

Earning Letter 2 - Abandoned Well

(On ABC Letterhead)

April 29, 1997

DEF Resources Ltd.
Attention: B. Black
#AAA, XXX - Y Ave. S.E.
Calgary, AB
T2P XXX

GHI Oil & Gas Ltd.
Attention: B. Blue
WWW - Z Ave. S.W.
Calgary, AB
T2P XXX

JKL Canada Ltd.
Attention: R. Red
#BB, CCC - W Ave. S.W.
Calgary, AB
T2P XXX

Re: Cat In The Hat Farmout/Confirmation of Earning Letter

Further to a farmout agreement dated November 13, 1996 (the "Agreement") originally between ABC Canada Resources ("ABC") and DEF Resources Ltd. ("DEF") as Farmor and GHI Oil & Gas Ltd. ("GHI") and JKL Canada Ltd. ("JKL") as Farmee, the Farmee drilled and abandoned the following [Earning Well/Test Well/Option Well]:

Well Name/UWI:
Spudded:
Total Depth:
Rig Release:
Status: Abandoned
Zone at Total Depth:

Pursuant to Clause 7.01 of the 1997 CAPL Farmout & Royalty Procedure ("Procedure") attached as part of the Agreement, the Farmee issued a notice dated _____ to the Farmor regarding their intention to abandon that well. Both Farmor parties elected not to take over same and the Farmee abandoned that wellbore. As a result, effective as of the rig release date of that well, GHI and JKL have conditionally earned an interest in Block _____ of the Farmout Lands in accordance with Clause ___ Agreement subject to Clause 3.04 of the Procedure. The Farmee issued a notice dated _____ to the Farmor pursuant to Clause 6.02 of the Procedure and both Farmor parties elected to convert its Overriding Royalty (ORR) to a working interest. Therefore, the current interests in those Farmout Lands are as follows:

Block ___ : Twp. ___ Rge. ___ W ___ M: Sec. _____ as to all Petroleum Substances from surface down to base of the ___ formation.

	PRE-EARNING	POST EARNING
<u>PARTY</u>	<u>WI</u>	<u>WI</u>
Farmor: ABC	50%	20%
DEF	50%	20%
Farmee: GHI (Operator)	0%	42%
JKL	<u>0%</u>	<u>18%</u>
	100%	100%

If your records concur with the foregoing, please sign and return one copy of this letter to the writer at your earliest convenience. In due course, (transfer/trust) documentation for the earned Farmout Lands will be issued.

Yours very truly,

G. Green

Concurred to this _____ day of _____ A.D. 199
Concurred to this _____ day of _____ A.D. 199

DEF Resources Ltd. (Farmor) GHI Oil & Gas Ltd. (Farmee) JKL Canada Ltd. (Farmee)