

THIS INDENTURE made as of the 16th day of February, 1998.

BETWEEN:

HER MAJESTY THE QUEEN IN RIGHT OF THE PROVINCE OF ONTARIO AS REPRESENTED BY THE MINISTER OF NATURAL RESOURCES FOR THE PROVINCE OF ONTARIO,

(hereinafter referred to as the "Settlor")

- and -

ONTARIO OIL, GAS & SALT RESOURCES CORPORATION, a corporation incorporated under the laws of Ontario,

(hereinafter referred to as the "Original Trustee")

WHEREAS subsection 16 (1) of the *Oil, Gas and Salt Resources Act* (hereinafter referred to as the "Act") requires the Minister of Natural Resources to establish a trust to be known as the Oil, Gas and Salt Resources Trust for the purposes which are more particularly set out in subsection 16 (2) of the Act;

AND WHEREAS the Minister of Natural Resources shall, under subsection 16 (3) of the Act, appoint a trustee of the Oil, Gas and Salt Resources Trust;

AND WHEREAS the Minister hereby approves the creation of a Trust Advisory Committee to set operating budgets and to direct policy with respect to expenditures;

NOW THEREFORE THIS INDENTURE WITNESSETH AS FOLLOWS:

ARTICLE I - INTERPRETATION

1.01 Definitions

In this Indenture including, without limitation, this article, unless the context otherwise requires or it is otherwise specifically provided:

- (a) "Act" means the *Oil, Gas and Salt Resources Act*, R.S.O. 1990, c. P.12 as amended;
- (b) "Approved Investments" means investments authorized by the *Trustee Act* R.S.O. 1990, c. T.23, as amended;

- (c) **"Crown"** means Her Majesty the Queen in right of the Province of Ontario;
- (d) **"Effective Date"** means the day section 67 of the *Aggregate and Petroleum Resources Statute Law Amendment Act, 1996* comes into force;
- (e) **"Fiscal Year"** means the fiscal year of the Trust ending on the last day of December in each year;
- (f) **"Indenture"** means this Indenture and any amendment to it and any instrument supplemental or ancillary to it and any amendment to such instrument;
- (g) **"Licence"** means a licence as defined in the Act;
- ⊕ **"Net Income" or "Net Loss"** means, for a Fiscal Year, the income or loss of the Trust for such Fiscal Year for the purposes of the *Income Tax Act* (Canada);
- ⊕ **"Oil, Gas and Salt Resources Charges"** means the aggregate of annual licence fees, sample processing fees, and other fees and payments imposed or levied pursuant to the Act or regulations made thereunder and required to be paid to the Trust;
- ⊕ **"Oil, Gas and Salt Resources Trust"** means the trust established by this Indenture;
- (l) **"Operating Standards"** means version 1.0 of Operating Standards for Oil, Gas and Salt Resources of Ontario;
- (m) **"Original Trustee"** means the Ontario Oil, Gas & Salt Resources Corporation.;
- ⊕ **"Permit"** means a permit as defined in the Act;
- "Permittee"** means a permittee as defined in the Act;
- (p) **"Settlement Amount"** means the sum of one dollar (\$1.00) paid by the Settlor to the Original Trustee to be held as part of the Trust Assets pursuant to the terms of this Indenture;
- ⊕ **"Settlor"** means Her Majesty the Queen in right of the Province of Ontario as represented by the Minister of Natural Resources for the Province of Ontario;
- ⊕ **"Termination Date"** means the earlier of:
- (i) the date which is twenty-one (21) years after the death of the last survivor of all of the issue of Her Majesty Queen Elizabeth II who are living on the date of this Indenture; and
 - (ii) the date upon which the Trustee resigns or is removed pursuant to this Indenture.

- (s) **"Trust"** means the Oil, Gas and Salt Resources Trust;
- (t) **"Trust Assets"** means the aggregate of the settlement amount, the Oil, Gas and Salt Resources Charges, the investments made by the Trustee of the Oil, Gas and Salt Resources Charges pursuant to this Indenture and all amounts which may be loaned to the Trustee to be held as Trust Assets pursuant to article 6.05 hereof;
- (u) **"Trustee"** means the Original Trustee and any successor trustee; and
- (v) **"Trust Purposes"** means:
 - (i) the funding of information management relating to oil, gas and salt resources;
 - (ii) the funding of research, surveys and laboratory facilities and operations relating to:
 1. oil or gas exploration, drilling or production;
 2. the storage of oil, gas and other hydrocarbons in geological formations;
 3. the disposal of oil field fluids in geological formations; and
 4. solution mining.
 - (iii) such other purposes as may be provided for by or pursuant to section 16(2)3 of the Act.
- (w) **"Trust Advisory Committee"** means a seven person committee comprised of four representatives from the Oil and Natural Gas Exploration and Production industry, and one representative from each of the Natural Gas Storage industry, the Hydrocarbon Cavern Storage industry, and the Salt Solution Mining industry, appointed by the Trustee to fulfill responsibilities assigned to it in this Agreement;

ARTICLE 2 - SETTLEMENT

2.01 Initial Settlement

The Settlor to her entire exclusion hereby conveys and transfers the settlement amount to the Original Trustee.

ARTICLE 3 - APPOINTMENT AND TERM

3.01 Appointment

The appointment of the Original Trustee as the Trustee hereof is hereby confirmed and accepted. The Original Trustee acknowledges receipt of the Settlement Amount and agrees to hold and stand possessed of the Trust Assets in trust for the benefit of the Crown in accordance with the terms of this Indenture.

3.02 Term

The appointment of the Trustee of the trusts hereby created shall commence on the date hereof and end on the Termination Date. The Trustee will not assign its rights and obligations under this Indenture without the written consent of the Settlor.

3.03 Resignation of the Trustee

The Trustee may resign as trustee hereof upon delivery of written notice of resignation to the Settlor. Such resignation shall be effective on the date that is ninety (90) days after the date such notice has been delivered by the Trustee to the Settlor or on such earlier date as may be agreed to in writing by the Trustee and the Settlor.

3.04 Removal of Trustee by the Settlor

The Settlor may remove the Trustee as trustee hereof by an instrument in writing delivered to the Trustee upon the occurrence of any one or more of the following events, such removal being effective as of the date of the instrument in writing:

- (a) the Trustee winds up or is dissolved or makes an assignment for the general benefit of its creditors; the Trustee files a notice of intention to make a proposal, or a proposal is made under the *Bankruptcy and Insolvency Act*, R.S.C. 1992, c.27; a receiver of the Trustee is appointed; or the Trustee becomes insolvent within the meaning of the *Bankruptcy and Insolvency Act*;
- (b) the Trust Assets or any part thereof are paid or applied by the Trustee for any purpose other than those provided for in this Indenture; or,
- (c) the Trustee breaches any term or condition of this Indenture.
- (d) in the event that the Ontario Petroleum Institute Inc. ceases to be the only shareholder of the corporation

3.05 Transfer to Successor Trustee

In the event that the Trustee resigns or is removed in accordance with the terms of this Article 3, the Settlor, shall forthwith appoint in writing a successor Trustee. Upon the appointment of a successor Trustee, all of the rights, estate and interest in the Trust Assets shall vest in the successor Trustee. Upon the written request of the Settlor, the retiring Trustee shall execute and deliver any written instruments which may be desirable and shall do all such other acts and things necessary or desirable for the continued orderly administration of the Trust and the Trust Assets.

3.06 Amendment of this Indenture

Any term or provision of this Indenture may be amended or revoked or additional terms may be added by an instrument in writing executed by the Settlor and the Trustee.

ARTICLE 4 - SETTLOR'S REPRESENTATION

4.01 The Settlor represents to the Trustee that the Trust Assets and the income and gains derived therefrom is property belonging to the Province of Ontario within the meaning of section 125 of the *Constitution Act, 1867*.

ARTICLE 5 - INFORMATION TO BE PROVIDED TO TRUSTEE

5.01 Initially and forthwith after the execution of this Indenture, the Settlor shall provide the Trustee and thereafter on a regular basis and in a timely manner with such information as the Trustee may reasonably require to enable the Trustee to discharge its responsibilities as Trustee, including, without limitation:

- (a) an up-to-date list of all active licences;
- (b) the names and addresses of all Licensees and Permittees;
- (c) duplicate copies of all reports submitted by Licensees and Permittees to the Settlor under the reporting requirements of Part 13 of the Operating Standards.

5.02 The Trustee is entitled to rely upon the information provided by the Settlor and shall be under no obligation to verify that such information is accurate.

5.03 It is agreed that the information provided to the Trustee by the Settlor pursuant to article 5.01 is to be regarded as confidential and the Trustee will not disclose any such information unless specifically required so to do in order to discharge its responsibilities under this Indenture or otherwise by law. Information provided by the Settlor to the Trustee under article 5.01 (c) shall not be released by the Trustee prior to the end of the confidentiality period specified for this information in the Operating Standards. Notwithstanding the foregoing the Settlor may authorize the Trustee to publish or otherwise disseminate information in statistical form subject to the confidentiality provisions of the Operating Standards.

ARTICLE 6 - PAYMENTS INTO THE OIL, GAS AND SALT RESOURCES TRUST

6.01 Accounts

1. The Trustee shall keep
2. an Account in the name of the Oil, Gas and Salt Resources Trust. All Oil, Gas and Salt Resources Charges shall be credited to this account.

6.02 Review of Charges

The Trust Advisory Committee may review the fees comprising the Oil, Gas and Salt Resources Charges and make recommendations to the Settlor for revisions.

6.03 Client Services Fees

The Trustee may charge reasonable fees for public use of the facilities and services of the Oil, Gas and Salt Resources Library, and for other goods and services provided to clients under the terms of this agreement. A fee schedule approved by the Trust Advisory Committee and the Settlor shall be established and posted by the Trustee at the Library. The Trust Advisory Committee shall review the fee schedule annually and make recommendations to the Trustee for revisions.

6.04 Publications

The sale price of publications produced by the Trust, including handling and shipping charges, shall be determined by the Trust Advisory Committee. Publications of the Settlor and other organizations may be sold by the Trust subject to negotiation of a sales agreement.

6.05 No Right or Interest

Payment by a Licensee or Permittee of Oil, Gas and Salt Resources Charges to the Trust shall not give rise to any right or interest, legal or beneficial, of any nature whatsoever of the Licensee or the Permittee in any of the Trust Assets and for greater certainty it is hereby declared that the Oil, Gas and Salt Resources Charges are paid to the Trustee and held by the Trustee for the benefit of the Crown.

6.06 Investment of Trust Assets

The Trustee shall invest and reinvest the Trust Assets in Approved Investments which investments are held by the Trustee for the benefit of the Crown.

ARTICLE 7 - PAYMENTS OUT OF THE OIL, GAS AND SALT RESOURCES TRUST

7.01 Payments for Benefit of Crown

The parties acknowledge that amounts paid by the Trustee pursuant to this Article 7 are paid to or for the benefit of the Crown.

7.02 Payment of Trust Expenses

The Trustee shall pay and discharge expenses properly incurred by it in carrying out and fulfilling the Trust Purposes and the administration of the trusts hereby created and shall charge the same to:

- (a) the income and gains derived from the investment of the Trust Assets; and
- (b) thereafter to the other Trust Assets.

7.03 Distribution on Termination Date

On the Termination Date, the Trustee shall:

- (a) repay all loans referred to in article 8.03 (f) hereof;
- (b) pay the Trust Assets then remaining to the Crown.

ARTICLE 8 - ADMINISTRATION OF TRUST

8.01 Powers and Obligations of The Trustee

The Trustee shall:

- (a) assume responsibility for operation of the core and cuttings storage area, public well files, client service area and reference library at the Petroleum Resources Laboratory renamed as the Oil, Gas and Salt Resources Library;
- (b) provide for payment of all reasonable costs and expenses incurred after December 31, 1997 in respect of the operation of the Oil, Gas and Salt Resources Library. (The furniture, equipment, data, files, library materials, drill samples and other physical assets of the Library do not comprise part of the Trust Assets, but will be maintained and replaced and updated as necessary by the Trustee). Maintenance of physical assets shall be consistent with past and current practices at the Petroleum Resources Laboratory;
- (c) operate the Trust in accordance with a business plan, for the year commencing January 1, 1998 and thereafter annually.

8.02 Trust Advisory Committee

The Trustee shall establish the Trust Advisory Committee and shall ensure that a representative of the Ministry of Natural Resources shall receive notice of and attend, as an invitee, all meetings of the Committee.

8.03 Administrative Powers

In addition to all other powers the Trustee may have, the Trustee, in its absolute discretion, shall have full power and authority, to be exercised at any time and from time to time in the administration of the Trust Assets as follows:

- (a) To sell, call in and convert into money the whole or any part of the Trust Assets as shall not consist of money, in such manner and on such terms and either for cash or credit or for part cash and part credit as the Trustee may deem advisable and to execute and deliver all deeds and instruments relating thereto;
- (b) To purchase, lease, or otherwise acquire any real or personal property which the Trustee considers advisable in order to carry out and fulfill the Trust Purposes;
- (c) To invest and reinvest any money in its hands from time to time in Approved Investments;
- (d) To engage and dismiss such employees, agents, contractors, consultants and advisors on such terms as the Trustee considers advisable to carry out and fulfill the Trust Purposes;

- (e) If authorized in writing by the Settlor, to compile, publish and sell data and material received by the Trustee in the course of the administration of the Trust to promote and enhance the Trust Purposes; and
- (f) To borrow from any person at any time and from time to time and for such purposes connected with the Trust Assets or the administration thereof as the Trustee considers advisable, to guarantee the indebtedness and liability of employees, agents, consultants, contractors and advisors if the Trustee considers it appropriate to do so and to give security for such guarantee or guarantees;

8.04 Preparation and Provision of Semi-Annual Statement of Account

- (a) The Trustee shall maintain a record of all payments and transfers to and from the Trust. That record will include the name, and where applicable the licence or permit number, of the person making the payment to the Trustee, or to whom a payment was made by the Trustee.
- (b) The Trustee shall prepare or cause to be prepared a semi-annual statement for the Trust as of June 30 and December 31, which shall include:

the total payments from the Trust in the fiscal year to the end of the statement period; a complete statement of all fees, costs, charges, taxes and expenses of the Trust during the period; the total amount credited to the Trust by the Trustee, and the sources thereof, in that period and on a fiscal year to date basis; and the value of the Trust assets at the end of that period.

- (c) The Trustee shall provide a copy of the semi-annual statement to the Settlor within ninety (90) days following the end of the period to which it applies.

8.05 Preparation and Provision of Annual Financial Statement

- (a) The Trustee shall prepare or cause to be prepared in accordance with generally accepted accounting principles an annual financial statement for the Trust.
- (b) The annual financial statement prepared pursuant to paragraph (a) shall include at least the following information:
 - (i) the total payments from the Trust in the fiscal year;
 - (ii) a complete and itemized statement of all fees, costs, charges, taxes and expenses of the Trust incurred during the fiscal year;
 - (iii) the total amount credited to the Trust for the fiscal year; and
 - (iv) the value of the Trust Assets at the end of the fiscal year.
- (c) A copy of the annual financial statement of the Trust certified by the Trustee shall be delivered to the Settlor no later than six months after the fiscal year end for which it was prepared.

- (d) The Trustee shall provide such other information in addition to that described in paragraph (c) as the Settlor may from time to time reasonably request.

8.06 Instituting or Defending Proceedings at Law

The Trustee may institute and defend legal proceedings in any way connected with, relating to, or arising out of the affairs of the Trust, the Trust Assets, and this indenture and proceed to the final determination thereof or compromise the same as the Trustee shall consider advisable. The costs and expenses of instituting or defending legal proceedings shall form proper disbursements from the Trust Assets.

8.07 Banking- Arrangements

The Trustee may appoint any bank or trust company to be the bank or one of its bankers for the purposes hereof and may revoke any such appointment at any time or from time to time and may appoint another bank or trust company in place thereof.

8.08 Audit of Oil, Gas and Salt Resources Trust

The annual financial statements prepared in accordance with article 8.05 hereof shall be audited by a person or firm licensed under the *Public Accountancy Act*, R. S. O. 1990, c. P.37 and retained by the Trustee. The reasonable cost of such audit shall be charged against the Trust Assets. The Trustee shall provide a copy of the audited financial statements to the Settlor.

8.09 Trustee not an Agent

The Trustee is an independent corporation providing services for the benefit of the Crown in accordance with the terms of this Indenture, and neither the Trustee nor any employee, agent or servant of the Trustee will be construed to be an agent, employee or partner of the Settlor.

8.10 Conflicts

The Trustee agrees not to knowingly enter into any indenture, business or other relationship or to incur any obligations which may conflict with this Indenture.

8.11 Unforeseen Occurrences

The parties hereto agree that neither of them will be held responsible for damages caused by delay or failure to perform under the terms of this Indenture when the delay or failure is due to fires, strikes or lockouts, floods, acts of God, wars, riots or other civil insurrections, lawful acts of public authorities, or any delays or defaults which cannot reasonably be foreseen or provided against.

8.12 Held in Trust

The books and records of the Trustee shall at all times indicate that the Trust Assets held by it pursuant to this agreement are held in trust for the Oil, Gas and Salt Resources Trust in accordance with this agreement.

ARTICLE 9 - TRUSTEE'S REMUNERATION

9.01 Remuneration of Trustee

The costs incurred by the Trustee for performing its duties under this Indenture are payable out to the Trust Assets to the extent reflected in the annual business plan.

ARTICLE 10 - NOTICE

10.01 Delivery of Notice

- (a) Any notice, request, demand, consent, approval, correspondence, report or other communication required pursuant to or permitted under this Indenture, must be given in writing, and sent by personal delivery, facsimile transmission ("fax") or by ordinary prepaid mail at the following addresses:

Trustee

Ontario Oil, Gas and Salt Resources Corporation
555 Southdale Road East, Suite 104
London, Ontario N6E 1A2

Settlor

Minister of Natural Resources
Petroleum Resources Centre
659 Exeter Road
London ON N6E 1L3

- (b) Upon appointment of the Trust Advisory Committee, the Trustee shall provide to the Settlor the address of the Trust Advisory Committee and the person or position to whose attention notices and other communications described in subparagraph (a) shall be given. All the requirements of subparagraph (a) regarding the manner of giving such written notice shall apply to notice given to the Trust Advisory Committee.
- (c) A change in the address or persons to receive the communications referred to in paragraph (a) may be made by providing written notice in accordance with this Article 10.01.

10.02 Notice Deemed Received

Notice by mail will be deemed to have been received on the fourth business day after the date of mailing. Notice by personal delivery or by way of fax will be deemed to have been received at the time of the delivery or transmission.

10.03 Postal Service Interruption

In the event of an interruption in postal service, notice will be given by personal delivery or by fax.

ARTICLE 11 - GOVERNING LAW

11.01 Governing Law

This Indenture, and the rights and duties of the Trustee hereunder, shall be governed by and construed in accordance with the laws of the Province of Ontario including the *Trustee Act*. In the event that any provision of this Indenture conflicts with the provisions of the Act or any regulations or Orders-in-Council made thereunder, or any other applicable law, then such provision of the Act, regulation, Orders-in-Council or other law, as the case may be, shall prevail and the conflicting provisions of this Indenture shall be inoperative to the extent of such conflict. The remainder of this Indenture shall remain in full force and effect. The Trustee shall have no duty or obligation under this Indenture to monitor compliance with the Act or any regulations made thereunder except as may be expressly agreed to in this Indenture or otherwise in writing.

ARTICLE 12 - INTERPRETATION

12.01 Headings

Descriptive headings are inserted solely for convenience of reference, do not form part of this Indenture, and are not to be used as an aid in the interpretation of this Indenture.

12.02 Invalidity

The invalidity of any particular provision of this Indenture will not affect any other provision of it, but the Indenture will be construed as if the invalid provision had been omitted.

12.03 Waiver

Waiver by any party of any provision of this Indenture in one instance will not constitute a waiver as to any other instance and to be effective any waiver must be in writing.

12.04 Entire Indenture

This Indenture constitutes the entire indenture between the parties. There are no other indentures, understandings, representations, warranties, collateral indentures or conditions affecting this Indenture except as expressed in it. This Indenture has been executed by the Minister of Natural Resources and the duly authorized representative of the Trustee as of the date indicated above.

SIGNED, SEALED AND DELIVERED

in the presence of:

As to execution by the
Minister of Natural Resources

**MINISTER OF NATURAL RESOURCES
FOR THE PROVINCE OF ONTARIO**

(Settlor)

**ONTARIO OIL, GAS & SALT RESOURCES
CORPORATION**

By:

(Trustee)