

Case Study #2 - Sample of information required to complete a Joint Operating Agreement governing a multi-section lease with an existing encumbrance.

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**JOINT OPERATING
AGREEMENT**

May 5, 1997

between/among:

STARBURST DEVELOPMENT LTD. ("Starburst")

And

MOONLIGHT ENERGY LTD. ("Moonlight")

SCHEDULE "A"

SCHEDULE "A"
to Joint Operating Agreement
dated May 5, 1997 between Starburst Development Ltd. and Moonlight Energy Ltd.

"Title Documents"

"Joint Lands"

"Working Interest"

Alberta PNG Lease
No. 123455

TWP. 124, RGE. 02 W4M:
Sec. 1-10 incl.
PNG to the base of the Belly
River

Starburst	50.0%
Moonlight	50.0%

"Encumbrances"

Gross Overriding Royalty PNG of 2.5% based on 50.0% production, paid by Moonlight Energy Ltd. 100.0% pursuant to a Royalty Agreement dated May 1, 1997 between Moonlight Energy Ltd. and B.B. Brown (Subject to Clause 802 of the Operating Procedure).

Lessor Royalty – Crown S/S

"Effective Date"

May 2, 1997

"Operator"

Moonlight