

**MINISTRY OF NATURAL RESOURCES
THE MINING ACT
STORAGE LEASE**

Lease Number: «DocRefNum»-SL

LESSOR: Minister of Natural Resources (the "Lessor")
LESSEE: «TitleHolder» (the "Lessee")
LEASE NUMBER: «DocRefNum»-SL
EFFECTIVE DATE: «DocStatusDate»
EXPIRY DATE: «ExpiryDate»
TERM: «Term»
ANNUAL RENT: «AnnualRent»

THIS LEASE, made in duplicate, «DocDate».

BETWEEN:

Her Majesty the Queen in right of Ontario as represented by the
Minister of Natural Resources

hereinafter called "the Lessor"

and

«TitleHolder»

hereinafter called the "Lessee"

Pursuant to the Mining Act (the "Act") and the regulations thereunder (the "Regulations"), and subject to the provisions thereof (the "Provisions") as they may be amended or substituted from time to time, and in consideration of the rents, covenants and agreements hereinafter expressed and contained, the Lessor hereby leases unto the Lessee, insofar as the Crown in the right of Ontario has the right to issue the same, the exclusive right to store **<substance to be stored>** within **<geological formation>** within and under the lands, described in the attached Schedule (the "Premises"), for the term of «TermYear» years and «TermMonth» months, commencing «DocStatusDate», renewable upon application for successive terms of up to ten years each. The anniversary date shall be January 1st in each subsequent year following the commencement year.

Renewals are granted upon the conditions of the Regulations and subject to the regulations in force at the time such renewals are granted, provided the Lessee furnishes evidence satisfactory to the Lessor to show that during the term of the lease the Lessee has complied fully with the conditions of such lease and with the provisions of the regulations in force from time to time whether made before or during the term of the lease.

PROVIDED that:

- (a) If the Premises is located on Crown land, the Lessee has the right to enter upon, use or occupy any part or parts of the surface rights of the Premises as may be reasonably necessary for the storage operations;
- (b) If the Premises is located on private property, the Lessee does not have the right to enter upon, use or occupy any part or parts of the surface rights and the subsurface mineral rights of the Premises as may be reasonably necessary for storage of (*insert product to be stored and in its geological formation*) without a separate lease from the landowner to whom the Premises belongs.

The Lessee agrees to pay to the Lessor the rental rate as specified in the Regulations.

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If the rent set out in the Regulations is changed during the term of this lease, the payments made by the Lessee following the change shall be on the basis of the new rent.

For the purposes of determining when storage operations begin and when post storage operation commencement rent shall be paid, commencement of storage operations shall be the date of first injection of working storage volume of natural gas and for other types of storage shall mean the date of first injection of the stored substance.

Where the working storage volume, in the case of natural gas storage, or storage capacity, in the case of other types of storage, is increased or decreased by the Lessee and the Lessor agrees with the new determination of working storage volume or storage capacity, the Lessee shall pay the storage rent based on the new working storage volume or storage capacity, as the case may be, upon notice by the Lessor.

The Lessee's duties and obligations under this lease may be amended or varied in accordance with amendments to the Act and Regulations.

The Lessee shall determine and submit the working storage volume and the method of determination to the Lessor prior to commencement of storage operations and maintain an accurate inventory of the substance that is stored within the area described in the storage lease.

The Lessor may recalculate any rent payment if the Lessor determines that the working storage volume is not accurate, in which case, the Lessee shall pay a rent based on the Lessor's determination of the rent owing.

Rents payable shall be calculated free and clear of and from all rates, taxes and assessments and from all manner of deduction whatsoever.

Saving, Excepting and Reserving Unto the Lessor

1. Such use of the Premises hereby demised for such works as may be necessary for the development of electrical power and the transmission and distributing of electrical power and the transmission of oil and gas, including the construction, maintenance and operation of any transmission lines, pipelines, powerhouse and other works and structures without any liability.

The right to remove, and to allow the removal of sand and gravel or minerals, excepting oil and gas, from the Premises, and to grant or use such parts of the said Premises for such other purposes as may be deemed necessary.

The right to issue a well license under the Oil, Gas and Salt Resources Act for a deviated or horizontal well to a person other than the Lessee which allows access across the Premises to lands held by that person.

The right to allow persons other than the Lessee to enter the Premises for the purposes of conducting seismic and other geophysical or geochemical surveys.

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Enurement

2. The Lease shall be binding upon and enure to the benefit of the heirs, executors, administrators, successors, permitted assigns and other legal representatives of the Lessee.

Gender and Number

3. This lease is to be read with all changes in gender or number as required by context.

Compliance with Statutes

4. The Lessee agrees to comply with the provisions of the Mining Act, the Oil, Gas and Salt Resources Act, the Ontario Energy Board Act and all regulations established under those Acts or their successors, and any other Acts or regulations that prescribe, apply to or affect the rights and obligations of a Lessee of storage rights that are the property of the Crown, or that relate to or affect the Lessee in the conduct of the Lessee's operations or activities under this lease and any amendments made thereto, which have been or shall hereafter be made. The provisions of the aforementioned Acts and regulations shall be deemed to be incorporated in this lease and, in the event of conflict between a provision of this lease and a provision of the aforementioned Acts and regulations, the latter provision shall prevail.

Taxes Payable by Lessee

5. The Lessee shall pay all taxes, rates, duties and assessments that may be charged or be payable during the term, or any renewal of this Lease, in respect of the Premises and the operations under this Lease.

Survey

6. The Lessor may direct that the Lessee make and file a cadastral survey at the Lessee's expense that is satisfactory to the Lessor and acceptable for registration in the Land Registry Office with respect to the position of any boundary that is uncertain or becomes the subject of a dispute.

Operations

7. The Lessee shall conduct all operations under this Lease in a diligent, careful and workmanlike manner and shall take all reasonable and necessary steps to prevent injury and damage to life and property.

The Lessee shall not unduly interfere with other oil and natural gas production, storage operations or other mining operations in the leased area, or in any manner cause undue public or private damage, inconvenience or nuisance.

Works

8. The Lessor grants the right to the Lessee to erect such structures and lay pipelines within the Premises as are necessary to carry out the operations of injecting, storing and withdrawing stored substances.

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Measurement

9. The Lessee shall accurately measure all substance injected and withdrawn from the Premises.

Gas volumes shall be calculated at standard conditions of 101.324 kilopascals absolute and degrees Celsius.

Records

10. The Lessee shall at all times keep accurate and detailed records, books and accounts of its operations on the Premises and the quantity of the stored substance injected and withdrawn from the Premises, and whenever requested shall make such records available for examination by the Lessor or any person authorized by the Lessor.

Liability

11. The Lessee acknowledges that it has satisfied itself that the description of the Premises as set out in the Schedule comprises only lands that are the property of the Lessor. The Lessor assumes no liability whatsoever for errors in the description.

The Lessee shall assume all liability for all damages of any nature whatsoever, caused by the Lessee or the Lessee's servants, workmen, agents, contractors or operators, or in any way due to any drilling, work, construction, reconstruction or operation conducted in connection with the Premises, whether or not the same have been negligently drilled, worked, constructed, reconstructed, or operated.

Indemnification

12. The Lessee covenants to indemnify and forever save and keep harmless the Lessor, its officers, servants and agents from and against any and all claims, demands, suits, actions, damages, losses, costs or expenses arising out of any injury to persons, including death, or loss or damage to property which may be or be alleged to be caused by or suffered as a result of or in any manner associated with the exercise of any right or privilege granted to the Lessee by this Lease.

Transfer and Assignment

13. This lease shall not be transferred or assigned in whole or in part, without the written consent of the Lessor. Any transfer or assignment shall be conducted according to the terms specified in the Regulations. Provided further that before the Lessee assigns or transfers any title and interest under this lease to another person, the Lessee and such person shall provide the Lessor with written assurances in a form satisfactory to the Lessor that the assignee shall assume all obligations of the Lessee on approval of assignment.

TERMINATION

Surrender

14. The Lessee may at any time, subject to the approval of the Lessor, surrender by written notice at least thirty (30) days before the surrender is to take effect, all or any part or

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parts of the Premises, provided the Lessee shall be liable for and observe in full all of the terms, provisos, conditions, and restrictions as herein provided, for the year during which the surrender is made by the Lessee and those terms, provisos, conditions and restrictions that would otherwise apply after the expiration of the term of this lease.

Notwithstanding anything contained herein, a surrender shall not entitle the Lessee to a refund of any payment made under this lease.

Provided further that, at the time of submitting a notice of surrender, the Lessee shall provide the Lessor with a description and plan, subject to the Lessor's approval, of the Premises in respect of which rights are to be surrendered and shall at the Lessee's own expense register such plan against the Premises in the Land Registry Office in which the Premises are situated. The Lessor and Lessee shall execute a surrender document, suitable for registration, of the Premises being surrendered.

The surrender takes effect when the Lessor consents to the surrender.

Termination Upon Default of Lessee

- 15.If default is made by the Lessee in the observance of any or all of the terms, provisos, conditions, and restrictions as provided herein and the default is not remedied to the satisfaction of the Lessor within thirty (30) days after the notice of default, setting forth the default and calling upon the Lessee to remedy it, is received by the Lessee, or such further time as the Lessor may specify, this lease may be terminated by the Lessor without any liability by the Lessor to the Lessee. A notice of default sent by mail shall, unless otherwise specified in the notice, be deemed to have been received by the Lessee on the fifth day after the mailing date.

Where this lease is terminated as provided for herein, the rights and interests of the Lessee in the Premises are forfeited to, and vest in the Lessor without compensation therefore to the Lessee.

Termination after Renewal

- 16.If, after renewal of this lease, the Lessor considers that storage operations will not continue on the Premises, the Lessor shall notify the Lessee in writing that such lands shall forfeit to the Lessor six months after the date of notice, unless the Lessee can demonstrate to the Lessor's satisfaction that storage operations can continue on the Premises.

Waiver

- 17.No waiver by the Lessor of a breach by the Lessee of any covenant, obligation, condition, restriction, or stipulation contained in this Lease, in the Act, or in the Regulations, shall take effect or be binding upon the Lessor unless such waiver is expressed in writing by the Lessor, and any waiver so expressed shall apply only to the particular breach so waived and shall not limit or affect the Lessor's rights with respect to any other or future breach.

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Notice

18. Any notice or other undertaking hereunder shall be well and sufficiently given if delivered on a business day within normal business hours or sent by prepaid registered mail, to the Lessor at:

Ministry of Natural Resources
Crown Lands Administrator
Petroleum Resources Centre
659 Exeter Road
London, Ontario
N6E 1L3

and to the Lessee at:

«TitleHolder»
«Addr1»
«Addr2»
«Addr3»
«City» «Prov» «PostCode»
«Country»

Any notice delivered as aforesaid shall be deemed to have been given on the delivery date and any notice mailed in the absence of proof of later delivery shall be deemed to have been given on the fifth day after the date of mailing of such notice. Either party may give to the other party from time to time notice of change of address for the purpose of notice hereunder and such address shall be the address for notice as herein set out.

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In witness whereof the Lessor and the Lessee have hereunto set their hands and seals:

Vishnu Prasad
Co-ordinator, Crown Land Registry
Land Management Section
for and on behalf of the
Minister of Natural Resources

«TitleHolder»

BY:

AND:

Storage Lease No. «DocRefNum»-SL

Main Office File No. 187392

Land Registrar
Ministry of Consumer and Business Services
will mail duplicate to:

Ministry of Natural Resources
Crown Lands Administrator
Petroleum Resources Centre
659 Exeter Road
London, Ontario
N6E 1L3