

PARTNERSHIP INTEREST TRANSFER AGREEMENT

THIS AGREEMENT made as of the 1st day of May, 2005.

Between:

VIKING HOLDINGS TRUST, a trust formed pursuant to the laws of Alberta (the "Transferor"), by its trustee, VIKING HOLDINGS INC., a body corporate incorporated under the laws of the Province of Alberta, with an office in Calgary, Alberta

and

OLAF ENERGY LIMITED PARTNERSHIP, a limited partnership formed under the *Partnership Act* (Alberta) ("Olaf" or the "Transferee"), by its general partner, VIKING HOLDINGS INC., a body corporate incorporated under the laws of the Province of Alberta, with an office in Calgary, Alberta

Recitals

WHEREAS the Transferor holds (a) a 99.99% interest in the Kensington Oil & Gas Partnership ("KOGP") and (b) a 98.9802% interest in Sedpex Partnership ("SEDPEX");

AND WHEREAS the Transferor desires to transfer and the Transferee desires to acquire the Transferor's entire interest in the Partnership on the terms and conditions hereinafter set forth.

NOW THEREFORE in consideration of the mutual covenants contained in this Agreement, and other good and valuable consideration, the receipt and adequacy of which is hereby acknowledged, it is hereby agreed as follows:

ARTICLE 1 Interpretation

1.1 Definitions

The following terms when used in this Agreement shall have the meanings hereby assigned to them:

"Act" means the *Income Tax Act* (Canada), as amended;

"Effective Date" means May 1, 2005;

"Olaf Agreement" means the Calpine Natural Gas, L.P. Limited Partnership Agreement of Olaf dated October 6, 2003 between Calpine Natural Gas Limited and Calpine Natural Gas Holdings Limited, in its capacity as trustee of Calpine Natural Gas Commercial Trust, as amended and restated from time to time;

"Transferred Interest" means the 99.99% interest that the Transferor holds in KOGP and the 98.9802% interest that the Transferor holds in SEDPEX.

1.2 Use of Canadian Funds

All references to "dollars" or "\$" herein shall refer to lawful currency of Canada, unless specifically stated otherwise.

1.3 Headings and Divisions

The division of this Agreement into Articles and sections and headings of any Articles and sections are for convenience of reference only and shall not affect the construction or interpretation of this Agreement.

1.4 Number and Gender

Words importing the singular number only shall include the plural and vice versa. Words importing gender shall include all genders and persons and words importing persons shall include natural persons, firms, partnerships, corporations and other entities.

ARTICLE 2

Agreement of Purchase and Sale

2.1 Transfer of Partnership Interest

The Transferor hereby transfers, assigns and conveys to the Transferee and the Transferee purchases from the Transferor, effective as of the Effective Date, and subject to the terms and conditions hereof, the Transferred Interest, free and clear of all liens.

2.2 Consideration for Transfer

- (a) As sole consideration for the transfer of the Transferred Interest from the Transferor to the Transferee, the Transferee shall issue **2,946,000** limited partnership units of Olaf (the "Consideration Units") in the name of the Transferor, being the fair market value of the Transferred Interest.
- (b) The execution of this Partnership Interest Transfer Agreement shall be deemed equivalent to the acceptance of a Subscription Form under the terms of the Olaf Agreement.
- (c) This agreement is intended to and shall operate as an actual transfer of the Transferred Interest and upon Closing the Transferee shall be the owner of the Transferred Interest.

ARTICLE 3

Representations and Warranties

3.1 Transferor's Representations and Warranties

The Transferor represents and warrants to the Transferee that:

- (a) the Transferor has good title to the Transferred Interest;
- (b) the Transferor has not pledged, assigned or otherwise encumbered the Transferred Interest and the Transferred Interest is free of all other encumbrances;
- (c) the Transferor is a trust duly formed pursuant to the laws of the Province of Alberta;
- (d) no person has any agreement, option, right or privilege (whether by law, preemptive or contractual), or any right or privilege capable of becoming an agreement, option, right or privilege, to acquire any of the Transferred Interest or any interest therein; and
- (e) the Transferor is not aware of any default, has not received notice of default and is not, to the Transferor's knowledge, in any material default under any agreement or obligation affecting the Transferred Interest by which the Transferor is bound, or to which the Transferor is subject.

3.2 Transferee's Representations and Warranties

The Transferee hereby represents and warrants to the Transferor that the Transferee is a limited partnership duly formed under the laws of the Province of Alberta and has all necessary authority to execute and deliver this Agreement and to purchase the Transferred Interest.

ARTICLE 4

Tax Matters

4.1 The Transferor and Transferee acknowledge that no goods and services tax ("GST") under Part IX of the *Excise Tax Act* (Canada) is exigible with respect to the transfer of the Transferred Interest by the Transferor to the Transferee.

ARTICLE 5

Miscellaneous

5.1 Governing Law

This Agreement shall for all purposes be construed and interpreted in accordance with the laws of the Province of Alberta and each of the parties hereto submit to the non-exclusive jurisdiction of the courts of Alberta in respect of all matters arising therefrom.

5.2 Olaf Agreement

The transferee shall hereby be bound to all of the terms of the Olaf Agreement including, but not limited to, the provisions pertaining to power of attorney.

5.3 Amendments

No amendment or modification of this Agreement shall be binding unless in writing, signed by all parties hereto

5.4 Further Assurances

The Transferor shall and will from time to time hereafter, at the request and expense of the Transferee, execute and deliver all such further documents and other instruments and shall do all such other acts and things which are reasonably necessary or required in the circumstances to transfer the Transferred Interest to the Transferee according to the true intent and meaning of this Agreement.

5.5 Effective Date

Notwithstanding the date on which this Agreement is executed by any party, this Agreement shall be in full force and effect and binding among the parties as of and from the Effective Date.

5.6 Assignment

This Agreement is not assignable, in whole or in part, by any party without the written consent of the other parties.

5.7 Time is of the Essence

Time shall be of the essence hereof.

5.8 Unenforceability

If any term, covenant or condition of this Agreement or the application thereof to any party or circumstance is held invalid or unenforceable to any extent, the remainder of this Agreement or application of such term, covenant or condition to a party or circumstance other than those to which it is held invalid or unenforceable shall not be affected thereby, and each remaining term, covenant or condition of this Agreement shall be valid and shall be enforceable to the fullest extent permitted by law.

5.9 Enurement

This Agreement shall enure to the benefit of and be binding upon the parties and their respective personal representatives, heirs, successors and assigns.

5.10 Counterparts

This Agreement may be executed in separate original or facsimile counterparts, and each such counterpart taken together shall be deemed to constitute one agreement and have the same force and effect as if all of the parties had executed the same agreement.

IN WITNESS WHEREOF the parties hereto have executed this Partnership Interest Transfer Agreement on the date first above written.

VIKING HOLDINGS TRUST, by its
trustee, VIKING HOLDINGS INC.

Per: R Totteringham

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

Per: R Totteringham