

CONTRIBUTION AGREEMENT

This Contribution Agreement made as of May 1, 2005

BETWEEN

VIKING HOLDINGS INC., an Alberta corporation, having an office in the City of Calgary, in the Province of Alberta (hereinafter referred to as "**Viking**")

and

OLAF ENERGY LIMITED PARTNERSHIP, a limited partnership, formed under the laws of the Province of Alberta, having an office in the City of Calgary, in the Province of Alberta (hereinafter referred to as the "**Partnership**")

WHEREAS Viking wishes to contribute the Assets to the Partnership and the Partnership desires to accept and receive the Assets from Viking in accordance with the terms and conditions of this Contribution Agreement.

NOW THEREFORE THIS AGREEMENT WITNESSETH that in consideration of the mutual covenants and agreements contained herein, the Parties agree as follows:

Article 1 **Interpretation**

1.1 Definitions

In this Contribution Agreement, the words and phrases set forth below shall have the meaning ascribed thereto below, namely:

- (a) "**Applicable Law**" means:
 - (i) all applicable federal, provincial, local and municipal laws, statutes, by-laws, rules, regulations and orders; and
 - (ii) all applicable judgments, orders and decrees of all courts, arbitrators and Government Authorities and bodies exercising similar functions in actions or proceedings in which the person in question is a Party or by which it is bound or having application to the transaction or event in question;

- (b) "**Assets**" means the Petroleum and Natural Gas Rights, the Tangibles, and the Miscellaneous Interests;
- (c) "**Business Day**" means a day other than a Saturday, a Sunday or a statutory holiday in Calgary, Alberta;
- (d) "**Contribution**" has the meaning set forth in Clause 2.1;
- (e) "**Contribution Agreement**" means this agreement, together with all schedules attached hereto, as may be amended from time to time;
- (f) "**Contribution Date**" means May 1, 2005;
- (g) "**ETA**" means the *Excise Tax Act* (Canada);
- (h) "**Government Approvals**" means all authorizations, orders, permits, licences and approvals that are:
 - (i) necessary or required for the use, operation or ownership of the facilities, if any; and
 - (ii) issued pursuant to Applicable Law;
- (i) "**GST**" means the goods and services tax provided for in the ETA;
- (j) "**Lands**" means the lands set out in:
 - (i) Schedule "A-1", under the heading "Lease Description/Rights Held";
 - (ii) Schedule "A-2", under the heading "Lease Description/Rights Held", but only to the extent that any such lands are not also set out in Subclause 1.1(j)(iii) hereof;
 - (iii) the definition of "Lands" in the Partnership Dissolution and Conveyance Agreement made as of April 30, 2005 among Viking Energy Ltd., Viewpoint Resources Ltd. and Keywest Energy Partnership;
 - (iv) Schedule "A-3", under the heading "Lease Description/Rights Held";
 - (v) the definition of "Lands" in the Partnership Dissolution and Conveyance Agreement made as of May 1, 2005 among Viking Holdings Inc., Olaf Energy Limited Partnership and Sedpex Partnership;
 - (vi) the definition of "Lands" in the Partnership Dissolution and Conveyance Agreement made as of May 1, 2005 among Viking Holdings Inc., Olaf Energy Limited Partnership and Kensington Oil & Gas Partnership; and

- (vii) the definition of "Lands" in the Partnership Dissolution and Conveyance Agreement made as of May 1, 2005 among Viking Holdings Inc., Olaf Energy Limited Partnership and SJV Limited Partnership;
- (k) **"Leased Substances"** means all Petroleum Substances, rights to or in respect of which are granted, reserved or otherwise conferred by or under the Title Documents (but only to the extent that the Title Documents pertain to the Lands);
- (l) **"Miscellaneous Interests"** means, subject to any and all limitations and exclusions provided for in this definition, all property, assets, interests and rights pertaining to the Petroleum and Natural Gas Rights and the Tangibles, or either of them, but only to the extent that such property, assets, interests and rights pertain to the Petroleum and Natural Gas Rights and the Tangibles, or either of them, including without limitation any and all of the following:
 - (i) contracts and agreements relating to the Petroleum and Natural Gas Rights and the Tangibles, or either of them, including without limitation all Government Approvals and all production and marketing contracts, gas purchase contracts, processing agreements, transportation agreements, agreements for the construction, ownership and operation of facilities, and the VHI Royalty Agreement and all other royalty agreements applicable to the Petroleum and Natural Gas Rights;
 - (ii) fee simple rights to, and rights to enter upon, use or occupy, the surface of any lands which are or may be used to gain access to or otherwise use the Petroleum and Natural Gas Rights and the Tangibles, or either of them, excluding any such rights that pertain only to a well or wells other than the Wells;
 - (iii) all records, books, documents, licences, reports and data which relate to the Petroleum and Natural Gas Rights and the Tangibles, or either of them;
 - (iv) the Wells, including the wellbores and any and all casing; and
 - (v) the Seismic;
- (m) **"Olaf Energy Limited Partnership Agreement"** means the Limited Partnership Agreement dated October 6, 2003 between Calpine Natural Gas Limited and Calpine Natural Gas Commercial Trust;
- (n) **"Party"** means Viking or the Partnership and **"Parties"** means both of them;
- (o) **"Petroleum and Natural Gas Rights"** means all rights to and in respect of the Leased Substances and the Title Documents (but only to the extent that the Title Documents pertain to the Lands);

- (p) **"Petroleum Substances"** means any of crude oil, crude bitumen and products derived therefrom, synthetic crude oil, petroleum, natural gas, natural gas liquids, and any and all other substances related to any of the foregoing, whether liquid, solid or gaseous, and whether hydrocarbons or not, including without limitation sulphur;
- (q) **"Seismic"** means all records, books, documents, licenses, reports and data associated with the Vendor seismic line or lines, including without limitation:
- (i) all permanent records of basic field data including but not limited to, any and all microfilm or paper copies of seismic driller's reports, monitor records, observers reports and survey notes and any and all copies of magnetic filed tapes or conversions thereof;
 - (ii) all permanent records of the processed filed data including, but not limited to, any and all microfilm or paper copies of shot point maps, pre- and post-stacked record sections including amplitude, phase and structural displays, post-stack data manipulations including filters, migrations and wavelet enhancements, and any and all copies of final stacked tapes and any manipulations and conversions thereof; and
 - (iii) in the case of 3D seismic, in addition to the foregoing, all permanent records or bin locations, bin fold, static corrections, surface elevations and any other relevant information;
- (r) **"Tangibles"** means, subject to any and all limitations and exclusions provided for in this definition, any facilities and any and all tangible depreciable property and assets other than such facilities which are located within, upon or in the vicinity of the Lands and which are used or are intended to be used to produce, process, gather, treat, measure, make marketable or inject the Leased Substances or any of them or in connection with water injection or removal operations that pertain to the Petroleum and Natural Gas Rights, including without limitation any and all gas plants, oil batteries, buildings, production equipment, pipelines, pipeline connections, meters, generators, motors, compressors, treaters, dehydrators, separators, pumps, tanks, boilers, communication equipment, and all salvageable equipment pertaining to the Wells;
- (s) **"Title Documents"** means, collectively, any and all certificates of title, leases, reservations, permits, licences, assignments, trust declarations, operating agreements, royalty agreements, gross overriding royalty agreements, participation agreements, farm-in agreements, sale and purchase agreements, pooling agreements and any other documents and agreements granting, reserving or otherwise conferring rights to: (i) explore for, drill for, produce, take, use or market Petroleum Substances; (ii) share in the production of Petroleum Substances; (iii) share in the proceeds from, or measured or calculated by reference to the value or quantity of, Petroleum Substances which are produced; and (iv) rights to acquire any of the rights described in items (i) to (iii) of this

definition; but only if the foregoing pertain in whole or in part to Petroleum Substances within, upon or under the Lands;

- (t) **"VHI Royalty Agreement"** means the Amended and Restated Royalty Agreement dated as of July 1, 2004 between Viking Holdings Inc. and Computershare Trust Company of Canada in its capacity as trustee of Viking Energy Royalty Trust;
- (u) **"Viking Partnership Interest"** means 15,153,200 limited partnership units of the Partnership;
- (v) **"Wells"** means all wells which are, have been or may be used in connection with the Petroleum and Natural Gas Rights, including producing, shut-in, abandoned, water source, water disposal and water injection wells;

1.2 Interpretation

Unless otherwise stated or the context otherwise necessarily requires, in this Contribution Agreement:

- (a) references herein to any agreement or instrument, including this Contribution Agreement, shall be a reference to the agreement or instrument as varied, amended, modified, or supplemented or replaced from time to time;
- (b) words importing the singular number only shall include the plural and vice versa;
- (c) "including", "includes" and like terms means "including without limitation" and "includes without limitation";
- (d) the headings of Articles, Sections, and Subsections in this Contribution Agreement are for convenience of reference only and shall not affect the construction or interpretation of this Contribution Agreement;
- (e) the terms "this Contribution Agreement", "hereof", "hereunder" and similar expressions refer to this Contribution Agreement in its entirety and include any agreement supplemental hereto; and
- (f) unless something in the subject matter or context is inconsistent therewith, references herein to Articles, Sections, Subsections and Paragraphs are to Articles, Sections, Subsections and Paragraphs of this Contribution Agreement and references herein to Schedules are references to Schedules to this Contribution Agreement.

Article 2 **Contribution**

2.1 Contribution

Viking, in exchange for the Viking Partnership Interest, hereby contributes, sells, assigns, transfers, conveys and sets over to the Partnership its entire right, title, estate and interest in and to the Assets, subject to the terms and conditions of the VHI Royalty Agreement, including, without limitation, the obligations to pay the royalties on the Assets as may be required pursuant to such royalty agreement and all other obligations and liabilities of Viking, as a contribution to the capital of the Partnership (the "**Contribution**") effective as of the Contribution Date, to have and to hold the same, together with all benefit and advantage to be derived therefrom, and the Partnership hereby accepts from Viking the Contribution, , effective as at the Contribution Date.

2.2 Asset Allocation

Subject to Clause 2.3, the Parties agree that the fair market value of the Assets is \$20,849,500.00, which is allocated amongst the Assets as set forth in Schedule "B".

2.3 Fair Market Value

It is the intention of the Parties that the allocation set forth in Schedule "B" represents the fair market value of the Assets determined with the accordance with the *Income Tax Act* (Canada) by the Parties as of the Contribution Date acting reasonably and in good faith and is subject to amendment and correction by the Parties.

2.4 GST

Viking and the Partnership will make a joint election under section 167 of the ETA so that the GST will not be payable on the transfer of the Assets. The Parties will both execute the relevant GST form for the Contribution Date to effect that election. The Partnership will file that form with its GST return for the reporting period in which the Contribution occurs. The Partnership will provide Viking with such supporting documentation as Viking may reasonably request in order to confirm that such election has been made and properly filed. The Parties agree that the value of the interest of Viking in and to the Tangibles and to the Miscellaneous Interests, and the GST exemption, is as set forth in Schedule "B". The GST registration number of Viking is [REDACTED] RT0001. The GST registration number of the Partnership is [REDACTED] RT0001.

2.6 Subsection 97(2) Income Tax Election

The Parties agree to jointly file one or more elections under subsection 97(2) of the *Income Tax Act* (Canada), in respect of the transfer of the Assets within the time limits prescribed in subsection 96(4) thereof, and that the agreed amount for the Assets shall be determined by the Viking. The Parties hereto further agree to prepare, execute and file any comparable election pursuant to the laws of any province within the time limits prescribed by such legislation.

Article 3
Viking's Representations

3.1 Viking's Representations

Viking makes only the representations and warranties to the Partnership contained in this Clause 3.1, no claim in respect of which shall be made or be enforceable by the Partnership unless written notice of such claim, with reasonable particulars, is given by the Partnership to Viking within a period of twelve (12) months from the Contribution Date:

- (a) Viking is duly organized and validly existing under the laws of the jurisdiction of its organization as a company and Viking is duly qualified to carry on business in the Province(s) in which the Assets are located. Viking now has good right, full power and absolute authority to own the Assets and to enter into this Contribution Agreement and to perform its obligations hereunder and to sell, assign, transfer, convey and set over the interest of Viking in and to the Assets according to the true intent and meaning of this Contribution Agreement;
- (b) the execution, delivery and performance of this Contribution Agreement has been duly and validly authorized by any and all requisite corporate, shareholders' and directors' actions of Viking and will not result in any violation of, be in conflict with or constitute a default under any articles, charter, bylaw or other governing document to which Viking is bound;
- (c) the execution, delivery and performance of this Contribution Agreement will not result in any violation of, be in conflict with or constitute a default under any term or provision of any agreement or document to which Viking is party or by which Viking is bound, nor under any judgement, decree, order, statute, regulation, rule or license applicable to Viking; and
- (d) this Contribution Agreement and all other agreements delivered in connection herewith constitute legal, valid and binding obligations of Viking, enforceable against Viking in accordance with their terms.

Article 4
The Partnership's Representations

4.1 The Partnership's Representations

The Partnership makes only the representations and warranties to Viking contained in this Clause 4.1, no claim in respect of which shall be made or be enforceable by Viking unless written notice of such claim, with reasonable particulars, is given by Viking to the Partnership within a period of twelve (12) months from the Contribution Date:

- (a) the Partnership is duly organized and validly existing under the laws of the jurisdiction of its organization as a partnership and the Partnership is duly qualified to carry on business in the Province(s) in which the Assets are located.

The Partnership now has good right, full power and absolute authority to enter into this Contribution Agreement and to perform its obligations hereunder and to receive the interest of Viking in and to the Assets according to the true intent and meaning of this Contribution Agreement;

- (b) the execution, delivery and performance of this Contribution Agreement has been duly and validly authorized by any and all requisite partnership actions of the Partnership and will not result in any violation of, be in conflict with or constitute a default under any partnership agreement or other governing document to which the Partnership is bound;
- (c) the execution, delivery and performance of this Contribution Agreement will not result in any violation of, be in conflict with or constitute a default under any term or provision of any agreement or document to which the Partnership is party or by which the Partnership is bound, nor under any judgement, decree, order, statute, regulation, rule or license applicable to the Partnership; and
- (d) this Contribution Agreement and all other agreements delivered in connection herewith constitute legal, valid and binding obligations of the Partnership, enforceable against the Partnership in accordance with their terms.

Article 5

General

5.1 Further Assurances

Each Party will, from time to time and at all times after the Contribution Date, without further consideration, do such further acts and deliver all such further assurances, deeds and documents as shall be reasonably required in order to fully perform and carry out the terms of this Contribution Agreement.

5.2 Entire Agreement

The provisions contained in any and all documents and agreements collateral hereto shall at all times be read subject to the provisions of this Contribution Agreement and, in the event of conflict, the provisions of this Contribution Agreement shall prevail. No amendments shall be made to this Contribution Agreement unless in writing, executed by the Parties. This Contribution Agreement supersedes all other agreements, documents, writings and verbal understandings among the Parties relating to the Contribution and expresses the entire agreement of the Parties with respect to the Contribution.

5.3 Subrogation

The assignment and conveyance to be effected by this Contribution Agreement is made with full right of substitution and subrogation of the Partnership in and to all covenants, representations, warranties and indemnities previously given or made by others in respect of the Assets or any part or portion thereof.

5.4 Governing Law

This Contribution Agreement shall, in all respects, be subject to, interpreted, construed and enforced in accordance with and under the laws of the Province of Alberta and the laws of Canada applicable therein and shall, in every regard, be treated as a contract made in the Province of Alberta. The Parties irrevocably attorn and submit to the jurisdiction of the courts of the Province of Alberta and courts of appeal therefrom in respect of all matters arising out of this Contribution Agreement.

5.5 Enurement and Assignment

This Contribution Agreement may not be assigned by a Party without the prior written consent of the other Party, which consent may not be unreasonably withheld. This Contribution Agreement shall be binding upon and shall enure to the benefit of the Parties and their respective administrators, trustees, receivers, successors and permitted assigns.

5.6 Time of Essence

Time shall be of the essence in this Contribution Agreement.

5.7 Notices

The addresses for service and the fax numbers of the Parties shall be as follows:

Viking - 400, Calgary Place
 330 - 5th Avenue SW
 Calgary, AB T2P 0L4
 Fax: (403) 260-6066

The Partnership - 400, Calgary Place
 330 - 5th Avenue SW
 Calgary, AB T2P 0L4
 Fax: (403) 260-6066

All notices, communications and statements required, permitted or contemplated hereunder shall be in writing, and shall be delivered as follows:

- (a) By personal service on a Party at the address of such Party set out above, in which case the item so served shall be deemed to have been received by that Party when personally served;
- (b) By facsimile transmission to a Party to the fax number of such Party set out above, in which case the item so transmitted shall be deemed to have been received by that Party when transmitted; or
- (c) Except in the event of an actual or threatened postal strike or other labour disruption that may affect mail service, by mailing first class registered post, postage prepaid, to a Party at the address of such Party set out above, in which

case the item so mailed shall be deemed to have been received by that Party on the third Business Day following the date of mailing.

A Party may from time to time change its address for service or its fax number or both by giving written notice of such change to the other Party.

5.8 Invalidity of Provisions

In case any of the provisions of this Contribution Agreement should be invalid, illegal or unenforceable in any respect, the validity, legality or enforceability of the remaining provisions contained herein shall not in any way be affected or impaired thereby.

5.9 Waiver

No failure on the part of any Party in exercising any right or remedy hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or remedy preclude any other or further exercise thereof or the exercise of any right or remedy in law or in equity or by statute or otherwise conferred. No waiver of any provision of this Contribution Agreement, including without limitation, this section, shall be effective otherwise than by an instrument in writing dated subsequent to the date hereof, executed by a duly authorized representative of the Party making such waiver.

5.10 Counterpart Execution

This Contribution Agreement may be executed in counterpart, no one copy of which need be executed by Viking and the Partnership. A valid and binding contract shall arise if and when counterpart execution pages are executed and delivered by Viking and the Partnership.

IN WITNESS WHEREOF the Parties have executed this Contribution Agreement as of the Contribution Date.

OLAF ENERGY LIMITED
PARTNERSHIP, by its general partner,
VIKING HOLDINGS INC.

VIKING HOLDINGS INC.

Per:



Name:
Title:

Per:



Name:
Title:

SCHEDULE "A-1"

**ATTACHED TO AND FORMING PART OF THE CONTRIBUTION AGREEMENT DATED
AS OF MAY 1, 2005 BETWEEN VIKING HOLDINGS INC., AS VIKING, AND OLAF
ENERGY LIMITED PARTNERSHIP, AS THE PARTNERSHIP**

LANDS AND PETROLEUM AND NATURAL GAS RIGHTS

Attached.

Schedules to this agreement, including Schedule "A", are included in the separate Oil & Gas closing books for this transaction.