share. We believe that all Lease Agreements were not assigned to Union as the Consent Agreement indicates. Additionally, we believe a partnership existed between Union and Ram as Ram retained the right to oil production via duplicate PNG Leases and an Oil Sub-Lease when Ram assigned Union the Gas Storage Leases and certain PNG Leases. If the Court agrees and finds Union is not a true "third party" the defendants will

owe the plaintiffs a 10% profit share on all profits made by Union since they first began their gas storage operation in our lands in the early 1990s.

C) The Storage Designation Hearing

20. The plaintiffs do not dispute the fact that the OEB established the Edys Mills Storage Pool as a designated storage area in 1992. Our position is that Union has lost all of its interest, part of which are contractual rights with the plaintiffs to store gas in our property. The defendants have not fulfilled the contractual obligations owed to the plaintiffs under the various Lease Agreements.

D) The Storage Compensation Agreement

21. Union attempted and was largely successful in denying the plaintiffs standing at the Storage Compensation Hearing in 2004. Specifically, Union argued that the plaintiffs do not have standing to apply to the OEB for just and equitable compensation because of their existing contacts with Union.
22. This is consistent with Union's arguments in past OEB hearings where Union has repeatedly argued landowners with Lease Agreements with Union do not have standing before the OEB to seek just and equitable compensation under section 38 of the *Ontario Energy Board Act*.


23. Attached to this affidavit and marked as "**Exhibit O**" is an excerpt from a status hearing where Union's lawyer, Mr. Sulman, argued landowners with private contract have no standing before the OEB to seek just and equitable compensation.
24. Union now is taking the opposite approach in this litigation arguing the OEB has exclusive jurisdiction to interpret private agreements made between the plaintiffs and Union.
25. The plaintiffs position is that the Superior Court of Justice is the proper Court to interpret the contracts that exist between the plaintiffs and the defendants and to determine if the contracts have been rescinded by the plaintiffs. This position is substantiated by the OEB decision on standing during the 2004 compensation hearing.
26. The relevant portion of the OEB's decision on standing at the compensation hearing is attached to this affidavit and marked as "**Exhibit P**". As indicated in the OEB's decision Union's position at the hearing was that the Gas Storage Leases are agreements that precluded Colin McMurphy and Marie Snopko from obtaining an order for compensation under section 38 of the *Ontario Energy Board Act*.
27. The OEB agreed with Union and found that Colin McMurphy and Marie Snopko are not eligible for an order of the OEB determining just and equitable compensation. The OEB did however find Marie Snopko had standing as an applicant on the issue of well

payments. The OEB also gave Marie Snopko standing on the issue of laneway payments but with the caveat that her compensation might not change.

28. The LCSA application to the OEB for just and equitable compensation settled before the hearing began. However, the settlement did not apply to the plaintiffs as we did not have standing before the OEB on acreage payments.
29. Subsequently, Marie Snopko entered into an individual contract with Union which provided a storage payment. The contract did not provide a laneway payment. I accepted a similar contract. Lyle and Eldon Knight also signed a similar contract with Union.
30. It is my opinion that the doctrine of *res judicata* or abuse of process does not apply to our claim. At no time did we commence a claim to the OEB or any Court or Tribunal for the claims made in our statement of claim. At the compensation hearing, where we were denied standing as the OEB did not have jurisdiction over the matter, we were seeking just and equitable compensation for Union's gas storage operation. The only issue where Marie Snopko was given standing was for her claim for increased well payments. There is no claim for increased well payments being made in this Action.
31. The new agreements the plaintiffs entered into with Union are attached to this affidavit and marked as "**Exhibits Q to U**". A review of these agreements clearly shows that these agreements do not cover any of the claims being made in this Action.

32. Our current claim is for, among other things, breach of contract, negligence, unjust enrichment and nuisance. None of these issues have ever been put before the Courts or the OEB.
33. The plaintiffs Eldon and Lyle Knight did enter into a Compensation Agreement with Union in 2007. A copy of the agreements entered into by Eldon and Lyle Knight are attached to this affidavit and marked as "Exhibits V to X".
34. The Compensation Agreement Eldon and Lyle Knight entered into provides slightly increased acreage, wellhead and roadway payments. The agreement does not cover the claims being made in our current action.
35. None of the other plaintiffs have entered into similar Compensation Agreements.
36. I swear this affidavit in support of our defence to Union's motion for summary judgment and for no other or improper purpose.

Sworn before me at the
City of Sarnia, Ontario
on October 29, 2008


A commissioner etc.


WAYNE MCMURPHY

TAB A

1784

**This is Exhibit "A" to the
Affidavit of WAYNE MCMURPHY
Sworn October 29, 2008**



Commissioner

*Sherma Morin Raiz, a Commissioner, s/o.,
County of Lambton for the Government of Ontario
Ministry of the Attorney General
Oshawa, Ontario*

1785

Court File No.
5021/08

**ONTARIO
SUPERIOR COURT OF JUSTICE**

BETWEEN:

**MARIE SNOPKO, WAYNE MCMURPHY, LYLE KNIGHT and ELDON
KNIGHT**

Plaintiffs

-and-

UNION GAS LTD. and RAM PETROLEUMS LTD.

Defendants

STATEMENT OF CLAIM

TO THE DEFENDANTS

A LEGAL PROCEEDING HAS BEEN COMMENCED AGAINST YOU by the Plaintiffs.
The claim made against you is set out in the following pages.

IF YOU WISH TO DEFEND THIS PROCEEDING, you or an Ontario lawyer acting for you must prepare a Statement of Defence in Form 18A prescribed by the Rules of Civil Procedure, serve it on the Plaintiffs' Lawyer or, where the Plaintiffs do not have a lawyer, serve it on the Plaintiff, and file it, with proof of service, in this court office, WITHIN TWENTY DAYS after this Statement of Claim is served on you, if you are served in Ontario.

If you are served in another province or territory of Canada or in the United States of America, the period for serving and filing your Statement of Defence is forty days. If you are served outside Canada and the United States of America, the period is sixty days.

Instead of serving and filing a Statement of Defence, you may serve and file a notice of intent to defend in Form 18B prescribed by the Rules of Civil Procedure. This will entitle you to ten more days within which to serve and file your Statement of Defence.

IF YOU FAIL TO DEFEND THIS PROCEEDING, JUDGEMENT MAY BE GIVEN AGAINST YOU IN YOUR ABSENCE AND WITHOUT FURTHER NOTICE TO YOU. IF YOU WISH TO DEFEND THIS PROCEEDING BUT ARE UNABLE TO PAY LEGAL FEES, LEGAL AID MAY BE AVAILABLE TO YOU BY CONTACTING A LOCAL LEGAL AID OFFICE.

Date: January 26, 2008

Issued by: 
Local Registrar

Address of Court Office:
Sarnia Superior Court of Justice
700 N. Christina Street
Sarnia, Ontario
N7V 3C2

TO:

Union Gas Ltd.
50 Keil Drive North
Chatham, Ontario
N7M 5M1

AND TO:

Ram Petroleums Ltd.
347 Bay Street
Suite 1008
Toronto, Ontario
M5H 2R7

CLAIM

1. The Plaintiffs claim as follows:

- a) Damages against the Defendant, Ram Petroleum Inc. ("Ram"), for a misrepresentation that induced the Plaintiffs to enter into a contract, in the amount of \$2,500,000.00 or an amount to be proven at trial;
- b) The August 9, 1989 Consent Agreement between the Plaintiffs and the Defendant, Ram, should be rescinded as the Plaintiffs were induced to enter into the contract by a misrepresentation, the contract was unconscionable and because Ram failed to properly complete the assignment;
- c) Damages for negligence against the Defendants, severally, in the amount of \$2,500,000.00 or an amount to be proven at trial;
- d) Damages for breach of contract against the Defendant, Ram, in the amount of \$2,500,000.00 or an amount to be proven at trial;
- e) Damages against the Defendants, severally, for income loss sustained by the Plaintiffs as a result of the Defendants' operations in the amount of

\$500,000.00.00 or an amount to be proven at trial;

- f) Damages for unjust enrichment against the Defendants, severally, in the amount of \$2,000,000.00 or an amount to be proven at trial.
- g) Any right to inject, store and withdraw gas, on and in the Plaintiffs' land that was assigned to the Defendant, Union Gas Ltd ("Union"), by Ram and/or leased to Ram has been terminated by the Plaintiffs;
- h) Damages against the Defendant, Union, for storing natural gas on the Plaintiffs' land without a contract in the amount of \$2,500,000.00 or an amount to be proven at trial;
- l) That Union must stop storing gas in the Plaintiffs' land immediately;
- j) Damages for nuisance against the Defendant, Union, in the amount of \$1,500,000.00 or an amount to be proven at trial;
- k) Pre-judgment and post-judgment interest in accordance with the *Courts of Justice Act*;
- l) Costs of this action on a substantial indemnity basis; and

m) Such further and other relief as this Honourable Court may deem just.

2. The Plaintiffs own land in a rural area near the village of Edys Mills, in the Province of Ontario.
3. The Defendant, Union, is a Canadian natural gas utility with a head office in the city of Chatham, in the Province of Ontario.
4. The Defendant, Ram, is a petroleum and gas producing company with a head office in the City of Toronto, in the Province of Ontario.

TIME LINE OF EVENTS

5. The Defendant, Ram, signed Petroleum and natural gas lease agreements ("Head Leases") with the Plaintiffs, or in some cases the Plaintiffs' predecessors (the Plaintiffs and their predecessors will be collectively referred to as the "Landowners").
6. The Head and "Clone" (a duplicate of the Head Lease signed by George Graham but with a different registration date) Leases contained the following terms:
 - a) Ram has the right to enter into the Landowners' property for the purpose

of producing crude oil and natural gas;

- b) The Landowners will receive from Ram a royalty of one eighth of all crude oil and natural gas that was produced, saved and marketed, at market price;
- c) The Landowners will receive from Ram compensation for any damage to their crops the operation causes;
- d) If crude oil and natural gas production are discontinued for 300 days the agreement can be terminated by the Landowners giving written notice to Ram; and
- e) The rights the agreement gives to Ram cannot be sold, transferred or assigned without the written consent of the Landowners.

- 7. Subsequently, the Landowners entered into a Pooling Agreement with Ram. This agreement set out the percentage of royalties each Landowner was entitled to.
- 8. In the late 1980s the Landowners entered into Gas Storage Agreements ("GSA") with Ram. The GSA contained the following terms:

- a) The Head Lease and Pooling Agreement are adopted and ratified in every respect;
- b) Ram is granted the right to inject, store and withdraw natural and artificial gas into naturally occurring underground chambers in the Landowners' property;
- c) The Landowners are to be compensated by Ram for any property damage that results from Ram's operations;
- d) Ram is to provide the Landowners with a 10% profit share of all of Ram's earnings from the storage operations;
- e) If Ram assigns the lease to a third party the third party is not obligated to provide the Landowners with 10% of the profit share from the storage operations while the assignment remains in effect;
- f) Ram can only transfer this agreement with the Landowners' written consent;
- g) Ram will remain responsible to the Landowners for the obligations of the lessee while the agreement is in effect;

- h) Ram is to restore the surface of the land to its original condition, as far as may be practicable, once the operation ends; and
 - I) The term of the agreement, subject to the provisions of the Head and Clone Leases, is seven years from the date of the agreement. At the end of the seven years the lease will be extended from year to year provided the lessee shall have installed facilities for storage and / or used the lands for storage.
- 9. The Landowners entered into a Consent Agreement on August 9, 1989. The Consent Agreement contained the following terms:
 - a) The Landowners consent to Ram assigning the leases described in paragraphs 5 to 8 of this Statement of Claim to Union provided Ram takes back a sublease of all oil production rights;
 - b) The Landowners agree to take a one time payment, as described in the agreement, that will satisfy and extinguish all future royalties payable under the lease for natural gas production and storage; and
 - c) The Landowners are still entitled to royalties on future oil production in the amount set out in the Head Lease.

10. Ram assigned some, but not all, of its interest in the lease agreements described in paragraphs 5 to 8 of the Statement of Claim to Union. Ram did not assign to Union the Head Lease signed by Marie Snopko's father but instead assigned a "clone" (a second agreement signed at the same time as the Head Lease which contained the same terms but was registered on a different occasion) of the Head Lease to Union. Union, in a separate agreement, assigned back to Ram the right to produce crude oil from the land, provided Ram pay the Landowners all oil royalties they are owed under the Head Lease.
11. On November 12, 1992 the Ontario Energy Board approved Union's Application to inject into, store in and withdraw gas from the Plaintiffs' land. At the Ontario Energy Board hearing, Union's expert witnesses assured the Ontario Energy Board that their gas storage operations would not interfere with but enhance oil production.
12. Union began storing natural gas in the Plaintiffs' property soon after being granted approval.
13. From 1977 to 1993 Ram produced crude oil. However, shortly after the first injection in 1993 oil production became sporadic and then ceased. As such, royalty payments to the Landowners ceased in 1994.
14. On June 17, 1998 Ram, without written consent from the Landowners, assigned their interest in the oil sublease to CanEnerco. On June 7, 2001 CanEnerco's court appointed

receiver transferred their interest in the Oil Sublease to Kinetic Energy Inc. which has since become Torque Energy Inc.

15. No oil has been produced since Ram ceased production in 1993.
16. By 2006, the Plaintiffs concluded that no oil was going to be produced in the near future. They decided to exercise their rights under the Head and Clone Leases to have all parties 'surrender all their interest in the lands'. On April 25, 2006 the Plaintiffs sent a registered, signed letter to Union, Ram, CanEnerco and Torque stating that since no oil or natural gas had been produced in the last 300 days they were exercising their rights to terminate all contracts and to have the Defendants "surrender all their interest" pursuant to clause 10 of the Head and Clone Leases.
17. Union responded to the Plaintiffs' letter stating that they would surrender the oil and gas production leases but will not surrender the GSA. Despite the Plaintiffs' termination of the Head Lease and the GSA Union continues to operate their storage operation on the Plaintiffs' land to this day.

MISREPRESENTATION BY RAM

18. The Landowners were induced to enter into the Consent Agreement with the Defendant, Ram, by a misrepresentation. Specifically, the Landowners only entered into the Consent

Agreement and agreed to accept a one time gas royalty payment because the Defendant, Ram, led them to believe they would be receiving significant oil royalty payments in the future.

19. The Plaintiffs claim that because they were induced to enter into the contract by a misrepresentation the Consent Agreement should be rescinded.
20. The Plaintiffs claim they are entitled to damages for the misrepresentation as they have lost millions of dollars in gas storage profit share as a result of being induced, through a misrepresentation, to enter into the Consent Agreement.
21. The Plaintiffs further claim that the Defendant, Ram, did not complete the assignment as they did not assign all contracts to Union, as they led the Landowners to believe would occur. Specifically, the Head Lease signed by Marie Snopko's father, and by Wayne McMurphy's father, were not assigned to Union, instead Ram assigned a "Clone" of the Head Lease to Union.

UNCONSCIONABILITY

22. The Plaintiffs claim that the Consent Agreement should set aside based on the doctrine of unconscionability. Specifically, the Plaintiffs claim as follows:

- a) It was an improvident agreement. The Plaintiffs gave up millions of dollars in storage profit share for a relatively small one time payment; and
- b) There was an inequality of bargaining power. The Defendant, Ram, is a sophisticated oil and gas producing company which at the time was listed on the Toronto Stock Exchange. The Plaintiffs trusted that Ram was acting in good faith and agreed to enter into the Consent Agreement drafted by Ram.

RAM WAS NEGLIGENT

23. The Plaintiffs claim that the Defendant, Ram, was negligent in advising the Landowners that Ram would continue to produce oil if the Landowners consented to the assignment of the GSA to the Defendant, Union. Particulars of this claim are as follows:

- a) The Defendant, Ram, owed the Plaintiffs a duty of care as they were in a contractual relationship with the Plaintiffs and were engaging in oil and gas operations on the land;
- b) The Defendant, Ram, did not meet the standard of care owed to the Plaintiffs when they advised they would continue to produce oil

while the Defendant, Union, was engaging in a gas storage operation. Ram failed to properly consider the implications the storage operation would have on oil production when they made these statements; and

- c) The Defendant, Ram, caused harm to the Plaintiffs. Specifically, these statements induced the Landowners to enter into a Consent Agreement waiving all future profit share from the gas storage operations.

BREACH OF CONTRACT BY RAM

- 24. The Head Lease and the GSA, both contained a provision that the agreements cannot be assigned without the Landowners' consent. Ram assigned their interests in the sublease to CanEnerco on June 17, 1998. The Landowners did not give consent to this assignment.
- 25. The assignment by the Defendant, Ram, caused harm to the Plaintiffs. The Landowners did seek compensation from Ram before consenting to the assignment. Ram's assignment without the Landowners' consent caused the Plaintiffs to lose this opportunity. Additionally, CanEnerco did not produce any oil causing the Plaintiffs to continue losing out on oil royalties. As well, the Plaintiffs were forced to allow CanEnerco, a company with whom they knew nothing about and had no dealings with, to enter their property and

to construct any structures they required to produce oil.

**THE DEFENDANTS' OPERATIONS CAUSED INCONVENIENCE AND LOSS OF
FARM INCOME**

26. As a result of the Defendants' operations it takes the Plaintiffs 50% longer to operate farm equipment on their lands and results in a 25% crop loss as a result of having to make increased turns around the Defendants' facilities (as was stated in the November 12, 1992 Ontario Energy Board decision allowing Union to store gas in the Edys Mills Pool).
27. Despite a term in the GSA that states the Landowners will be compensated for any damage that results from the storage operations the Defendants have failed to adequately do so.

UNJUST ENRICHMENT

28. The Plaintiffs claim damages for unjust enrichment against the Defendants. Particulars of this claim are as follows:
- a) The Defendant, Ram, was unjustly enriched. Specifically:
- 1) Ram was enriched by the Landowners entering into the Consent Agreement;

- ii) The Landowners suffered a corresponding deprivation as a result of entering into the Consent Agreement as they have been denied the 10% profit share owed under the GSA because they entered into the Consent Agreement; and
 - iii) The enrichment was unjust as the legitimate expectations of the Landowners were not met. The Landowners only entered into the Consent Agreement because the Defendant, Ram, misled the Landowners to believe they would be receiving significant oil royalty payments in the future.
- b) The Defendant, Union, was unjustly enriched. Specifically,
- I) Union is enriched by storing gas on and in the Plaintiffs' land and is enriched by having oil located in the Plaintiffs' land left in place. The oil that is naturally found in the Plaintiffs' land benefits Union's storage operation as the oil traps impurities and prevents their escape during the withdrawal of the injected gas. Also, as the oil in the Plaintiffs' land decomposes, it produces gas that Union withdraws with their injected gas and sells:

- ii) The Plaintiffs have suffered a corresponding deprivation as they are not receiving proper compensation from Union's storage operation; and
- iii) This enrichment is unjust as the legitimate expectations of the Plaintiffs were not met. The Plaintiffs expected to receive a 10% profit share from the storage operation and to receive royalties from oil production. Instead, oil production ceased and the Plaintiffs never received the 10% profit share from the storage operation.

THE OIL AND GAS AND STORAGE LEASES HAVE BEEN TERMINATED

- 29. The Head Lease, which was adopted in every respect in the GSA, contained a clause that allowed the agreement to be terminated by the Landowners. To terminate the agreement the Landowners simply needed to give written notice to Ram, if oil or natural gas production discontinued for 300 days, advising they were terminating all their interest in the land.
- 30. The GSA has its own termination provisions but explicitly states that those termination provisions are subject to the termination provisions in the Head Lease.
- 31. On April 25, 2006 the Plaintiffs exercised their right under the Head Lease to terminate

both the Head Lease and the GSA as no oil had been produced for 300 days. The Plaintiffs signed letter to Union, Ram, Torque and CanEnerco stating that since no oil had been produced in the last 300 days they were exercising their right to terminate the agreement. Union refused to surrender their rights under the GSA.

32. The Plaintiffs claim that the GSA lease has been terminated.
33. The Plaintiffs claim that the Defendants' relationship in the storage operation constituted a partnership. A partnership existed between the two Defendants due to the fact that the Head Leases signed by Marie Snopko's father and Wayne McMurphy's father were retained by Ram. The Plaintiffs claim that because a partnership existed between the two Defendants, Union was not a 'third party' and therefore the Plaintiffs are entitled to the 10% profit share owed under the GSA from the gas storage operation from 1993 to the date of termination.

UNION IS STORING GAS WITHOUT A CONTRACT

34. The Plaintiffs claim that Union has been storing gas since May 5, 2006 without a contract. As such, the Plaintiffs claim they are owed all profits from Union's Edys Mills Storage Pool operation. Additionally, the Plaintiffs claim that Union must stop storing gas in the Plaintiffs' land immediately.

35. The Plaintiffs claim that Union is in effect stealing their oil as Union is acquiring "new" gas from the decomposition of the oil that exists in the Plaintiffs' land.

UNION'S GAS STORAGE OPERATIONS CONSTITUTE NUISANCE

36. The Plaintiffs claim that Union's gas storage operation unreasonably interferes with their enjoyment of their land. Specifically, the Plaintiffs claim:
- a) The gas storage operation impedes their ability to farm on their land. They are forced to manoeuver large farm equipment around the extensive structures and over permanent roadways that Union has built on their property. This decreases the profitability of the Plaintiffs farming operations;
 - b) The gas storage operation has caused irreversible damage to the surface of the Plaintiffs' land;
 - c) The sight of the above ground facilities adversely affects the Landowners' appreciation (visually) of their land; and
 - d) The gas storage operation poses a danger to the Plaintiffs

UNION WAS NEGLIGENT

37. The Plaintiffs claim that the Defendant, Union, was negligent in their gas storage operations. Particulars of this claim are as follows:

- a) The Defendant, Union, owed the Plaintiffs a duty of care as they were carrying on a gas storage operation on the Plaintiffs' land;
- b) The Defendant, Union, did not meet the standard of care owed to the Plaintiffs. Specifically, they engaged in their gas storage operation without properly considering the implications the storage operations would have on oil production and / or without taking any steps to ensure the gas storage operation would not interfere with oil production; and
- c) The Defendant, Union, caused harm to the Plaintiffs. Specifically, Union's storage operations adversely affected oil production. Union has not maintained steady pressure levels making the oil removal from the ground impractical. As a result of Union's actions the Plaintiffs have lost a significant amount of money in lost oil royalties and the value of the oil in the Plaintiffs' land has, in effect, been decreased. Since 1994, when the oil reserves

returned to Union due to cessation of production, the Landowners have on several occasions approached Union to resolve the oil production issue to no avail.

SUMMARY

38. The Plaintiffs claim the Consent Agreement should be rescinded as they were induced to enter into this contract by a misrepresentation, and because the contract was unconscionable and not properly completed.
39. The Plaintiffs claim any rights the Landowners have given, in the past, allowing the Defendants to store gas in their property have been terminated by the Plaintiffs.
40. The Plaintiffs claim that, since the GSA is terminated, Union must stop storing gas on the Plaintiffs' property.
41. The Plaintiffs claim damages against the Defendant, Ram, in the amount of \$10,000,000.00 or an amount to be proven at trial, for negligence, breach of contract, loss of income, unjust enrichment and for making misrepresentations that induced the Plaintiffs to enter into the Consent Agreement.
42. The Plaintiffs claim damages against the Defendant, Union, in the amount of

\$9,000,000.00 or an amount to be proven at trial, for negligence, nuisance, unjust enrichment, loss of income and for storing gas in the Plaintiffs' land without permission.

43. The Plaintiffs request their costs of this action on a substantial indemnity basis.
44. The Plaintiffs propose that this action be tried in the City of Sarnia.

Dated: January 27, 2008

Donald R. Good and Associates,
Barristers and Solicitors,
43 Roydon Place, Suite 207,
Ottawa, Ontario.
K2E 1A3

Donald R. Good, P.Ag. (LSUC #21253J)
Tel. 613-228-9676
Fax. 613-228-7404
e-mail farmlaw@on.aibn.com

Solicitor for the Plaintiffs

MARIE SNOPKO ET. AL. v. Plaintiffs

UNION GAS LTD. AND RAM PETROLEUMS LTD.

Court No.

5021/08

Defendants

ONTARIO
SUPERIOR COURT OF JUSTICE

PROCEEDING COMMENCED AT
SARNIA, ONTARIO

STATEMENT OF CLAIM

DONALD R. GOOD & ASSOCIATES
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43 Roydon Place, Suite 207
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Donald R. Good, P.Ag.
LSUC No. 21253J

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Fax: 613-228-7404

e-mail farmlaw@on.aibn.com

Solicitors for the Plaintiffs

TAB B

**This is Exhibit "B" to the
Affidavit of WAYNE MCMURPHY
Sworn October 27, 2008**



Commissioner

Sherina Muria Reitz, a Commissioner, and
County of Lambton, for the Government of Ontario
Ministry of the Attorney General.
Expires May 5, 2010

**ONTARIO
SUPERIOR COURT OF JUSTICE**

BETWEEN:

**MARIE SNOPKO, WAYNE McMURPHY,
LYLE KNIGHT and ELDON KNIGHT**

Plaintiffs

- and -

UNION GAS LTD. and RAM PETROLEUMS LTD.

Defendants

**STATEMENT OF DEFENCE OF
THE DEFENDANT UNION GAS LIMITED**

1. The defendant, Union Gas Limited ("Union"), admits the allegations contained in paragraph 2 of the statement of claim.

2. Except as otherwise admitted herein, Union denies all of the other allegations contained in the statement of claim.

A. The Parties

3. **Union.** Union is an Ontario company with its head office in Chatham. Union is an integrated natural gas storage, transmission and distribution company that provides services to residential, commercial and industrial customers across northern, southwestern and eastern Ontario. As described below, Union is the operator of the Edys Mills Pool, one of 19 natural gas storage pools operated by Union that form part of its integrated natural gas storage system.

4. **The plaintiffs.** The plaintiffs are landowners whose land forms part of the Edys Mills Pool.

B. The Regulatory Frame Work

5. ***The Board.*** In Ontario, the storage of natural gas is regulated by the Ontario Energy Board ("the Board") pursuant to the *Ontario Energy Board Act, 1998* ("the Act"). Under the Act, the Board has broad, exclusive jurisdiction to:

- (a) designate an area as a gas storage area for purposes of the Act (s. 36.1);
 - (b) prohibit any person from injecting gas for storage into a geological formation unless the formation is within a designated gas storage area, and unless authorization to do so has been obtained from the Board (ss. 37 and 38(1)); and
 - (c) require any person authorized to store gas to pay to the owners of any right to store gas in the designated storage area (i.e. the landowners) just and equitable compensation:
 - (i) in respect of the storage right; and
 - (ii) for any damage necessarily resulting from the exercise of the authority given by the Board or authorizing the storage of gas (s. 38(2)).
6. The Act further provides that no action or proceeding lies in respect of compensation payable under the Act; failing an agreement between the parties regarding compensation, the amount of compensation payable to landowners shall be determined by the Board (s. 38(3)).

C. The Gas Storage Leases and Consent Agreement

7. ***The Gas Storage Leases.*** By leases made as of October, 1987, the defendant, Ram Petroleums Ltd. ("RAM"), entered into Gas Storage Lease Agreements (the "Gas Storage Leases") with each of the plaintiffs or their predecessors in interest, pursuant to which RAM obtained the contractual right to inject, store and withdraw gas from the plaintiffs' property. In exchange for this right, RAM agreed, in the Gas Storage Leases, to pay to the plaintiffs certain annual rental fees and to compensate them for any damages suffered as a result of RAM's storage operations.

8. Contrary to the allegations contained in paragraph 8 of the Statement of Claim, the term of the Gas Storage Leases is not subject to the Petroleum and Natural Gas Leases ("PNG Leases") also entered into by RAM with the plaintiffs. The Gas Storage Leases each provide that, at the end of their initial seven (7) year term, the lease will be extended from year to year provided the lessee (RAM and subsequently Union) shall have installed facilities for storage and/or utilized the property within the first 7 years of the lease.

9. *The Consent Agreement.* By Consent Agreement made as of August, 1989, the plaintiffs consented to the assignment of the Gas Storage Leases and PNG Leases to Union and authorized Union to:

- (a) immediately use the Edys Mills Pool for storage of natural gas;
- (b) be the operator of the Edys Mills Pool with respect to the production of natural gas and injection storage in withdrawal of natural gas; and
- (c) sub-lease the Edys Mills Pool back to Ram in respect of oil production only.

10. Further, pursuant to the Consent Agreement, the plaintiffs agreed that on receipt of certain payments specified in that Agreement, the past and future royalties payable under the Gas Storage Leases and PNG Leases would be satisfied and extinguished, and those leases would be deemed to be royalty free thereafter with respect to the production and/or storage of natural gas provided that Union would not be relieved of any future obligation to pay annual storage rentals or royalties on future oil production.

11. In total, the landowners in the Edys Mills Pool (including the plaintiffs) were paid the cumulative sum of over \$2 million in consideration of the consent, authorization and releases given pursuant to the Consent Agreement.

12. Union states that, contrary to the allegations in the statement of claim, the Gas Storage leases were validly assigned to Union and remain in full force and effect.

D. The Board Proceedings

13. ***The Storage Designation Hearing.*** By application dated March, 1992, Union applied to the Board pursuant to the predecessor of the Act for a regulation designating as a gas storage area, the Edys Mills Pool. At the same time, Union applied to the Board for orders authorizing it to inject, store, and remove gas from the Edys Mills Pool and for leave to construct the facilities necessary to connect the Edys Mills Pool to Union's integrated the storage system,

14. The plaintiffs participated in the proceeding. None of the plaintiffs objected to any of the orders sought by Union.

15. On November 30, 1992, the Lieutenant Governor-in-Council issued a regulation designating the Edys Mills Pool as a designated storage area and, on February 1, 1993, the Board issued an order granting Union's application in all respects. The above decisions of the Board and the Lieutenant Governor-in-Council are collectively referred to as the "Designation Order".

16. ***The 2004 Compensation Hearing.*** After obtaining the Designation Order, Union began construction of the facilities necessary to connect the Edys Mills Pool to Union's integrated storage system. Among the facilities constructed was a roadway on the plaintiff, Marie Snopko's ("Snopko"), property to one of Union's above ground wells. At the time it built the roadway, Union had extensive discussions with Snopko over the location and construction method to be used. Snopko informed Union that she would prefer a one time payment for the road rather than the annual payment that is standard for roadways. Union agreed to Snopko's request and entered into a roadway agreement with her. Union also had similar discussions with the plaintiffs, Eldon Knight ("E. Knight") and Lyle Knight ("L. Knight"), who elected to enter into a roadway agreement that provides for annual payments.

17. Between 1993 and March 1999, Union paid to the plaintiffs compensation pursuant to the terms of their Gas Storage Leases and, in the case of E. Knight and L. Knight, pursuant to their roadway agreement.

18. In 2000, the Lambton County Storage Association ("the LCSA"), an organization comprising a majority of landowners across all of Union's storage pools, commenced an application on behalf of its members for just and equitable compensation pursuant to section 38(2) of the Act.

19. The plaintiffs Snopko and McMurphy are, or were at the relevant time, members of the LCSA. However, as a result of their pre-existing agreements with respect to compensation (i.e. the Gas Storage Leases), they were not given (in the case of McMurphy), or were given only limited (in the case of Snopko), standing in the proceeding.

20. In March 2004, Union and the LCSA reached a settlement covering all claims by the LCSA that were or could have been raised in the compensation proceeding. Expressly included in the settlement were all claims for rental payments, disturbance damages, crop loss and loss of opportunity. The settlement had retroactive effect and covered the years 1999 to 2008, inclusive.

21. By order dated March 2004, the Board approved the parties' settlement and determined that it represented just and equitable compensation under the Act ("the Compensation Order").

22. Following the proceeding, and consistent with the terms of an undertaking given by Union to the Board, Union extended to all non-LCSA members, and those members who did not receive full standing, an offer to be paid the same compensation as that provided in the Compensation Order.

23. All of the plaintiffs accepted Union's offer and, therefore, the terms of the Compensation Order.

24. ***The 2009 Compensation Agreement.*** Beginning in early 2007, Union had discussions with the LCSA regarding compensation for the period 2009 to 2013. These discussions were successful and resulted in an agreement between the LCSA and Union.

25. On April 3, 2007, the plaintiffs, E. Knight and L. Knight, accepted the terms agreed to by the LCSA; they have entered into an agreement with Union on all compensation payable to them for the period 2009 to 2013.

E. No Liability

26. Union denies liability to the plaintiffs on each basis asserted in the statement of claim. From the time it was assigned the Gas Storage Leases and began operating the Edys Mills Pool, Union has paid to the plaintiffs all compensation they are entitled to, whether pursuant to the Leases, the roadway agreements, or the Compensation Order. Union denies that the plaintiffs are entitled to any further compensation.

27. Union denies that it was negligent, that the plaintiffs are entitled to damages for unjust enrichment or that its storage operations constitute a nuisance. Further, Union specifically denies that the plaintiffs have any right to terminate the Consent Agreement, the Gas Storage Leases or that Union's failure to surrender these leases in 2006 constitutes a breach of contract. The Gas Storage Leases were extended, and remain in full force and effect. In any event, even if the plaintiffs were entitled to terminate their Gas Storage Leases, pursuant to the Designation Order, Union would still be authorized to inject, store and withdraw gas from the Edys Mills Pool.

28. Union states that the plaintiffs are statute barred pursuant to the provisions of the *Limitations Act, 2002* (Ontario) and its predecessor, the *Limitations Act* (Ontario). As admitted in the statement of claim, since 1993 the plaintiffs have been aware that oil has not been produced from the Edys Mills Pool. Further, since 1993, the plaintiffs have been aware of the amounts paid to them annually by Union as compensation for their storage rights and for any damages caused by it.

29. Further, Union states that the plaintiffs claims for compensation arising from Union's storage operations are barred by the provisions of the Act which provide that the Board has exclusive jurisdiction in respect of compensation payable under the Act.

30. Moreover, and in any event, Union denies that the plaintiffs have suffered the damages alleged in the statement of claim, or at all. In the alternative, if the plaintiffs have suffered

any damages, such damages are remote and not recoverable at law. Union further states, in any event, that the plaintiffs have failed to mitigate their damages, by reason whereof they are not recoverable.

31. Union therefore asks that this action against it be dismissed with costs on a substantial indemnity basis.

March 18, 2008

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M5K 1N2 Canada

Patricia D.S. Jackson LSUC#: 18466S
Tel: 416.865.7323

Crawford G. Smith LSUC#: 42131S
Tel: 416.865.8209

Fax: 416.865.7380

Solicitors for the Defendant,
Union Gas Limited

TO: **Donald R. Good and Associates**
Barristers and Solicitors
43 Roydon Place, Suite 207
Ottawa, Ontario K2E 1A3

Donald R. Good, P. Ag. LSUC#: 21253J
Tel: 613.228.9676
Fax: 613.228.7404

Solicitors for the Plaintiffs

Marie Snopko et al.
Plaintiffs

Union Gas Ltd. et al.
and
Defendants

Court File No: 5021-08

**ONTARIO
SUPERIOR COURT OF JUSTICE**

Proceeding commenced at Ottawa

**STATEMENT OF DEFENCE OF
THE DEFENDANT UNION GAS LIMITED**

Torys LLP
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Box 270, TD Centre
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M5K 1N2 Canada


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Solicitors for the Defendant, Union Gas Limited

TAB C

**This is Exhibit "C" to the
Affidavit of WAYNE MCMURPHY
Sworn October 29, 2008**



Commissioner

Sharmila Murthy, Director of the
County of Lambton for the Government of Ontario
Ministry of the Attorney General
October 29, 2008

**ONTARIO
SUPERIOR COURT OF JUSTICE**

BETWEEN:

**MARIE SNOPKO, WAYNE MCMURPHY, LYLE KNIGHT and ELDON
KNIGHT**

Plaintiffs

-and-

UNION GAS LTD. and RAM PETROLEUMS LTD.

Defendants

**REPLY TO THE STATEMENT OF DEFENCE OF UNION GAS
LTD.**

1. Except as otherwise admitted herein, the Plaintiffs deny all of the allegations contained in the Statement of Defence of Union Gas Limited ("Union").
2. Paragraph 7 of Union's Statement of Defence fails to mention that the Gas Storage Leases also required Ram Petroleum Ltd. ("Ram") to provide the landowners with a 10% profit

share for all profits earned from the gas storage operation.

3. Contrary to the allegations in paragraph 8 of Union's Statement of Defence the Gas Storage Leases are subject to the Petroleum and Natural Gas Leases ("PNG Leases"). The Gas Storage Leases explicitly stated that the Head PNG Leases are adopted and ratified in every respect including storage operations.
4. The Plaintiffs claim Ram did not assign all of their contracts to Union. Ram retained the Head PNG Leases voiding the Consent given by the landowners. Additionally, since Ram continued to hold the Head PNG Leases and Union held the Storage Leases which adopted the Head PNG Leases in every respect the Plaintiffs claim that a partnership exists between Union and Ram in Edys Mills Pool. As such, Union is not a "third party" and the Plaintiffs are entitled to the 10% Profit Share agreed to in the Gas Storage Leases.
5. Contrary to the claim in paragraph 12 of Union's Statement of Defence the Gas Storage Leases have been terminated. On April 25, 2006 the Plaintiffs exercised their right under the Head PNG Leases and Gas Storage Leases to have Union surrender all their interest.
6. In response to paragraph 16 of Union's Statement of Defence it should be noted that the Full and Final Release between Union and the Plaintiff, Marie Snopko, only provided compensation to the Plaintiff until the end of 1993.

7. Contrary to the claim in paragraph 17 of Union's Statement of Defence the Plaintiff, Marie Snopko, received no compensation for roadway payments from 1993 to date. Payment for future surface occupation was included in the Storage Lease Amending Agreement.
8. Contrary to the claim in paragraph 23 of Union's Statement of Defence the Plaintiffs claim that they did not accept the terms of the Compensation Order. Although the Plaintiff, Marie Snopko, initially agreed to the Compensation Order Union would not accept her acceptance. Union offered a subsequent contract to Marie Snopko which did not include Petroleum and Natural Gas ("PNG") acreage payments or roadway payments which was accepted. The Plaintiffs, Wayne McMurphy, Lyle Knight and Eldon Knight, accepted a similar contract that did not include PNG acreage payments. The Plaintiffs claim that this subsequent contract voided the Compensation Order and thus the Compensation Order never applied to them.
9. Contrary to claim in paragraph 28 of Union's Statement of Defence the Plaintiffs claim they are not statute barred pursuant to the *Limitations Act, 2002* (Ontario) or its predecessor. As long as the facilities for oil production were in place the possibility of oil production existed. By 2006 the Plaintiffs concluded that no oil was going to be produced in the near future. As such, on April 25, 2006 the Plaintiffs exercised their right have the Defendants surrender all their interests. The Plaintiffs cause of action arose on April 25, 2006 when they concluded that no oil was going to be produced in the near future. The

Plaintiffs' Statement of Claim was issued on January 29, 2008, within two years of the time the cause of action arose.

10. Contrary to the claim in paragraph 29 of Union's Statement of Defence the Plaintiffs claim that the Ontario Energy Board does not have exclusive jurisdiction to hear this Action. The Plaintiffs claim that the Ontario Energy Board does not have jurisdiction in a compensation issue if the amount of compensation is already in an existing contract, as it is in this case. As such, the Ontario Superior Court of Justice has proper jurisdiction to hear this Action.
11. Contrary to the claim in paragraph 30 of Union's Statement of Defence the Plaintiffs have attempted to mitigate their losses. The Plaintiffs, on numerous occasions, attempted to have the Defendants restart oil production to no avail.

Dated: April 7, 2008

Donald R. Good and Associates,
Barristers and Solicitors,
43 Roydon Place, Suite 207,
Ottawa, Ontario.
K2E 1A3

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Tel: 613-228-9676
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Solicitor for the Plaintiffs

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Solicitors for the Defendant,
Union Gas Ltd.

AND TO:

RAM Petroleums Ltd.
1166 Bay Street
Suite 1304
Toronto, Ontario
M5S 2X8

Mr. Robert Opekar

LARIE SNOPKO ET. AL. v. **Plaintiffs**

UNION GAS LTD. AND RAM PETROLEUMS LTD.

Defendants

Court No. 5021/08

ONTARIO
SUPERIOR COURT OF JUSTICE
PROCEEDING COMMENCED AT
SARNIA, ONTARIO

REPLY TO STATEMENT OF DEFENCE OF
UNION GAS LTD.

DONALD R. GOOD & ASSOCIATES
Barristers & Solicitors
43 Roydon Place, Suite 207
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K2E 1A3

Donald R. Good, P.Ag.
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Solicitors for the Plaintiffs

1822

TAB D

**This is Exhibit "D" to the
Affidavit of WAYNE MCMURPHY
Sworn October 29, 2008**



Commissioner

Sherma Murin Ratz, a Constable, sworn
County of Lambton, for the Government of Ontario
Ministry of the Attorney General,
October 29, 2008

AGREEMENT OF LEASE made this 23 day of NOVEMBER A.D. 19 76
 BETWEEN: AGNES KNIGHT OF THE TOWNSHIP OF DAWN
 IN THE COUNTY OF LAMBTON
 V. R. 2 OILSPRINGS, ONTARIO.

- Hereinafter called the "LESSOR"
 of the First Part

- and -

RAM PETROLEUMS LIMITED, a company incorporated under the
 Laws of the Province of Ontario, having it's head office
 at the City of Toronto, in the County of York,

- Hereinafter called the "LESSEE"
 of the Second Part

WITNESSETH that in consideration of ONE DOLLAR (\$1.00) (the
 receipt whereof is hereby acknowledged) and other good and valuable
 consideration, hereinafter set out, the Lessor do hereby demise and
 lease unto the Lessee for the sole and only purpose of carrying on
 the operations and of doing all acts in connection therewith that
 are specifically mentioned in the habendum following and for which
 the Lessee shall have the exclusive right during the life of this
 agreement, the lands owned by the said Lessor in the Township of
 Dawn, in the County of Lambton, in the Province of Ontario and
 which may be more particularly described as follows:

SCHEDULE "A"

TO HAVE AND TO HOLD the said land from the date hereof during
 the term of one (1) year (renewable each year up to but not more
 than five (5) years, without negotiating a new lease) and as long
 thereafter as crude oil and natural gas and related hydro-carbons
 (all of which are hereinafter called "the said substances") or any
 of them are produced from the said land with the exclusive right
 (subject to a reasonable compensation to be paid to the Lessor as
 hereinafter provided) to make geological surveys and otherwise to
 prospect and explore and to drill for, recover, remove and/or sell
 all the said substances, (which said substances the Lessor hereby
 grant to the Lessee absolutely as and when the said substances are
 recovered) together with rights-of-way for ingress and egress and
 for pipe lines, and with the further right of removing either during,
 or within one year after the term hereof, all and any improvements
 placed or erected on the said land by the Lessee, including the
 right to pull all casing.

The Parties agree that any renewal on a yearly basis up to the five year periods will be subject to the terms herein set out.

The Lessor covenant that he is the owner of said land and that the Deed is in HIS name.

The Lessor and Lessee hereby covenant and agree with each other as follows:

1. The Lessee shall pay to the Lessor on the execution of this agreement the sum of ~~FIVE DOLLARS (\$5.00)~~ ^{TWENTY FIVE DOLLARS (\$25.00)} per acre in consideration for the rights granted herein for the period of one year from the date hereof. E.M. RO
2. The Lessee shall pay to the Lessor compensation for use of parts of the surface of said land as follows:
 - (i) Prior to commencement of drilling operations the compensation to be paid the said Lessor shall be the value of damage to crops and improvements on said land caused by Lessees' entry and the conducting of prospecting operations.
 - (ii) On or after commencement of drilling operations the compensation shall be the value of damage to crops and improvements then growing or on the said land together with a payment of ONE HUNDRED DOLLARS (\$100.00) per acre used for said operations, including the well site, tanks and/or buildings and for rights-of-way for ingress and egress and for pipe lines or the like.
3. The Lessee agree to pay the Lessor as royalty and rental one-eighth (1/8th) of all crude oil and/or natural gas produced, saved and marketed from the said land paying on or before the 20th day of next following month the current market price therefor at the point of measurement in effect on the day it is run to the pipe line or storage tanks. The Lessee will keep books showing correctly the quantity of all crude oil or all natural gas produced, saved and marketed from the said land, which books the Lessor or HIS agent shall have the right to inspect at all reasonable times.
4. The Lessee agree not to drill a well within TWO HUNDRED FEET (200') of any residence or barn now on said land without the written consent of the Lessor. The Lessee will bury pipe lines below three foot (3') depth and will maintain said pipe lines in good repair and compensate the Lessor for any damage done by leakage or otherwise from the said pipe lines.

5. The Lessor covenant and agree to pay all taxes, rates and assessments made or imposed against the said land, provided however, that the Lessee shall pay any increase of the said taxes, rates and assessments made or imposed in respect of any improvements which the Lessee may make on the said land and the Lessee shall also pay all taxes which may be made or imposed with respect to wells, pipe lines or other property brought upon or maintained upon said land by the Lessee.
6. In the event that oil or gas is found and marketed the Lessee may build and maintain a Battery installation, for which purpose the Lessor agree to lease not less than one (1) acre and not more than two (2) acres to the Lessee at a rental not exceeding ONE HUNDRED AND FIFTY DOLLARS (\$150.00) per annum. The said installation shall be located in corner of lot of the Lessor. The Lessee agree to maintain the said installation and the land leased therewith in good condition at all times and to correct any unsatisfactory or unsightly condition which may be found thereon by the Lessor, who shall be entitled to inspect it at any time.
7. If fences be necessary at well locations to prevent livestock from having access thereto, the same will be provided by the Lessee, and if the operations of the Lessee necessitate passage through an existing fence, gates shall be provided or paid for by the Lessee.
8. While well or wells are being drilled on the said land, the Lessor shall be entitled to have access to the drilling rigs and to examine cores and to be consulted and informed when a well is brought into production or is about to be closed.
9. In the event that no crude oil or natural gas shall have been produced and sold during the year, this agreement shall be terminated 18 months from the date hereof and the Lessee shall deliver to the Lessor a written release of all their rights under this agreement.
10. In the event that crude oil or natural gas shall have been produced and sold within one year from the date hereof, the duration of this agreement shall be renewed from year to year as long as production and sale of crude oil or natural gas continues. Upon the production of crude oil or natural gas being discontinued for a period of three hundred (300) days or more, this agreement may be terminated by written notice given by the Lessor or by the Lessee, which shall take effect ten (10) days after notice. On or before the date of termination the Lessee shall deliver to the Lessor a release surrendering all of their interest in the said land to the Lessor and shall at their own expense register such release in the Registry Office for the Registry Division in which the said land is situated.

11. In the event that this agreement shall have been renewed as aforesaid, the rental of ^{TWENTY FIVE DOLLARS (\$25.00)} ~~FIVE DOLLARS (\$5.00)~~ per acre provided for in paragraph 1. of this agreement shall not be payable in the second or any subsequent year. *E. H. M. RW*
12. Any sale of storage rights made by the Lessor will be made subject to the Purchaser agreeing to compensate the Lessee for the value of their wells and pipe lines.
13. It is hereby declared and agreed that the rights of the Lessee under this agreement or any renewal thereof may not be sold, transferred, assigned or conveyed to any other person without the written consent of the Lessor.
14. This agreement is made subject to the provisions of any statute of Canada or Ontario applicable thereto and any regulations made pursuant to such statute.
15. The Lessee will not lay any pipelines on the leasehold premises without first consulting with Lessor, so that such pipelines will not interfere with any tile of the Lessor.
16. The Lessee will not commence a well on the leasehold premises without written permission of the Lessor, which will not be unreasonably withheld.

IN WITNESS WHEREOF the parties hereto have executed this agreement on the date first written AND affixed their seals.

SIGNED, SEALED AND DELIVERED)

in the presence of:

Ernest M. Marsh

Rogues Knight

RAM PETROLEUMS LIMITED

Per: *R. D. Khan*

Per: *Roger Barton*
PRESIDENT
SECRETARY

SCHEDULE "A" TO A LEASE AGREEMENT DATED NOVEMBER 23, 1976
BETWEEN RAM PETROLEUMS LIMITED
AND AGNES KNIGHT

ALL AND SINGULAR that certain parcel or tract of land and premises situate, lying and being in the Township of Dawn in the County of Lambton being composed of part of Lot Number Thirty-two (32) in the Eighth (8th) Concession of the said Township which said part may be more particularly described as follows:

COMMENCING at the southwesterly angle of said Lot Number Thirty-two (32);

THENCE northerly along the westerly limit a distance of Seven Hundred and Ninety-two feet (792') more or less to a point, which point is on the dividing line between the South Forty (40) acres of the West one-half and the North Forty (40) acres of the South Eighty (80) acres of the West one-half of said Lot number Thirty-two (32) and which point is the point of commencement of the lands herein described;

THENCE northerly along the said westerly limit a distance of Two Hundred and Seventy-two feet (272');

THENCE easterly parallel to the south limit of said Lot number Thirty-two (32) a distance of Two Hundred and Forty-six feet (246');

THENCE southerly parallel to the west limit of the said Lot a distance of Two Hundred and Seventy Two Feet (272');

THENCE westerly parallel to the south limit of the said Lot a distance of Two Hundred and Forty Six Feet (246') to the point of commencement;

SAVING AND EXCEPTING thereout and therefrom that part of the said lands expropriated for road widening purposes by part Seventeen (17) on reference Plan 25R-461 and by part Six (6) on reference Plan number 25R-513.

AFFIDAVIT OF SUBSCRIBING WITNESS

I, EVERETT M MARSH
of the TOWNSHIP OF MOORE
in the COUNTY OF LAMBTON

AMENDED MARC

LEASING AGENT

make oath and say:

I am a subscribing witness to the attached instrument and I was present and saw it executed
at TOWNSHIP OF DAWN by AGNES KNIGHT

*See footnote

*See footnote

I verily believe that each person whose signature I witnessed is the party of the same name referred to in the instrument.

SWORN before me at the TOWNSHIP OF MOORE
in the COUNTY OF LAMBTON
this 6 day of DECEMBER 1976

Everett M. Marsh

L. J. Hall
JURY OF THE TOWNSHIP
OF DAWSON

*Where a party is unable to read the instrument or where a party signs by making his mark or in foreign characters add "after the instrument had been read to him and he appeared fully to understand it". Where executed under a power of attorney insert "(name of attorney) as attorney for (name of party)", and for next clause substitute "I verily believe that the person whose signature I witnessed was authorized to execute the instrument as attorney for (name)".

AFFIDAVIT AS TO AGE AND MARITAL STATUS

I/WE AGNES KNIGHT

of the TOWNSHIP OF DAWN
in the COUNTY OF LAMBTON

*If attorney
see footnote

make oath and say: THAT When I executed the attached instrument,

I/WE WAS at least eighteen years old.

Strike out
inapplicable
clauses.

I was married / divorced / widowed.

was my wife / husband.

We were married to each other.

I held the land as tenant

We held the land as joint tenants / Trustees / Partnership Property.

Resident of
Canada, etc.

(SEVERALLY) SWORN before me at the TOWNSHIP
OF DAWN in the COUNTY OF LAMBTON
this 23 day of NOVEMBER 1976

Agnes Knight

Everett M. Marsh
EXCISE CLERK FOR TAKING AFFIDAVITS ETC
Province of Ontario
Limited, Ontario, 3, 1977

*When affidavit made by attorney substitute "When I executed the attached instrument as attorney for (name), he/she was duly sworn, and if correct, name of person and when he/she executed the power of attorney, he/she had attained the age of majority."

1830

OIL and GAS GRANT

FROM

ADNES KNIGHT

TO

RAM PETROLEUMS LIMITED

409879

to:
Land Registry Division of Lambton (No. 25)
I CERTIFY that this instrument is registered as of
9:30 A.M.

Land
Registry Office APR 15 1977 in the

Ken Dean LAND REGISTRAR

Dated *Nov. 23/76*

Term *5 YEARS*

Location *David Twp.*

RAM PETROLEUMS LIMITED
P.O. BOX 90, 401 BAY ST.,
TORONTO, ONTARIO.
MSH 2Y4

TAB E

This is Exhibit "E" to the
Affidavit of WAYNE MCMURPHY
Sworn October 29, 2008



Commissioner

Sherma Muria Ratz, a Commissioner, etc.,
County of Lambton, for the Government of Ontario
Ministry of the Attorney General
Expires May 6, 2009

AGREEMENT OF LEASE made this 24 day of AUGUST A.D. 1976
BETWEEN: AYLE KENNETH KNIGHT AND MARGARET SHARON KNIGHT

- Hereinafter called the "LESSOR"
of the First Part

- and -

RAM PETROLEUMS LIMITED, a company incorporated under the
Laws of the Province of Ontario, having it's head office
at the City of Toronto, in the County of York,

- Hereinafter called the "LESSEE"
of the Second Part

WITNESSETH that in consideration of ONE DOLLAR (\$1.00) (the receipt whereof is hereby acknowledged) and other good and valuable consideration, hereinafter set out, the Lessor do hereby demise and lease unto the Lessee for the sole and only purpose of carrying on the operations and of doing all acts in connection therewith that are specifically mentioned in the habendum following and for which the Lessee shall have the exclusive right during the life of this agreement, the lands owned by the said Lessor in the Township of Dawn, in the County of Lambton, in the Province of Ontario and which may be more particularly described as follows:

Part of the West half of Lot Thirty-Two (32), Concession Eight (8) more particularly described in Schedule "A" attached.

TO HAVE AND TO HOLD the said land from the date hereof during the term of one (1) year (renewable each year up to but not more than five (5) years, without negotiating a new lease) and as long thereafter as crude oil and natural gas and related hydro-carbons (all of which are hereinafter called "the said substances") or any of them are produced from the said land with the exclusive right (subject to a reasonable compensation to be paid to the Lessor as hereinafter provided) to make geological surveys and otherwise to prospect and explore and to drill for, recover, remove and/or sell all the said substances, (which said substances the Lessor hereby grant to the Lessee absolutely as and when the said substances are recovered) together with rights-of-way for ingress and egress and for pipe lines, and with the further right of removing either during, or within one year after the term hereof, all and any improvements placed or erected on the said land by the Lessee, including the right to pull all casing.

The Parties agree that any renewal on a yearly basis up to the five year periods will be subject to the terms herein set out.

The Lessor covenant that he is the owner of said land and that the Deed is in HIS name.

The Lessor and Lessee hereby covenant and agree with each other as follows:

1. The Lessee shall pay to the Lessor on the execution of this agreement the sum of ~~FIVE~~ ^{SEVEN} DOLLARS (~~\$5.00~~ ^{\$7.00}) per acre in consideration for the rights granted herein for the period of one year from the date hereof. E.M.M.
J.M.T.
RB
RIS
2. The Lessee shall pay to the Lessor compensation for use of parts of the surface of said land as follows:
 - (i) Prior to commencement of drilling operations the compensation to be paid the said Lessor shall be the value of damage to crops and improvements on said land caused by Lessees' entry and the conducting of prospecting operations.
 - (ii) On or after commencement of drilling operations the compensation shall be the value of damage to crops and improvements then growing on the said land together with a payment of ONE HUNDRED ~~DOLLARS~~ ^{AND FORTY DOLLARS} (~~\$100.00~~ ^{\$140.00}) per acre used for said operations, including the well site, tanks and/or buildings and for rights-of-way for ingress and egress and for pipe lines or the like. E.M.M.
J.M.T.
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3. The Lessee agree to pay the Lessor as royalty and rental one-eighth (1/8th) of all crude oil and/or natural gas produced, saved and marketed from the said land paying on or before the 20th day of next following month the current market price therefor at the point of measurement in effect on the day it is run to the pipe line or storage tanks. The Lessee will keep books showing correctly the quantity of all crude oil or all natural gas produced, saved and marketed from the said land, which books the Lessor or HIS agent shall have the right to inspect at all reasonable times.
4. The Lessee agree not to drill a well within TWO HUNDRED FEET (200') of any residence or barn now on said land without the written consent of the Lessor. The Lessee will bury pipe lines below three foot (3') depth and will maintain said pipe lines in good repair and compensate the Lessor for any damage done by leakage or otherwise from the said pipe lines.

5. The Lessor covenant and agree to pay all taxes, rates and assessments made or imposed against the said land, provided however, that the Lessee shall pay any increase of the said taxes, rates and assessments made or imposed in respect of any improvements which the Lessee may make on the said land and the Lessee shall also pay all taxes which may be made or imposed with respect to wells, pipe lines or other property brought upon or maintained upon said land by the Lessee.
6. In the event that oil or gas is found and marketed the Lessee may build and maintain a Battery installation, for which purpose the Lessor agree to lease not less than one (1) acre and not more than two (2) acres to the Lessee at a rental not exceeding ^{74.11} ~~ONE~~ ^{210.00} ~~HUNDRED AND FIFTY DOLLARS (\$150.00)~~ ^{ONE} ~~HUNDRED AND FIFTY DOLLARS (\$150.00)~~ per annum. The said installation shall be located in corner of lot of the Lessor. The Lessee agree to maintain the said installation and the land leased therewith in good condition at all times and to correct any unsatisfactory or unsightly condition which may be found thereon by the Lessor, who shall be entitled to inspect it at any time. m
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7. If fences be necessary at well locations to prevent livestock from having access thereto, the same will be provided by the Lessee, and if the operations of the Lessee necessitate passage through an existing fence, gates shall be provided or paid for by the Lessee.
8. While well or wells are being drilled on the said land, the Lessor shall be entitled to have access to the drilling rigs and to examine cores and to be consulted and informed when a well is brought into production or is about to be closed.
9. In the event that no crude oil or natural gas shall have been produced and sold during the year, this agreement shall be terminated 18 months from the date hereof and the Lessee shall deliver to the Lessor a written release of all their rights under this agreement.
10. In the event that crude oil or natural gas shall have been produced and sold within one year from the date hereof, the duration of this agreement shall be renewed from year to year as long as production and sale of crude oil or natural gas continues. Upon the production of crude oil or natural gas being discontinued for a period of three hundred (300) days or more, this agreement may be terminated by written notice given by the Lessor or by the Lessee, which shall take effect ten (10) days after notice. On or before the date of termination the Lessee shall deliver to the Lessor a release surrendering all of their interest in the said land to the Lessor and shall at their own expense register such release in the Registry Office for the Registry Division in which the said land is situated.

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11. In the event that this agreement shall have been renewed as aforesaid, the rental of ~~FIVE~~^{SEVEN} DOLLARS (~~5.00~~^{7.00}) per acre provided for in paragraph 1. of this agreement shall not be payable in the second or any subsequent year.
12. Any sale of storage rights made by the Lessor will be made subject to the Purchaser agreeing to compensate the Lessee for the value of their wells and pipe lines.
13. It is hereby declared and agreed that the rights of the Lessee under this agreement or any renewal thereof may not be sold, transferred, assigned or conveyed to any other person without the written consent of the Lessor.
14. This agreement is made subject to the provisions of any statute of Canada or Ontario applicable thereto and any regulations made pursuant to such statute.
15. The Lessee will not lay any pipelines on the leasehold premises without first consulting with Lessor, so that such pipelines will not interfere with any tile of the Lessor.
16. The Lessee will not commence a well on the leasehold premises without written permission of the Lessor, which will not be unreasonably withheld.

IN WITNESS WHEREOF the parties hereto have executed this agreement on the date first written AND affixed their seals.

SIGNED, SEALED AND DELIVERED)
in the presence of:

Lyle Kenneth Knight
Margaret Sharon Knight

Ernest G. Marsh

RAM PETROLEUMS LIMITED

Per: Ridgeman

Per: [Signature]
SECRETARY

SCHEDULE "A" - Attached to and forming part of an
Agreement dated August 28, 1976:

Part of the West half of Lot 32, Concession 8 more particularly
described as follows:

COMMENCING at a point in the limit between the North $1/5$ th and the Southerly $4/5$ ths of the West half of the said lot at a point distant fifty feet (50') East from the Westerly limit of the said lot which said point is the point of commencement; THENCE continuing East and along the said limit to the limit between the East half and the West half of the said lot; THENCE Southerly along the last mentioned limit to the limit between the Northerly $3/5$ ths and the Southerly $2/5$ ths of the said lot; THENCE Westerly along the last mentioned limit to a point distant two hundred and ninety-six feet (296') measured Easterly along the said limit from the Westerly limit of the said lot; THENCE North and parallel to the Westerly limit of the said lot a distance of two hundred and seventy-two feet (272') to a point; THENCE Westerly and parallel to the Southerly limit of the said lot to a point distant fifty feet (50') measured Easterly from the Westerly limit of the said lot; THENCE Northerly and parallel to the Westerly limit to the point of beginning.

AFFIDAVIT OF SUBSCRIBING WITNESS

I, **EVERETT M. MARSH**

APPROVED MARCH 1977

of the **TOWNSHIP OF MOORE**
in the **COUNTY OF LAMBERTON**

LEASING AGENT

make oath and say:

I am a subscribing witness to the attached instrument and I was present and saw it executed
at **TOWNSHIP OF DAWN** by **LYLE KENNETH KNIGHT**
MARGARET SHARON KNIGHT

*See Evidence

*See Evidence

I verily believe that each person whose signature I witnessed is the party of the same name referred to in the instrument.

SWORN before me at the **TOWNSHIP**

OF MOORE

in the **COUNTY OF LAMBERTON**

this **28** day of **AUGUST**

1976

Everett M. Marsh

L. J. Hill
a Commissioner for the Province of Ontario, etc.
REEVE OF THE TOWNSHIP OF BRINSFORD

* Where a party is unable to read the instrument or where a party signs by making his mark or in foreign characters add "after the instrument had been read to him and he approved fully or understood it". Where executed under a power of attorney signed "in the presence of attorney" or "attorney for (name of party)", and for best claims validate "I verily believe that the person whose signature I witnessed was authorized to execute the instrument as attorney for himself".

AFFIDAVIT AS TO AGE AND MARITAL STATUS

WE LYLE K. KNIGHT
MARGARET S. KNIGHT
of the **TOWNSHIP OF DAWN**
in the **COUNTY OF LAMBERTON**

* If attorney
see Evidence

make oath and say: **THAT** When **WE** executed the attached instrument,

WE **WERE** at least eighteen years old.

Strike out
inapplicable
clauses.

I was **married / divorced / widower.**

MARGARET S. KNIGHT was my wife / husband.

We were married to each other.

We held the land as Joint Tenants / Trustees / Partnership Property.

Resident of
Canada, etc.

(SEVERALLY) SWORN before me at the **TOWNSHIP**
OF DAWN in the **COUNTY OF LAMBERTON**
this **28** day of **AUGUST** **1976**

Lyle K. Knight
Margaret S. Knight

Everett M. Marsh
a Commissioner for the Province of Ontario, etc.
Province of Ontario, for Ram Petroleum
Limited, Expires Oct. 3, 1977

* Where affidavit made by attorney-in-fact: "When I executed the attached instrument as attorney for (name), he/she was (married / single, and if married, name of spouse), and when (name) executed the power of attorney, he/she had attained the age of majority."

TAB F

This is Exhibit "F" to the
Affidavit of WAYNE MCMURPHY
Sworn October 27, 2008



Commissioner

Sherma Muria Ratz, a Commissioner, etc.,
County of Lambton, for the Government of Ontario
Ministry of the Attorney General
Expires May 6, 2009

1839

LEASE

AGREEMENT OF LEASE made this 28 day of AUGUST A.D. 1976

BETWEEN: JESSIE MAY DALTON ALSO KNOWN AS JESSIE M DALTON

- Hereinafter called the "LESSOR"
of the First Part

- and -

RAM PETROLEUMS LIMITED, a company incorporated under the
Laws of the Province of Ontario, having it's head office
at the City of Toronto, in the County of York,

- Hereinafter called the "LESSEE"
of the Second Part

WITNESSETH that in consideration of ONE DOLLAR (\$1.00) (the receipt whereof is hereby acknowledged) and other good and valuable consideration, hereinafter set out, the Lessor do hereby demise and lease unto the Lessee for the sole and only purpose of carrying on the operations and of doing all acts in connection therewith that are specifically mentioned in the habendum following and for which the Lessee shall have the exclusive right during the life of this agreement, the lands owned by the said Lessor in the Township of Dawn, in the County of Lambton, in the Province of Ontario and which may be more particularly described as follows:

Part of Lot Thirty-three (33), Concession Eight (8) more particularly described in Schedule "A" attached.

TO HAVE AND TO HOLD the said land from the date hereof during the term of one (1) year (renewable each year up to but not more than five (5) years, without negotiating a new lease) and as long thereafter as crude oil and natural gas and related hydro-carbons (all of which are hereinafter called "the said substances") or any of them are produced from the said land with the exclusive right (subject to a reasonable compensation to be paid to the Lessor as hereinafter provided) to make geological surveys and otherwise to prospect and explore and to drill for, recover, remove and/or sell all the said substances, (which said substances the Lessor hereby grant to the Lessee absolutely as and when the said substances are recovered) together with rights-of-way for ingress and egress and for pipe lines, and with the further right of removing either during, or within one year after the term hereof, all and any improvements placed or erected on the said land by the Lessee, including the right to pull all casing.

The Parties agree that any renewal on a yearly basis up to the five year periods will be subject to the terms herein set out.

The Lessor covenant that he is the owner of said land and that the Deed is in HIS name.

The Lessor and Lessee hereby covenant and agree with each other as follows:

1. The Lessee shall pay to the Lessor on the execution of this agreement the sum of ~~FIVE~~ ^{SEVEN} DOLLARS (~~\$5.00~~ ^{\$7.00}) per acre in consideration for the rights granted herein for the period of one year from the date hereof.
2. The Lessee shall pay to the Lessor compensation for use of parts of the surface of said land as follows:
 - (i) Prior to commencement of drilling operations the compensation to be paid the said Lessor shall be the value of damage to crops and improvements on said land caused by Lessees' entry and the conducting of prospecting operations.
 - (ii) On or after commencement of drilling operations the compensation shall be the value of damage to crops and improvements then growing or on the said land together with a payment of ONE HUNDRED ~~DOLLARS~~ ^{AND NO PART} (~~\$100.00~~ ^{\$100.00}) per acre used for said operations, including the well site, tanks and/or buildings and for rights-of-way for ingress and egress and for pipe lines or the like.
3. The Lessee agree to pay the Lessor as royalty and rental one-eighth (1/8th) of all crude oil and/or natural gas produced, saved and marketed from the said land paying on or before the 20th day of next following month the current market price therefor at the point of measurement in effect on the day it is run to the pipe line or storage tanks. The Lessee will keep books showing correctly the quantity of all crude oil or all natural gas produced, saved and marketed from the said land, which books the Lessor or HIS agent shall have the right to inspect at all reasonable times.
4. The Lessee agree not to drill a well within TWO HUNDRED FEET (200') of any residence or barn now on said land without the written consent of the Lessor. The Lessee will bury pipe lines below three foot (3') depth and will maintain said pipe lines in good repair and compensate the Lessor for any damage done by leakage or otherwise from the said pipe lines.

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RB

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5. The Lessor covenant and agree to pay all taxes, rates and assessments made or imposed against the said land, provided however, that the Lessee shall pay any increase of the said taxes, rates and assessments made or imposed in respect of any improvements which the Lessee may make on the said land and the Lessee shall also pay all taxes which may be made or imposed with respect to wells, pipe lines or other property brought upon or maintained upon said land by the Lessee.
6. In the event that oil or gas is found and marketed the Lessee may build and maintain a Battery installation, for which purpose the Lessor agree to lease not less than one (1) acre and not more than two (2) acres to the Lessee at a rental not exceeding ^{ONE} ~~TWO~~ HUNDRED AND ~~TEN~~ ^{ONE} DOLLARS (~~150.00~~ ^{110.00}) per annum. The said installation shall be located in corner of lot of the Lessor. The Lessee agree to maintain the said installation and the land leased therewith in good condition at all times and to correct any unsatisfactory or unsightly condition which may be found thereon by the Lessor, who shall be entitled to inspect it at any time. *m. EMB R RD*
7. If fences be necessary at well locations to prevent livestock from having access thereto, the same will be provided by the Lessee, and if the operations of the Lessee necessitate passage through an existing fence, gates shall be provided or paid for by the Lessee.
8. While well or wells are being drilled on the said land, the Lessor shall be entitled to have access to the drilling rigs and to examine cores and to be consulted and informed when a well is brought into production or is about to be closed.
9. In the event that no crude oil or natural gas shall have been produced and sold during the year, this agreement shall be terminated 18 months from the date hereof and the Lessee shall deliver to the Lessor a written release of all their rights under this agreement.
10. In the event that crude oil or natural gas shall have been produced and sold within one year from the date hereof, the duration of this agreement shall be renewed from year to year as long as production and sale of crude oil or natural gas continues. Upon the production of crude oil or natural gas being discontinued for a period of three hundred (300) days or more, this agreement may be terminated by written notice given by the Lessor or by the Lessee, which shall take effect ten (10) days after notice. On or before the date of termination the Lessee shall deliver to the Lessor a release surrendering all of their interest in the said land to the Lessor and shall at their own expense register such release in the Registry Office for the Registry Division in which the said land is situated.

1842

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RB

11. In the event that this agreement shall have been renewed as
aforesaid, the rental of ^{SEVEN} FIVE DOLLARS (~~\$5.00~~) per acre provided
for in paragraph 1. of this agreement shall not be payable in
the second or any subsequent year.

12. Any sale of storage rights made by the Lessor will be made
subject to the Purchaser agreeing to compensate the Lessee for the
value of their wells and pipe lines.

13. It is hereby declared and agreed that the rights of the Lessee
under this agreement or any renewal thereof may not be sold, trans-
ferred, assigned or conveyed to any other person without the written
consent of the Lessor.

14. This agreement is made subject to the provisions of any statute
of Canada or Ontario applicable thereto and any regulations made
pursuant to such statute.

15. The Lessee will not lay any pipelines on the leasehold premises
without first consulting with Lessor, so that such pipelines will
not interfere with any tile of the Lessor.

16. The Lessee will not commence a well on the leasehold premises
without written permission of the Lessor, which will not be unreason-
ably withheld.

IN WITNESS WHEREOF the parties hereto have executed this
agreement on the date first written AND affixed their seals.

SIGNED, SEALED AND DELIVERED)
in the presence of:

Ernest M. Marsh

Jessie May Dalton

RAM PETROLEUMS LIMITED

Per: Al Cooper
Per: Roger Barton
S. H. GEFARY

SCHEDULE "A" ATTACHED TO AND FORMING PART OF AN AGREEMENT
DATED AUGUST 28, 1976

FIRSTLY: That Part of Lot 81, Plan #2 which forms part of a subdivision of Lot 33, Concession 8 more particularly described as follows:

COMMENCING at the Southeast angle of the said lot; THENCE West along the Southerly limit of the said lot to a point distant fifty feet (50') Easterly from the Southwest angle of the said lot; THENCE North one degree thirty-two minutes ten seconds East (N 1° 32' 10" E) and parallel to the Westerly limit of Lot 81 to the Northerly limit of the said lot; THENCE Easterly along the Northerly limit of the said lot to the Northeast corner; THENCE Southerly along the Easterly lot limit to the point of beginning.

SECONDLY: All of Lots 82, 83, 84, 85, 86, 87, 88, 89, 90, 91 and 92, Plan #2 which forms part of a subdivision of Lot 33, Concession 8.

1844

AFFIDAVIT OF SUBSCRIBING WITNESS

APPENDED MAR 28 1977

I, **EVERETT M MARSH**
of the **TOWNSHIP OF MOUNE**
in the **COUNTY OF LAMBTON**
LEASING AGENT

make oath and say:

I am a subscribing witness to the attached instrument and I was present and saw it executed
at **TOWNSHIP OF DAWN** by **JESSIE MAY DALTON**

*See Evidence

*See Evidence

I verily believe that each person whose signature I witnessed is the party of the same name referred to in the instrument.

SWORN before me at the **TOWNSHIP OF DAWN** in the **COUNTY OF LAMBTON**
this **28** day of **AUGUST** 19 **76**

Everett M. Marsh

Leslie Hall
LESIE HALL
REVE OF THE TOWNSHIP OF DAWSON

* Where a party is unable to read the instrument or where a party signs by making his mark or in foreign characters and "after the instrument had been read to him and he appeared fully to understand it", Where executed under a power of attorney (name of attorney as attorney for (name of party)), and for uses (name substitute "I verily believe that the person whose signature I witnessed was authorized to execute the instrument as attorney for (name)");

AFFIDAVIT AS TO AGE AND MARITAL STATUS

I/WE **JESSIE MAY DALTON**
~~**CHARLES R DALTON**~~ **E.M. M.**
of the **TOWNSHIP OF DAWN**
in the **COUNTY OF LAMBTON**

* If attorney see Evidence

make oath and say: When I executed the attached instrument,

I/WE **WAS** at least eighteen years old.

Strike out inapplicable clauses.

I was **married / divorced / widower.**

CHARLES R. DALTON **WAS MY**
was my wife / husband.

We were married to each other.

We held the land as Joint Tenants / Trustees / Partnership Property.

Resident of Canada, etc.

(SEVERALLY) SWORN before me at the **TOWNSHIP OF DAWN** in the **COUNTY OF LAMBTON**
this **28** day of **AUGUST** 19 **76**

Jessie May Dalton

Everett M. Marsh
EVERETT M. MARSH, a Commissioner, etc.
Procurator of Ontario, for Ram Petroleum
a Commissioner for Taking Affidavits, etc.
Limited, Expires Oct. 3, 1977

* Where affidavit made by attorney substitute: "When I executed the attached instrument as attorney for (name), before me (name of witness), and if married name of spouse), and when he/she executed the power of attorney, before him attorney, the use of necessary."

1845

397850

OIL and GAS GRANT

1203/81
The Ontario Division of Lands (the 25)
I certify that this instrument is registered as of

SEP 24 1976 in the
Land Registry Office
of Ontario,
Ontario

Robert Foulke
Acting Land Registrar

RAM PETROLEUMS LIMITED

TO

JESSIE MAY DALTON

FROM

Dated August 28, 1976

Term Five years

location Dawn Township
Lambton County

PETROLEUMS LIMITED

P.O. BOX 90, 401 BAY ST.,

TORONTO, ONTARIO.

MSH 2Y4

TAB G

**This is Exhibit "G" to the
Affidavit of WAYNE MCMURPHY
Sworn October 27, 2008**



Commissioner

**Sherma Muria Ratz, a Commissioner, etc.,
County of Lambton, for the Government of Ontario
Ministry of the Attorney General.
Expires May 6, 2009**

AGREEMENT OF LEASE made this 14 day of SEPTEMBER A.D. 1981

BETWEEN: COLIN A. MCCORMY AND CHUCK A. MCCORMY
RR-2 CUL SPRINGS CATHARIC

TOWNSHIP OF DAWN IN THE COUNTY OF LAMINGTON

- Hereinafter called the "LESSOR"
of the First Part

- and -

RAM PETROLEUMS LIMITED, a company incorporated under the
Laws of the Province of Ontario, having its head office
at the City of Toronto, in the County of York,

- Hereinafter called the "LESSEE"
of the Second Part

WITNESSETH that in consideration of ONE DOLLAR (\$1.00) (the
receipt whereof is hereby acknowledged) and other good and valuable
consideration, hereinafter set out, the Lessor do hereby demise and
lease unto the Lessee for the sole and only purpose of carrying on
the operations and of doing all acts in connection therewith that
are specifically mentioned in the habendum following and for which
the Lessee shall have the exclusive right during the life of this
agreement, the lands owned by the said Lessor in the Township of
Dawn, in the County of Lambton, in the Province of Ontario and
which may be more particularly described as follows:
THE SOUTH 1/4 OF LOT SIXTY-ONE (61) ACCORDING TO PLAN 2 FOR THE
SAID TOWNSHIP IN SUBDIVISION OF LOT THIRTY-FOUR (34) (COMMISSION
EIGHT (8) CONTAINING NINE (9) ACRES OR LESS
AND THE WEST HALF OF LOT THIRTY-TWO (32) (COMMISSION NINE (9) IN ACRE
THE SOUTH WEST QUARTER OF LOT THIRTY-THREE (33) (COMMISSION
NINE (9) 50 ACRES

TO HAVE AND TO HOLD the said land from the date hereof during
the term of one (1) year (renewable each year up to but not more
than five (5) years, without negotiating a new lease) and as long
thereafter as crude oil and natural gas and related hydro-carbons
(all of which are hereinafter called "the said substances") or any
of them are produced from the said land with the exclusive right
(subject to a reasonable compensation to be paid to the Lessor as
hereinafter provided) to make geological surveys and otherwise to
prospect and explore and to drill for, recover, remove and/or sell
all the said substances, (which said substances the Lessor hereby
grant to the Lessee absolutely as and when the said substances are
recovered) together with rights-of-way for ingress and egress and
for pipe lines, and with the further right of removing either during,
or within one year after the term hereof, all and any improvements
placed or erected on the said land by the Lessee, including the
right to pull all casing.

The Parties agree that any renewal on a yearly basis up to the five year periods will be subject to the terms herein set out.

The Lessor covenant that he is the owner of said land and that the Deed is in HIS name.

The Lessor and Lessee hereby covenant and agree with each other as follows:

1. The Lessee shall pay to the Lessor on the execution of this agreement the sum of *TEN DOLLARS* ^{C.M.} ~~10.00~~ ^{C.M.} per acre in consideration ^{RAC} for the rights granted herein for the period of one year from the date hereof.
2. The Lessee shall pay to the Lessor compensation for use of parts of the surface of said land as follows:
 - (i) Prior to commencement of drilling operations the compensation to be paid the said Lessor shall be the value of damage to crops and improvements on said land caused by Lessees' entry and the conducting of prospecting operations.
 - (ii) On or after commencement of drilling operations the compensation shall be the value of damage to crops and improvements then growing or on the said land together with a payment of *TWO HUNDRED DOLLARS* ^{C.M.} ~~200.00~~ ^{C.M.} ^{RAC} per acre used for said operations, including the well site, tanks and/or buildings and for rights-of-way for ingress and egress and for pipe lines or the like.
3. The Lessee agree to pay the Lessor as royalty and rental one-eighth (1/8th) of all crude oil and/or natural gas produced, saved and marketed from the said land paying on or before the 20th day of next following month the current market price therefor at the point of measurement in effect on the day it is run to the pipe line or storage tanks. The Lessee will keep books showing correctly the quantity of all crude oil or all natural gas produced, saved and marketed from the said land, which books the Lessor or HIS agent shall have the right to inspect at all reasonable times.
4. The Lessee agree not to drill a well within TWO HUNDRED FEET (200') of any residence or barn now on said land without the written consent of the Lessor. The Lessee will bury pipe lines below three foot (3') depth and will maintain said pipe lines in good repair and compensate the Lessor for any damage done by leakage or otherwise from the said pipe lines.

5. The Lessor covenant and agree to pay all taxes, rates and assessments made or imposed against the said land, provided however, that the Lessee shall pay any increase of the said taxes, rates and assessments made or imposed in respect of any improvements which the Lessee may make on the said land and the Lessee shall also pay all taxes which may be made or imposed with respect to wells, pipe lines or other property brought upon or maintained upon said land by the Lessee.
6. In the event that oil or gas is found and marketed the Lessee may build and maintain a Battery Installation, for which purpose the Lessor agree to lease not less than one (1) acre and not more than two (2) acres to the Lessee at a rental not exceeding *THREE HUNDRED DOLLARS PER ANNUM* per annum. The said installation shall be located in corner of lot of the Lessor. The Lessee agree to maintain the said installation and the land leased there-with in good condition at all times and to correct any unsatisfactory or unsightly condition which may be found thereon by the Lessor, who shall be entitled to inspect it at any time.
7. If fences be necessary at well locations to prevent livestock from having access thereto, the same will be provided by the Lessee, and if the operations of the Lessee necessitate passage through an existing fence, gates shall be provided or paid for by the Lessee.
8. While well or wells are being drilled on the said land, the Lessor shall be entitled to have access to the drilling rigs and to examine cores and to be consulted and informed when a well is brought into production or is about to be closed.
9. In the event that no crude oil or natural gas shall have been produced and sold during the year, this agreement shall be terminated 18 months from the date hereof and the Lessee shall deliver to the Lessor a written release of all their rights under this agreement.
10. In the event that crude oil or natural gas shall have been produced and sold within one year from the date hereof, the duration of this agreement shall be renewed from year to year as long as production and sale of crude oil or natural gas continues. Upon the production of crude oil or natural gas being discontinued for a period of three hundred (300) days or more, this agreement may be terminated by written notice given by the Lessor or by the Lessee, which shall take effect ten (10) days after notice. On or before the date of termination the Lessee shall deliver to the Lessor a release surrendering all of their interest in the said land to the Lessor and shall at their own expense register such release in the Registry Office for the Registry Division in which the said land is situated.

E.M.
C.M.
J.H.
RW

11. In the event that this agreement shall have been renewed as aforesaid, the rental of ~~TEN DOLLARS~~ ^{6.00} ~~10.00~~ per acre provided for in paragraph 1. of this agreement shall not be payable in the second or any subsequent year.

G.M.
C.M.
L.R.
R.W.

12. Any sale of storage rights made by the Lessor will be made subject to the Purchaser agreeing to compensate the Lessee for the value of their wells and pipe lines.

13. It is hereby declared and agreed that the rights of the Lessee under this agreement or any renewal thereof may not be sold, transferred, assigned or conveyed to any other person without the written consent of the Lessor.

14. This agreement is made subject to the provisions of any statute of Canada or Ontario applicable thereto and any regulations made pursuant to such statute.

15. The Lessee will not lay any pipelines on the leasehold premises without first consulting with Lessor, so that such pipelines will not interfere with any title of the Lessor.

16. The Lessee will not commence a well on the leasehold premises without written permission of the Lessor, which will not be unreasonably withheld.

IN WITNESS WHEREOF the parties hereto have executed this agreement on the date first written AND affixed their seals.

SIGNED, SEALED AND DELIVERED

in the presence of:

Luchi Hall

Col. M. Murphy
Aline Mc Murphy

RAM PETROLEUMS LIMITED

Per: *R. Murphy*

Per: *Rogert Barton*

AFFIDAVIT OF SUBSCRIBING WITNESS

I, LESLIE HALL
of the TOWNSHIP OF LAMBTON
in the COUNTY OF LAMBTON
LEASING AGENT

make oath and say:

*See footnote

I am a subscribing witness to the attached instrument and I was present and saw it executed
at THE TOWNSHIP OF DAWN by COLIN A. MCMURPHY
OLIVE A. MCMURPHY

*See footnote

I verily believe that each person whose signature I witnessed is the party of the same name referred to in the instrument.

SWORN before me at the City of London
in the County of Middlesex

this 30th day of September 1981.

Leslie Hall

Roger Barton
A COMMISSIONER FOR TAKING AFFIDAVITS, ETC.

*Where a party is unable to read the instrument or where a party signs by making his mark or in foreign characters add "after the instrument had been read to him and he appeared fully to understand it". Where executed under a power of attorney insert "(name of attorney) as attorney for (name of party)"; and for next clause substitute "I verily believe that the person whose signature I witnessed was authorized to execute the instrument as attorney for (name)".

MARCH, 1978

AFFIDAVIT AS TO AGE AND SPOUSAL STATUS

I, COLIN A. MCMURPHY
of the TOWNSHIP OF DAWN
in the COUNTY OF LAMBTON

*If attorney see footnote

make oath and say: When I executed the attached instrument,

I WAS at least eighteen years old.

Within the meaning of section 1(f) of The Family Law Reform Act, 1978:—

Strike out inapplicable clauses.

1. a) I was a spouse.

~~b) We were spouses of one another.~~

c) OLIVE MCMURPHY was my spouse.

d) OLIVE MCMURPHY WAS AT LEAST EIGHTEEN YEARS OLD

**Not a Matrimonial Home, etc. see footnote.

2. This document does not contravene the Planning Act because the present registered owner does not retain the fee or the equity of redemption in, or a power or right to grant, assign or exercise a power of appointment with respect to any land abutting the land affected by the attached instrument.

Resident of Canada, etc.

(SEVERALLY) SWORN before me at the
TOWNSHIP OF DAWN
IN THE
COUNTY OF LAMBTON
this 5 day of SEPTEMBER, 1981

Colin A. Murphy

Leslie Hall
LESLIE HALL, a Commissioner, etc.
A Commissioner for Taking Affidavits, ETC.
and the Corporation of the County of Lambton

*Where affidavit made by person under 18, substitute: "When I executed the attached instrument as attorney for (name), he/she was (spousal status and, if applicable, name of spouse) within the meaning of Section 1(f) of The Family Law Reform Act, 1978, and when he/she executed the power of attorney, he/she had attained the age of majority".

**Where spouse does not join in or consent, see Section 42(3) of The Family Law Reform Act, 1978 (or complete separate affidavits).

TAB H

**This is Exhibit "H" to the
Affidavit of WAYNE MCMURPHY
Sworn October 27 2008**



Commissioner

**Sherma Muria Ratz, a Commissioner, etc.,
County of Lambton, for the Government of Ontario
Ministry of the Attorney General.
Expires May 6, 2009**

425707
10th day of JULY A.D. 1974

AGREEMENT OF LEASE made this

BETWEEN: GEORGE JOHN GRAHAM OF THE TOWNSHIP OF DAWN, IN THE COUNTY OF LAMINGTON R.R. #2 OILSPAINES ONTARIO

- Hereinafter called the "LESSOR" of the First Part

- and -

RAM PETROLEUMS LIMITED, a company incorporated under the Laws of the Province of Ontario, having it's head office at the City of Toronto, in the County of York,

- Hereinafter called the "LESSEE" of the Second Part

WITNESSETH that in consideration of ONE DOLLAR (\$1.00) (the receipt whereof is hereby acknowledged) and other good and valuable consideration, hereinafter set out, the Lessor do hereby demise and lease unto the Lessee for the sole and only purpose of carrying on the operations and of doing all acts in connection therewith that are specifically mentioned in the habendum following and for which the Lessee shall have the exclusive right during the life of this agreement, the lands owned by the said Lessor in the Township of Dawn, in the County of Lambton, in the Province of Ontario and which may be more particularly described as follows:

EAST $\frac{1}{2}$ LOT 32 CONCESSION 8 DAWN

100 ACRES

TO HAVE AND TO HOLD the said land from the date hereof during the term of one (1) year (renewable each year up to but not more than five (5) years, without negotiating a new lease) and as long thereafter as crude oil and natural gas and related hydro-carbons (all of which are hereinafter called "the said substances") or any of them are produced from the said land with the exclusive right (subject to a reasonable compensation to be paid to the Lessor as hereinafter provided) to make geological surveys and otherwise to prospect and explore and to drill for, recover, remove and/or sell all the said substances, (which said substances the Lessor hereby grant to the Lessee absolutely as and when the said substances are recovered) together with rights-of-way for ingress and egress and for pipe lines, and with the further right of removing either during, or within one year after the term hereof, all and any improvements placed or erected on the said land by the Lessee, including the right to pull all casing.

The Parties agree that any renewal on a yearly basis up to the five year periods will be subject to the terms herein set out.

The Lessor covenant that he is the owner of said land and that the Deed is in HIS name.

The Lessor and Lessee hereby covenant and agree with each other as follows:

1. The Lessee shall pay to the Lessor on the execution of this agreement the sum of ~~SEVEN~~ ^{SEVEN} DOLLARS (~~\$7.00~~ ^{\$7.00}) per acre in consideration for the rights granted herein for the period of one year from the date hereof. S. M. M.
J. J. H.
RB

2. The Lessee shall pay to the Lessor compensation for use of parts of the surface of said land as follows:

(i) Prior to commencement of drilling operations the compensation to be paid the said Lessor shall be the value of damage to crops and improvements on said land caused by Lessees' entry and the conducting of prospecting operations.

(ii) On or after commencement of drilling operations the compensation shall be the value of damage to crops and improvements then growing on the said land together with a payment of ONE HUNDRED DOLLARS (~~\$100.00~~ ^{\$100.00}) per acre used for said operations, including the well site, tanks and/or buildings and for rights-of-way for ingress and egress and for pipe lines or the like. C. M. M.
J. J. H.
RB

The Lessee agree to pay the Lessor as royalty and rental one-eighth (1/8th) of all crude oil and/or natural gas produced, saved and marketed from the said land paying on or before the 20th day of next following month the current market price therefor at the point of measurement in effect on the day it is run to the pipe line or storage tanks. The Lessee will keep books showing correctly the quantity of all crude oil or all natural gas produced, saved and marketed from the said land, which books the Lessor or HIS agent shall have the right to inspect at all reasonable times.

4. The Lessee agree not to drill a well within TWO HUNDRED FEET (200') of any residence or barn now on said land without the written consent of the Lessor. The Lessee will bury pipe lines below three foot (3') depth and will maintain said pipe lines in good repair and compensate the Lessor for any damage done by leakage or otherwise from the said pipe lines.

5. The Lessor covenant and agree to pay all taxes, rates and assessments made or imposed against the said land, provided however, that the Lessee shall pay any increase of the said taxes, rates and assessments made or imposed in respect of any improvements which the Lessee may make on the said land and the Lessee shall also pay all taxes which may be made or imposed with respect to wells, pipe lines or other property brought upon or maintained upon said land by the Lessee.

6. In the event that oil or gas is found and marketed the Lessee may build and maintain a Battery installation, for which purpose the Lessor agree to lease not less than one (1) acre and not more than two (2) acres to the Lessee at a rental not exceeding ~~ONE~~ ^{ONE} HUNDRED AND ~~FIFTY~~ ^{SEVEN} DOLLARS (~~150.00~~ ^{170.00}) per annum. The said installation shall be located in corner of lot of the Lessor. The Lessee agree to maintain the said installation and the land leased there-with in good condition at all times and to correct any unsatisfactory or unsightly condition which may be found thereon by the Lessor, who shall be entitled to inspect it at any time.

7. If fences be necessary at well locations to prevent livestock from having access thereto, the same will be provided by the Lessee, and if the operations of the Lessee necessitate passage through an existing fence, gates shall be provided or paid for by the Lessee.

8. While well or wells are being drilled on the said land, the Lessor shall be entitled to have access to the drilling rigs and to examine cores and to be consulted and informed when a well is brought into production or is about to be closed.

9. In the event that no crude oil or natural gas shall have been produced and sold during the year, this agreement shall be terminated 18 months from the date hereof and the Lessee shall deliver to the Lessor a written release of all their rights under this agreement.

10. In the event that crude oil or natural gas shall have been produced and sold within one year from the date hereof, the duration of this agreement shall be renewed from year to year as long as production and sale of crude oil or natural gas continues. Upon the production of crude oil or natural gas being discontinued for a period of three hundred (300) days or more, this agreement may be terminated by written notice given by the Lessor or by the Lessee, which shall take effect ten (10) days after notice. On or before the date of termination the Lessee shall deliver to the Lessor a release surrendering all of their interest in the said land to the Lessor and shall at their own expense register such release in the Registry Office for the Registry Division in which the said land is situated.

1858

AFFIDAVIT OF SUBSCRIBING WITNESS

AMENDED BY REG. 1972

I, **EVERETT M. MARSH**
of the **TOWNSHIP OF DAVEN**
in the **COUNTY OF LAMINGTON**
RESIDING AGENT

make oath and say:

I am a subscribing witness to the attached instrument and I was present and saw it executed
at **TOWNSHIP OF DAVEN** by **GEORGE JOHN CRANHAM**

I verily believe that each person whose signature I witnessed is the party of the same name referred to in the instrument.

SWORN before me at the **TOWNSHIP OF DAVEN**
ENNISKILLEN in the **COUNTY OF LAMINGTON**
this **17** day of **MAY** 19 **76**

Everett M. Marsh

James Hall
A COMMISSIONER OF THE REGISTRAR OF DEEDS, TORONTO
JAMES HALL
CLERK OF THE TOWNSHIP
OF ENNISKILLEN

* Where a party is unable to read the instrument or where a party signs by making his mark or by foreign characters add "after the instrument had been read to him and he appeared fully to understand it". Where executed under a power of attorney (name of attorney) as attorney for (name of party); and for next clause substitute "I verily believe that the person whose signature I witnessed was authorized to execute the instrument as attorney for (name)".

AFFIDAVIT AS TO AGE AND MARITAL STATUS

I/WE GEORGE JOHN CRANHAM
of the **TOWNSHIP OF DAVEN**
in the **COUNTY OF LAMINGTON**

make oath and say: **THAT** When **I** executed the attached instrument,

I/WE WAS at least eighteen years old.

I was **married / divorced / widower.**

was my wife / husband.

We were married to each other.

We held the land as joint Tenants / Trustees / Partnership Property.

(SEVERALLY) SWORN before me at the **TOWNSHIP OF DAVEN**
in the **COUNTY OF LAMINGTON**
this **17** day of **MAY** 19 **76**

George John Cranham

Everett M. Marsh
A COMMISSIONER OF THE REGISTRAR OF DEEDS, TORONTO
Province of Ontario, for Ram Polyzoukas
Limited, Expires Oct. 3, 1977

* Where affidavit made by attorney substitute: "When I executed the attached instrument as attorney for (name), before me (name of attorney), and if married, name of spouse, and when he/she executed the power of attorney, he/she had attained the age of majority."

142

397846

Land Registry Division of Lambton (No. 23)
I CERTIFY that this instrument is registered as of
SEP 24 1976

Land Registry Office
at Sarnia,
Ontario.

Robert Budge
Acting Land Registrar

PROPERTY OF THE
REGISTRY OFFICE
OIL and GAS GRANT

FROM

GEORGE JOHN GRAHAM

TO

RAM PETROLEUMS LIMITED

Dated.....July 10, 1976.....
Term.....Five years.....
Location.....Dawn Township
.....Lambton County.....

RAM PETROLEUMS LIMITED
P.O. BOX 90, 401 BAY ST.,
TORONTO ONTARIO

1 *EF*

TAB I

**This is Exhibit "I" to the
Affidavit of WAYNE MCMURPHY
Sworn October 29, 2008**



Commissioner

**Sherma Muria Ratz, a Commissioner, etc.,
County of Lambton, for the Government of Ontario
Ministry of the Attorney General
Expires May 6, 2009**

LEASE # 04 1861

AGREEMENT OF LEASE made this 10 day of JULY A.D. 1976

BETWEEN:

GEORGE JOHN GRAHAM OF THE TOWNSHIP
OF DAWN, IN THE COUNTY OF LAMBTON
R.R.#2 OILSPRINGS, ONTARIO - Hereinafter called the "LESSOR"
of the First Part

- and -

RAM PETROLEUMS LIMITED, a company incorporated under the
Laws of the Province of Ontario, having its head office
at the City of Toronto, in the County of York,

- Hereinafter called the "LESSEE"
of the Second Part

WITNESSETH that in consideration of ONE DOLLAR (\$1.00) (the
receipt whereof is hereby acknowledged) and other good and valuable
consideration, hereinafter set out, the Lessor do hereby demise and
lease unto the Lessee for the sole and only purpose of carrying on
the operations and of doing all acts in connection therewith that
are specifically mentioned in the habendum following and for which
the Lessee shall have the exclusive right during the life of this
agreement, the lands owned by the said Lessor in the Township of
Dawn, in the County of Lambton, in the Province of Ontario and
which may be more particularly described as follows:

PART OF LOT THIRTY-TWO (32), CONCESSION EIGHT (8)
MORE PARTICULARLY DESCRIBED IN
SCHEDULE "A" ATTACHED.

TO HAVE AND TO HOLD the said land from the date hereof during
the term of one (1) year (renewable each year up to but not more
than five (5) years, without negotiating a new lease) and as long
thereafter as crude oil and natural gas and related hydro-carbons
(all of which are hereinafter called "the said substances") or any
of them are produced from the said land with the exclusive right
(subject to a reasonable compensation to be paid to the Lessor as
hereinafter provided) to make geological surveys and otherwise to
prospect and explore and to drill for, recover, remove and/or sell
all the said substances, (which said substances the Lessor hereby
grant to the Lessee absolutely as and when the said substances are
recovered) together with rights-of-way for ingress and egress and
for pipe lines, and with the further right of removing either during,
or within one year after the term hereof, all and any improvements
placed or erected on the said land by the Lessee, including the
right to pull all casing.

The Parties agree that any renewal on a yearly basis up to the five year periods will be subject to the terms herein set out.

The Lessor covenant that he is the owner of said land and that the Deed is in HIS name.

The Lessor and Lessee hereby covenant and agree with each other as follows:

1. The Lessee shall pay to the Lessor on the execution of this agreement the sum of ~~FIVE~~ ^{SEVEN} DOLLARS (~~\$5.00~~ ^{\$7.00}) per acre in consideration for the rights granted herein for the period of one year from the date hereof. JJB
E.M.
RLB
2. The Lessee shall pay to the Lessor compensation for use of parts of the surface of said land as follows:
 - (i) Prior to commencement of drilling operations the compensation to be paid the said Lessor shall be the value of damage to crops and improvements on said land caused by Lessees' entry and the conducting of prospecting operations.
 - (ii) On or after commencement of drilling operations the compensation shall be the value of damage to crops and improvements then growing on the said land together with a payment of ONE HUNDRED ~~DOLLARS~~ ^{DOLLARS} (~~\$100.00~~ ^{\$100.00}) per acre used for said operations, including the well site, tanks and/or buildings and for rights-of-way for ingress and egress and for pipe lines or the like. JJB
E.M.
RLB
3. The Lessee agree to pay the Lessor as royalty and rental one-eighth (1/8th) of all crude oil and/or natural gas produced, saved and marketed from the said land paying on or before the 20th day of next following month the current market price therefor at the point of measurement in effect on the day it is run to the pipe line or storage tanks. The Lessee will keep books showing correctly the quantity of all crude oil or all natural gas produced, saved and marketed from the said land, which books the Lessor or HIS agent shall have the right to inspect at all reasonable times.
4. The Lessee agree not to drill a well within TWO HUNDRED FEET (200') of any residence or barn now on said land without the written consent of the Lessor. The Lessee will bury pipe lines below three foot (3') depth and will maintain said pipe lines in good repair and compensate the Lessor for any damage done by leakage or otherwise from the said pipe lines.

1863

5. The Lessor covenant and agree to pay all taxes, rates and assessments made or imposed against the said land, provided however, that the Lessee shall pay any increase of the said taxes, rates and assessments made or imposed in respect of any improvements which the Lessee may make on the said land and the Lessee shall also pay all taxes which may be made or imposed with respect to wells, pipe lines or other property brought upon or maintained upon said land by the Lessee.

6. In the event that oil or gas is found and marketed the Lessee may build and maintain a Battery installation, for which purpose the Lessor agree to lease not less than one (1) acre and not more than two (2) acres to the Lessee at a rental not exceeding ~~ONE~~ ^{TWO} HUNDRED AND ~~TEN~~ ^{TWO} DOLLARS (\$150.00) per annum. The said installation shall be located in corner of lot of the Lessor. The Lessee agree to maintain the said installation and the land leased there-with in good condition at all times and to correct any unsatisfactory or unsightly condition which may be found thereon by the Lessor, who shall be entitled to inspect it at any time.

W. B. B.
J. J. B.
E. J. B.
R. B.

7. If fences be necessary at well locations to prevent livestock from having access thereto, the same will be provided by the Lessee, and if the operations of the Lessee necessitate passage through an existing fence, gates shall be provided or paid for by the Lessee.

8. While well or wells are being drilled on the said land, the Lessor shall be entitled to have access to the drilling rigs and to examine cores and to be consulted and informed when a well is brought into production or is about to be closed.

9. In the event that no crude oil or natural gas shall have been produced and sold during the year, this agreement shall be terminated 18 months from the date hereof and the Lessee shall deliver to the Lessor a written release of all their rights under this agreement.

10. In the event that crude oil or natural gas shall have been produced and sold within one year from the date hereof, the duration of this agreement shall be renewed from year to year as long as production and sale of crude oil or natural gas continues. Upon the production of crude oil or natural gas being discontinued for a period of three hundred (300) days or more, this agreement may be terminated by written notice given by the Lessor or by the Lessee, which shall take effect ten (10) days after notice. On or before the date of termination the Lessee shall deliver to the Lessor a release surrendering all of their interest in the said land to the Lessor and shall at their own expense register such release in the Registry Office for the Registry Division in which the said land is situated.

1864

11. In the event that this agreement shall have been renewed as aforesaid, the rental of ^{SEVEN} ~~FIVE~~ DOLLARS ^{7.00} ~~(5.00)~~ per acre provided for in paragraph 1. of this agreement shall not be payable in the second or any subsequent year. 29.8
2 in on
100
RB

12. Any sale of storage rights made by the Lessor will be made subject to the Purchaser agreeing to compensate the Lessee for the value of their wells and pipe lines.

13. It is hereby declared and agreed that the rights of the Lessee under this agreement or any renewal thereof may not be sold, transferred, assigned or conveyed to any other person without the written consent of the Lessor.

14. This agreement is made subject to the provisions of any statute of Canada or Ontario applicable thereto and any regulations made pursuant to such statute.

15. The Lessee will not lay any pipelines on the leasehold premises without first consulting with Lessor, so that such pipelines will not interfere with any tile of the Lessor.

16. The Lessee will not commence a well on the leasehold premises without written permission of the Lessor, which will not be unreasonably withheld.

IN WITNESS WHEREOF the parties hereto have executed this agreement on the date first written AND affixed their seals.

SIGNED, SEALED AND DELIVERED)
in the presence of:

Everett M. Marsh

George John Dickson

RAM PETROLEUMS LIMITED

Per: *R. Upkar*

Per: *Robertson*
PRESIDENT
SECRETARY

148

1865

SCHEDULE "A" ATTACHED TO AND FORMING PART OF AN OIL AND GAS
LEASE DATED JULY 10, 1976 BETWEEN GEORGE JOHN GRAHAM, OF THE
FIRST PART, AND RAM PETROLEUMS LIMITED, OF THE SECOND PART

All and singular that certain parcel or tract of land
lying and being in the Township of Dawn, in the County of
Lambton, more particularly described as the whole of
Lots 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15,
16, 17, 18, 19, 20, and the whole of a right of way of
49.5 feet, all as shown on a Plan of Subdivision of the
east half of Lot 32, Concession 8, surveyed for A. Farwell
by Henry Smith, and filed for registry on the 10th day of
April 1866 in the Registry Office for the Registry Division
of Lambton as Plan No. 5.

1866

SCHEDULE "A" ATTACHED TO AND FORMING PART OF AN OIL AND GAS
LEASE DATED JULY 10, 1976 BETWEEN GEORGE JOHN GRAHAM, OF THE
FIRST PART, AND RAM PETROLEUMS LIMITED, OF THE SECOND PART

All and singular that certain parcel or tract of land
lying and being in the Township of Dawn, in the County of
Lambton, more particularly described as the whole of
Lots 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15,
16, 17, 18, 19, 20, and the whole of a right of way of
49.5 feet, all as shown on a Plan of Subdivision of the
east half of Lot 32, Concession 8, surveyed for A. Farwell
by Henry Smith, and filed for registry on the 10th day of
April 1866 in the Registry Office for the Registry Division
of Lambton as Plan No. 5.

1867

AFFIDAVIT OF SUBSCRIBING WITNESS

AMENDED MARCH

I, EVERETT M. MINKS
of the TOWNSHIP OF MOORE
in the COUNTY OF LAMBTON
LEASING AGENT

make oath and say:

I am a subscribing witness to the attached instrument and I was present and saw it executed
at TOWNSHIP OF DAWN by GEORGE JOHN GRAMM

*See footnote

*See footnote

I verily believe that each person whose signature I witnessed is the party of the same name referred to in the instrument.

SWORN before me at the TOWNSHIP OF
MOORE in the COUNTY OF
LAMBTON
this 1ST day of NOVEMBER 1976

Everett M. Minks

Leslie Hall
LESLIE HALL
DEPUTY CLERK OF THE TOWNSHIP
OF MOORE

* Where a party is unable to read the instrument or where a party signs by making his mark or in foreign characters and after the instrument has been read to him and he appears fully to understand it. Where executed under a power of attorney must include "(name of attorney) as attorney for (name of party)" and for last clause substitute "I verily believe that the person whose signature I witnessed was authorized to execute the instrument as attorney for (name)".

AFFIDAVIT AS TO AGE AND MARITAL STATUS

I, ~~VER~~ GEORGE JOHN GRAMM
of the TOWNSHIP OF DAWN
in the COUNTY OF LAMBTON

* If attorney
see footnote

make oath and say: THAT When I executed the attached instrument,

I ~~VER~~ WAS at least eighteen years old.

Strike out
inapplicable
clauses.

I was married / divorced / widower.

~~was my wife / husband.~~

~~We were married to each other.~~

~~We held the land as joint Tenants / Trustees / Partnership Property.~~

Resident of
Canada, etc.

(SEVERALLY) SWORN before me at the TOWNSHIP
OF DAWN in the COUNTY OF
LAMBTON
this 27 day of OCTOBER 19 76

George John Gramm

Everett M. Minks
COMMISSIONER FOR TAKING AFFIDAVITS, ETC
OFFICE OF THE CLERK OF THE TOWNSHIP OF DAWN
M.O. 1977

* Where affidavit made by attorney, insert: "When I executed the attached instrument as attorney for (name), I, etc."

1868

105207

Land Registry Division of Lambton (file 25)
I CERTIFY that this instrument is registered as of
9309 .M.
Land
Registry Office JAN 24 1977 in the
at Sarnia, Ontario.

Robert Rudge
Acting Land Registrar

John Peter

TAB J

**This is Exhibit "J" to the
Affidavit of WAYNE MCMURPHY
Sworn October 27, 2008**



Commissioner

Sherma Muria Ratz, a Commissioner, etc.,
County of Lambton, for the Government of Ontario
Ministry of the Attorney General
Expires May 6, 2009

1870




Province
of
Ontario

Document General

Form 4 - Land Registration Reform Act, 1984

NS-66

D

<div>FOR OFFICE USE ONLY</div> <div> NUMBER 652566 CERTIFICATE OF REGISTRATION MAY 25 1989 <i>ap.</i> 11:37 pm. LAMBTON No. 25 SARNIA</div>	(1) Registry <input checked="" type="checkbox"/> Land Titles <input type="checkbox"/>	(2) Page 1 of 10 pages	
	(3) Property Identifier(s)	Block	Property
	(4) Nature of Document GAS STORAGE LEASE AGREEMENT		
	(5) Consideration -----SIXTY-THREE----- Dollars \$ 63.00		
	(6) Description In the Township of Dawn, in the County of Lambton, composed of part Lot 32, Concession 8, which may be more particularly described in a Schedule "A" attached hereto and made a part hereof.		
New Property Identifiers	Additional: See Schedule <input type="checkbox"/>		
Executions	Additional: See Schedule <input type="checkbox"/>		
(7) This Document Contains:		(a) Redescription New Easement Plan/Sketch <input type="checkbox"/>	(b) Schedule for: Description <input checked="" type="checkbox"/> Additional Parties <input type="checkbox"/> Other <input checked="" type="checkbox"/>
(8) This Document provides as follows: <div>PHOTOCOPY ONLY</div> <div>Continued on Schedule <input type="checkbox"/></div>			
(9) This Document relates to instrument number(s) 635925			
(10) Party(ies) (Set out Status or Interest) Name(s)		Signature(s)	Date of Signature Y M D
KNIGHT, Agnes I am not a spouse. I am at least eighteen years of age.			
LESSOR			
(11) Address for Service R.R. #2 OIL SPRINGS, Ontario N0N 1P0			
(12) Party(ies) (Set out Status or Interest) Name(s)		Signature(s)	Date of Signature Y M D
RAM PETROLEUMS LIMITED		<i>Richard J. Opekar</i> Richard J. Opekar Secretary-Treasurer I have the authority to bind the Corporation.	1989 05 24
LESSEE			
(13) Address for Service 435 Exeter Road, LONDON, Ontario N6E 2Z3			
(14) Municipal Address of Property UNKNOWN		(15) Document Prepared by: RAM PETROLEUMS LIMITED 435 Exeter Road LONDON, Ontario N6E 2Z3	
<div>FOR OFFICE USE ONLY</div>		Fees and Tax	
		Registration Fee	
		Total	

154

1871

#5-66 2

STORAGE LEASE AGREEMENT

THIS AGREEMENT made this 3rd day of October, 1987 BETWEEN AGNES KNIGHT

AND

of the Township of Dawn in the County of Lambton and Province of Ontario, hereinafter called the "Lessor", of the First Part, and Ram Petroleum Limited a body corporate with head office at the City of Toronto, in the Province of Ontario, hereinafter called the "Lessee", of the Second Part.

WHEREAS the Lessor is the registered owner of or is entitled to become the registered owner of an estate in fee simple in that certain parcel or tract of land, situate, lying and being in the Township of Dawn, in the County of Lambton....., Province of Ontario, described as follows:

... Part of Lot 32, Concession 8, more particularly described in Schedule "A" attached

containing in all 1.75 acres, more or less (hereinafter called the "said lands") subject to an oil and gas lease dated the 23rd day of November, 1976, and registered on the 15th day of April, 1977, in the Registry Office for the County of Lambton as No. 409879, for the Township of Dawn (hereinafter called "the oil and gas lease"), and further subject to an agreement of pooling dated January 16th, 1978 and registered as Instrument # 589658, which lease and agreements are hereby ratified, granted and adopted again in every respect and the Lessee and Lessor agree again to be subject to their terms for any further operations for production of Oil & Gas or Storage Operations hereunder.

AND WHEREAS the Lessor has agreed to lease the sub-surface of the said lands to the Lessee for the purposes and on the terms and conditions hereinafter set forth;

WITNESSETH that in A.K. consideration of the sum of ... Fifty Nine Dollars and Fifty Cents ... Sixty Three Dollars XXXXXX (\$59.50) now paid to the Lessor by the Lessee (the receipt of which is hereby acknowledged) and the further rents, covenants and agreements hereinafter reserved and contained: 163.00 A.K.

The Lessor doth hereby demise and lease unto the Lessee, its successors and assigns all and singular the said lands save and except the surface rights thereto, save as hereinafter provided, (hereinafter called "the demised lands"), to be held by the Lessee, subject to the oil and gas lease, as tenant for a term of 7 years from the date hereof, subject to renewal and extension as hereinafter provided, for the purpose of injecting, storing and withdrawing gas, natural and/or

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artificial, (hereinafter collectively referred to as "gas") within or from the demised lands;

A.K. Yielding and, paying therefor a clear annual rental at the rate of Thirty ~~Equity~~ Dollars (~~\$24.00~~ ^{\$36.00}) per acre of the demised lands (the payment of the first annual rental is hereby acknowledged as received) payable in advance on the anniversary date hereof in each year during the term hereof; together with the sum of Three Hundred in 1986 Dollars (\$300.00) for each acre (and/or fraction thereof) of the surface of the demised lands occupied by the Lessee at any time during any lease year for the purpose of the Lessee's operations hereunder, payable in arrears at the end of such lease year; provided that if the Lessor is already being compensated by the Lessee for its occupation of such surface under any other Agreement with the Lessee, the total rate of compensation for such occupation payable by the Lessee shall not exceed the aforesaid sum. The sum of \$300.00 to be adjusted by the C.P.I. index rise if any, between today's date and the time of commencement of occupation of the surface acreage for storage operation purposes.

AND FOR THE CONSIDERATION, rentals and payments aforesaid, the Lessor doth also hereby give and grant unto the Lessee insofar as the Lessor has the right so to grant the same, the right, liberty and privilege in, upon, or across the surface lands, to lay down, construct, operate, maintain, inspect, remove, replace, reconstruct and repair roadways, pipes or pipe lines, tanks, stations, structures, compressors and equipment necessary or incidental to the operations of the Lessee hereinbefore described; together with the right of withdrawing from the demised lands and of selling or otherwise disposing of the same, all such waters, salts, minerals and other substances as may be necessary to allow the injection and storage of gas therein and with the right of entering upon, using and occupying so much of the demised lands used by the Lessee, subject to all other restrictions regarding surface operations herein contained and contained within the afore mentioned lease, and the mutual covenants and agreements as follows:

1. The Lessor shall promptly pay and satisfy all taxes, rates and assessments that may be assessed or levied against the said lands during the continuance of this Agreement.
2. The Lessor claims to have good title to the said lands as hereinbefore set forth, has good right and full power to lease the demised lands, rights and privileges in the manner aforesaid and that the Lessee upon performing and observing the covenants and conditions on the Lessee's part herein contained shall and may peacefully possess and enjoy the demised lands and the rights and privileges hereby granted during the said term and any renewal and extension thereof without any interruption or disturbance from or by the Lessor or by any person whomsoever claiming under the Lessor.
3. The Lessor agrees that at the expiration of the term of 7 years hereinbefore mentioned, this lease will be extended from year to year provided the Lessee shall have installed facilities for storage and/or utilized the said lands within the first 7 years of this lease.

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Furthermore, the Lessee agrees not to exercise its rights to purchase gas and utilize the said lands for storage until the Lessee has produced 75% of the total gas contained within the known reservoir or produced such quantity of gas as to bring the reservoir pressure down to a minimum of 250 lbs. P.S.I.

4. If the Lessor owns an interest in the demised lands less than the entire fee simple estate, the rentals and payments to be paid hereunder shall be paid to the Lessor only in the proportion which the Lessor's interest bears to the whole and undivided fee.

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

5. To pay the rentals hereinbefore reserved in each and every year in advance during the currency of this Agreement.

6. To pay all taxes, rates and assessments that may be assessed or levied in respect of any and all machinery, compressors, equipment, tanks, structures and works placed by the Lessee in, on, or over the demised lands.

7. To conduct all its operations on the demised 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 Agreement such provisions of law shall prevail, in as far as the law further limits the rights of the Lessee as herein granted.

8. Save as herein specifically provided with respect to the purchase by the Lessee of the Lessor's interest in such of the gas and oil and related hydrocarbons as are contained in the demised lands, there is hereby excepted and reserved to the Lessor in respect of all waters, salts, minerals and other substances withdrawn, saved and sold or otherwise disposed of from the demised lands hereunder, a gross royalty of twelve and a half percent (12.5%) of the current market value of such substances at the wellhead.

9. Not to drill or operate a well within two hundred feet of any residence or barn on the said lands without the Lessor's consent, and when required by the Lessor to bury pipe lines as provided in the aforementioned lease.

10. To pay and be responsible for all damages and injuries sustained by the Lessor caused by or attributable to the operations of the Lessee and upon the abandonment of any well and the cessation of operations by the Lessee to restore the surface thereof to the same condition, so far as may be practicable, as existed before the entry thereon and use thereof by the Lessee.

11. That upon surrendering any of its interest in the demised lands to the Lessor, it shall at its own expense register such surrender within 60 days in the Registry Office for the Registry Division in which the said lands are situated.

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

12. The Lessee shall have the right at any time and from time to time to surrender this Agreement as to all of the demised lands, whereupon this Agreement and all payments hereunder shall be terminated as to the demised lands so surrendered and the surface thereof; provided that the Lessee shall have no right to surrender this Agreement in respect of any portion of the demised lands lying within the area described in Schedule "A", unless such surrender be for the whole of the demised lands and its entire interest under this Agreement and under all storage agreements with the parties listed in Schedule "B".

13. The Lessee shall at all times during the currency of this Agreement and for a period of six months following the termination thereof or following a surrender either in whole or in part have the right to remove or cause to be removed from the said lands all tanks, stations, structures, fixtures, pipe lines, compressors, material and equipment of whatsoever nature or kind which it may have placed in or on the said lands or on any area surrendered and to pull casing in wells drilled and/or operated on the demised lands pursuant to the terms of this Agreement, provided the Lessee is not in default of any other provision contained in this Agreement.

14. With the Lessors' further written consent, such consent not to be unreasonably withheld, the Lessee may delegate, assign or convey to other corporations or persons, partnerships, associations and other unincorporated bodies, any of the powers, privileges, rights or interests demised, granted, leased or conferred upon the Lessee herein and may enter into all agreements, contracts and writings and do all things necessary to give effect to this Clause. Ram Petroleum Limited shall remain responsible for all obligations set out in this Agreement regardless of any assignments and will remain responsible to the Lessor for the obligations of the Lessee as herein set forth while this Agreement is in effect.

15. In case there is or shall be any tax, mortgage, encumbrance, lien, balance of purchase money or other charge upon the said lands which has priority to this Agreement other than the oil and gas lease, the Lessor hereby authorizes the Lessee to pay at its option any or all compensation and/or rents which shall become payable hereunder in or towards the discharge of such tax, mortgage, encumbrance, lien, balance of purchase money, or other charge upon the said lands and thereupon the Lessee shall at its option become subrogated to the rights of the holder thereof.

16. Subject to its rights, if any, under the oil and gas lease, the Lessee shall not inject gas into the demised lands under the provisions hereof until it has purchased from the Lessor, as hereinafter provided, the Lessor's interest in such of the gas contained in the demised lands as are liable on the withdrawal of the gas so injected to be co-mingled indistinguishably therewith as to their respective volumes, or as are liable to be rendered commercially unrecoverable by reason of such injection or the storage operations to be conducted by the Lessee hereunder. Subject to Clause 3, nothing

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herein shall prevent the Lessee from and it is hereby given the right at any time and from time to time to purchase the Lessor's interest in gas contained in the demised lands, as herein set forth.

17. The purchase price of gas to be purchased by the Lessee under Clause 16 hereof shall be computed as follows:

(a) 12 1/2% of the current market value at the wellhead of all gas commercially recoverable from the demised lands down to atmospheric wellhead pressure.

or

(b) in the manner hereinafter provided.

18. In the event that the Lessee desires to purchase any of the gas as provided in Clauses 16 and 17 hereof, it shall give written notice to the Lessor of the quantity thereof to be purchased, the price therefor computed as provided in Clause 17 and the effective date of such purchase. The Lessor shall within Ninety (90) days from the receipt of the aforesaid notice advise the Lessee that it disputes the purchase price, quantity purchased and effective date of such purchase, and in default of such notice of dispute the Lessor shall be deemed to have agreed thereto and the same shall become final and binding upon the Lessor and the Lessee. In the event that the Lessor gives such notice of dispute, such purchase price, quantity purchased and effective date of such purchase, shall be determined by a board of arbitration in the manner provided under the Energy Board Act of Ontario and the regulations thereunder or under any act or regulations in amendment or substitution therefor. All costs of arbitration are to be borne by Ram.

18.(A) FURTHER PROVIDED the Lessee shall adjust the surface rental and the "Annual Rental" payable as provided in this lease, prior to every 5th payment (i.e. Prior to 5th, 10th, 15th) these payments shall be adjusted upwards or downwards in accordance with the changes in the consumer price index as determined and published by Statistics Canada (or its successors) for the previous 5 calendar years ending December 31st prior to each adjustment.

18.(B) The Lessee shall provide the Lessor with written notice of the quality, quantity and price of gas to be purchased and technical data supporting its offer. If both the Lessee and the Lessor agree to an alternative to a board of arbitration provided under the Energy Board Act, the alternative will be used to resolve disputes. All costs of the alternative are to be borne by Ram.

19. Subject to the terms made by the board of arbitration aforesaid, payment of the purchase price shall be made to the Lessor in three equal annual instalments. The first payment of the purchase price shall be made effective the date on which the Lessee first commences to inject gas into the demised lands or into any other lands within a gas storage area so designated by law with which the demised lands form a common storage pool or reservoir; and subsequent payments of such purchase price and storage rental shall be made on the

1876

anniversary dates thereof.

19.(A) In addition, the Lessee agrees to pay the Lessor the Lessor's share, as set out in Schedule "B", of 10% of the Earnings from storage operations under said lands. Earnings are to be calculated on a yearly basis and payment to the Lessor is to be made no later than 90 days after the end of the year. The date of this Agreement is the first day of the year for the purpose of this subclause. Earnings are defined in subclause 19.(B). This subclause does not apply to gas purchased under Clause 16. A11

19.(B) For the purposes of 19.(A) Earnings are defined as gross proceeds from the sale of gas stored less the amount paid for a volume of gas purchased and stored which would account for the volume of gas sold giving effect to gas used in compression and gas lost through leakage.

19.(C) In the event Ram delegates, assigns or conveys to any of the powers, privileges, rights or interests conveyed by this agreement Ram shall pay to the Lessors, within Thirty (30) days of receipt by Ram, their proportionate share, as set out in Schedule "B", of 10% of the consideration received or receivable by Ram. Subclauses 19.(A) and 19.(B) will not be binding on the aforesaid third party while the delegation, assignment or conveyance remains in effect.

20. All payments to the Lessor provided for in this Agreement shall at the Lessee's option be paid or tendered either to the Lessor or to the Lessor's "agent" named in and pursuant to this Clause or to the "depository" herein named. All such payments or tenders may be made by cheque or draft of the Lessee payable to the order of the Lessor or his agent, or in cash, either mailed or delivered to the Lessor or his agent, as the case may be, or to the depository, as the Lessee may elect. Payments or tenders made by mail as herein provided shall be deemed conclusively to have been received by the addressee ~~forty eight~~ A1
~~(48) hours~~ after such mailing. seven (7) RS
days

The Lessor does hereby appoint of as his agent as aforesaid and at address above, and its successors, as his depository as aforesaid.

All payments to the depository shall be for the credit of the Lessor or his agent, as the case may be. The agent and the depository shall be deemed to be acting on behalf of the Lessor and shall continue as the agent and depository, respectively, of the Lessor for receipt of any and all sums payable hereunder regardless of any change or division in ownership (whether by sale, surrender, assignments, sublease or otherwise) of the demised lands or any part thereof or the rentals and other payments hereunder unless and until the Lessor gives the notice mentioned herein. All payments made to the agent or depository as herein provided shall fully discharge the Lessee from all further obligation and liability in respect thereof. No change in agent or depository shall be binding upon the Lessee unless and until the Lessor shall have given Thirty (30) days' notice in writing to the Lessee to make such payments to another agent or a depository at a given address which changes will be specified in such notice; provided

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however, that only one such agent and one such depository, both of whom shall be resident in Canada, shall have authority to act on behalf of the Lessor at any one time.

21. This Agreement expresses and constitutes 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.

22. All notices to be given hereunder may be given by letter delivered or mailed, postage prepaid, and addressed to the Lessor at

..... and to the Lessee C/O The Manager, Land Department, 435 Exeter Road, London, Ontario N6E 2Z3 OR such other address as either from time to time the Lessee may appoint in writing, and every such notice so mailed shall be deemed to be given to and received by the addressee seven (7) days after such mailing.

23. If the standard of measurement applicable to the transaction contemplated herein is changed by law to the metric or any other system, all measurements provided for herein shall be interpreted as referring to their metric or other applicable equivalents.

24. Subject as hereinbefore provided, this Agreement shall ensure to the benefit of and be binding upon the Parties hereto and each of them, their respective heirs, executors, administrators, successors and assigns.

IN WITNESS WHEREOF the Parties hereto have executed and delivered these presents as of the day and year first above written.

SIGNED, SEALED AND DELIVERED
In the Presence of:

[Signature]

Mr. James Knight

Richard Dykeman

25. Lessee agrees to construct all laneways and to run any pipelines connecting the storage pool to outside gas lines parallel to the boundaries of Lot 32, Concession 8. A.I. RE

SCHEDULE "A"

ALL AND SINGULAR that certain parcel or tract of land and premises situate, lying and being in the Township of Dawn in the County of Lambton being composed of part of Lot Number Thirty-two (32) in the Eighth (8th) Concession of the said Township which said part may be more particularly described as follows:

COMMENCING at A POINT WHERE THE SOUTHERLY LIMIT OF LOT 32
INTERSECTS THE ROAD ALLOWANCE BETWEEN CONCESSIONS
7 AND 8 AS WIDENED ON REFERENCE PLAN 25R-461;

THENCE northerly along the westerly limit a distance of Seven Hundred and Ninety-two feet (792') more or less to a point, which point is on the dividing line between the South Forty (40) acres of the West one-half and the North Forty (40) acres of the South Eighty (80) acres of the West one-half of said Lot number Thirty-two (32) and which point is the point of commencement of the lands herein described;

THENCE northerly along the said westerly limit a distance of Two Hundred and Seventy-two feet (272');

THENCE easterly parallel to the south limit of said Lot number Thirty-two (32) a distance of Two Hundred and Forty-six feet (246');

THENCE southerly parallel to the west limit of the said Lot a distance of Two Hundred and Seventy Two Feet (272');

THENCE westerly parallel to the south limit of the said Lot a distance of Two Hundred and Forty Six Feet (246') to the point of commencement;

SCHEDULE B

	<u>Percentage</u>
Colin & Olive McMurphy	9.7012
C.D.&J.A.McMurphy	9.7012
Eldon G. Knight, Lyle K. Knight and Margaret S. Knight	45.1494
George Graham	25.7470
Lyle and Margaret Knight	9.2768
A. Knight	.4244
	<hr/>
	<u>100.0000</u>

TAB K

**This is Exhibit "K" to the
Affidavit of WAYNE MCMURPHY
Sworn October 27, 2008**



Commissioner

Sherma Muria Ratz, a Commissioner, etc.,
County of Lambton, for the Government of Ontario
Ministry of the Attorney General.
Expires May 6, 2009

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Document General

Form 4 — Land Registration Reform Act, 1984



DYE & DURHAM CO. LIMITED
Form No. 905

D

#S-65

FOR OFFICE USE ONLY

1

NUMBER **652565**

CERTIFICATE OF REGISTRATION

MAY 25 1989
11:37 am

LAMBTON
No. 20
GABRIOLA

New Property Identifiers

Additional:
See
Schedule ☐

Executions

Additional:
See
Schedule ☐

(1) Registry ☒ Land Titles ☐ (2) Page 1 of 10 pages

(3) Property Identifier(s) Block Property Additional:
See
Schedule ☐

(4) Nature of Document

GAS STORAGE LEASE AGREEMENT

(5) Consideration

ONE THOUSAND, THREE HUNDRED AND SEVENTY
SEVEN ----- Dollars \$ 1,377.00

(6) Description

In the Township of Dawn, in the County of Lambton,
being part of the West Half, Lot 32, Concession 8,
which may be more particularly described in a
Schedule "A" attached hereto and made a part hereof.

(7) This Document Contains: (a) Redescription
New Easement
Plan/Sketch ☐ (b) Schedule for:
Description ☒ Additional Parties ☐ Other ☒

(8) This Document provides as follows:

PHOTOCOPY ONLY

Continued on Schedule ☐

This Document relates to instrument number(s)

635927

(10) Party(ies) (Set out Status or Interest)

Name(s) Signature(s) Date of Signature
Y M D

KNIGHT, Lyle Kenneth

KNIGHT, Margaret Sharon

We are spouses of one another.

We are at least eighteen years of age.

LESSORS

(11) Address
for Service

R.R. #2, OIL SPRINGS, Ontario N0N 1P0

(12) Party(ies) (Set out Status or Interest)

Name(s) Signature(s) Date of Signature
Y M D

RAM PETROLEUMS LIMITED

Richard J. Opekar

Secretary-Treasurer

I have the authority to bind
the Corporation.

LESSEE

(13) Address
for Service

435 Exeter Road, LONDON, Ontario N6E 2Z3

(14) Municipal Address of Property

UNKNOWN

(15) Document Prepared by:

RAM PETROLEUMS LIMITED
435 Exeter Road
LONDON, Ontario
N6E 2Z3

FOR OFFICE USE ONLY

Fees and Tax	
Registration Fee	
Total	

165

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#5-65

GAS STORAGE LEASE AGREEMENT

THIS AGREEMENT made this 3rd day of October, 1987 BETWEEN
LYLE KENNETH KNIGHT
.....

AND

MARGARET SHARON KNIGHT
.....

of the Township of Dawn, in the County of Lambton and Province of Ontario, hereinafter called the "Lessor", of the First Part, and Ram Petroleum Limited a body corporate with head office at the City of Toronto, in the Province of Ontario, hereinafter called the "Lessee", of the Second Part.

WHEREAS the Lessor is the registered owner of or is entitled to become the registered owner of an estate in fee simple in that certain parcel or tract of land, situate, lying and being in the Township of Dawn, in the County of Lambton....., Province of Ontario, described as follows:

... Part of the West Half of Lot 32, Concession 8, more particularly described in Schedule "A" attached
.....
.....

containing in all 38.25 acres, more or less (hereinafter called the "said lands") subject to an oil and gas lease dated the 28th day of August, 1976, and registered on the 24th day of September, 1976, in the Registry Office for the County of Lambton as No. 397847, in the Township of Dawn (hereinafter called "the oil and gas lease"), and further subject to an agreement of pooling dated January 16th, 1978 and registered as Instrument # 589658, which lease and agreements are hereby ratified, granted and adopted again in every respect and the Lessee and Lessor agree again to be subject to their terms for any further operations for production of Oil & Gas or Storage Operations hereunder.

AND WHEREAS the Lessor has agreed to lease the sub-surface of the said lands to the Lessee for the purposes and on the terms and conditions hereinafter set forth;

WITNESSETH that in consideration of the sum of ~~One Thousand Three Hundred Dollars and Fifty Cents~~ Three Hundred Dollars (XXXXXX \$300.00) now paid to the Lessor by the Lessee (the receipt of which is hereby acknowledged) and the further rents, covenants and agreements hereinafter reserved and contained: sk
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RD
RD
S

The Lessor doth hereby demise and lease unto the Lessee, its successors and assigns all and singular the said lands save and except the surface rights thereto, save as hereinafter provided, (hereinafter called "the demised lands"), to be held by the Lessee, subject to the oil and gas lease, as tenant for a term of 7 years from the date hereof, subject to renewal and extension as hereinafter provided, for the purpose of injecting, storing and withdrawing gas, natural and/or

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artificial, (hereinafter collectively referred to as "gas") within or from the demised lands;

Yielding and paying therefor a clear annual rental at the rate of Thirty ~~Four~~ ^{STX} Dollars (~~\$34.00~~ ^{\$36.00}) per acre of the demised lands (the payment of the first annual rental is hereby acknowledged as received) payable in advance on the anniversary date hereof in each year during the term hereof; together with the sum of Three Hundred in 1986 Dollars (\$300.00) for each acre (and/or fraction thereof) of the surface of the demised lands occupied by the Lessee at any time during any lease year for the purpose of the Lessee's operations hereunder, payable in arrears at the end of such lease year; provided that if the Lessor is already being compensated by the Lessee for its occupation of such surface under any other Agreement with the Lessee, the total rate of compensation for such occupation payable by the Lessee shall not exceed the aforesaid sum. The sum of \$300.00 to be adjusted by the C.P.I. index rise if any, between today's date and the time of commencement of occupation of the surface acreage for storage operation purposes.

AND FOR THE CONSIDERATION, rentals and payments aforesaid, the Lessor doth also hereby give and grant unto the Lessee insofar as the Lessor has the right so to grant the same, the right, liberty and privilege in, upon, or across the surface lands, to lay down, construct, operate, maintain, inspect, remove, replace, reconstruct and repair roadways, pipes or pipe lines, tanks, stations, structures, compressors and equipment necessary or incidental to the operations of the Lessee hereinbefore described; together with the right of withdrawing from the demised lands and of selling or otherwise disposing of the same, all such waters, salts, minerals and other substances as may be necessary to allow the injection and storage of gas therein and with the right of entering upon, using and occupying so much of the demised lands used by the Lessee, subject to all other restrictions regarding surface operations herein contained and contained within the afore mentioned lease, and the mutual covenants and agreements as follows:

1. The Lessor shall promptly pay and satisfy all taxes, rates and assessments that may be assessed or levied against the said lands during the continuance of this Agreement.
2. The Lessor claims to have good title to the said lands as hereinbefore set forth, has good right and full power to lease the demised lands, rights and privileges in the manner aforesaid and that the Lessee upon performing and observing the covenants and conditions on the Lessee's part herein contained shall and may peacefully possess and enjoy the demised lands and the rights and privileges hereby granted during the said term and any renewal and extension thereof without any interruption or disturbance from or by the Lessor or by any person whomsoever claiming under the Lessor.
3. The Lessor agrees that at the expiration of the term of 7 years hereinbefore mentioned, this lease will be extended from year to year provided the Lessee shall have installed facilities for storage and/or utilized the said lands within the first 7 years of this lease.

Furthermore, the Lessee agrees not to exercise its rights to purchase gas and utilize the said lands for storage until the Lessee has produced 75% of the total gas contained within the known reservoir or produced such quantity of gas as to bring the reservoir pressure down to a minimum of 250 lbs. P.S.I.

4. If the Lessor owns an interest in the demised lands less than the entire fee simple estate, the rentals and payments to be paid hereunder shall be paid to the Lessor only in the proportion which the Lessor's interest bears to the whole and undivided fee.

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

5. To pay the rentals hereinbefore reserved in each and every year in advance during the currency of this Agreement.

6. To pay all taxes, rates and assessments that may be assessed or levied in respect of any and all machinery, compressors, equipment, tanks, structures and works placed by the Lessee in, on, or over the demised lands.

7. To conduct all its operations on the demised 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 Agreement such provisions of law shall prevail, in as far as the law further limits the rights of the Lessee as herein granted.

8. Save as herein specifically provided with respect to the purchase by the Lessee of the Lessor's interest in such of the gas and oil and related hydrocarbons as are contained in the demised lands, there is hereby excepted and reserved to the Lessor in respect of all waters, salts, minerals and other substances withdrawn, saved and sold or otherwise disposed of from the demised lands hereunder, a gross royalty of twelve and a half percent (12.5%) of the current market value of such substances at the wellhead.

9. Not to drill or operate a well within two hundred feet of any residence or barn on the said lands without the Lessor's consent, and when required by the Lessor to bury pipe lines as provided in the aforementioned lease.

10. To pay and be responsible for all damages and injuries sustained by the Lessor caused by or attributable to the operations of the Lessee and upon the abandonment of any well and the cessation of operations by the Lessee to restore the surface thereof to the same condition, so far as may be practicable, as existed before the entry thereon and use thereof by the Lessee.

11. That upon surrendering any of its interest in the demised lands to the Lessor, it shall at its own expense register such surrender within 60 days in the Registry Office for the Registry Division in which the said lands are situated.

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

12. The Lessee shall have the right at any time and from time to time to surrender this Agreement as to all of the demised lands, whereupon this Agreement and all payments hereunder shall be terminated as to the demised lands so surrendered and the surface thereof; provided that the Lessee shall have no right to surrender this Agreement in respect of any portion of the demised lands lying within the area described in Schedule "A", unless such surrender be for the whole of the demised lands and its entire interest under this Agreement and under all storage agreements with the parties listed in Schedule "B".

13. The Lessee shall at all times during the currency of this Agreement and for a period of six months following the termination thereof or following a surrender either in whole or in part have the right to remove or cause to be removed from the said lands all tanks, stations, structures, fixtures, pipe lines, compressors, material and equipment of whatsoever nature or kind which it may have placed in or on the said lands or on any area surrendered and to pull casing in wells drilled and/or operated on the demised lands pursuant to the terms of this Agreement, provided the Lessee is not in default of any other provision contained in this Agreement.

14. With the Lessors' further written consent, such consent not to be unreasonably withheld, the Lessee may delegate, assign or convey to other corporations or persons, partnerships, associations and other unincorporated bodies, any of the powers, privileges, rights or interests demised, granted, leased or conferred upon the Lessee herein and may enter into all agreements, contracts and writings and do all things necessary to give effect to this Clause. Ram Petroleum Limited shall remain responsible for all obligations set out in this Agreement regardless of any assignments and will remain responsible to the Lessor for the obligations of the Lessee as herein set forth while this Agreement is in effect.

15. In case there is or shall be any tax, mortgage, encumbrance, lien, balance of purchase money or other charge upon the said lands which has priority to this Agreement other than the oil and gas lease, the Lessor hereby authorizes the Lessee to pay at its option any or all compensation and/or rents which shall become payable hereunder in or towards the discharge of such tax, mortgage, encumbrance, lien, balance of purchase money, or other charge upon the said lands and thereupon the Lessee shall at its option become subrogated to the rights of the holder thereof.

16. Subject to its rights, if any, under the oil and gas lease, the Lessee shall not inject gas into the demised lands under the provisions hereof until it has purchased from the Lessor, as hereinafter provided, the Lessor's interest in such of the gas contained in the demised lands as are liable on the withdrawal of the gas so injected to be co-mingled indistinguishably therewith as to their respective volumes, or as are liable to be rendered commercially unrecoverable by reason of such injection or the storage operations to be conducted by the Lessee hereunder. Subject to Clause 3, nothing

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herein shall prevent the Lessee from and it is hereby given the right at any time and from time to time to purchase the Lessor's interest in gas contained in the demised lands, as herein set forth.

17. The purchase price of gas to be purchased by the Lessee under Clause 16 hereof shall be computed as follows:

(a) 12 1/2% of the current market value at the wellhead of all gas commercially recoverable from the demised lands down to atmospheric wellhead pressure.

or

(b) in the manner hereinafter provided.

18. In the event that the Lessee desires to purchase any of the gas as provided in Clauses 16 and 17 hereof, it shall give written notice to the Lessor of the quantity thereof to be purchased, the price therefor computed as provided in Clause 17 and the effective date of such purchase. The Lessor shall within Ninety (90) days from the receipt of the aforesaid notice advise the Lessee that it disputes the purchase price, quantity purchased and effective date of such purchase, and in default of such notice of dispute the Lessor shall be deemed to have agreed thereto and the same shall become final and binding upon the Lessor and the Lessee. In the event that the Lessor gives such notice of dispute, such purchase price, quantity purchased and effective date of such purchase, shall be determined by a board of arbitration in the manner provided under the Energy Board Act of Ontario and the regulations thereunder or under any act or regulations in amendment or substitution therefor. All costs of arbitration are to be borne by Ram.

18.(A) FURTHER PROVIDED the Lessee shall adjust the surface rental and the "Annual Rental" payable as provided in this lease, prior to every 5th payment (i.e. Prior to 5th, 10th, 15th) these payments shall be adjusted upwards or downwards in accordance with the changes in the consumer price index as determined and published by Statistics Canada (or its successors) for the previous 5 calendar years ending December 31st prior to each adjustment.

18.(B) The Lessee shall provide the Lessor with written notice of the quality, quantity and price of gas to be purchased and technical data supporting its offer. If both the Lessee and the Lessor agree to an alternative to a board of arbitration provided under the Energy Board Act, the alternative will be used to resolve disputes. All costs of the alternative are to be borne by Ram.

19. Subject to the terms made by the board of arbitration aforesaid, payment of the purchase price shall be made to the Lessor in three equal annual instalments. The first payment of the purchase price shall be made effective the date on which the Lessee first commences to inject gas into the demised lands or into any other lands within a gas storage area so designated by law with which the demised lands form a common storage pool or reservoir; and subsequent payments of such purchase price and storage rental shall be made on the

anniversary dates thereof.

19.(A) In addition, the Lessee agrees to pay the Lessor the Lessor's share, as set out in Schedule "B", of ¹⁰ % of the Earnings from storage operations under said lands. Earnings are to be calculated on a yearly basis and payment to the Lessor is to be made no later than 90 days after the end of the year. The date of this Agreement is the first day of the year for the purpose of this subclause. Earnings are defined in subclause 19.(B). This subclause does not apply to gas purchased under Clause 16.

JK
RK
SK

19.(B) For the purposes of 19.(A) Earnings are defined as gross proceeds from the sale of gas stored less the amount paid for a volume of gas purchased and stored which would account for the volume of gas sold giving effect to gas used in compression and gas lost through leakage.

19.(C) In the event Ram delegates, assigns or conveys to any of the powers, privileges, rights or interests conveyed by this agreement Ram shall pay to the Lessors, within Thirty (30) days of receipt by Ram, their proportionate share, as set out in Schedule "B", of 10% of the consideration received or receivable by Ram. Subclauses 19.(A) and 19.(B) will not be binding on the aforesaid third party while the delegation, assignment or conveyance remains in effect.

20. All payments to the Lessor provided for in this Agreement shall at the Lessee's option be paid or tendered either to the Lessor or to the Lessor's "agent" named in and pursuant to this Clause or to the "depository" herein named. All such payments or tenders may be made by cheque or draft of the Lessee payable to the order of the Lessor or his agent, or in cash, either mailed or delivered to the Lessor or his agent, as the case may be, or to the depository, as the Lessee may elect. Payments or tenders made by mail as herein provided shall be deemed conclusively to have been received by the addressee ~~forty eight~~ ^{seven (7)} days after such mailing.

RK
SK

The Lessor does hereby appoint as his agent as aforesaid and at address above, and its successors, as his depository as aforesaid.

All payments to the depository shall be for the credit of the Lessor or his agent, as the case may be. The agent and the depository shall be deemed to be acting on behalf of the Lessor and shall continue as the agent and depository, respectively, of the Lessor for receipt of any and all sums payable hereunder regardless of any change or division in ownership (whether by sale, surrender, assignments, sublease or otherwise) of the demised lands or any part thereof or the rentals and other payments hereunder unless and until the Lessor gives the notice mentioned herein. All payments made to the agent or depository as herein provided shall fully discharge the Lessee from all further obligation and liability in respect thereof. No change in agent or depository shall be binding upon the Lessee unless and until the Lessor shall have given Thirty (30) days' notice in writing to the Lessee to make such payments to another agent or a depository at a given address which changes will be specified in such notice; provided

however, that only one such agent and one such depository, both of whom shall be resident in Canada, shall have authority to act on behalf of the Lessor at any one time.

21. This Agreement expresses and constitutes 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.

22. All notices to be given hereunder may be given by letter delivered or mailed, postage prepaid, and addressed to the Lessor at ... RR 2 ... Oil Springs ... Ontario ...
..... Non IPO
and to the Lessee C/O The Manager, Land Department, 435 Exeter Road, London, Ontario N6E 2Z3 OR such other address as either from time to time the Lessee may appoint in writing, and every such notice so mailed shall be deemed to be given to and received by the addressee seven (7) days after such mailing.

23. If the standard of measurement applicable to the transaction contemplated herein is changed by law to the metric or any other system, all measurements provided for herein shall be interpreted as referring to their metric or other applicable equivalents.

24. Subject as hereinbefore provided, this Agreement shall ensure to the benefit of and be binding upon the Parties hereto and each of them, their respective heirs, executors, administrators, successors and assigns.

IN WITNESS WHEREOF the Parties hereto have executed and delivered these presents as of the day and year first above written.

SIGNED, SEALED AND DELIVERED
In the Presence of:

[Signature]

Margaret Shawn Knight
Lyle Kenneth Knight

..... *Richard Opehan*

25.

2K
SK

Lessee agrees to construct all laneways and to run any pipelines connecting the storage pool to outside gas lines parallel to the boundaries of Lot 32, Concession 8.

SCHEDULE "A"

Part of the West half of Lot 32, Concession 8 more particularly described as follows:


COMMENCING at a point in the limit between the North $1/5$ th and the Southerly $4/5$ ths of the West half of the said lot at a point distant fifty feet (50') East from the Westerly limit of the said lot which said point is the point of commencement; THENCE continuing East and along the said limit to the limit between the East half and the West half of the said lot; THENCE Southerly along the last mentioned limit to the limit between the Northerly $3/5$ ths and the Southerly $2/5$ ths of the said lot; THENCE Westerly along the last mentioned limit to a point distant two hundred and ninety-six feet (296') measured Easterly along the said limit from the Westerly limit of the said lot; THENCE North and parallel to the Westerly limit of the said lot a distance of two hundred and seventy-two feet (272') to a point; THENCE Westerly and parallel to the Southerly limit of the said lot to a point distant fifty feet (50') measured Easterly from the Westerly limit of the said lot; THENCE Northerly and parallel to the Westerly limit to the point of beginning.

SCHEDULE B

	<u>Percenta</u>
Colin & Olive McMurphy	9.7012
C.D.&J.A.McMurphy	9.7012
Eldon G. Knight, Lyle K. Knight and Margaret S. Knight	45.149
George Graham	25.747
Lyle and Margaret Knight	9.2768
A. Knight	.4244
	<u>100.000</u>

TAB L

**This is Exhibit "L" to the
Affidavit of WAYNE MCMURPHY
Sworn October 21, 2008**



Commissioner

**Sherma Muria Ratz, a Commissioner, etc.,
County of Lambton, for the Government of Ontario
Ministry of the Attorney General.
Expires May 6, 2009**

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Province
of
Ontario



Document General

Form 4 - Land Registration Reform Act, 1984

#S-67 & 68

DTE & DURHAM CO. LIMITED
Form No. 985

D

FOR OFFICE USE ONLY

NUMBER **652577**

CERTIFICATE OF REGISTRATION

11:58 AM
MAY 25 1989

LAMBTON
No. 25
SARNIA

LAND REGISTRATION

New Property Identifiers

Additional:
See
Schedule ☐

Executions

Additional:
See
Schedule ☐

(1) Registry ☒

Land Titles ☐

(2) Page 1 of 12 pages

(3) Property
Identifier(s)

Block

Property

Additional:
See
Schedule ☐

(4) Nature of Document

GAS STORAGE LEASE AGREEMENT

(5) Consideration

SIX THOUSAND, SEVEN HUNDRED

AND ONE DOLLARS, SEVENTY-SIX CENTS \$ 6,701.71

(6) Description

In the Township of Dawn, in the County of Lambton,
being part of Lot 32, Concession 8 and part Lot 33,
Concession 8, which may be more particularly described
in a Schedule "A" attached hereto and made a part
hereof.

(7) This
Document
Contains:

(a) Redescription
New Easement
Plan/Sketch ☐

(b) Schedule for:

Description ☒

Additional
Parties ☐

Other ☒

(8) This Document provides as follows:

PHOTOCOPY ONLY

Continued on Schedule ☐

This Document relates to instrument number(s)

635924

(10) Party(ies) (Set out Status or Interest)

Name(s)

Signature(s)

Date of Signature
Y M D

KNIGHT, Lyle Kenneth

KNIGHT, Margaret Sharon

We are spouses of one another.

We are at least eighteen years of age.

LESSORS

(11) Address
for Service

R.R. #2, OIL SPRINGS, Ontario N0N 1P0

(12) Party(ies) (Set out Status or Interest)

Name(s)

Signature(s)

Date of Signature
Y M D

RAM PETROLEUMS LIMITED

Richard Opekar

1989 05 24

Richard J. Opekar

Secretary-Treasurer

I have the authority to bind
the Corporation.

LESSEE

(13) Address
for Service

435 Exeter Road, LONDON, Ontario N6E 2Z3

(14) Municipal Address of Property

UNKNOWN

(15) Document Prepared by:

RAM PETROLEUMS LIMITED
435 Exeter Road
LONDON, Ontario
N6E 2Z3

Fees and Tax

Registration Fee

Total

FOR OFFICE USE ONLY

177

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Schedule

Form S — Land Registration Reform Act, 1984

Page 2

S

Additional Property Identifier(s) and/or Other Information

(10) ADDITIONAL PARTY(IES)

Name(s)	Signature(s)	Date of Signature(s) Y M D
KNIGHT, Eldon Gordon		

I am not a spouse.

I am at least eighteen years of age.

LESSOR

(11) ADDRESS FOR SERVICE

R.R. #2 OIL SPRINGS, Ontario N0N 1P0

(10) ADDITIONAL PARTY(IES)

Name(s)	Signature(s)	Date of Signature(s) Y M D

(11) ADDRESS FOR SERVICE

(10) ADDITIONAL PARTY(IES)

Name(s)	Signature(s)	Date of Signature(s) Y M D

(11) ADDRESS FOR SERVICE

FOR OFFICE
USE ONLY

178

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#5-67
(5-68)

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GAS STORAGE LEASE AGREEMENT

THIS AGREEMENT made this 3rd day of October, 1987 BETWEEN

LYLE KENNETH KNIGHT
ELDON GORDON KNIGHT

AND

MARGARET SHARON KNIGHT
.....

of the Township of Dawn, in the County of Lambton and Province of Ontario, hereinafter called the "Lessor", of the First Part, and Ram Petroleums Limited a body corporate with head office at the City of Toronto, in the Province of Ontario, hereinafter called the "Lessee", of the Second Part.

WHEREAS the Lessor is the registered owner of or is entitled to become the registered owner of an estate in fee simple in that certain parcel or tract of land, situate, lying and being in the Township of Dawn, in the County of Lambton....., Province of Ontario, described as follows:

Part of Lot 32, Concession 8, and Part of Lot 33, Concession 8, more particularly described in Schedule "A" & "C" of the E.S. & L.S. & M.S. & G.S. & O.S. & N.S. & P.S. & Q.S. & R.S. & S.S. & T.S. & U.S. & V.S. & W.S. & X.S. & Y.S. & Z.S. & AA.S. & AB.S. & AC.S. & AD.S. & AE.S. & AF.S. & AG.S. & AH.S. & AI.S. & AJ.S. & AK.S. & AL.S. & AM.S. & AN.S. & AO.S. & AP.S. & AQ.S. & AR.S. & AS.S. & AT.S. & AU.S. & AV.S. & AW.S. & AX.S. & AY.S. & AZ.S. & BA.S. & BB.S. & BC.S. & BD.S. & BE.S. & BF.S. & BG.S. & BH.S. & BI.S. & BJ.S. & BK.S. & BL.S. & BM.S. & BN.S. & BO.S. & BP.S. & BQ.S. & BR.S. & BS.S. & BT.S. & BU.S. & BV.S. & BW.S. & BX.S. & BY.S. & BZ.S. & CA.S. & CB.S. & CC.S. & CD.S. & CE.S. & CF.S. & CG.S. & CH.S. & CI.S. & CJ.S. & CK.S. & CL.S. & CM.S. & CN.S. & CO.S. & CP.S. & CQ.S. & CR.S. & CS.S. & CT.S. & CU.S. & CV.S. & CW.S. & CX.S. & CY.S. & CZ.S. & DA.S. & DB.S. & DC.S. & DD.S. & DE.S. & DF.S. & DG.S. & DH.S. & DI.S. & DJ.S. & DK.S. & DL.S. & DM.S. & DN.S. & DO.S. & DP.S. & DQ.S. & DR.S. & DS.S. & DT.S. & DU.S. & DV.S. & DW.S. & DX.S. & DY.S. & DZ.S. & EA.S. & EB.S. & EC.S. & ED.S. & EE.S. & EF.S. & EG.S. & EH.S. & EI.S. & EJ.S. & EK.S. & EL.S. & EM.S. & EN.S. & EO.S. & EP.S. & EQ.S. & ER.S. & ES.S. & ET.S. & EU.S. & EV.S. & EW.S. & EX.S. & EY.S. & EZ.S. & FA.S. & FB.S. & FC.S. & FD.S. & FE.S. & FF.S. & FG.S. & FH.S. & FI.S. & FJ.S. & FK.S. & FL.S. & FM.S. & FN.S. & FO.S. & FP.S. & FQ.S. & FR.S. & FS.S. & FT.S. & FU.S. & FV.S. & FW.S. & FX.S. & FY.S. & FZ.S. & GA.S. & GB.S. & GC.S. & GD.S. & GE.S. & GF.S. & GG.S. & GH.S. & GI.S. & GJ.S. & GK.S. & GL.S. & GM.S. & GN.S. & GO.S. & GP.S. & GQ.S. & GR.S. & GS.S. & GT.S. & GU.S. & GV.S. & GW.S. & GX.S. & GY.S. & GZ.S. & HA.S. & HB.S. & HC.S. & HD.S. & HE.S. & HF.S. & HG.S. & HH.S. & HI.S. & HJ.S. & HK.S. & HL.S. & HM.S. & HN.S. & HO.S. & HP.S. & HQ.S. & HR.S. & HS.S. & HT.S. & HU.S. & HV.S. & HW.S. & HX.S. & HY.S. & HZ.S. & IA.S. & IB.S. & IC.S. & ID.S. & IE.S. & IF.S. & IG.S. & IH.S. & II.S. & IJ.S. & IK.S. & IL.S. & IM.S. & IN.S. & IO.S. & IP.S. & IQ.S. & IR.S. & IS.S. & IT.S. & IU.S. & IV.S. & IW.S. & IX.S. & IY.S. & IZ.S. & JA.S. & JB.S. & JC.S. & JD.S. & JE.S. & JF.S. & JG.S. & JH.S. & JI.S. & JJ.S. & JK.S. & JL.S. & JM.S. & JN.S. & JO.S. & JP.S. & JQ.S. & JR.S. & JS.S. & JT.S. & JU.S. & JV.S. & JW.S. & JX.S. & JY.S. & JZ.S. & KA.S. & KB.S. & KC.S. & KD.S. & KE.S. & KF.S. & KG.S. & KH.S. & KI.S. & KJ.S. & KK.S. & KL.S. & KM.S. & KN.S. & KO.S. & KP.S. & KQ.S. & KR.S. & KS.S. & KT.S. & KU.S. & KV.S. & KW.S. & KX.S. & KY.S. & KZ.S. & LA.S. & LB.S. & LC.S. & LD.S. & LE.S. & LF.S. & LG.S. & LH.S. & LI.S. & LJ.S. & LK.S. & LL.S. & LM.S. & LN.S. & LO.S. & LP.S. & LQ.S. & LR.S. & LS.S. & LT.S. & LU.S. & LV.S. & LW.S. & LX.S. & LY.S. & LZ.S. & MA.S. & MB.S. & MC.S. & MD.S. & ME.S. & MF.S. & MG.S. & MH.S. & MI.S. & MJ.S. & MK.S. & ML.S. & MN.S. & MO.S. & MP.S. & MQ.S. & MR.S. & MS.S. & MT.S. & MU.S. & MV.S. & MW.S. & MX.S. & MY.S. & MZ.S. & NA.S. & NB.S. & NC.S. & ND.S. & NE.S. & NF.S. & NG.S. & NH.S. & NI.S. & NJ.S. & NK.S. & NL.S. & NM.S. & NN.S. & NO.S. & NP.S. & NQ.S. & NR.S. & NS.S. & NT.S. & NU.S. & NV.S. & NW.S. & NX.S. & NY.S. & NZ.S. & OA.S. & OB.S. & OC.S. & OD.S. & OE.S. & OF.S. & OG.S. & OH.S. & OI.S. & OJ.S. & OK.S. & OL.S. & OM.S. & ON.S. & OO.S. & OP.S. & OQ.S. & OR.S. & OS.S. & OT.S. & OU.S. & OV.S. & OW.S. & OX.S. & OY.S. & OZ.S. & PA.S. & PB.S. & PC.S. & PD.S. & PE.S. & PF.S. & PG.S. & PH.S. & PI.S. & PJ.S. & PK.S. & PL.S. & PM.S. & PN.S. & PO.S. & PP.S. & PQ.S. & PR.S. & PS.S. & PT.S. & PU.S. & PV.S. & PW.S. & PX.S. & PY.S. & PZ.S. & QA.S. & QB.S. & QC.S. & QD.S. & QE.S. & QF.S. & QG.S. & QH.S. & QI.S. & QJ.S. & QK.S. & QL.S. & QM.S. & QN.S. & QO.S. & QP.S. & QQ.S. & QR.S. & QS.S. & QT.S. & QU.S. & QV.S. & QW.S. & QX.S. & QY.S. & QZ.S. & RA.S. & RB.S. & RC.S. & RD.S. & RE.S. & RF.S. & RG.S. & RH.S. & RI.S. & RJ.S. & RK.S. & RL.S. & RM.S. & RN.S. & RO.S. & RP.S. & RQ.S. & RR.S. & RS.S. & RT.S. & RU.S. & RV.S. & RW.S. & RX.S. & RY.S. & RZ.S. & SA.S. & SB.S. & SC.S. & SD.S. & SE.S. & SF.S. & SG.S. & SH.S. & SI.S. & SJ.S. & SK.S. & SL.S. & SM.S. & SN.S. & SO.S. & SP.S. & SQ.S. & SR.S. & SS.S. & ST.S. & SU.S. & SV.S. & SW.S. & SX.S. & SY.S. & SZ.S. & TA.S. & TB.S. & TC.S. & TD.S. & TE.S. & TF.S. & TG.S. & TH.S. & TI.S. & TJ.S. & TK.S. & TL.S. & TM.S. & TN.S. & TO.S. & TP.S. & TQ.S. & TR.S. & TS.S. & TT.S. & TU.S. & TV.S. & TW.S. & TX.S. & TY.S. & TZ.S. & UA.S. & UB.S. & UC.S. & UD.S. & UE.S. & UF.S. & UG.S. & UH.S. & UI.S. & UJ.S. & UK.S. & UL.S. & UM.S. & UN.S. & UO.S. & UP.S. & UQ.S. & UR.S. & US.S. & UT.S. & UV.S. & UW.S. & UX.S. & UY.S. & UZ.S. & VA.S. & VB.S. & VC.S. & VD.S. & VE.S. & VF.S. & VG.S. & VH.S. & VI.S. & VJ.S. & VK.S. & VL.S. & VM.S. & VN.S. & VO.S. & VP.S. & VQ.S. & VR.S. & VS.S. & VT.S. & VU.S. & VV.S. & VW.S. & VX.S. & VY.S. & VZ.S. & WA.S. & WB.S. & WC.S. & WD.S. & WE.S. & WF.S. & WG.S. & WH.S. & WI.S. & WJ.S. & WK.S. & WL.S. & WM.S. & WN.S. & WO.S. & WP.S. & WQ.S. & WR.S. & WS.S. & WT.S. & WU.S. & WV.S. & WW.S. & WX.S. & WY.S. & WZ.S. & XA.S. & XB.S. & XC.S. & XD.S. & XE.S. & XF.S. & XG.S. & XH.S. & XI.S. & XJ.S. & XK.S. & XL.S. & XM.S. & XN.S. & XO.S. & XP.S. & XQ.S. & XR.S. & XS.S. & XT.S. & XU.S. & XV.S. & XW.S. & XX.S. & XY.S. & XZ.S. & YA.S. & YB.S. & YC.S. & YD.S. & YE.S. & YF.S. & YG.S. & YH.S. & YI.S. & YJ.S. & YK.S. & YL.S. & YM.S. & YN.S. & YO.S. & YP.S. & YQ.S. & YR.S. & YS.S. & YT.S. & YU.S. & YV.S. & YW.S. & YX.S. & YY.S. & YZ.S. & ZA.S. & ZB.S. & ZC.S. & ZD.S. & ZE.S. & ZF.S. & ZG.S. & ZH.S. & ZI.S. & ZJ.S. & ZK.S. & ZL.S. & ZM.S. & ZN.S. & ZO.S. & ZP.S. & ZQ.S. & ZR.S. & ZS.S. & ZT.S. & ZU.S. & ZV.S. & ZW.S. & ZX.S. & ZY.S. & ZZ.S.

containing in all 186.16 acres, more or less (hereinafter called the "said lands") subject to an oil and gas lease dated the 28th day of August, 1976, and registered on the 24th day of September, 1976, in the Registry Office for the County of Lambton as No. 397850 & 397851 for the Township of Dawn (hereinafter called "the oil and gas lease"), and further subject to an agreement of pooling dated January 16th, 1978 and registered as Instrument # 589658....., which lease and agreements are hereby ratified, granted and adopted again in every respect and the Lessee and Lessor agree again to be subject to their terms for any further operations for production of Oil & Gas or Storage Operations hereunder.

AND WHEREAS the Lessor has agreed to lease the sub-surface of the said lands to the Lessee for the purposes and on the terms and conditions hereinafter set forth;

WITNESSETH that in consideration of the sum of Seven Thousand, Three Hundred and Twenty Nine, 44 XXXXXX (\$7,329.44) now paid to the Lessor by the Lessee (the receipt of which is hereby acknowledged) and the further rents, covenants and agreements hereinafter reserved and contained:

The Lessor doth hereby demise and lease unto the Lessee, its successors and assigns all and singular the said lands save and except the surface rights thereto, save as hereinafter provided, (hereinafter called "the demised lands"), to be held by the Lessee, subject to the oil and gas lease, as tenant for a term of 7 years from the date hereof, subject to renewal and extension as hereinafter provided, for the purpose of injecting, storing and withdrawing gas, natural and/or

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artificial, (hereinafter collectively referred to as "gas") within or from the demised lands;

Yielding ^{and C.N. 5x} ~~and~~ paying therefor a clear annual rental at the rate of Thirty ~~Four~~ Dollars ^{(\$24.00) per acre} ~~(\$24.00)~~ of the demised lands (the payment of the first annual rental is hereby acknowledged as received) payable in advance on the anniversary date hereof in each year during the term hereof; together with the sum of Three Hundred in 1986 Dollars (\$300.00) for each acre (and/or fraction thereof) of the surface of the demised lands occupied by the Lessee at any time during any lease year for the purpose of the Lessee's operations hereunder, payable in arrears at the end of such lease year; provided that if the Lessor is already being compensated by the Lessee for its occupation of such surface under any other Agreement with the Lessee, the total rate of compensation for such occupation payable by the Lessee shall not exceed the aforesaid sum. The sum of \$300.00 to be adjusted by the C.P.I. index rise if any, between today's date and the time of commencement of occupation of the surface acreage for storage operation purposes.

AND FOR THE CONSIDERATION, rentals and payments aforesaid, the Lessor doth also hereby give and grant unto the Lessee insofar as the Lessor has the right so to grant the same, the right, liberty and privilege in, upon, or across the surface lands, to lay down, construct, operate, maintain, inspect, remove, replace, reconstruct and repair roadways, pipes or pipe lines, tanks, stations, structures, compressors and equipment necessary or incidental to the operations of the Lessee hereinbefore described; together with the right of withdrawing from the demised lands and of selling or otherwise disposing of the same, all such waters, salts, minerals and other substances as may be necessary to allow the injection and storage of gas therein and with the right of entering upon, using and occupying so much of the demised lands used by the Lessee, subject to all other restrictions regarding surface operations herein contained and contained within the afore mentioned lease, and the mutual covenants and agreements as follows:

1. The Lessor shall promptly pay and satisfy all taxes, rates and assessments that may be assessed or levied against the said lands during the continuance of this Agreement.
2. The Lessor claims to have good title to the said lands as hereinbefore set forth, has good right and full power to lease the demised lands, rights and privileges in the manner aforesaid and that the Lessee upon performing and observing the covenants and conditions on the Lessee's part herein contained shall and may peacefully possess and enjoy the demised lands and the rights and privileges hereby granted during the said term and any renewal and extension thereof without any interruption or disturbance from or by the Lessor or by any person whomsoever claiming under the Lessor.
3. The Lessor agrees that at the expiration of the term of 7 years hereinbefore mentioned, this lease will be extended from year to year provided the Lessee shall have installed facilities for storage and/or utilized the said lands within the first 7 years of this lease.

1896

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Furthermore, the Lessee agrees not to exercise its rights to purchase gas and utilize the said lands for storage until the Lessee has produced 75% of the total gas contained within the known reservoir or produced such quantity of gas as to bring the reservoir pressure down to a minimum of 250 lbs. P.S.I.

4. If the Lessor owns an interest in the demised lands less than the entire fee simple estate, the rentals and payments to be paid hereunder shall be paid to the Lessor only in the proportion which the Lessor's interest bears to the whole and undivided fee.

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

5. To pay the rentals hereinbefore reserved in each and every year in advance during the currency of this Agreement.

6. To pay all taxes, rates and assessments that may be assessed or levied in respect of any and all machinery, compressors, equipment, tanks, structures and works placed by the Lessee in, on, or over the demised lands.

7. To conduct all its operations on the demised 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 Agreement such provisions of law shall prevail, in as far as the law further limits the rights of the Lessee as herein granted.

8. Save as herein specifically provided with respect to the purchase by the Lessee of the Lessor's interest in such of the gas and oil and related hydrocarbons as are contained in the demised lands, there is hereby excepted and reserved to the Lessor in respect of all waters, salts, minerals and other substances withdrawn, saved and sold or otherwise disposed of from the demised lands hereunder, a gross royalty of twelve and a half percent (12.5%) of the current market value of such substances at the wellhead.

9. Not to drill or operate a well within two hundred feet of any residence or barn on the said lands without the Lessor's consent, and when required by the Lessor to bury pipe lines as provided in the aforementioned lease.

10. To pay and be responsible for all damages and injuries sustained by the Lessor caused by or attributable to the operations of the Lessee and upon the abandonment of any well and the cessation of operations by the Lessee to restore the surface thereof to the same condition, so far as may be practicable, as existed before the entry thereon and use thereof by the Lessee.

11. That upon surrendering any of its interest in the demised lands to the Lessor, it shall at its own expense register such surrender within 60 days in the Registry Office for the Registry Division in which the said lands are situated.

1897

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

12. The Lessee shall have the right at any time and from time to time to surrender this Agreement as to all of the demised lands, whereupon this Agreement and all payments hereunder shall be terminated as to the demised lands so surrendered and the surface thereof; provided that the Lessee shall have no right to surrender this Agreement in respect of any portion of the demised lands lying within the area described in Schedule "A", unless such surrender be for the whole of the demised lands and its entire interest under this Agreement and under all storage agreements with the parties listed in Schedule "B".

13. The Lessee shall at all times during the currency of this Agreement and for a period of six months following the termination thereof or following a surrender either in whole or in part have the right to remove or cause to be removed from the said lands all tanks, stations, structures, fixtures, pipe lines, compressors, material and equipment of whatsoever nature or kind which it may have placed in or on the said lands or on any area surrendered and to pull casing in wells drilled and/or operated on the demised lands pursuant to the terms of this Agreement, provided the Lessee is not in default of any other provision contained in this Agreement.

14. With the Lessors' further written consent, such consent not to be unreasonably withheld, the Lessee may delegate, assign or convey to other corporations or persons, partnerships, associations and other unincorporated bodies, any of the powers, privileges, rights or interests demised, granted, leased or conferred upon the Lessee herein and may enter into all agreements, contracts and writings and do all things necessary to give effect to this Clause. Ram Petroleum Limited shall remain responsible for all obligations set out in this Agreement regardless of any assignments and will remain responsible to the Lessor for the obligations of the Lessee as herein set forth while this Agreement is in effect.

15. In case there is or shall be any tax, mortgage, encumbrance, lien, balance of purchase money or other charge upon the said lands which has priority to this Agreement other than the oil and gas lease, the Lessor hereby authorizes the Lessee to pay at its option any or all compensation and/or rents which shall become payable hereunder in or towards the discharge of such tax, mortgage, encumbrance, lien, balance of purchase money, or other charge upon the said lands and thereupon the Lessee shall at its option become subrogated to the rights of the holder thereof.

16. Subject to its rights, if any, under the oil and gas lease, the Lessee shall not inject gas into the demised lands under the provisions hereof until it has purchased from the Lessor, as hereinafter provided, the Lessor's interest in such of the gas contained in the demised lands as are liable on the withdrawal of the gas so injected to be co-mingled indistinguishably therewith as to their respective volumes, or as are liable to be rendered commercially unrecoverable by reason of such injection or the storage operations to be conducted by the Lessee hereunder. Subject to Clause 3, nothing

1898

herein shall prevent the Lessee from and it is hereby given the right at any time and from time to time to purchase the Lessor's interest in gas contained in the demised lands, as herein set forth.

17. The purchase price of gas to be purchased by the Lessee under Clause 16 hereof shall be computed as follows:

(a) 12 1/2% of the current market value at the wellhead of all gas commercially recoverable from the demised lands down to atmospheric wellhead pressure.

or

(b) in the manner hereinafter provided.

18. In the event that the Lessee desires to purchase any of the gas as provided in Clauses 16 and 17 hereof, it shall give written notice to the Lessor of the quantity thereof to be purchased, the price therefor computed as provided in Clause 17 and the effective date of such purchase. The Lessor shall within Ninety (90) days from the receipt of the aforesaid notice advise the Lessee that it disputes the purchase price, quantity purchased and effective date of such purchase, and in default of such notice of dispute the Lessor shall be deemed to have agreed thereto and the same shall become final and binding upon the Lessor and the Lessee. In the event that the Lessor gives such notice of dispute, such purchase price, quantity purchased and effective date of such purchase, shall be determined by a board of arbitration in the manner provided under the Energy Board Act of Ontario and the regulations thereunder or under any act or regulations in amendment or substitution therefor. All costs of arbitration are to be borne by Ram.

18.(A) FURTHER PROVIDED the Lessee shall adjust the surface rental and the "Annual Rental" payable as provided in this lease, prior to every 5th payment (i.e. Prior to 5th, 10th, 15th) these payments shall be adjusted upwards or downwards in accordance with the changes in the consumer price index as determined and published by Statistics Canada (or its successors) for the previous 5 calendar years ending December 31st prior to each adjustment.

18.(B) The Lessee shall provide the Lessor with written notice of the quality, quantity and price of gas to be purchased and technical data supporting its offer. If both the Lessee and the Lessor agree to an alternative to a board of arbitration provided under the Energy Board Act, the alternative will be used to resolve disputes. All costs of the alternative are to be borne by Ram.

19. Subject to the terms made by the board of arbitration aforesaid, payment of the purchase price shall be made to the Lessor in three equal annual instalments. The first payment of the purchase price shall be made effective the date on which the Lessee first commences to inject gas into the demised lands or into any other lands within a gas storage area so designated by law with which the demised lands form a common storage pool or reservoir; and subsequent payments of such purchase price and storage rental shall be made on the

anniversary dates thereof.

19.(A) In addition, the Lessee agrees to pay the Lessor the Lessor's share, as set out in Schedule "B", of 10% of the Earnings from storage operations under said lands. Earnings are to be calculated on a yearly basis and payment to the Lessor is to be made no later than 90 days after the end of the year. The date of this Agreement is the first day of the year for the purpose of this subclause. Earnings are defined in subclause 19.(B). This subclause does not apply to gas purchased under Clause 16.

E.N.
ZK
PK
SK

19.(B) For the purposes of 19.(A) Earnings are defined as gross proceeds from the sale of gas stored less the amount paid for a volume of gas purchased and stored which would account for the volume of gas sold giving effect to gas used in compression and gas lost through leakage.

19.(C) In the event Ram delegates, assigns or conveys to any of the powers, privileges, rights or interests conveyed by this agreement Ram shall pay to the Lessors, within Thirty (30) days of receipt by Ram, their proportionate share, as set out in Schedule "B", of 10% of the consideration received or receivable by Ram. Subclauses 19.(A) and 19.(B) will not be binding on the aforesaid third party while the delegation, assignment or conveyance remains in effect.

20. All payments to the Lessor provided for in this Agreement shall at the Lessee's option be paid or tendered either to the Lessor or to the Lessor's "agent" named in and pursuant to this Clause or to the "depository" herein named. All such payments or tenders may be made by cheque or draft of the Lessee payable to the order of the Lessor or his agent, or in cash, either mailed or delivered to the Lessor or his agent, as the case may be, or to the depository, as the Lessee may elect. Payments or tenders made by mail as herein provided shall be deemed conclusively to have been received by the addressee ~~forty-eight~~ ^{SEVEN (7)} (48) hours after such mailing.

SK
PK
ZK
E.N.

The Lessor does hereby appoint of as his agent as aforesaid and at address above, and its successors, as his depository as aforesaid.

All payments to the depository shall be for the credit of the Lessor or his agent, as the case may be. The agent and the depository shall be deemed to be acting on behalf of the Lessor and shall continue as the agent and depository, respectively, of the Lessor for receipt of any and all sums payable hereunder regardless of any change or division in ownership (whether by sale, surrender, assignments, sublease or otherwise) of the demised lands or any part thereof or the rentals and other payments hereunder unless and until the Lessor gives the notice mentioned herein. All payments made to the agent or depository as herein provided shall fully discharge the Lessee from all further obligation and liability in respect thereof. No change in agent or depository shall be binding upon the Lessee unless and until the Lessor shall have given Thirty (30) days' notice in writing to the Lessee to make such payments to another agent or a depository at a given address which changes will be specified in such notice; provided

however, that only one such agent and one such depository, both of whom shall be resident in Canada, shall have authority to act on behalf of the Lessor at any one time.

21. This Agreement expresses and constitutes 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.

22. All notices to be given hereunder may be given by letter delivered or mailed, postage prepaid, and addressed to the Lessor at

and to the Lessee C/O The Manager, Land Department, 435 Exeter Road, London, Ontario N6R 2Z3 OR such other address as either from time to time the Lessee may appoint in writing, and every such notice so mailed shall be deemed to be given to and received by the addressee seven (7) days after such mailing.

23. If the standard of measurement applicable to the transaction contemplated herein is changed by law to the metric or any other system, all measurements provided for herein shall be interpreted as referring to their metric or other applicable equivalents.

24. Subject as hereinbefore provided, this Agreement shall ensure to the benefit of and be binding upon the Parties hereto and each of them, their respective heirs, executors, administrators, successors and assigns.

IN WITNESS WHEREOF the Parties hereto have executed and delivered these presents as of the day and year first above written.

SIGNED, SEALED AND DELIVERED
In the Presence of:

[Signature]

Margaret Sharon Knight
Lyle Kenneth Knight
Eldon Gordon Knight
..... Richard D. Spehar

25. Lessee agrees to construct all laneways and to run any pipelines connecting the storage pool to outside gas lines parallel to the boundaries of Lot 32, Concession 8. E. 7th R.R. 2K

SCHEDULE B

	<u>Percentage</u>
Colin & Olive McMurphy	9.7012
C.D.&J.A.McMurphy	9.7012
Eldon G. Knight, Lyle K. Knight and Margaret S. Knight	45.1494
George Graham	25.7470
Lyle and Margaret Knight	9.2768
A. Knight	.4244
	<u>100.000</u>

1902

SCHEDULE "A"

FIRSTLY: Sub lots 98 to 107 inclusive Plan 12 which forms part of a subdivision of Lot 33, Con. 8;

SECONDLY: Sub lot 108 Plan 12 which forms part of a subdivision of Lot 33, Con. 8 more particularly described as follows: COMMENCING at the southeast angle of the said lot; THENCE Westerly along the southerly limit of the said lot to a point distance fifty feet (50') measured easterly from the westerly limit of the said lot; THENCE north and parallel to the westerly limit to the northerly limit of the said lot; THENCE East along the northerly limit of the said lot to the northeast angle of the said lot; THENCE south along the east limit of the said lot to the point of commencement;

THIRDLY: Sub lot 109 Plan 12 which forms part of a subdivision of Lot 33, Con. 8 more particularly described as follows: COMMENCING at the southeast angle of the said lot; THENCE westerly along the southerly limit of the said lot to a point distance of fifty feet (50') measured easterly from the westerly limit of the said lot; THENCE north and parallel to the westerly limit to the northerly limit of the said lot; THENCE east along the northerly limit of the said lot to the northeast angle of the said lot; THENCE south along the east limit of the said lot to the point of commencement.

FOURTHLY: Sub lots 110 to 119 inclusive Plan 12 which forms part of a subdivision of Lot 33, Con. 8;

FIFTHLY: The west part of Lot 32, Con. 8 more particularly described as follows: COMMENCING at a point in the northerly limit of the said lot distant fifty feet (50') easterly along the said limit from the northwest angle; THENCE south and parallel to the west limit of the said lot a distance of three hundred fifty-six and forty one-hundredths feet (356.40') to a point; THENCE easterly and parallel to the north limit of the said lot two thousand one hundred fifty and eleven one-hundredths feet (2,150.11') to a boundary between the east and west half of the said lot; THENCE northerly along the said boundary between the east half and the west half of the said lot three hundred fifty-six and forty one-hundredths feet (356.40') to the north limit of the said lot. THENCE westerly along the north limit two thousand one hundred fifty and eleven one-hundredths feet (2,150.11') to the point of commencement.

Sixthly: That Part of Lot 81, Plan 12 which forms part of a subdivision of Lot 33, Concession 8 more particularly described as follows: COMMENCING at the Southeast angle of the said lot; THENCE West along the Southerly limit of the said lot to a point distant fifty feet (50') Easterly from the Southwest angle of the said lot; THENCE North one degree thirty-two minutes ten seconds East (N 1° 32' 10" E) and parallel to the Westerly limit of Lot 81 to the Northerly limit of the said lot; THENCE Easterly along the Northerly limit of the said lot to the Northeast corner; THENCE Southerly along the Easterly lot limit to the point of beginning.

Seventhly: All of Lots 82, 83, 84, 85, 86, 87, 88, 89, 90, 91 and 92, Plan 12 which forms part of a subdivision of Lot 33, Concession 8.

1903

SCHEDULE "C"

12

FIRSTLY: Sub lots 98 to 107 inclusive Plan 12 which forms part of a subdivision of Lot 33, Con. 8;

SECONDLY: Sub lot 108 Plan 12 which forms part of a subdivision of Lot 33, Con. 8 more particularly described as follows:

COMMENCING at the southeast angle of the said lot; THENCE Westerly along the southerly limit of the said lot to a point distance fifty feet (50') measured easterly from the westerly limit of the said lot; THENCE north and parallel to the westerly limit to the northerly limit of the said lot; THENCE East along the northerly limit of the said lot to the northeast angle of the said lot; THENCE south along the east limit of the said lot to the point of commencement;

THIRDLY: Sub lot 109 Plan 12 which forms part of a subdivision of Lot 33, Con. 8 more particularly described as follows:

COMMENCING at the southeast angle of the said lot. THENCE westerly along the southerly limit of the said lot to a point distance of fifty feet (50') measured easterly from the westerly limit of the said lot; THENCE north and parallel to the westerly limit to the northerly limit of the said lot; THENCE east along the northerly limit of the said lot to the northeast angle of the said lot; THENCE south along the east limit of the said lot to the point of commencement.

FOURTHLY: Sub lots 110 to 119 inclusive Plan 12 which forms part of a subdivision of Lot 33, Con. 8;

FIFTHLY: The west part of Lot 32, Con. 8 more particularly described as follows: COMMENCING at a point in the northerly limit of the said lot distant fifty feet (50') easterly along the said limit from the northwest angle; THENCE south and parallel to the west limit of the said lot a distance of three hundred fifty-six and forty one-hundredths feet (356.40') to a point; THENCE easterly and parallel to the north limit of the said lot two thousand one hundred fifty and eleven one-hundredths feet (2,150.11') to a boundary between the east and west half of the said lot; THENCE northerly along the said boundary between the east half and the west half of the said lot three hundred fifty-six and forty one-hundredths feet (356.40') to the north limit of the said lot. THENCE westerly along the north limit two thousand one hundred fifty and eleven one-hundredths feet (2,150.11') to the point of commencement.

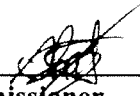
Sixthly: That Part of Lot 81, Plan 12 which forms part of a subdivision of Lot 33, Concession 8 more particularly described as follows:

COMMENCING at the Southeast angle of the said lot; THENCE West along the Southerly limit of the said lot to a point distant fifty feet (50') Easterly from the Southwest angle of the said lot; THENCE North one degree thirty-two minutes ten seconds East (N 1° 32' 10" E) and parallel to the Westerly limit of Lot 81 to the Northerly limit of the said lot; THENCE Easterly along the Northerly limit of the said lot to the Northeast corner; THENCE Southerly along the Easterly lot limit to the point of beginning.

Seventhly: All of Lots 82, 83, 84, 85, 86, 87, 88, 89, 90, 91 and 92, Plan 12 which forms part of a subdivision of Lot 33, Concession 8.

TAB M

**This is Exhibit "M" to the
Affidavit of WAYNE MCMURPHY
Sworn October 29, 2008**



Commissioner

Sherma Muria Ratz, a Commissioner, etc.,
County of Lambton, for the Government of Ontario
Ministry of the Attorney General.
Expiring May 6, 2012

1905



Document General

Form 4 - Land Registration Reform Act, 1984

#S-69

DYE & DURHAM CO. LIMITED
Form No. 105

D

FOR OFFICE USE ONLY

NUMBER **659885**
CERTIFICATE OF REGISTRATION
a:25P.m.
SEP 13 1989

LAMBTON
No. 25
CARBIA
K. D. ...
LAND REGISTRAR

New Property Identifiers

Additional:
See
Schedule ☐

Executions

Additional:
See
Schedule ☐

(1) Registry ☒

Land Titles ☐

(2) Page 1 of 1 pages

(3) Property
Identifier(s)

Block

Property

Additional:
See
Schedule ☐

(4) Nature of Document

GAS STORAGE LEASE AGREEMENT

(5) Consideration

-----ONE THOUSAND, FIVE HUNDRED AND
EIGHTY FOUR----- Dollars \$ 1,584.00

(6) Description

In the Township of Dawn, in the County of Lambton,
being part of the East Half of Lots 33 and 34, which
may be more particularly described in a Schedule "C"
attached hereto and made a part hereof.

(7) This
Document
Contains:

(a) Redescription
New Easement
Plan/Sketch ☐

(b) Schedule for:

Description ☒

Additional
Parties ☐

Other ☒

(8) This Document provides as follows:

PHOTOCOPY ONLY

Continued on Schedule ☐

(9) This Document relates to instrument number(s)

635923

Party(ies) (Set out Status or Interest)

Name(s)

Signature(s)

Date of Signature
Y M D

McMURPHY, Colin A.

I am ~~xxxx~~ a spouse,

I am at least eighteen years of age.

LESSOR

(11) Address
for Service

R.R. #2 OIL SPRINGS, Ontario N0N 1P0

(12) Party(ies) (Set out Status or Interest)

Name(s)

Signature(s)

Date of Signature
Y M D

RAM PETROLEUMS LIMITED

Richard J. Opekar

Secretary-Treasurer

I have the authority to bind
the Corporation.

LESSEE

(13) Address
for Service

435 Exeter Road, LONDON, Ontario N6E 2Z3

(14) Municipal Address of Property

UNKNOWN

(15) Document Prepared by:

RAM PETROLEUMS LIMITED
435 Exeter Road
LONDON, Ontario
N6E 2Z3

Fees and Tax

Registration Fee

Total

190

1906

#5-69

GAS STORAGE LEASE AGREEMENT

THIS AGREEMENT made this 3rd day of October, 1987 BETWEEN COLIN A. MCMURPHY

XXXX

of the Township of Dawn, in the County of Lambton and Province of Ontario, hereinafter called the "Lessor", of the First Part, and Ram Petroleum Limited a body corporate with head office at the City of Toronto, in the Province of Ontario, hereinafter called the "Lessee", of the Second Part.

WHEREAS the Lessor is the registered owner of or is entitled to become the registered owner of an estate in fee simple in that certain parcel or tract of land, situate, lying and being in the Township of Dawn, in the County of Lambton, Province of Ontario, described as follows:

Part of the East Half of Lots 33 & 34, Concession 8, more particularly described in Schedule "C" attached

containing in all 44. acres, more or less (hereinafter called the "said lands") subject to an oil and gas lease dated the 4th day of September, 1976, and registered on the 24th day of September, 1976, in the Registry Office for the County of Lambton as No. 397048., for the Township of Dawn (hereinafter called "the oil and gas lease"), and further subject to an agreement of pooling dated January 16th, 1978 and registered as Instrument # 589658, which lease and agreements are hereby ratified, granted and adopted again in every respect and the Lessee and Lessor agree again to be subject to their terms for any further operations for production of Oil & Gas or Storage Operations hereunder.

AND WHEREAS the Lessor has agreed to lease the sub-surface of the said lands to the Lessee for the purposes and on the terms and conditions hereinafter set forth;

WITNESSETH that in consideration of the sum of One Thousand Four Hundred and Ninety Six Dollars (\$1,496.00) now paid to the Lessor by the Lessee (the receipt of which is hereby acknowledged) and the further rents, covenants and agreements hereinafter reserved and contained:

The Lessor doth hereby demise and lease unto the Lessee, its successors and assigns all and singular the said lands save and except the surface rights thereto, save as hereinafter provided, (hereinafter called "the demised lands"), to be held by the Lessee, subject to the oil and gas lease, as tenant for a term of 7 years from the date hereof, subject to renewal and extension as hereinafter provided, for the purpose of injecting, storing and withdrawing gas, natural and/or

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1907

artificial, (hereinafter collectively referred to as "gas") within or from the demised lands;

NY Yielding and paying therefor a clear annual rental at the rate of Thirty Four Dollars (~~\$24.00~~ ^{\$34.00}) per acre of the demised lands (the payment of the first annual rental is hereby acknowledged as received) payable in advance on the anniversary date hereof in each year during the term hereof; together with the sum of Three Hundred in 1986 Dollars (\$300.00) for each acre (and/or fraction thereof) of the surface of the demised lands occupied by the Lessee at any time during any lease year for the purpose of the Lessee's operations hereunder, payable in arrears at the end of such lease year; provided that if the Lessor is already being compensated by the Lessee for its occupation of such surface under any other Agreement with the Lessee, the total rate of compensation for such occupation payable by the Lessee shall not exceed the aforesaid sum. The sum of \$300.00 to be adjusted by the C.P.I. index rise if any, between today's date and the time of commencement of occupation of the surface acreage for storage operation purposes. CM RO

AND FOR THE CONSIDERATION, rentals and payments aforesaid, the Lessor doth also hereby give and grant unto the Lessee insofar as the Lessor has the right so to grant the same, the right, liberty and privilege in, upon, or across the surface lands, to lay down, construct, operate, maintain, inspect, remove, replace, reconstruct and repair roadways, pipes or pipe lines, tanks, stations, structures, compressors and equipment necessary or incidental to the operations of the Lessee hereinbefore described; together with the right of withdrawing from the demised lands and of selling or otherwise disposing of the same, all such waters, salts, minerals and other substances as may be necessary to allow the injection and storage of gas therein and with the right of entering upon, using and occupying so much of the demised lands used by the Lessee, subject to all other restrictions regarding surface operations herein contained and contained within the afore mentioned lease, and the mutual covenants and agreements as follows:

1. The Lessor shall promptly pay and satisfy all taxes, rates and assessments that may be assessed or levied against the said lands during the continuance of this Agreement.
2. The Lessor claims to have good title to the said lands as hereinbefore set forth, has good right and full power to lease the demised lands, rights and privileges in the manner aforesaid and that the Lessee upon performing and observing the covenants and conditions on the Lessee's part herein contained shall and may peacefully possess and enjoy the demised lands and the rights and privileges hereby granted during the said term and any renewal and extension thereof without any interruption or disturbance from or by the Lessor or by any person whomsoever claiming under the Lessor.
3. The Lessor agrees that at the expiration of the term of 7 years hereinbefore mentioned, this lease will be extended from year to year provided the Lessee shall have installed facilities for storage and/or utilized the said lands within the first 7 years of this lease.

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Furthermore, the Lessee agrees not to exercise its rights to purchase gas and utilize the said lands for storage until the Lessee has produced 75% of the total gas contained within the known reservoir or produced such quantity of gas as to bring the reservoir pressure down to a minimum of 250 lbs. P.S.I.

4. If the Lessor owns an interest in the demised lands less than the entire fee simple estate, the rentals and payments to be paid hereunder shall be paid to the Lessor only in the proportion which the Lessor's interest bears to the whole and undivided fee.

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

5. To pay the rentals hereinbefore reserved in each and every year in advance during the currency of this Agreement.

6. To pay all taxes, rates and assessments that may be assessed or levied in respect of any and all machinery, compressors, equipment, tanks, structures and works placed by the Lessee in, on, or over the demised lands.

7. To conduct all its operations on the demised 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 Agreement such provisions of law shall prevail, in as far as the law further limits the rights of the Lessee as herein granted.

8. Save as herein specifically provided with respect to the purchase by the Lessee of the Lessor's interest in such of the gas and oil and related hydrocarbons as are contained in the demised lands, there is hereby excepted and reserved to the Lessor in respect of all waters, salts, minerals and other substances withdrawn, saved and sold or otherwise disposed of from the demised lands hereunder, a gross royalty of twelve and a half percent (12.5%) of the current market value of such substances at the wellhead.

9. Not to drill or operate a well within two hundred feet of any residence or barn on the said lands without the Lessor's consent, and when required by the Lessor to bury pipe lines as provided in the aforementioned lease.

10. To pay and be responsible for all damages and injuries sustained by the Lessor caused by or attributable to the operations of the Lessee and upon the abandonment of any well and the cessation of operations by the Lessee to restore the surface thereof to the same condition, so far as may be practicable, as existed before the entry thereon and use thereof by the Lessee.

11. That upon surrendering any of its interest in the demised lands to the Lessor, it shall at its own expense register such surrender within 60 days in the Registry Office for the Registry Division in which the said lands are situated.

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

12. The Lessee shall have the right at any time and from time to time to surrender this Agreement as to all of the demised lands, whereupon this Agreement and all payments hereunder shall be terminated as to the demised lands so surrendered and the surface thereof; provided that the Lessee shall have no right to surrender this Agreement in respect of any portion of the demised lands lying within the area described in Schedule "A", unless such surrender be for the whole of the demised lands and its entire interest under this Agreement and under all storage agreements with the parties listed in Schedule "B".
13. The Lessee shall at all times during the currency of this Agreement and for a period of six months following the termination thereof or following a surrender either in whole or in part have the right to remove or cause to be removed from the said lands all tanks, stations, structures, fixtures, pipe lines, compressors, material and equipment of whatsoever nature or kind which it may have placed in or on the said lands or on any area surrendered and to pull casing in wells drilled and/or operated on the demised lands pursuant to the terms of this Agreement, provided the Lessee is not in default of any other provision contained in this Agreement.
14. With the Lessors' further written consent, such consent not to be unreasonably withheld, the Lessee may delegate, assign or convey to other corporations or persons, partnerships, associations and other unincorporated bodies, any of the powers, privileges, rights or interests demised, granted, leased or conferred upon the Lessee herein and may enter into all agreements, contracts and writings and do all things necessary to give effect to this Clause. Ram Petroleum Limited shall remain responsible for all obligations set out in this Agreement regardless of any assignments and will remain responsible to the Lessor for the obligations of the Lessee as herein set forth while this Agreement is in effect.
15. In case there is or shall be any tax, mortgage, encumbrance, lien, balance of purchase money or other charge upon the said lands which has priority to this Agreement other than the oil and gas lease, the Lessor hereby authorizes the Lessee to pay at its option any or all compensation and/or rents which shall become payable hereunder in or towards the discharge of such tax, mortgage, encumbrance, lien, balance of purchase money, or other charge upon the said lands and thereupon the Lessee shall at its option become subrogated to the rights of the holder thereof.
16. Subject to its rights, if any, under the oil and gas lease, the Lessee shall not inject gas into the demised lands under the provisions hereof until it has purchased from the Lessor, as hereinafter provided, the Lessor's interest in such of the gas contained in the demised lands as are liable on the withdrawal of the gas so injected to be co-mingled indistinguishably therewith as to their respective volumes, or as are liable to be rendered commercially unrecoverable by reason of such injection or the storage operations to be conducted by the Lessee hereunder. Subject to Clause 3, nothing

1910

herein shall prevent the Lessee from and it is hereby given the right at any time and from time to time to purchase the Lessor's interest in gas contained in the demised lands, as herein set forth.

17. The purchase price of gas to be purchased by the Lessee under Clause 16 hereof shall be computed as follows:

(a) 12 1/2% of the current market value at the wellhead of all gas commercially recoverable from the demised lands down to atmospheric wellhead pressure.

or

(b) in the manner hereinafter provided.

18. In the event that the Lessee desires to purchase any of the gas as provided in Clauses 16 and 17 hereof, it shall give written notice to the Lessor of the quantity thereof to be purchased, the price therefor computed as provided in Clause 17 and the effective date of such purchase. The Lessor shall within Ninety (90) days from the receipt of the aforesaid notice advise the Lessee that it disputes the purchase price, quantity purchased and effective date of such purchase, and in default of such notice of dispute the Lessor shall be deemed to have agreed thereto and the same shall become final and binding upon the Lessor and the Lessee. In the event that the Lessor gives such notice of dispute, such purchase price, quantity purchased and effective date of such purchase, shall be determined by a board of arbitration in the manner provided under the Energy Board Act of Ontario and the regulations thereunder or under any act or regulations in amendment or substitution therefor. All costs of arbitration are to be borne by Ram.

18.(A) FURTHER PROVIDED the Lessee shall adjust the surface rental and the "Annual Rental" payable as provided in this lease, prior to every 5th payment (i.e. Prior to 5th, 10th, 15th) these payments shall be adjusted upwards or downwards in accordance with the changes in the consumer price index as determined and published by Statistics Canada (or its successors) for the previous 5 calendar years ending December 31st prior to each adjustment.

18.(B) The Lessee shall provide the Lessor with written notice of the quality, quantity and price of gas to be purchased and technical data supporting its offer. If both the Lessee and the Lessor agree to an alternative to a board of arbitration provided under the Energy Board Act, the alternative will be used to resolve disputes. All costs of the alternative are to be borne by Ram.

19. Subject to the terms made by the board of arbitration aforesaid, payment of the purchase price shall be made to the Lessor in three equal annual instalments. The first payment of the purchase price shall be made effective the date on which the Lessee first commences to inject gas into the demised lands or into any other lands within a gas storage area so designated by law with which the demised lands form a common storage pool or reservoir; and subsequent payments of such purchase price and storage rental shall be made on the

1911

anniversary dates thereof.

19.(A) In addition, the Lessee agrees to pay the Lessor the Lessor's share, as set out in Schedule "B", of 10% of the Earnings from storage operations under said lands. Earnings are to be calculated on a yearly basis and payment to the Lessor is to be made no later than 90 days after the end of the year. The date of this Agreement is the first day of the year for the purpose of this subclause. Earnings are defined in subclause 19.(B). This subclause does not apply to gas purchased under Clause 16.

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19.(B) For the purposes of 19.(A) Earnings are defined as gross proceeds from the sale of gas stored less the amount paid for a volume of gas purchased and stored which would account for the volume of gas sold giving effect to gas used in compression and gas lost through leakage.

19.(C) In the event Ram delegates, assigns or conveys to any of the powers, privileges, rights or interests conveyed by this agreement Ram shall pay to the Lessors, within Thirty (30) days of receipt by Ram, their proportionate share, as set out in Schedule "B", of 10% of the consideration received or receivable by Ram. Subclauses 19.(A) and 19.(B) will not be binding on the aforesaid third party while the delegation, assignment or conveyance remains in effect.

20. All payments to the Lessor provided for in this Agreement shall at the Lessee's option be paid or tendered either to the Lessor or to the Lessor's "agent" named in and pursuant to this Clause or to the "depository" herein named. All such payments or tenders may be made by cheque or draft of the Lessee payable to the order of the Lessor or his agent, or in cash, either mailed or delivered to the Lessor or his agent, as the case may be, or to the depository, as the Lessee may elect. Payments or tenders made by mail as herein provided shall be deemed conclusively to have been received by the addressee ~~forty-eight~~ ^{seventy} (48) hours after such mailing.

CM
RS

The Lessor does hereby appoint of as his agent as aforesaid and at address above, and its successors, as his depository as aforesaid.

All payments to the depository shall be for the credit of the Lessor or his agent, as the case may be. The agent and the depository shall be deemed to be acting on behalf of the Lessor and shall continue as the agent and depository, respectively, of the Lessor for receipt of any and all sums payable hereunder regardless of any change or division in ownership (whether by sale, surrender, assignments, sublease or otherwise) of the demised lands or any part thereof or the rentals and other payments hereunder unless and until the Lessor gives the notice mentioned herein. All payments made to the agent or depository as herein provided shall fully discharge the Lessee from all further obligation and liability in respect thereof. No change in agent or depository shall be binding upon the Lessee unless and until the Lessor shall have given Thirty (30) days' notice in writing to the Lessee to make such payments to another agent or a depository at a given address which changes will be specified in such notice; provided

however, that only one such agent and one such depository, both of whom shall be resident in Canada, shall have authority to act on behalf of the Lessor at any one time.

21. This Agreement expresses and constitutes 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.

22. All notices to be given hereunder may be given by letter delivered or mailed, postage prepaid, and addressed to the Lessor at
....RR#2....OIL SPRINGS....ONT.....
...NANIPP.....

and to the Lessee C/O The Manager, Land Department, 435 Exeter Road, London, Ontario N6E 2Z3 OR such other address as either from time to time the Lessee may appoint in writing, and every such notice so mailed shall be deemed to be given to and received by the addressee seven (7) days after such mailing.

23. If the standard of measurement applicable to the transaction contemplated herein is changed by law to the metric or any other system, all measurements provided for herein shall be interpreted as referring to their metric or other applicable equivalents.

24. Subject as hereinbefore provided, this Agreement shall ensure to the benefit of and be binding upon the Parties hereto and each of them, their respective heirs, executors, administrators, successors and assigns.

IN WITNESS WHEREOF the Parties hereto have executed and delivered these presents as of the day and year first above written.

SIGNED, SEALED AND DELIVERED
In the Presence of:

[Signature].....

.....Colin M. Murphy.....

.....Richard Grehon.....

25. Lessee agrees to construct all laneways and to run any pipelines connecting the storage pool to outside gas lines parallel to the boundaries of Lot 32, Concession 8.

RD
C.M.

SCHEDULE "A"

Being Part of Lot 33, Concession 8, in the Township of Dawn, in the County of Lambton.

More particularly described as

Commencing at the Northeasterly Angle of Lot 33, Concession 8 in said Township

THENCE: Southerly along the Easterly Limit of said Lot, a distance of 2022.2 feet to the southerly limit of said Lot

THENCE: Westerly along the Southern Limit of said Lot, a distance of 962.2 feet to a point

THENCE: Northerly and parallel to the Easterly Limit of said Lot, a distance of 1337 feet to a point

THENCE: Easterly and parallel to the Northerly Limit of said Lot, a distance of 320.7 feet to a point a distance of 685.2 feet Southerly from the Northerly Limit

THENCE: Northerly and parallel to the easterly Limit of said Lot, a distance of 685.2 feet to a point on the Northerly Limit of said Lot

THENCE: Easterly along the Northerly Limit of said Lot, a distance of 641.5 feet to point of commencement.

Containing 40 acres, more or less

SCHEDULE B

	<u>Percenta</u>
Colin & Olive McMurphy	9.7012
C.D.&J.A.McMurphy	9.7012
Eldon G. Knight, Lyle K. Knight and Margaret S. Knight	45.149
George Graham	25.747
Lyle and Margaret Knight	9.2768
A. Knight	<u>.4244</u>
	<u>100.000</u>

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SCHEDULE "C"

Being parts of Lots 33 & 34 in the 8th Concession in the Township of Dawn in the County of Lambton

More particularly described as

FIRSTLY: commencing at the South Easterly Angle of Lot 34, Concession 8 in said Township

THENCE: Westerly along the Southern Limit of Said Lot, a distance of 641.5 feet to a point

THENCE: Northerly and parallel to the easterly limit of said Lot, a distance of 16.6 feet to a point

THENCE: Easterly and parallel to the southerly limit of said Lot, a distance of 320.75 feet to a point

THENCE: Northerly and parallel to the easterly limit of said Lot, a distance of 542.5 feet to a point

THENCE: Easterly and parallel to the Southerly limit of said Lot, a distance of 320.75 feet to a point on the Easterly limit of said Lot

THENCE: Southerly along the Easterly Limit of said Lot, a distance of 559 feet to a point of commencement

Containing 4 acres, more or less

SECONDLY: Commencing at the Northeasterly Angle of Lot 33, Concession 8 in said Township

THENCE: Southerly along the Easterly Limit of said Lot, a distance of 2022.2 feet to the southerly limit of said Lot

THENCE: Westerly along the Southern Limit of said Lot, a distance of 962.2 feet to a point

THENCE: Northerly and parallel to the Easterly Limit of said Lot, a distance of 1337 feet to a point

THENCE: Easterly and parallel to the Northerly Limit of said Lot, a distance of 320.7 feet to a point a distance of 685.2 feet Southerly from the Northerly Limit

THENCE: Northerly and parallel to the easterly Limit of said Lot, a distance of 685.2 feet to a point on the Northerly Limit of said Lot

THENCE: Easterly along the Northerly Limit of said Lot, a distance of 641.5 feet to point of commencement.

Containing 40 acres, more or less

Firstly and Secondly combined total 44 acres, more or less

200

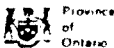
TAB N

**This is Exhibit "N" to the
Affidavit of WAYNE MCMURPHY
Sworn October 29, 2008**



Commissioner

**Sherma Muria Ratz, a Commissioner, etc.,
County of Lambton, for the Government of Ontario
Ministry of the Attorney General
Expires May 6, 2009**



Document General

Form 4 - Land Registration Reform Act, 1984

1917
DYE & DURHAM CO. LIMITED
Form No. 885

D

FOR OFFICE USE ONLY	NUMBER <u>653590</u> CERTIFICATE OF REGISTRATION <u>12:36 PM</u> JUN - 5 1989 LAMBTON NO. 25 SARNIA <i>K. D. ...</i> LAND REGISTRAR	(1) Registry <input checked="" type="checkbox"/> Land Titles <input type="checkbox"/>	(2) Page 1 of 10 pages
		(3) Property Identifier(s) Block Property	Additional See Schedule <input type="checkbox"/>
		(4) Nature of Document GAS STORAGE LEASE AGREEMENT	
		(5) Consideration THREE THOUSAND, EIGHT HUNDRED AND THREE DOLLARS, SEVENTY SIX CENTS----- Dollars \$ 3,803.76	
		(6) Description In the Township of Dawn, in the County of Lambton, composed of the whole of Lots 1,2,3,4,5,6,7,8,9,10,11 12,13,14,15,16,17,18,19,20 and the whole of a Right-Of- Way, all as shown on a Plan of Subdivision of the East Half, Lot 32, Concession 8.	
New Property Identifiers		Additional See Schedule <input type="checkbox"/>	
Executions		Additional See Schedule <input type="checkbox"/>	(7) This Document Contains: (a) Redescription New Easement Plan/Sketch <input type="checkbox"/> (b) Schedule for: Description <input type="checkbox"/> Additional Parties <input type="checkbox"/> Other <input checked="" type="checkbox"/>
(8) This Document provides as follows:			

PHOTOCOPY ONLY

(9) This Document relates to instrument number(s) 635926 Continued on Schedule ☐

(10) Party(ies) (Set out Status or Interest)		Date of Signature Y M D	
Name(s)	Signature(s)		
GRAHAM, George John			
I am not a spouse. I am at least eighteen years of age.			
LESSOR			
(11) Address for Service R.R. #2 OIL SPRINGS, Ontario N0N 1P0			
(12) Party(ies) (Set out Status or Interest)		Date of Signature Y M D	
Name(s)	Signature(s)		
RAM PETROLEUMS LIMITED	<i>Richard J. Opekar</i>	1989 05 24	
LESSEE			
Richard J. Opekar Secretary-Treasurer I have the authority to bind the Corporation:			
(13) Address for Service 435 Exeter Road, LONDON, Ontario N6E 2Z3			
(14) Municipal Address of Property UNKNOWN		(15) Document Prepared by: RAM PETROLEUMS LIMITED 435 Exeter Road, LONDON, Ontario N6E 2Z3	
FOR OFFICE USE ONLY		Fees and Tax	
		Registration Fee	
		Total	

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#5-6

GAS STORAGE LEASE AGREEMENT

THIS AGREEMENT made this 3rd. day of October, 1987 BETWEEN

GEORGE JOHN GRAHAM

AND

.....
of the Township of Dawn, in the County of Lambton and Province of Ontario, hereinafter called the "Lessor", of the First Part, and Ram Petroleum Limited a body corporate with head office at the City of Toronto, in the Province of Ontario, hereinafter called the "Lessee", of the Second Part.

WHEREAS the Lessor is the registered owner of or is entitled to become the registered owner of an estate in fee simple in that certain parcel or tract of land, situate, lying and being in the Township of Dawn, in the County of Lambton....., Province of Ontario, described as follows:
Pt. East Half of Lot 32, Concession 8, more particularly described in Schedule "A"
.....

containing in all 106.16 acres, more or less (hereinafter called the "said lands") subject to an oil and gas lease dated the 10th day of July... 1976, and registered on the 24th day of September, 1976, in the Registry Office for the County of Lambton as No. 397846..., for the Township of Dawn (hereinafter called "the oil and gas lease"), and further subject to an agreement of pooling dated January 16th, 1978 and registered as Instrument # .589658.... which lease and agreements are hereby ratified, granted and adopted again in every respect; and the Lessee and Lessor agree again to be subject to their terms for any further operations for production of Oil & Gas or Storage Operations hereunder.

AND WHEREAS the Lessor has agreed to lease the sub-surface of the said lands to the Lessee for the purposes and on the terms and conditions hereinafter set forth;

WITNESSETH that in consideration of the sum of ~~Three Thousand Six Hundred and Nine / 44 Cents~~ ^{Three Hundred and Three / 75 Cents} Dollars (\$ ~~3609.44~~ ^{338.75}) now paid to the Lessor by the Lessee (the receipt of which is hereby acknowledged) and the further rents, covenants and agreements hereinafter reserved and contained: AD
S.S.

The Lessor doth hereby demise and lease unto the Lessee, its successors and assigns all and singular the said lands save and except the surface rights thereto, save as hereinafter provided, (hereinafter called "the demised lands"), to be held by the Lessee, subject to the oil and gas lease, as tenant for a term of 7 years from the date hereof, subject to renewal and extension as hereinafter provided, for the purpose of injecting, storing and withdrawing gas, natural and/or

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artificial, (hereinafter collectively referred to as "gas") within or from the demised lands;

Yielding, and paying therefor a clear annual rental at the rate of Thirty ~~Four~~ Dollars (~~\$34.00~~ ^{\$36.00}) per acre of the demised lands (the payment of the first annual rental is hereby acknowledged as received) payable in advance on the anniversary date hereof in each year during the term hereof; together with the sum of Three Hundred in 1986 Dollars (\$300.00) for each acre (and/or fraction thereof) of the surface of the demised lands occupied by the Lessee at any time during any lease year for the purpose of the Lessee's operations hereunder, payable in arrears at the end of such lease year; provided that if the Lessor is already being compensated by the Lessee for its occupation of such surface under any other Agreement with the Lessee, the total rate of compensation for such occupation payable by the Lessee shall not exceed the aforesaid sum. The sum of \$300.00 to be adjusted by the C.P.I. index rise if any, between today's date and the time of commencement of occupation of the surface acreage for storage operation purposes.

AND FOR THE CONSIDERATION, rentals and payments aforesaid, the Lessor doth also hereby give and grant unto the Lessee insofar as the Lessor has the right so to grant the same, the right, liberty and privilege in, upon, or across the surface lands, to lay down, construct, operate, maintain, inspect, remove, replace, reconstruct and repair roadways, pipes or pipe lines, tanks, stations, structures, compressors and equipment necessary or incidental to the operations of the Lessee hereinbefore described; together with the right of withdrawing from the demised lands and of selling or otherwise disposing of the same, all such waters, salts, minerals and other substances as may be necessary to allow the injection and storage of gas therein and with the right of entering upon, using and occupying so much of the demised lands used by the Lessee, subject to all other restrictions regarding surface operations herein contained and contained within the afore mentioned lease, and the mutual covenants and agreements as follows:

1. The Lessor shall promptly pay and satisfy all taxes, rates and assessments that may be assessed or levied against the said lands during the continuance of this Agreement.
2. The Lessor claims to have good title to the said lands as hereinbefore set forth, has good right and full power to lease the demised lands, rights and privileges in the manner aforesaid and that the Lessee upon performing and observing the covenants and conditions on the Lessee's part herein contained shall and may peacefully possess and enjoy the demised lands and the rights and privileges hereby granted during the said term and any renewal and extension thereof without any interruption or disturbance from or by the Lessor or by any person whomsoever claiming under the Lessor.
3. The Lessor agrees that at the expiration of the term of 7 years hereinbefore mentioned, this lease will be extended from year to year provided the Lessee shall have installed facilities for storage and/or utilized the said lands within the first 7 years of this lease.

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Furthermore, the Lessee agrees not to exercise its rights to purchase gas and utilize the said lands for storage until the Lessee has produced 75% of the total gas contained within the known reservoir or produced such quantity of gas as to bring the reservoir pressure down to a minimum of 250 lbs. P.S.I.

4. If the Lessor owns an interest in the demised lands less than the entire fee simple estate, the rentals and payments to be paid hereunder shall be paid to the Lessor only in the proportion which the Lessor's interest bears to the whole and undivided fee.

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

5. To pay the rentals hereinbefore reserved in each and every year in advance during the currency of this Agreement.

6. To pay all taxes, rates and assessments that may be assessed or levied in respect of any and all machinery, compressors, equipment, tanks, structures and works placed by the Lessee in, on, or over the demised lands.

7. To conduct all its operations on the demised 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 Agreement such provisions of law shall prevail, in as far as the law further limits the rights of the Lessee as herein granted.

8. Save as herein specifically provided with respect to the purchase by the Lessee of the Lessor's interest in such of the gas and oil and related hydrocarbons as are contained in the demised lands, there is hereby excepted and reserved to the Lessor in respect of all waters, salts, minerals and other substances withdrawn, saved and sold or otherwise disposed of from the demised lands hereunder, a gross royalty of twelve and a half percent (12.5%) of the current market value of such substances at the wellhead.

9. Not to drill or operate a well within two hundred feet of any residence or barn on the said lands without the Lessor's consent, and when required by the Lessor to bury pipe lines as provided in the aforementioned lease.

10. To pay and be responsible for all damages and injuries sustained by the Lessor caused by or attributable to the operations of the Lessee and upon the abandonment of any well and the cessation of operations by the Lessee to restore the surface thereof to the same condition, so far as may be practicable, as existed before the entry thereon and use thereof by the Lessee.

11. That upon surrendering any of its interest in the demised lands to the Lessor, it shall at its own expense register such surrender within 60 days in the Registry Office for the Registry Division in which the said lands are situated.

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

12. The Lessee shall have the right at any time and from time to time to surrender this Agreement as to all of the demised lands, whereupon this Agreement and all payments hereunder shall be terminated as to the demised lands so surrendered and the surface thereof; provided that the Lessee shall have no right to surrender this Agreement in respect of any portion of the demised lands lying within the area described in Schedule "A", unless such surrender be for the whole of the demised lands and its entire interest under this Agreement and under all storage agreements with the parties listed in Schedule "B".

13. The Lessee shall at all times during the currency of this Agreement and for a period of six months following the termination thereof or following a surrender either in whole or in part have the right to remove or cause to be removed from the said lands all tanks, stations, structures, fixtures, pipe lines, compressors, material and equipment of whatsoever nature or kind which it may have placed in or on the said lands or on any area surrendered and to pull casing in wells drilled and/or operated on the demised lands pursuant to the terms of this Agreement, provided the Lessee is not in default of any other provision contained in this Agreement.

14. With the Lessors' further written consent, such consent not to be unreasonably withheld, the Lessee may delegate, assign or convey to other corporations or persons, partnerships, associations and other unincorporated bodies, any of the powers, privileges, rights or interests demised, granted, leased or conferred upon the Lessee herein and may enter into all agreements, contracts and writings and do all things necessary to give effect to this Clause. (Ram Petroleum Limited shall remain responsible for all obligations set out in this Agreement regardless of any assignments and will remain responsible to the Lessor for the obligations of the Lessee as herein set forth while this Agreement is in effect.

15. In case there is or shall be any tax, mortgage, encumbrance, lien, balance of purchase money or other charge upon the said lands which has priority to this Agreement other than the oil and gas lease, the Lessor hereby authorizes the Lessee to pay at its option any or all compensation and/or rents which shall become payable hereunder in or towards the discharge of such tax, mortgage, encumbrance, lien, balance of purchase money, or other charge upon the said lands and thereupon the Lessee shall at its option become subrogated to the rights of the holder thereof.

16. Subject to its rights, if any, under the oil and gas lease, the Lessee shall not inject gas into the demised lands under the provisions hereof until it has purchased from the Lessor, as hereinafter provided, the Lessor's interest in such of the gas contained in the demised lands as are liable on the withdrawal of the gas so injected to be co-mingled indistinguishably therewith as to their respective volumes, or as are liable to be rendered commercially unrecoverable by reason of such injection or the storage operations to be conducted by the Lessee hereunder. Subject to Clause 3, nothing

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herein shall prevent the Lessee from and it is hereby given the right at any time and from time to time to purchase the Lessor's interest in gas contained in the demised lands, as herein set forth.

17. The purchase price of gas to be purchased by the Lessee under Clause 16 hereof shall be computed as follows:

(a) 12 1/2% of the current market value at the wellhead of all gas commercially recoverable from the demised lands down to atmospheric wellhead pressure.

or

(b) in the manner hereinafter provided.

18. In the event that the Lessee desires to purchase any of the gas as provided in Clauses 16 and 17 hereof, it shall give written notice to the Lessor of the quantity thereof to be purchased, the price therefor computed as provided in Clause 17 and the effective date of such purchase. The Lessor shall within Ninety (90) days from the receipt of the aforesaid notice advise the Lessee that it disputes the purchase price, quantity purchased and effective date of such purchase, and in default of such notice of dispute the Lessor shall be deemed to have agreed thereto and the same shall become final and binding upon the Lessor and the Lessee. In the event that the Lessor gives such notice of dispute, such purchase price, quantity purchased and effective date of such purchase, shall be determined by a board of arbitration in the manner provided under the Energy Board Act of Ontario and the regulations thereunder or under any act or regulations in amendment or substitution therefor. All costs of arbitration are to be borne by Ram.

18.(A) . FURTHER PROVIDED the Lessee shall adjust the surface rental and the "Annual Rental" payable as provided in this lease, prior to every 5th payment (i.e. Prior to 5th, 10th, 15th) these payments shall be adjusted upwards or downwards in accordance with the changes in the consumer price index as determined and published by Statistics Canada (or its successors) for the previous 5 calendar years ending December 31st prior to each adjustment.

18.(B) The Lessee shall provide the Lessor with written notice of the quality, quantity and price of gas to be purchased and technical data supporting its offer. If both the Lessee and the Lessor agree to an alternative to a board of arbitration provided under the Energy Board Act, the alternative will be used to resolve disputes. All costs of the alternative are to be borne by Ram.

19. Subject to the terms made by the board of arbitration aforesaid, payment of the purchase price shall be made to the Lessor in three equal annual instalments. The first payment of the purchase price shall be made effective the date on which the Lessee first commences to inject gas into the demised lands or into any other lands within a gas storage area so designated by law with which the demised lands form a common storage pool or reservoir; and subsequent payments of such purchase price and storage rental shall be made on the

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anniversary dates thereof.

19.(A) In addition, the Lessee agrees to pay the Lessor the Lessor's share, as set out in Schedule "B", of 10% of the Earnings from storage operations under said lands. Earnings are to be calculated on a yearly basis and payment to the Lessor is to be made no later than 90 days after the end of the year. The date of this Agreement is the first day of the year for the purpose of this subclause. Earnings are defined in subclause 19.(B). This subclause does not apply to gas purchased under Clause 16.

19.(B) For the purposes of 19.(A) Earnings are defined as gross proceeds from the sale of gas stored less the amount paid for a volume of gas purchased and stored which would account for the volume of gas sold giving effect to gas used in compression and gas lost through leakage.

19.(C) In the event Ram delegates, assigns or conveys to any of the powers, privileges, rights or interests conveyed by this agreement Ram shall pay to the Lessors, within Thirty (30) days of receipt by Ram, their proportionate share, as set out in Schedule "B", of 10% of the consideration received or receivable by Ram. Subclauses 19.(A) and 19.(B) will not be binding on the aforesaid third party while the delegation, assignment or conveyance remains in effect.

20. All payments to the Lessor provided for in this Agreement shall at the Lessee's option be paid or tendered either to the Lessor or to the Lessor's "agent" named in and pursuant to this Clause or to the "depository" herein named. All such payments or tenders may be made by cheque or draft of the Lessee payable to the order of the Lessor or his agent, or in cash, either mailed or delivered to the Lessor or his agent, as the case may be, or to the depository, as the Lessee may elect. Payments or tenders made by mail as herein provided shall be deemed conclusively to have been received by the addressee ~~forty-eight~~ ^{seven (7)} days after such mailing.

The Lessor does hereby appoint as his agent as aforesaid and of at address above, and its successors, as his depository as aforesaid.

All payments to the depository shall be for the credit of the Lessor or his agent, as the case may be. The agent and the depository shall be deemed to be acting on behalf of the Lessor and shall continue as the agent and depository, respectively, of the Lessor for receipt of any and all sums payable hereunder regardless of any change or division in ownership (whether by sale, surrender, assignments, sublease or otherwise) of the demised lands or any part thereof or the rentals and other payments hereunder unless and until the Lessor gives the notice mentioned herein. All payments made to the agent or depository as herein provided shall fully discharge the Lessee from all further obligation and liability in respect thereof. No change in agent or depository shall be binding upon the Lessee unless and until the Lessor shall have given Thirty (30) days' notice in writing to the Lessee to make such payments to another agent or a depository at a given address which changes will be specified in such notice; provided

RE
S.S.

however, that only one such agent and one such depository, both of whom shall be resident in Canada, shall have authority to act on behalf of the lessor at any one time.

21. This Agreement expresses and constitutes 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.

22. All notices to be given hereunder may be given by letter delivered or mailed, postage prepaid, and addressed to the Lessor at *R.R. 2, Oak Springs, Ontario, N.W. 1 P.O.* and to the Lessee C/O The Manager, Land Department, 435 Exeter Road, London, Ontario N6E 2Z3 OR such other address as either from time to time the Lessee may appoint in writing, and every such notice so mailed shall be deemed to be given to and received by the addressee seven (7) days after such mailing.

23. If the standard of measurement applicable to the transaction contemplated herein is changed by law to the metric or any other system, all measurements provided for herein shall be interpreted as referring to their metric or other applicable equivalents.

24. Subject as hereinbefore provided, this Agreement shall ensure to the benefit of and be binding upon the Parties hereto and each of them, their respective heirs, executors, administrators, successors and assigns.

IN WITNESS WHEREOF the Parties hereto have executed and delivered these presents as of the day and year first above written.

SIGNED, SEALED AND DELIVERED
In the Presence of:

[Signature]

Geo. Graham

..... *Richard Graham*

25. Lessee agrees to construct all laneways and to run any pipelines connecting the storage pool to outside gas lines parallel to the boundaries of Lot 32, Concession 8.

RD S.B.

1925

SCHEDULE "A"

All and singular that certain parcel or tract of land lying and being in the Township of Dawn, in the County of Lambton, more particularly described as the whole of Lots 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, and the whole of a right of way of 49.5 feet, all as shown on a Plan of Subdivision of the east half of Lot 32, Concession 8, surveyed for A. Farwell by Henry Smith, and filed for registry on the 10th day of April 1866 in the Registry Office for the Registry Division of Lambton as Plan No. 5.

1926

SCHEDULE E

	<u>Percent</u>
Colin & Olive McMurphy	9.701
C.D.&J.A.McMurphy	9.701
Eldon G. Knight, Lyle K. Knight and Margaret S. Knight	45.149
George Graham	25.747
Lyle and Margaret Knight	9.2768
A. Knight	.4244
	<u>100.000</u>

TAB O

**This is Exhibit "O" to the
Affidavit of WAYNE MCMURPHY
Sworn October 29, 2008**



Commissioner

**Sherma Muria Ratz, a Commissioner, etc.,
County of Lambton, for the Government of Ontario
Ministry of the Attorney General
Expires May 6, 2009**

1928

Mr. SULMAN - Union's Counsel

MR. McCANN: Yes we do. Maybe I can just introduce that. We've given that document, the document brief of Union Gas Limited, the exhibit number of B.7.1.2.

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EXHIBIT NO. B.7.1.2: DOCUMENT BRIEF OF UNION GAS LIMITED

136

MR. SULMAN: Thank you. So at tab 16 of that exhibit, page 84, and you can either -- I can read it to you, but I think it's pretty easy to access. Tab 16, page 84 of the decision of this Board in E.B.O. 64(1) and (2), from July 16th, 1982, so about 21 years ago. And this was a decision on standing. The Board said:

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"Those landowners that have agreements have no standing before this Board in this proceeding, and Union is legally required only to pay the amount of compensation required by such agreements."

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And that's, in a nutshell, our position today. Generally, Union, you'll find, has not objected to potential applicants in the Oil City and Bluewater Pools who have not accepted Union's first offer after designation and before injection, under section 38 of the Act. But Union objects to those who have signed binding agreements, have taken payments, and now come forward to seek further additional compensation.

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It's Union's position that the sanctity of contracts in the storage business, the oil and gas business, is vitally important. If written agreements are not upheld, then it throws the storage business and in fact the natural gas business into chaos. Stability disappears, and any incentive to resolve matters by contract between parties without constant application to the Board requiring determination by the Board, all that dissolves. And not only does the principle of sanctity of contracts provide business and economic efficiency for Union and the landowners and its customers, but for all other companies in the natural gas storage business.

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If Union's landowner contracts, if there's no sanctity of contract for those contracts, then the same applies to all other storage companies. Well, I guess there is only one at this point in time. But all other storage companies. There's only one other large one. And that affects the rates of all customers,

213

TAB P

**This is Exhibit "P" to the
Affidavit of WAYNE MCMURPHY
Sworn October 29, 2008**



Commissioner

**Sherma Muria Ratz, a Commissioner, etc.,
County of Lambton, for the Government of Ontario
Ministry of the Attorney General.
Expires May 6, 2009**

1930

Ontario Energy
Board

Commission de l'Énergie
de l'Ontario



RP-2000-0005

IN THE MATTER OF the *Ontario Energy Board Act*, 1998,
S.O. 1998, c.15, Schedule B;

AND IN THE MATTER OF an Application by the landowners
in the Amended Application for just and equitable compensation
in respect of gas or oil rights or the right to store gas under
section 38(3) of the *Ontario Energy Board Act*;

AND IN THE MATTER OF an Application by the landowners
in pools being the subject of proceedings in Board file
RP-1999-0047 (Century Pools Phase II) pursuant to the Board's
order of February 2, 2000, for just and equitable compensation
for the Century Pools Phase II development under section 38(2)
of the *Ontario Energy Board Act*;

BEFORE:

A. Catherina Spoel
Presiding Member

Brock Smith
Member

DECISION AND ORDER

September 10, 2003

1931

be affected by this proceeding and therefore the Board finds that they are entitled to participate actively in this proceeding.

The Board expects that, at the conclusion of the proceeding or at another appropriate time, Union will extend to them an offer which is equivalent to the compensation awarded by the Board to other applicants.

3.13 Colin A. McMurphy (Edys Mills)

3.13.1 Evidence

Edys Mills Pool was designated for storage in 1993. Colin A. McMurphy has a Gas Storage Lease Agreement with Ram Petroleum Limited dated October 11, 1989. Ram Petroleum sold their interest in the Edys Mills Pool to Union Gas and assigned the leases to Union Gas before the pool was designated for storage.

3.13.2 Union's Position

Unions' position is that the Gas Storage Lease is an agreement that precludes this applicant from obtaining an order of compensation under section 38. (Transcript, 623 to 650)

3.13.3 Applicant's Position

The applicant's position is that he is eligible for an order of the Board determining compensation because he is entitled to just and equitable compensation and Union has previously sought to negotiate with him as part of a joint bargaining group consisting of landowners in Lambton County. In addition, the applicant argues that the Board's rules of practice and procedure provide for the active participation in a proceeding of persons who have substantial interest.

In addition, the applicant submits that his gas storage lease provides for a fixed storage rental and a storage operation royalty but the royalty has never been received.

3.13.4 Board Findings

The Board finds that Colin McMurphy is not eligible for an order of the Board determining his compensation since he has an existing agreement that provides for compensation for gas storage. It is clear, however, that the value of his gas storage rights may be affected by this proceeding and therefore the Board finds that he is entitled to participate actively in this proceeding.

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The Board expects that, at the conclusion of the proceeding or at another appropriate time, Union will extend to him an offer which is equivalent to the compensation awarded by the Board to other applicants.

3.14 Marie Katherine Snopko (Edys Mills)

3.14.1 Evidence

Marie Katherine Snopko holds an Gas Storage Lease Agreement with Ram Petroleums Limited, which was signed on May 24, 1989 by George Graham, predecessor in title. Marie Katherine Snopko signed on July 30, 1993 an Amendment of Gas Storage Lease Agreement with Union Gas.

Marie Katherine Snopko signed a Full and Final Release with Union on October 21, 1992 for compensation for damages related to construction of permanent roadways and other facilities that would occur to the end of the 1993 calendar year.

3.14.2 Union's Position

Union's position is that Mrs. Snopko should not be allowed to actively participate in the compensation phase of the proceeding because she has an agreement that prevents her from receiving compensation for gas storage rights other than well payments to be determined by the Board under section 38 (Transcript, 623 to 650).

Mrs. Snopko's Amendment of Gas Storage Lease Agreement provides in clause 5(b) that if no agreement is reached on well payments, either Union or Mrs. Snopko can make application to the Ontario Energy Board. Union concedes that Marie Katherine Snopko has full standing before the Board to seek an order providing compensation for well payments.

Union's position is that the applicant has released all her claims for roadway compensation by virtue of the Full and Final Release and therefore cannot have standing to claim roadway compensation under section 38.

3.14.3 Applicant's Position

The applicant's position is that she is eligible for an order of the Board determining compensation because she is entitled to just and equitable compensation and Union has previously sought to negotiate with her as part of a joint bargaining group consisting of landowners in Lambton County. In addition, the applicant argues that the Board's rules of practice and procedure provide for the active participation in a proceeding of persons who have substantial interest.

The applicant also submits that her gas storage lease provides for a fixed storage rental and a storage operation royalty but the royalty has never been received.

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Mrs. Snopko's position is that her release only covers damages incurred until the end of 1993 and in addition does not deal with the land rights aspect of compensation (Transcript, 932 to 934).

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3.14.4 Board Findings

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The Board finds that Mrs. Snopko has full standing as an applicant on the issue of well payments and is eligible for an order of compensation by Board on that issue.

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The Board finds that Mrs. Snopko is not eligible for an order of the Board on other aspects of storage compensation because she has an existing agreement with respect to those aspects of storage compensation. She is entitled to participate actively in the proceeding.

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The Board finds that the applicant is entitled to participate actively in the proceeding and the Board expects that, at the conclusion of the proceeding or at another appropriate time, Union will extend to her an offer which is equivalent to the compensation awarded by the Board to other applicants.

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The Board finds that there is no agreement on the land rights aspect of roadway compensation and accordingly the applicant will have the right to have that aspect of her claim dealt with in the Board's order and the right to participate actively in the proceeding.

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The Board cautions that this finding should not be taken to indicate that the Board will necessarily order any modification or adjustment to compensation on this aspect of the applicant's claim.

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3.15 Donald & Karen Kabbes (Waubuno)

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3.15.1 Evidence

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The applicants hold an amending agreement with Union dated February 28, 1990. Donald and Karen Kabbes have a Roadway Easement Agreement dated April 20, 2001 which is the same in form as that of Frank and Anne Marie Sanderson. Clause 2 of the Roadway Easement provides that the annual rental payment shall be adjusted prior to the sixth payment, to the then rate per acre being paid for roadway rights in the Waubuno Pool and prior to every sixth payment thereafter, the rate per acre under this agreement shall be identical to the rate per acre then being paid in the Waubuno Pool.

219

TAB Q

**This is Exhibit "Q" to the
Affidavit of WAYNE MCMURPHY
Sworn October 29, 2008**



Commissioner

**Sherma Muria Ratz, a Commissioner, etc.,
County of Lambton, for the Government of Ontario
Ministry of the Attorney General,
Expires May 6, 2010**

uniongas

A Duke Energy Company

July 15, 2004

Eldon and Ellen Knight
P.O. Box 179
Oil Springs, Ontario
N0N 1R0

1935
RECEIVED

AUG 23 2004

ANDS DEPT.

Dear Mr. & Mrs. Knight:

Re: Offer of Increased Compensation

This letter is to advise you of new rates of compensation that are being offered by Union Gas Limited ("Union") to our storage landowners or mineral rights holders for rights granted to or enjoyed by Union.

At the presentation of the settlement proposal before the Ontario Energy Board, Union's Counsel advised that Union would offer that "precise level of compensation as it produces money in the hands of the applicants, will be made to everyone else". This offer is being extended to you further to that advisement.

Changes to the current gas storage lease must be based on the mutual agreement of the parties. If you do not agree with the proposed changes in the compensation section of your agreement, Union will continue to compensate you as per the conditions in existing agreements.

The proposed changes only affect the annual compensation clauses in the Gas Storage Lease Agreement (page 2, paragraph 1 of the agreement). All other clauses and conditions in the original agreements remain in effect.

This new payment structure represents just and equitable compensation for storage rights for the period 1999 through 2008 and reflects the settlement agreement approved by the Ontario Energy Board in its Decision and Order in March 2004 and covers all claims for compensation that were or could have been raised in RP-2000-0005.

The following are the terms of the offer being extended by Union to you for the applicable facilities on your property:

- Annual lease payments for inside acres (defined as an acre within the boundary of a designated storage area) for 2005 will be \$72.38 plus the lesser of CPI* or 5% per acre, such amount being for the lease of storage rights. This payment will be made for 1.75 acres.

1936

Page 2

Eldon & Ellen Knight

July 15, 2004

Re: Offer of Increased Compensation

- For each of the years 2006 to 2008, the current payment shall be increased by an amount equal to the product of the current payment and the lesser of CPI or 5%, which total shall then become the current payment for the next year.
- For the period 1999 to 2004 Union will pay you \$20.20 (plus GST if applicable). This amount represents an increase over amounts previously paid by Union.
- After 2008 levels of compensation will be subject to further negotiation.

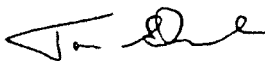
If the terms herein are acceptable please sign in the space provided below and return one copy of it to this office by July 31st, 2004, whereby this shall constitute a binding agreement as between the parties for any and all of your properties. If you do not sign the agreement, Union will continue to pay you at your current rates.

Union will compensate you for the 1999 to 2004 payments within 45 days of your execution of the agreement below.

A self addressed postage paid envelope is enclosed for your convenience.

If you have any further questions please contact me at the numbers listed below.

Yours truly,



Tom Edwards
Coordinator, Storage Petroleum
& Natural Gas Leases
Toll Free: 800-571-8446 Ext. 2198
Cell: 519-365-0752

Encl.

CPI defined as the most recent Consumer Price Index expressed as a fraction, as published by Statistics Canada for the period of July 1 to June 30 annually

Eldon & Ellen Knight

July 15, 2004

Re: Offer of Increased Compensation

If the terms herein are acceptable please execute in the space provided below and return one copy of it to this office by July 31st, 2004, whereby this shall constitute a binding agreement as between the parties. If you do not execute the agreement, Union will continue to pay you at your current rates.

Union will compensate you for the 1999 to 2004 payments within 45 days of your execution of the agreement below.

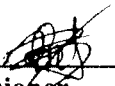
Agreed to and accepted this 17 day of Aug 2004

Ellen Knight
Landowner

Ellen Knight
Landowner

TAB R

**This is Exhibit "R" to the
Affidavit of WAYNE MCMURPHY
Sworn October 24, 2008**



Commissioner

Sherma Muria Ratz, a Commissioner, etc.,
County of Lambton, for the Government of Ontario
Ministry of the Attorney General.
Expires May 6, 2009



uniongas

A Duke Energy Company

1939
RECEIVED
AUG 23 2004
LANDS DEPT.

July 15, 2004

Lyle and Margaret Knight
P.O. Box 179
Oil Springs, Ontario
N0N 1R0

Dear Mr. Knight:

Re: Offer of Increased Compensation

This letter is to advise you of new rates of compensation that are being offered by Union Gas Limited ("Union") to our storage landowners or mineral rights holders for rights granted to or enjoyed by Union.

At the presentation of the settlement proposal before the Ontario Energy Board, Union's Counsel advised that Union would offer that "precise level of compensation as it produces money in the hands of the applicants, will be made to everyone else". This offer is being extended to you further to that advisement.

Changes to the current gas storage lease must be based on the mutual agreement of the parties. If you do not agree with the proposed changes in the compensation section of your agreement, Union will continue to compensate you as per the conditions in existing agreements.

The proposed changes only affect the annual compensation clauses in the Gas Storage Lease Agreement (page 2, paragraph 1 of the agreement). All other clauses and conditions in the original agreements remain in effect.

This new payment structure represents just and equitable compensation for storage rights for the period 1999 through 2008 and reflects the settlement agreement approved by the Ontario Energy Board in its Decision and Order in March 2004 and covers all claims for compensation that were or could have been raised in RP-2000-0005.

The following are the terms of the offer being extended by Union to you for the applicable facilities on your property:

- Annual lease payments for inside acres (defined as an acre within the boundary of a designated storage area) for 2005 will be \$72.38 plus the lesser of CPI* or 5% per acre, such amount being for the lease of storage rights. This payment will be made for 38.25 acres.

1940

Page 2

Lyle and Margaret Knight

July 15, 2004

Re: Offer of Increased Compensation

- For each of the years 2006 to 2008, the current payment shall be increased by an amount equal to the product of the current payment and the lesser of CPI or 5%, which total shall then become the current payment for the next year.
- For the period 1999 to 2004 Union will pay you \$441.41 (plus GST if applicable). This amount represents an increase over amounts previously paid by Union.
- After 2008 levels of compensation will be subject to further negotiation.

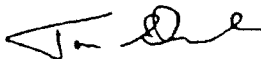
If the terms herein are acceptable please sign in the space provided below and return one copy of it to this office by July 31st, 2004, whereby this shall constitute a binding agreement as between the parties for any and all of your properties. If you do not sign the agreement, Union will continue to pay you at your current rates.

Union will compensate you for the 1999 to 2004 payments within 45 days of your execution of the agreement below.

A self addressed postage paid envelope is enclosed for your convenience.

If you have any further questions please contact me at the numbers listed below.

Yours truly,



Tom Edwards
Coordinator, Storage Petroleum
& Natural Gas Leases
Toll Free: 800-571-8446 Ext. 2198
Cell: 519-365-0752

Encl.

CPI defined as the most recent Consumer Price Index expressed as a fraction, as published by Statistics Canada for the period of July 1 to June 30 annually

1941

Lyle and Margaret Knight

July 15, 2004

Re: Offer of Increased Compensation

If the terms herein are acceptable please execute in the space provided below and return one copy of it to this office by July 31st, 2004, whereby this shall constitute a binding agreement as between the parties. If you do not execute the agreement, Union will continue to pay you at your current rates.

Union will compensate you for the 1999 to 2004 payments within 45 days of your execution of the agreement below.

Agreed to and accepted this 17 day of Aug 2004

Lyle Knight
Landowner

Margaret Knight
Landowner

Lyle and Margaret Knight
July 15, 2004
Re: Offer of Increased Compensation

If the terms herein are acceptable please execute in the space provided below and return one copy of it to this office by July 31st, 2004, whereby this shall constitute a binding agreement as between the parties. If you do not execute the agreement, Union will continue to pay you at your current rates.

Union will compensate you for the 1999 to 2004 payments within 45 days of your execution of the agreement below.


Agreed to and accepted this 17 day of Aug 2004

Lyle Knight
Landowner

Margaret Knight
Landowner

TAB S

**This is Exhibit "S" to the
Affidavit of WAYNE MCMURPHY
Sworn October 29, 2008**



Commissioner

Sherma Muria Ratz, a Commissioner, etc.,
County of Lambton, for the Government of Ontario
Ministry of the Attorney General.
Expires May 6, 2009



uniongas

A Duke Energy Company

July 15, 2004

1944
RECEIVED

AUG 23 2004

LANDS DEPT.

Eldon, Lyle, and Margaret Knight
P.O. Box 179
Oil Springs, Ontario
N0N 1R0

Dear Eldon, Lyle and Margaret:

Re: Offer of Increased Compensation

This letter is to advise you of new rates of compensation that are being offered by Union Gas Limited ("Union") to our storage landowners or mineral rights holders for rights granted to or enjoyed by Union.

At the presentation of the settlement proposal before the Ontario Energy Board, Union's Counsel advised that Union would offer that "precise level of compensation as it produces money in the hands of the applicants, will be made to everyone else". This offer is being extended to you further to that advisement.

Changes to the current gas storage lease must be based on the mutual agreement of the parties. If you do not agree with the proposed changes in the compensation section of your agreement, Union will continue to compensate you as per the conditions in existing agreements.

The proposed changes only affect the annual compensation clauses in the Gas Storage Lease Agreement (page 2, paragraph 1 of the agreement). All other clauses and conditions in the original agreements remain in effect.

This new payment structure represents just and equitable compensation for storage rights for the period 1999 through 2008 and reflects the settlement agreement approved by the Ontario Energy Board in its Decision and Order in March 2004 and covers all claims for compensation that were or could have been raised in RP-2000-0005.

The following are the terms of the offer being extended by Union to you for the applicable facilities on your property:

- Annual lease payments for inside acres (defined as an acre within the boundary of a designated storage area) for 2005 will be \$72.38 plus the lesser of CPI* or 5% per acre, such amount being for the lease of storage rights. This payment will be made for 186.16 acres.

1945

Page 2

Eldon, Lyle and Margaret Knight

July 15, 2004

Re: Offer of Increased Compensation

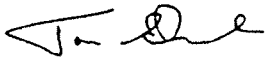
- Annual payments for Roadways (those represented by executed roadway agreements or leases), for 2005 will be \$825.00 plus the lesser of CPI or 5% per acre of roadway, such amount being for the lease of land for facilities and in respect of all damages, including disturbance, loss of opportunity, and crop loss. This payment will be for 2.0 acres.
- For each of the years 2006 to 2008, the current payment shall be increased by an amount equal to the product of the current payment and the lesser of CPI or 5%, which total shall then become the current payment for the next year.
- For the period 1999 to 2004 Union will pay you \$2,394.0141 (plus GST if applicable). This amount represents an increase over amounts previously paid by Union.
- After 2008 levels of compensation will be subject to further negotiation.

If the terms herein are acceptable please sign in the space provided below and return one copy of it to this office by July 31st, 2004, whereby this shall constitute a binding agreement as between the parties for any and all of your properties. If you do not sign the agreement, Union will continue to pay you at your current rates.

Union will compensate you for the 1999 to 2004 payments within 45 days of your execution of the agreement below.

A self addressed postage paid envelope is enclosed for your convenience. If you have any further questions please contact me at the numbers listed below.

Yours truly,



Tom Edwards
Coordinator, Storage Petroleum
& Natural Gas Leases
Toll Free: 800-571-8446 Ext. 2198
Cell: 519-365-0752

Encl.

CPI defined as the most recent Consumer Price Index expressed as a fraction, as published by Statistics Canada for the period of July 1 to June 30 annually

1946

Eldon, Lyle and Margaret Knight
July 15, 2004

Re: Offer of Increased Compensation

If the terms herein are acceptable please execute in the space provided below and return one copy of it to this office by July 31st, 2004, whereby this shall constitute a binding agreement as between the parties. If you do not execute the agreement, Union will continue to pay you at your current rates.

Union will compensate you for the 1999 to 2004 payments within 45 days of your execution of the agreement below.

Agreed to and accepted this 17 day of Aug 2004

Lyle Knight
Landowner

Eldon Knight
Landowner

Margaret Knight
Landowner

TAB T

1947

**This is Exhibit "T" to the
Affidavit of WAYNE MCMURPHY
Sworn October 21, 2008**



Commissioner

**Sherma Muria Ratz, a Commissioner, etc.,
County of Lambton, for the Government of Ontario
Ministry of the Attorney General,
Expires May 6, 2009**



uniongas

A Duke Energy Company

1948

January 17, 2005

RECEIVED

FEB 02 2005

LANDS DEPT.

Colin A. McMurphy
R.R. # 2, 2017 Pantry School Road
Oil Springs, Ontario N0N 1P0

Dear Mr. McMurphy:

Re: Offer of Increased Compensation

This letter is to advise you of new rates of compensation that are being offered by Union Gas Limited ("Union") to our storage landowners or mineral rights holders for rights granted to or enjoyed by Union.

At the presentation of the settlement proposal before the Ontario Energy Board, Union's Counsel advised that Union would offer that "precise level of compensation as it produces money in the hands of the applicants, will be made to everyone else". This offer is being extended to you further to that advisement.

Changes to the current gas storage lease and P&NG agreements must be based on the mutual agreement of the parties. If you do not agree with the proposed changes in the compensation sections of your agreements, Union will continue to compensate you as per the conditions in the existing agreements.

The proposed changes only affect the annual compensation clauses in the Gas Storage Lease agreement (page 2, paragraph 1 of the agreement) and P&NG agreement (page 2 numbered paragraph 1). All other clauses and conditions in the original agreements remain in effect.

This new payment structure represents just and equitable compensation for storage rights for the period 1999 through 2008, reflects the settlement agreement approved by the Ontario Energy Board in its Decision and Order in March 2004.

The following are the terms of the offer being extended by Union to you for the applicable facilities on your property:

- Annual lease payments for inside acres (defined as an acre within the boundary of a designated storage area) for 2005 will be \$92.50 plus the lesser of CPI* or 5% per acre, such amount being for the lease of storage, and for petroleum and natural gas rights. In this regard "Union" will be making this payment for 150 inside acres.
- Annual lease payments for inside acres (defined as an acre within the boundary of a designated storage area) for 2005 will be \$72.38 plus the lesser of CPI* or 5% per acre, such amount being for the lease of storage rights. In this regard "Union" will be making payment for 40 inside acres.

Page2

234



uniongas

A Duke Energy Company

1949

Colin A. McMurphy

January 17, 2005

Re: Offer of Increased Compensation

- Annual lease payments for outside acres (defined as an acre of land on a property severed by a boundary of a designated storage area leased by Union) for 2005 will be \$27.79 plus the lesser of CPI or 5% per acre, such amount being for the lease of storage, and for petroleum and natural gas rights. In this regard "Union" will be making payment for 4 outside acres.
- For each of the years 2006 to 2008, the current payment shall be increased by an amount equal to the product of the current payment and the lesser of CPI or 5%, which total shall then become the current payment for the next year.
- For the period 1999 to 2004 Union will pay you \$2,691.78 (plus GST if applicable). This amount represents an increase over amounts previously paid by Union.
- After 2008 levels of compensation will be subject to further negotiation.

If the terms herein are acceptable please sign in the space provided below and return one copy of it to this office by January 1st, 2005, whereby this shall constitute a binding agreement as between the parties for any and all of your properties. If you do not sign the agreement, Union will continue to pay you at your current rates.

Union will compensate you for the 1999 to 2004 payments within 45 days of your execution of the agreement below.

A self addressed postage paid envelope is enclosed for your convenience.

If you have any further questions please contact me at the numbers listed below.

Yours truly,

Tom Edwards

Coordinator, Storage Petroleum
& Natural Gas Leases

Toll Free: 800-571-8446 Ext. 2198

Cell: 519-365-0752

Encl.

* CPI defined as the most recent Consumer Price Index expressed as a fraction, as published by Statistics Canada for the period of July 1 to June 30 annually



uniongas

A Duke Energy Company

1950

Colin A. McMurphy

January 17, 2005

Re: Offer of Increased Compensation

If the terms herein are acceptable please execute in the space provided below and return one copy of it to this office by January 31st, 2005, whereby this shall constitute a binding agreement as between the parties. If you do not execute the agreement, Union will continue to pay you at your current rates.

Union will compensate you for the 1999 to 2004 payments within 45 days of your execution of the agreement below.

Agreed to and accepted this 28 day of JANUARY 2005

Colin A. McMurphy
Landowner

Landowner

TAB U

1951

**This is Exhibit "U" to the
Affidavit of WAYNE MCMURPHY
Sworn October 29, 2008**



Commissioner

Sherma Muria Ratz, a Commissioner, etc.,
County of Lambton, for the Government of Ontario
Ministry of the Attorney General.
Expires May 6, 2009

1952



uniongas

A Duke Energy Company

April 23, 2004

RECEIVED
MAY 10 2004
LANDS DEPT.

Marie Katherine Snopko
Box 1276
Petrolia, Ontario
N0N 1R0



Dear Ms. Snopko:

Re: Offer of Increased Compensation

This letter is to advise you of new rates of compensation that are being offered by Union Gas Limited ("Union") to our storage landowners or mineral rights holders for rights granted to or enjoyed by Union.

This new payment structure represents just and equitable compensation for storage rights for the period 1999 through 2008 and reflects the settlement agreement approved by the Ontario Energy Board in its Decision and Order in March 2004.

The following are the terms of the offer being extended by Union to you for the applicable facilities on your property:

- Annual lease payments for inside acres (defined as an acre within the boundary of a designated storage area) for 2005 will be \$92.50 plus the lesser of CPI* or 5% per acre, such amount being for the lease of storage, ~~and for petroleum and natural gas rights~~ * See explanation under signature. 
- Annual lease payments for outside acres (defined as an acre of land on a property severed by a boundary of a designated storage area leased by Union) for 2005 will be \$27.79 plus the lesser of CPI or 5% per acre, such amount being for the lease of storage, and for petroleum and natural gas rights.
- Annual payments for wellheads (including both injection/withdrawal wells and observation wells) for 2005 will be \$1,050.00 plus the lesser of CPI or 5% per wellhead, such amount being for the lease of land for facilities and in respect of all damages, including disturbance, loss of opportunity, and crop loss..
- Annual payments for Roadways (those represented by executed roadway agreements or leases), for 2005 will be \$825.00 plus the lesser of CPI or 5% per ^{24.76}acre of roadway, such amount being for the lease of land for facilities and in respect of all damages,  including disturbance, loss of opportunity, and crop loss.

1953

Page 2

Marie Katherine Snopko

April 23, 2004

Re: Offer of Increased Compensation

- For each of the years 2006 to 2008, the current payment shall be increased by an amount equal to the product of the current payment and the lesser of CPI or 5%, which total shall then become the current payment for the next year.
- For the period 1999 to 2004 Union will pay you \$1,567.34 (plus GST if applicable). This amount represents an increase over amounts previously paid by Union.
- After 2008 levels of compensation will be subject to further negotiation.

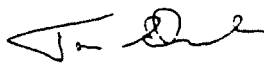
If the terms herein are acceptable please sign in the space provided below and return one copy of it to this office by May 12th, 2004, whereby this shall constitute a binding agreement as between the parties for any and all of your properties. If you do not sign the agreement, Union will continue to pay you at your current rates.

Union will compensate you for the 1999 to 2004 payments within 45 days of your execution of the agreement below.

A self addressed postage paid envelope is enclosed for your convenience.

If you have any further questions please contact me at the numbers listed below.

Yours truly,



Tom Edwards
Coordinator, Storage Petroleum
& Natural Gas Leases
Toll Free: 800-571-8446 Ext. 2198
Cell: 519-365-0752

Encl.

- * CPI defined as the most recent Consumer Price Index expressed as a fraction, as published by Statistics Canada for the period of July 1 to June 30 annually

1954

Page 3

Marie Katherine Snopko

April 23, 2004

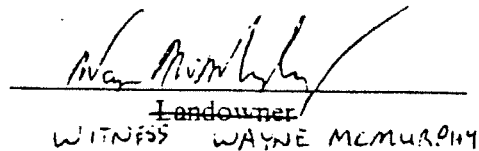
Re: Offer of Increased Compensation


If the terms herein are acceptable please execute in the space provided below and return one copy of it to this office by May 12th, 2004, whereby this shall constitute a binding agreement as between the parties. If you do not execute the agreement, Union will continue to pay you at your current rates.

Union will compensate you for the 1999 to 2004 payments within 45 days of your execution of the agreement below.

Agreed to and accepted this 5th day of May 2004


Landowner


Landowner
WITNESS WAYNE MCMURPHY

* In the PNE lease of July 1976 there is no provision to return to acreage payments after production has been discontinued. See paragraph #10 in the above lease. 

TAB V

1955

**This is Exhibit "V" to the
Affidavit of WAYNE MCMURPHY
Sworn October 29, 2008**



Commissioner

Sherma Muria Ratz, a Commissioner, etc.,
County of Lambton, for the Government of Ontario
Ministry of the Attorney General.
Expires May 6, 2009

March 28, 2007

Eldon Gordon Knight
Ellen Marie Knight
R. R. #2
Oil Springs, Ontario N0N 1P0

Dear Mr. & Mrs. Knight

Re: Offer of Increased Compensation – File #19758

This letter is to advise you of new rates of compensation that are being offered by Union Gas Limited ("Union") to our storage landowners or mineral rights holders for rights granted to or enjoyed by Union.

This new payment structure represents compensation for storage rights for the period 2009 through 2013 and reflects a settlement agreement reached with the Executive of the Lambton County Storage Association (LCSA). A letter of endorsement signed by the LCSA negotiating committee is attached.

The following are the terms of the offer being extended by Union to you for the applicable facilities on your property.

1. Annual lease payments for inside acres (defined as an acre within the boundary of a designated storage area) for 2009 will be \$113.10 per acre, such amount being for the lease of storage, and for Petroleum & Natural Gas Rights.
2. Annual Lease payments for outside acres (defined as an acre of land on a property severed by a boundary of a designated storage area leased by Union) for 2009 will be \$33.96 per acre, such amount being for the lease of storage, and for petroleum and natural gas rights.
3. Annual payments for wellheads (including both injection/withdrawal wells and observation wells) for 2009 will be \$1,283.97 per wellhead, such amount being for the lease of land for facilities and in respect of all damages, including disturbance, loss of opportunity, and crop loss. Union will agree to pay for additional damages which have arisen or arise as a result of the changes to pertinent Acts and by-laws enacted since 2004, and for which Union is liable.
4. Annual Payments for Roadways (those represented by executed roadway agreements or leases) for 2009 shall be \$1,008.85 per acre of roadway, such amount being for the lease of land for facilities and in respect of all damages, including disturbance, loss of opportunity and crop loss. Union will agree to pay

Page 2

Re: Offer of Increased Compensation

for additional damages which have arisen or arise as a result of the changes to pertinent Acts and by-laws enacted since 2004, and for which Union is liable.

5. The above annual payments for 2009 have been determined by using a CPI rate in 2008 per the current agreement estimated at 2% and for 2009 an increase of 10% plus CPI currently estimated to be 2%. If the CPI rate is greater for either year, the rate will be adjusted upwards accordingly.
6. For each of the years 2010 to 2013, the current payment shall be increased by an amount equal to the product of the current payment and the CPI, which total shall then become the current payment for the next year. CPI is defined as the most recent Consumer Price Index expressed as a fractional increase over the prior year, as published by Statistics Canada for the period of July 1 to June 30 annually. Please see the attached Schedule "A" as an example of future payments, subject to future Consumer Price Index Rates.
7. This term of this agreement shall be five years, i.e. January 1, 2009 through December 31, 2013, at which time the parties have the right to renegotiate the terms and conditions of this agreement. In the event that the parties cannot agree on compensation at that time, payments in the amount of the then current payment plus CPI will continue until such time as a settlement is reached or until either party applies to the Ontario Energy Board to have the Board determine future compensation (per Section 38 of the Ontario Energy Board Act, 1998).
8. Upon execution of the individual offers by 75% of the landowners who each hold a storage with Union for a minimum of 25 acres of land, their offer letters shall then constitute binding agreements with Union for these properties.
9. Upon execution of the individual offer letters by 75% of the landowners who each hold a storage lease with Union for a minimum of 25 acres of land, all landowners who have signed their offer letter shall receive a signing bonus equal to the greater of 5.0% of their 2007 payment or \$100.00, payable within 30 days. In your particular case this payment will be \$100.00.
10. Upon execution of the individual offer letters by 90% of the landowners who each hold a storage lease with Union for a minimum of 25 acres of land, all landowners who have signed their offer letter shall receive an additional signing bonus equal to 2.5% of their 2007 payment payable within 30 days. In your particular case this payment will be \$50.00.


Page 3
Re: Offer of Increased Compensation

If the terms herein are acceptable please sign in the space provided on the last page of this letter and return one copy of this letter to this office by April 30, 2007. Failure to do so will result in the new Terms, including any signing bonus not being provided to you.

A self addressed postage paid envelope is enclosed for your convenience.

If you have any further questions please contact me at the numbers listed below.

Yours truly,



Tom Edwards
Coordinator, Storage, Petroleum &
Natural Gas Leases
Toll free: 1-800-571-8446, ext. 2198
Cell: 519-365-0752
Encl.



uniongas

A Spectra Energy Company

1959

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RECEIVED

APR 10 2007

LANDS DEPT.

Page 4

Re: Offer of Increased Compensation

If the terms herein are acceptable please execute in the space provided below and return one copy to this office by April 30, 2007.


Agreed to and accepted this 30th day of April, 2007

Elden Knight
Landowner

Elden Knight
Landowner

TAB W

**This is Exhibit "W" to the
Affidavit of WAYNE MCMURPHY
Sworn October 29, 2008**



Commissioner

Sherma Muria Ratz, a Commissioner, etc.,
County of Lambton, for the Government of Ontario
Ministry of the Attorney General.
Expires May 6, 2009

March 28, 2007

Lyle Kenneth Knight
Margaret Sharon Knight
5090 Aniline, Box 179
Oil Springs, Ontario N0N 1P0

Dear Mr. & Mrs. Knight

Re: Offer of Increased Compensation – File #19760

This letter is to advise you of new rates of compensation that are being offered by Union Gas Limited (“Union”) to our storage landowners or mineral rights holders for rights granted to or enjoyed by Union.

This new payment structure represents compensation for storage rights for the period 2009 through 2013 and reflects a settlement agreement reached with the Executive of the Lambton County Storage Association (LCSA). A letter of endorsement signed by the LCSA negotiating committee is attached.

The following are the terms of the offer being extended by Union to you for the applicable facilities on your property.

1. Annual lease payments for inside acres (defined as an acre within the boundary of a designated storage area) for 2009 will be \$113.10 per acre, such amount being for the lease of storage, and for Petroleum & Natural Gas Rights.
2. Annual Lease payments for outside acres (defined as an acre of land on a property severed by a boundary of a designated storage area leased by Union) for 2009 will be \$33.96 per acre, such amount being for the lease of storage, and for petroleum and natural gas rights.
3. Annual payments for wellheads (including both injection/withdrawal wells and observation wells) for 2009 will be \$1,283.97 per wellhead, such amount being for the lease of land for facilities and in respect of all damages, including disturbance, loss of opportunity, and crop loss. Union will agree to pay for additional damages which have arisen or arise as a result of the changes to pertinent Acts and by-laws enacted since 2004, and for which Union is liable.
4. Annual Payments for Roadways (those represented by executed roadway agreements or leases) for 2009 shall be \$1,008.85 per acre of roadway, such amount being for the lease of land for facilities and in respect of all damages, including disturbance, loss of opportunity and crop loss. Union will agree to pay

Page 2

Re: Offer of Increased Compensation

for additional damages which have arisen or arise as a result of the changes to pertinent Acts and by-laws enacted since 2004, and for which Union is liable.

5. The above annual payments for 2009 have been determined by using a CPI rate in 2008 per the current agreement estimated at 2% and for 2009 an increase of 10% plus CPI currently estimated to be 2%. If the CPI rate is greater for either year, the rate will be adjusted upwards accordingly.
6. For each of the years 2010 to 2013, the current payment shall be increased by an amount equal to the product of the current payment and the CPI, which total shall then become the current payment for the next year. CPI is defined as the most recent Consumer Price Index expressed as a fractional increase over the prior year, as published by Statistics Canada for the period of July 1 to June 30 annually. Please see the attached Schedule "A" as an example of future payments, subject to future Consumer Price Index Rates.
7. This term of this agreement shall be five years, i.e. January 1, 2009 through December 31, 2013, at which time the parties have the right to renegotiate the terms and conditions of this agreement. In the event that the parties cannot agree on compensation at that time, payments in the amount of the then current payment plus CPI will continue until such time as a settlement is reached or until either party applies to the Ontario Energy Board to have the Board determine future compensation (per Section 38 of the Ontario Energy Board Act, 1998).
8. Upon execution of the individual offers by 75% of the landowners who each hold a storage with Union for a minimum of 25 acres of land, their offer letters shall then constitute binding agreements with Union for these properties.
9. Upon execution of the individual offer letters by 75% of the landowners who each hold a storage lease with Union for a minimum of 25 acres of land, all landowners who have signed their offer letter shall receive a signing bonus equal to the greater of 5.0% of their 2007 payment or \$100.00, payable within 30 days. In your particular case this payment will be \$147.89.
10. Upon execution of the individual offer letters by 90% of the landowners who each hold a storage lease with Union for a minimum of 25 acres of land, all landowners who have signed their offer letter shall receive an additional signing bonus equal to 2.5% of their 2007 payment payable within 30 days. In your particular case this payment will be \$73.95.

1963



uniongas

A Spectra Energy Company

Page 3

Re: Offer of Increased Compensation

If the terms herein are acceptable please sign in the space provided on the last page of this letter and return one copy of this letter to this office by April 30, 2007. Failure to do so will result in the new Terms, including any signing bonus not being provided to you.

A self addressed postage paid envelope is enclosed for your convenience.

If you have any further questions please contact me at the numbers listed below.

Yours truly,

Tom Edwards
Coordinator, Storage, Petroleum &
Natural Gas Leases
Toll free: 1-800-571-8446, ext. 2198
Cell: 519-365-0752
Encl.

1964



uniongas

A Spectra Energy Company

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APR 10 2007

LANDS DEPT.

Page 4

Re: Offer of Increased Compensation

If the terms herein are acceptable please execute in the space provided below and return one copy to this office by April 30, 2007.

Agreed to and accepted this 3rd day of April, 2007


Lyle Knight
Landowner

Haron Knight
Landowner

TAB X

1965

**This is Exhibit "X" to the
Affidavit of WAYNE MCMURPHY
Sworn October 21, 2008**



Commissioner

Theresa Muria Ratz, a Commissioner, etc.,
County of Lambton, for the Government of Ontario
Ministry of the Attorney General.
Expires May 6, 2009

1966

March 28, 2007

Eldon Gordon Knight
Lyle Kenneth Knight
Margaret Sharon Knight
5090 Aniline, Box 179
Oil Springs, Ontario N0N 1P0

Dear Messrs. Knight

Re: Offer of Increased Compensation – File #19761

This letter is to advise you of new rates of compensation that are being offered by Union Gas Limited ("Union") to our storage landowners or mineral rights holders for rights granted to or enjoyed by Union.

This new payment structure represents compensation for storage rights for the period 2009 through 2013 and reflects a settlement agreement reached with the Executive of the Lambton County Storage Association (LCSA). A letter of endorsement signed by the LCSA negotiating committee is attached.

The following are the terms of the offer being extended by Union to you for the applicable facilities on your property.

1. Annual lease payments for inside acres (defined as an acre within the boundary of a designated storage area) for 2009 will be \$113.10 per acre, such amount being for the lease of storage, and for Petroleum & Natural Gas Rights.
2. Annual Lease payments for outside acres (defined as an acre of land on a property severed by a boundary of a designated storage area leased by Union) for 2009 will be \$33.96 per acre, such amount being for the lease of storage, and for petroleum and natural gas rights.
3. Annual payments for wellheads (including both injection/withdrawal wells and observation wells) for 2009 will be \$1,283.97 per wellhead, such amount being for the lease of land for facilities and in respect of all damages, including disturbance, loss of opportunity, and crop loss. Union will agree to pay for additional damages which have arisen or arise as a result of the changes to pertinent Acts and by-laws enacted since 2004, and for which Union is liable.
4. Annual Payments for Roadways (those represented by executed roadway agreements or leases) for 2009 shall be \$1,008.85 per acre of roadway, such amount being for the lease of land for facilities and in respect of all damages, including disturbance, loss of opportunity and crop loss. Union will agree to pay

Page 2

Re: Offer of Increased Compensation

for additional damages which have arisen or arise as a result of the changes to pertinent Acts and by-laws enacted since 2004, and for which Union is liable.

5. The above annual payments for 2009 have been determined by using a CPI rate in 2008 per the current agreement estimated at 2% and for 2009 an increase of 10% plus CPI currently estimated to be 2%. If the CPI rate is greater for either year, the rate will be adjusted upwards accordingly.
6. For each of the years 2010 to 2013, the current payment shall be increased by an amount equal to the product of the current payment and the CPI, which total shall then become the current payment for the next year. CPI is defined as the most recent Consumer Price Index expressed as a fractional increase over the prior year, as published by Statistics Canada for the period of July 1 to June 30 annually. Please see the attached Schedule "A" as an example of future payments, subject to future Consumer Price Index Rates.
7. This term of this agreement shall be five years, i.e. January 1, 2009 through December 31, 2013, at which time the parties have the right to renegotiate the terms and conditions of this agreement. In the event that the parties cannot agree on compensation at that time, payments in the amount of the then current payment plus CPI will continue until such time as a settlement is reached or until either party applies to the Ontario Energy Board to have the Board determine future compensation (per Section 38 of the Ontario Energy Board Act, 1998).
8. Upon execution of the individual offers by 75% of the landowners who each hold a storage with Union for a minimum of 25 acres of land, their offer letters shall then constitute binding agreements with Union for these properties.
9. Upon execution of the individual offer letters by 75% of the landowners who each hold a storage lease with Union for a minimum of 25 acres of land, all landowners who have signed their offer letter shall receive a signing bonus equal to the greater of 5.0% of their 2007 payment or \$100.00, payable within 30 days. In your particular case this payment will be \$807.94.
10. Upon execution of the individual offer letters by 90% of the landowners who each hold a storage lease with Union for a minimum of 25 acres of land, all landowners who have signed their offer letter shall receive an additional signing bonus equal to 2.5% of their 2007 payment payable within 30 days. In your particular case this payment will be \$403.97.

1968

uniongas

A Spectra Energy Company

Page 3

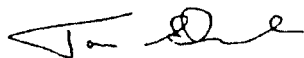
Re: Offer of Increased Compensation

If the terms herein are acceptable please sign in the space provided on the last page of this letter and return one copy of this letter to this office by April 30, 2007. Failure to do so will result in the new Terms, including any signing bonus not being provided to you.

A self addressed postage paid envelope is enclosed for your convenience.

If you have any further questions please contact me at the numbers listed below.

Yours truly,



Tom Edwards
Coordinator, Storage, Petroleum &
Natural Gas Leases
Toll free: 1-800-571-8446, ext. 2198
Cell: 519-365-0752
Encl.

1969



uniongas

A Spectra Energy Company

RECEIVED

APR 10 2007

LANDS DEPT.

Page 4

Re: Offer of Increased Compensation

If the terms herein are acceptable please execute in the space provided below and return one copy to this office by April 30, 2007.

Agreed to and accepted this 3rd day of April, 2007

Lyle Knight
Landowner

Elden Knight
Landowner

Sharon Knight

Ellen Knight

MARIE SNOPKO et. al. v. UNION GAS LTD. AND RAM PETROLEUMS LTD.
Plaintiffs (Responding Party)

Defendants (Moving Party)

Court No. 5021/08

ONTARIO
SUPERIOR COURT OF JUSTICE

PROCEEDING COMMENCED AT
SARNIA, ONTARIO

AFFIDAVIT OF WAYNE MCMURPHY

DONALD R. GOOD A PROFESSIONAL CORPORATION
DONALD R. GOOD & ASSOCIATES

Barristers & Solicitors
43 Roydon Place, Suite 207
Ottawa, Ontario K2E 1A3

Donald R. Good, P.Ag.,

LSUC No. 21253J

Aaron Hirschorn, Associate Counsel

LSUC No. 54921T

Tel: 613-228-9676

Fax: 613-228-7404

e-mail farnlaw@on.aibn.com

Solicitors for the Plaintiffs

1783

TAB 4

1970

Court File No. 5021/08

**ONTARIO
SUPERIOR COURT OF JUSTICE**

BETWEEN:

**MARIE SNOPKO, WAYNE MCMURPHY, LYLE KNIGHT and ELDON
KNIGHT**

Plaintiffs

-and-

UNION GAS LTD. and RAM PETROLEUMS LTD.

Defendants

SUPPLEMENTARY AFFIDAVIT OF WAYNE MCMURPHY

I, **WAYNE MCMURPHY** of the Township of Dawn-Euphemia, in the Province of Ontario, MAKE OATH AND SAY:

1. I am one of the plaintiffs in this action and as such I have knowledge of the matters to which I herein depose. Where my knowledge is based on information from others, I have stated the sources of my information and believe it to be true.
2. Two Petroleum and Natural Gas Leases ("PNG Leases") were not included in my initial Affidavit that I feel are relevant to this motion. The PNG Leases are attached to this Affidavit and marked as "**Exhibits A and B**".

3. These two PNG Leases are important as they are indicative of the lengths that the Defendants went to maintain a hold on the lands involved.
4. I swear this affidavit in support of our defence to Union's motion for summary judgment and for no other or improper purpose.

Sworn before me at the)
City of Sarnia, Ontario)
on October 29, 2008)



A commissioner etc.


WAYNE MCMURPHY

Sherma Maria Platz, a Commissioner, etc.,
County of Lambton, for the Government of Ontario
Ministry of the Attorney General.
Expires May 6, 2009

TAB A

**This is Exhibit "A" to the
Supplementary Affidavit of Wayne McMurphy
Sworn October 28, 2008**



Commissioner

Sherma Muria Ratz, a Commissioner, etc.,
County of Lambton, for the Government of Ontario
Ministry of the Attorney General.
Expires May 6, 2009

1974

AGREEMENT OF LEASE made this 4 day of Sept 1971

BETWEEN: CULIN A. McMURPHY AND OLIVE A. McMURPHY
OF THE TWP. of DAWN, IN THE COUNTY of LAMARCA
R.R. #2 CIL SPAINES ONTARIO

Hereinafter called the "LESSOR"
 of the First Part

- and -

RAM PETROLEUMS LIMITED, a company incorporated under the
 Laws of the Province of Ontario, having its head office
 at the City of Toronto, in the County of York,

Hereinafter called the "LESSEE"
 of the Second Part

WITNESSETH that in consideration of ONE DOLLAR (\$1.00) (the receipt whereof is hereby acknowledged) and other good and valuable consideration, hereinafter set out, the Lessor do hereby demise and lease unto the Lessee for the sole and only purpose of carrying on the operations and of doing all acts in connection therewith that are specifically mentioned in the habendum following and for which the Lessee shall have the exclusive right during the life of this agreement, the lands owned by the said Lessor in the Township of Dawn, in the County of Lambton, in the Province of Ontario and which may be more particularly described as follows:

PT EAST 1/2 LOTS 33 + 34, CONCESSION 8 44 ACS.

MORE PARTICULARLY DESCRIBED IN ATTACHED SCHEDULE "A"

AND WEST 1/2 LOT 32, CONCESSION 9 100 ACS.

SOUTH WEST 1/4 LOT 33, CONCESSION 9 50 ACS.

TO HAVE AND TO HOLD the said land from the date hereof during the term of one (1) year (renewable each year up to but not more than five (5) years, without negotiating a new lease) and as long thereafter as crude oil and natural gas and related hydro-carbons (all of which are hereinafter called "the said substances") or any of them are produced from the said land with the exclusive right (subject to a reasonable compensation to be paid to the Lessor as hereinafter provided) to make geological surveys and otherwise to prospect and explore and to drill for, recover, remove and/or sell all the said substances, (which said substances the Lessor hereby grant to the Lessee absolutely as and when the said substances are recovered) together with rights-of-way for ingress and egress and for pipe lines, and with the further right of removing either during, or within one year after the term hereof, all and any improvements placed or erected on the said land by the Lessee, including the right to pull oil casing.

1975

The Parties agree that any re-newal on a yearly basis up to the five year periods will be subject to the terms herein set out.

The Lessor covenant that he is the owner of said land and that the Deed is in his name.

The Lessor and Lessee hereby covenant and agree with each other as follows:

1. The Lessee shall pay to the Lessor on the execution of this agreement the sum of FIVE DOLLARS (\$5.00) per acre in consideration for the rights granted herein for the period of one year from the date hereof.
2. The Lessee shall pay to the Lessor compensation for use of parts of the surface of said land as follows:
 - (i) Prior to commencement of drilling operations the compensation to be paid the said Lessor shall be the value of damage to crops and improvements on said land caused by Lessee's entry and the conducting of prospecting operations.
 - (ii) On or after commencement of drilling operations the compensation shall be the value of damage to crops and improvements then growing on the said land together with a payment of ONE HUNDRED DOLLARS (\$100.00) per acre used for said operations, including the well site, tanks and/or buildings and for rights-of-way for ingress and egress and for pipe lines or the like.
3. The Lessee agree to pay the Lessor as royalty and rental one-eighth (1/8th) of all crude oil and/or natural gas produced, saved and marketed from the said land paying on or before the 20th day of next following month the current market price therefor at the point of measurement in effect on the day it is run to the pipe line or storage tanks. The Lessee will keep books showing correctly the quantity of all crude oil or all natural gas produced, saved and marketed from the said land, which books the Lessor or his agent shall have the right to inspect at all reasonable times.
4. The Lessee agree not to drill a well within TWO HUNDRED FEET (200') of any residence or barn now on said land without the written consent of the Lessor. The Lessee will bury pipe lines below three feet (3') depth and will maintain said pipe lines in good repair and compensate the Lessor for any damage done by leakage or otherwise from the said pipe lines.

1978

5. The Lessor covenant and agree to pay all taxes, rates and assessments made or imposed against the said land, provided however, that the Lessee shall pay any increase of the said taxes, rates and assessments made or imposed in respect of any improvements which the Lessee may make on the said land and the Lessee shall also pay all taxes which may be made or imposed with respect to wells, pipe lines or other property brought upon or maintained upon said land by the Lessee.
6. In the event that oil or gas is found and marketed the Lessee may build and maintain a battery installation, for which purpose the Lessor agree to lease not less than one (1) acre and not more than two (2) acres to the Lessee at a rental not exceeding ONE HUNDRED AND FIFTY DOLLARS (\$150.00) per annum. The said installation shall be located in corner of lot of the Lessor. The Lessee agree to maintain the said installation and the land leased therewith in good condition at all times and to correct any unsatisfactory or unsightly condition which may be found thereon by the Lessor, who shall be entitled to inspect it at any time.
7. If fences be necessary at well locations to prevent livestock from having access thereto, the same will be provided by the Lessee, and if the operations of the Lessee necessitate passage through an existing fence, gates shall be provided or paid for by the Lessee.
8. While well or wells are being drilled on the said land, the Lessor shall be entitled to have access to the drilling rigs and to examine cores and to be consulted and informed when a well is brought into production or is about to be closed.
9. In the event that no crude oil or natural gas shall have been produced and sold during the year, this agreement shall be terminated 18 months from the date hereof and the Lessee shall deliver to the Lessor a written release of all their rights under this agreement.
10. In the event that crude oil or natural gas shall have been produced and sold within one year from the date hereof, the duration of this agreement shall be renewed from year to year as long as production and sale of crude oil or natural gas continues. Upon the production of crude oil or natural gas being discontinued for a period of three hundred (300) days or more, this agreement may be terminated by written notice given by the Lessor or by the Lessee, which shall take effect ten (10) days after notice. On or before the

1977

date of termination the Lessee shall deliver to the Lessor a release surrendering all of their interests in the said land to the Lessor and shall at their own expense register such release in the Registry Office for the Registry Division in which the said land is situated.

11. In the event that this agreement shall have been renewed as aforesaid, the rental of FIVE DOLLARS (\$5.00) per acre provided for in paragraph 1. of this agreement shall not be payable in the second or any subsequent year.

12. Any sale of storage rights made by the Lessor will be made subject to the Purchaser agreeing to compensate the Lessee for the value of their wells and pipe lines.

13. It is hereby declared and agreed that the rights of the Lessee under this agreement or any renewal thereof may not be sold, transferred, assigned or conveyed to any other person without the written consent of the Lessor.

14. This agreement is made subject to the provisions of any statute of Canada or Ontario applicable thereto and any regulations made pursuant to such statute.

THE LESSEE WILL NOT LAY ANY PIPELINES ON THE LEASEHOLD PREMISES WITHOUT FIRST CONSULTING WITH LESSOR, SO THAT SUCH PIPELINE WILL NOT INTERFERE WITH ANY TIE OF THE LESSOR.

C.A.M.
A.A.M.
SPTB

THE LESSEE WILL NOT COMMENCE A WELL ON THE LEASEHOLD PREMISES WITHOUT WRITTEN PERMISSION OF THE LESSOR, WHICH WILL NOT BE UNREASONABLY WITHHELD.

C.A.M.
A.A.M.
SPTB

IN WITNESS WHEREOF the parties hereto have executed this agreement on the date first written, AND affixed their seals.

SIGNED, SEALED AND DELIVERED)

Colin M. Murphy
Alvin A. McMurphy

in the presence of:

Donald J. Brown

RMC PETROLEUMS LIMITED

1978

8

305469

PROPERTY OF THE
OIL AND GAS GRANT.

COLIN A. McMorphy ETUX

TO

RAM PETROLEUMS LTD,
c/o 37 PHYLLIS AVE.,
CHATHAM, ONT.

RECEIVED

RECEIVED
OIL AND GAS GRANT
1978 2 20 10:00 AM

400
197

TAB B

**This is Exhibit "B" to the
Supplementary Affidavit of Wayne McMurphy
Sworn October 28, 2008**



Commissioner

Helena Maria Ratz, a Commissioner, etc.,
County of Lambton, for the Government of Ontario
Ministry of the Attorney General.
Exhibits May 6, 2009

1980

AGREEMENT OF LEASE made this 4 day of SEPTEMBER A.D. 1976
BETWEEN: COLIN A. MURPHY AND OLIVE A. MURPHY
OF THE TOWNSHIP OF DAWN IN THE COUNTY OF LAMBTON
R.R. #2 OIL SPRINGS ONTARIO,

- Hereinafter called the "LESSOR"
of the First Part

- and -

RAM PETROLEUMS LIMITED, a company incorporated under the
Laws of the Province of Ontario, having its head office
at the City of Toronto, in the County of York,

- Hereinafter called the "LESSEE"
of the Second Part

WITNESSETH that in consideration of ONE DOLLAR (\$1.00) (the receipt whereof is hereby acknowledged) and other good and valuable consideration, hereinafter set out, the Lessor do hereby demise and lease unto the Lessee for the sole and only purpose of carrying on the operations and of doing all acts in connection therewith that are specifically mentioned in the habendum following and for which the Lessee shall have the exclusive right during the life of this agreement, the lands owned by the said Lessor in the Township of Dawn, in the County of Lambton, in the Province of Ontario and which may be more particularly described as follows:

PT. OF THE EAST $\frac{1}{2}$ OF LOTS 33 & 34 CONCESSION 8 44 ACRES
AND MORE PARTICULARLY DESCRIBED IN ATTACHED SCHEDULE "A"
AND THE WEST $\frac{1}{2}$ OF LOT 32 CONCESSION 9 100 ACRES
SOUTHWEST $\frac{1}{4}$ OF LOT 33 CONCESSION 9 50
DAWN TOWNSHIP

TO HAVE AND TO HOLD the said land from the date hereof during the term of one (1) year (renewable each year up to but not more than five (5) years, without negotiating a new lease) and as long thereafter as crude oil and natural gas and related hydro-carbons (all of which are hereinafter called "the said substances") or any of them are produced from the said land with the exclusive right (subject to a reasonable compensation to be paid to the Lessor as hereinafter provided) to make geological surveys and otherwise to prospect and explore and to drill for, recover, remove and/or sell all the said substances, (which said substances the Lessor hereby grant to the Lessee absolutely as and when the said substances are recovered) together with rights-of-way for ingress and egress and for pipe lines, and with the further right of removing either during, or within one year after the term hereof, all and any improvements placed or erected on the said land by the Lessee, including the right to pull all casing.

The Parties agree that any renewal on a yearly basis up to the five year periods will be subject to the terms herein set out.

The Lessor covenant that he is the owner of said land and that the Deed is in HIS name.

The Lessor and Lessee hereby covenant and agree with each other as follows:

1. The Lessee shall pay to the Lessor on the execution of this agreement the sum of ~~SEVEN~~^{SEVEN} DOLLARS (~~\$7.00~~^{\$7.00}) per acre in consideration for the rights granted herein for the period of one year from the date hereof. J.C.A.
m
2. The Lessee shall pay to the Lessor compensation for use of parts of the surface of said land as follows:
 - (i) Prior to commencement of drilling operations the compensation to be paid the said Lessor shall be the value of damage to crops and improvements on said land caused by Lessees' entry and the conducting of prospecting operations.
 - (ii) On or after commencement of drilling operations the compensation shall be the value of damage to crops and improvements then growing on the said land together with a payment of ONE HUNDRED^{TWO HUNDRED} DOLLARS (\$100.00) per acre used for said operations, including the well site, tanks and/or buildings and for rights-of-way for ingress and egress and for pipe lines or the like. J.C.A.
C.A.N
Ech on
RE
3. The Lessee agree to pay the Lessor as royalty and rental one-eighth (1/8th) of all crude oil and/or natural gas produced, saved and marketed from the said land paying on or before the 20th day of next following month the current market price therefor at the point of measurement in effect on the day it is run to the pipe line or storage tanks. The Lessee will keep books showing correctly the quantity of all crude oil or all natural gas produced, saved and marketed from the said land, which books the Lessor or HIS agent shall have the right to inspect at all reasonable times.
4. The Lessee agree not to drill a well within TWO HUNDRED FEET (200') of any residence or barn now on said land without the written consent of the Lessor. The Lessee will bury pipe lines below three foot (3') depth and will maintain said pipe lines in good repair and compensate the Lessor for any damage done by leakage or otherwise from the said pipe lines.

1982

5. The Lessor covenant and agree to pay all taxes, rates and assessments made or imposed against the said land, provided however, that the Lessee shall pay any increase of the said taxes, rates and assessments made or imposed in respect of any improvements which the Lessee may make on the said land and the Lessee shall also pay all taxes which may be made or imposed with respect to wells, pipe lines or other property brought upon or maintained upon said land by the Lessee.

6. In the event that oil or gas is found and marketed the Lessee may build and maintain a Battery installation, for which purpose the Lessor agree to lease not less than one (1) acre and not more than two (2) acres to the Lessee at a rental not exceeding ^{one} ~~one~~ HUNDRED AND ~~FOETY~~ DOLLARS (~~\$150.00~~) per annum. The said installation shall be located in corner of lot of the Lessor. The Lessee agree to maintain the said installation and the land leased therewith in good condition at all times and to correct any unsatisfactory or unsightly condition which may be found thereon by the Lessor, who shall be entitled to inspect it at any time.

7. If fences be necessary at well locations to prevent livestock from having access thereto, the same will be provided by the Lessee, and if the operations of the Lessee necessitate passage through an existing fence, gates shall be provided or paid for by the Lessee.

8. While well or wells are being drilled on the said land, the Lessor shall be entitled to have access to the drilling rigs and to examine cores and to be consulted and informed when a well is brought into production or is about to be closed.

9. In the event that no crude oil or natural gas shall have been produced and sold during the year, this agreement shall be terminated 18 months from the date hereof and the Lessee shall deliver to the Lessor a written release of all their rights under this agreement.

10. In the event that crude oil or natural gas shall have been produced and sold within one year from the date hereof, the duration of this agreement shall be renewed from year to year as long as production and sale of crude oil or natural gas continues. Upon the production of crude oil or natural gas being discontinued for a period of three hundred (300) days or more, this agreement may be terminated by written notice given by the Lessor or by the Lessee, which shall take effect ten (10) days after notice. On or before the date of termination the Lessee shall deliver to the Lessor a release surrendering all of their interest in the said land to the Lessor and shall at their own expense register such release in the Registry Office for the Registry Division in which the said land is situated.

1983

11. In the event that this agreement shall have been renewed as aforesaid, the rental of ^{SEVEN} ~~FOUR~~ DOLLARS (~~\$4.00~~ ^{\$7.00}) per acre provided for in paragraph 1. of this agreement shall not be payable in the second or any subsequent year. CAM nu RI
12. Any sale of storage rights made by the Lessor will be made subject to the Purchaser agreeing to compensate the Lessee for the value of their wells and pipe lines.
13. It is hereby declared and agreed that the rights of the Lessee under this agreement or any renewal thereof may not be sold, transferred, assigned or conveyed to any other person without the written consent of the Lessor.
14. This agreement is made subject to the provisions of any statute of Canada or Ontario applicable thereto and any regulations made pursuant to such statute.
15. The Lessee will not lay any pipelines on the leasehold premises without first consulting with Lessor, so that such pipelines will not interfere with any tile of the Lessor.
16. The Lessee will not commence a well on the leasehold premises without written permission of the Lessor, which will not be unreasonably withheld.

IN WITNESS WHEREOF the parties hereto have executed this agreement on the date first written AND affixed their seals.

SIGNED, SEALED AND DELIVERED
in the presence of:

Ernest M. Mank

Colin A. McMurphy
Philip A. McMurphy
RAM PETROLEUMS LIMITED
Per: *[Signature]* PRESIDENT
Per: *[Signature]* SECRETARY

1984

AFFIDAVIT OF SUBSCRIBING WITNESS

AMENDED

I, EVERETT M. MARSH
of the TOWNSHIP OF MOORE
in the COUNTY OF LAMBERT
LEASING AGENT

make oath and say:

I am a subscribing witness to the attached instrument and I was present and saw it executed
at TOWNSHIP OF DAWIN by COLIN A. MURPHY
CHINE A. MURPHY

*See footnote

*See footnote

I verily believe that each person whose signature I witnessed is the party of the same name referred to in the instrument.

SWORN before me at the TOWNSHIP OF
ENNISKILLEN in the COUNTY OF
this 18 day of MAY 1976
Everett M. Marsh

LESLIE HALL
REEVE OF THE TOWNSHIP
OF ENNISKILLEN

* Where a party is unable to read the instrument or where a party signs by making his mark or in foreign characters add "after the instrument had been read to him and he appeared fully to understand it". Where executed under a power of attorney insert "(name of attorney) as attorney for (name of party)", and for next clause substitute "I verily believe that the person whose signature I witnessed was authorized to execute the instrument as attorney for (name)".

AFFIDAVIT AS TO AGE AND MARITAL STATUS

I/WE COLIN A. MURPHY
CHINE A. MURPHY
of the TOWNSHIP OF DAWIN
in the COUNTY OF LAMBERT

* If attorney
see footnote

make oath and say: THAT When WE executed the attached instrument,

I/WE WERE at least eighteen years old.

Strike out
inapplicable
clauses.

I was married / divorced / widower.

CHINE A. MURPHY was my wife / husband.

We were married to each other.

We held the land as Joint Tenants / Trustees / Partnership Property.

Resident of
Canada, etc.

(SEVERALLY) SWORN before me at the TOWNSHIP OF
DAWIN in the COUNTY OF LAMBERT
this 13 day of MAY 1976
Everett M. Marsh
Province of Ontario, for Lambton County, etc.
Notary Public for Ontario, etc.

* Where affidavit made by attorney add "I am a duly qualified attorney and I am duly sworn to do so."

1985

Schedule "A"

FIRSTLY: Sublots Ninety-three and Ninety-four (93 & 94) according to Plan Two (2) for the said Township, and the south four-fifths of Sublot Sixty-one (61) according to Plan Two (2) for the said Township in subdivision of Lot Thirty-four (34) in the Eighth Concession of the said Township containing by admeasurement Fourteen (14) acres more or less;

SECONDLY: In the Township of Dawn, in the County of Lambton, and being composed of Sublots Ninety-five, ninety-six, ninety-seven, one hundred twenty-one, one hundred twenty and one hundred and twenty-two (95,96,97,121,120,122), according to Plan Two (2) for the said Township, all in the subdivision of Lot Thirty-three (33) in the Eighth Concession of the Township of Dawn containing by admeasurement Thirty acres (30);

THIRDLY: In the Township of Dawn in the County of Lambton and being composed of that portion of the roadway extending from the west limit of the Eighth Concession (8th) to the east limit of the Eighth Concession (8th) and lying between Lots Thirty-three and thirty-four (33 & 34) in the said concession of the Township of Dawn, more particularly described as follows: COMMENCING at the north-east angle of Lot Ninety-four (94) according to Plan No. Two (2) for the said Township of Dawn: THENCE northerly in the production of the east limit of said Lot Ninety-four (94) to the south-east angle of Lot Number Sixty-one (61), according to said Plan No. Two (2); THENCE westerly along the south limit of Lots Numbers Sixty-One and Sixty-two (61 & 62) being the north limit of said road allowance, to the south-west angle of said Lot Sixty-two (62): THENCE Southerly in the production of the west limit of said Lot Number Sixty-Two (62) to the north-west angle of said Lot Number Ninety-three according to said Plan No. Two (2) THENCE easterly along the north limit of Lots Ninety-three and Ninety-four (93 & 94) being the south limit of said road allowance, place of beginning.

OIL and GAS GRANT

FROM

COLIN A. MCMURPHY and

OLIVE A. MCMURPHY

TO

RAM PETROLEUMS LIMITED

Dated..... September 4, 1976

Term..... Five years

Location..... Dawn Township

Location..... Lambton County

397848
Lambton Registry Division of Lambton (No. 25)
CERTIFY that this instrument is registered as of
2:01 P.M.

SEP 24 1976

City Office
St. Catharines,
Ontario

Robert Rudge
Acting Land Registrar

RAM PETROLEUMS LIMITED
P.O. BOX 100, STAYTAP, ONTARIO,
TORONTO, ONTARIO,
M5H 2Y4

MARIE SNOPKO et. al. v. UNION GAS LTD. AND RAM PETROLEUMS LTD.

Plaintiffs (Responding Party)

Defendants (Moving Party)

**ONTARIO
SUPERIOR COURT OF JUSTICE**

**PROCEEDING COMMENCED AT
SARNIA, ONTARIO**

**SUPPLEMENTARY AFFIDAVIT OF WAYNE
MCMURPHY**

**DONALD R. GOOD A PROFESSIONAL CORPORATION
DONALD R. GOOD & ASSOCIATES**
Barristers & Solicitors
43 Roydon Place, Suite 207
Ottawa, Ontario K2E 1A3

Donald R. Good, P.Ag.,
LSUC No. 21253J
Aaron Hirschorn, Associate Counsel
LSUC No. 54921T

**Tel: 613-228-9676
Fax: 613-228-7404
e-mail farmlaw@on.aibn.com**

Solicitors for the Plaintiffs

1972

IN THE MATTER OF the Ontario Energy Board Act, 1998, S.O. 1998, c. 15 (Schedule B);

AND IN THE MATTER OF an application by Marie Snopko, Wayne McMurphy, Lyle Knight and Eldon Knight under section 19 of the Ontario Energy Board Act, 1998, S.O. 1998, for an Order of the Board determining that the contracts, filed with the Application, between the Applicants and Union Gas Limited /Ram Petroleums Limited have been terminated;

AND IN THE MATTER OF an application by Marie Snopko, Wayne McMurphy, Lyle Knight and Eldon Knight under section 38(2) of the Ontario Energy Board Act, 1998, S.O. 1998, for an Order of the Board determining the quantum of compensation the Applicants are entitled to have received from Union Gas Limited and Ram Petroleums Limited.

RESPONDING MOTION RECORD

(Re: Union Gas Limited's Notice of Motion
dated June 22, 2011)

**DONALD R. GOOD A PROFESSIONAL
CORPORATION**

Barristers and Solicitors
43 Roydon Place, Suite 207
Ottawa, ON, K2E 1A3

Donald R. Good, P.Ag.,
LSUC No. 21253J

Tel: 613-228-9676

Fax: 613-228-7404

Solicitor for Applicants