

This Indenture, dated as of August 3, 2001, is among Hurricane Hydrocarbons Ltd., a corporation incorporated in the Province of Alberta, Canada (the “Company”), any Guarantors (as hereinafter defined) party hereof and Computershare Trust Company, Inc., as trustee (the “Trustee”).

RECITAL:

The Company, the Guarantors and the Trustee agree as follows for the benefit of each other and for the equal and ratable benefit of the Holders of the 12% Senior Notes due 2006 (the “Notes”):

ARTICLE 1

DEFINITIONS AND INCORPORATION BY REFERENCE

Section 1.01. Definitions.

“Acquired Indebtedness” means, with respect to any specified Person, (i) Indebtedness of any other Person existing at the time such other Person is merged with or into or becomes a Subsidiary or is designated a Restricted Subsidiary of such specified Person, including, without limitation, Indebtedness incurred in connection with, or in contemplation of, such other Person merging with or into or becoming a Subsidiary or Restricted Subsidiary of such specified Person, and (ii) Indebtedness secured by a Lien encumbering any asset acquired by such specified Person.

“Additional Amounts” has the meaning set forth in Section 4.19 hereof.

“Affiliate” of any specified Person means any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person. For purposes of this definition, “control” (including, with correlative meanings, the terms “controlling,” “controlled by” and “under common control with”), as used with respect to any Person, shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of such Person, whether through the ownership of voting securities, by agreement or otherwise, provided that beneficial ownership of 10% or more of the voting securities of a Person shall be deemed to be control.

“Agent” means any Registrar or Paying Agent.

“Applicable Procedures” means, with respect to any transfer or exchange of beneficial interests in a Global Note, the rules and procedures of each Depositary, Euroclear or Clearstream, Luxembourg that apply to such transfer or exchange.

“Approved Lender” has the meaning set forth in the definition “Cash Equivalents.”

“Asset Sale” means (i) any direct or indirect sale, lease, conveyance or other disposition of any assets (including, without limitation, by way of a sale and leaseback, including any disposition by means of a merger, consolidation or similar transaction and including the issuance, sale or other transfer of any of the Capital Stock of any Restricted Subsidiary of such Person other than directors’ qualifying shares) other than to the Company or to any of its Restricted Subsidiaries (including the receipt of proceeds of insurance paid on account of the loss of or damage to any asset and awards of compensation for any asset taken by condemnation, eminent domain, nationalization, expropriation or similar proceeding or action, but excluding the receipt of proceeds of business interruption insurance or environmental damage insurance or similar types of policies); and (ii) the issuance of Equity Interests in any Restricted Subsidiaries or the sale of any Equity Interests in any Restricted Subsidiaries, in each case, in one or a series of related transactions, provided that notwithstanding the foregoing, the term (“Asset Sale”) shall not include: (a) the sale, lease, conveyance, disposition or other transfer of all or substantially all of the assets of the Company, as permitted pursuant to Section 5.02 hereof (b) the sale or lease of equipment, inventory, accounts receivable or other assets in the ordinary course of business, (c) a transfer of assets by the Company to a Guarantor or by a Restricted Subsidiary to the Company or to a Guarantor, (d) an issuance of Equity Interests by a Restricted Subsidiary to the Company or to a Guarantor, (e) the sale or other disposition of Cash Equivalents, (f) any cash dividend, distribution, Investment or payment made pursuant to the first paragraph of Section 4.07 hereof or (g) sales, leases, conveyances or other dispositions of assets the aggregate gross proceeds of which do not exceed \$500,000 in any twelve-month period, (h) the sale and disposition of surplus and other property or equipment of the Company or any of its Restricted Subsidiaries that, in the reasonable judgment of the Company (or the Restricted Subsidiary, if applicable), has become uneconomic, damaged, obsolete, worn out or otherwise unsuitable for use in connection with the business of the Company and its Restricted Subsidiaries, (i) any surrender or waiver of contract rights or the settlement, release or surrender of contract, tort or other claims of any kind, (j) the granting of Liens not prohibited under this Indenture, (k) the licensing of intellectual property, (l) any sale, conveyance, disposition or other transfer of properties that was permitted pursuant to Section 4.07 hereof when made, and (m) the issuance of Preferred Stock of any Restricted Subsidiary permitted by Section 4.09 hereof.

“Attributable Indebtedness” in respect of a sale and leaseback transaction means, at the time of determination, the present value (discounted at the rate of interest implicit in such transaction, determined in accordance with GAAP) of the obligation of the lessee for net rental payments during the remaining term of the lease included in such sale and leaseback transaction (including any period for which such lease has been extended or may, at the option of the lessor, be extended).

“Board of Directors” of any Person means the board of directors of such Person, or any authorized committee of such board of directors.

“Board Resolution” means, with respect to any Person, a copy of a resolution certified by the Secretary or an Assistant Secretary of such Person to have been

duly adopted by the board of directors of such Person and to be in full force and effect on the date of such certification, and delivered to the Trustee.

“Business Day” means any day other than a Legal Holiday.

“Capital Lease Obligation” means, at the time any determination thereof is to be made, the amount of the liability in respect of a capital lease that would at such time be required to be capitalized on a balance sheet in accordance with GAAP.

“Capital Stock” means (i) in the case of a corporation, corporate stock, (ii) in the case of an association or business entity, any and all shares, interests, participations, rights or other equivalents (however designated) of corporate stock, (iii) in the case of a partnership, partnership interests (whether general or limited) and (iv) any other interest or participation that confers on a Person the right to receive a share of the profits and losses of, or distributions of assets of, the issuing Person.

“Cash Equivalents” means (a) securities issued or directly and fully guaranteed or insured by the United States of America or Canada or any agency or instrumentality thereof (provided that the full faith and credit of the United States or Canada, as the case may be, is pledged in support thereof) having maturities no more than twelve months from the date of acquisition; (b) direct obligations issued by any province of Canada maturing or subject to tender at the option of the holder thereof within 90 days after the date of acquisition thereof and having a rating of A or better from Standard & Poor’s or A-2 or better from Moody’s; (c) U.S. or Canadian dollar denominated (or foreign currency fully hedged) time deposits, certificates of deposit, Eurodollar time deposits or Eurodollar certificates of deposit of (i) any commercial bank of recognized standing organized under the laws of the United States or a State thereof, Canada or a member state of the European Union, having capital and surplus in excess of \$500.0 million or (ii) any bank whose short-term commercial paper rating from Standard & Poor’s is at least A-1 or the equivalent thereof or from Moody’s is at least P-1 or the equivalent thereof (any such bank being an “Approved Lender”), in each case with maturities of not more than twelve months from the date of acquisition; (d) commercial paper and variable or fixed rate notes issued by any Approved Lender (or by the parent company thereof) or commercial paper or any variable rate notes issued by, or guaranteed by, any U.S. or Canadian corporation rated A-1 (or the equivalent thereof) by Standard & Poor’s or P-1 (or the equivalent thereof) by Moody’s and maturing within twelve months of the date of acquisition; (e) repurchase agreements with a bank or trust company having capital and surplus in excess of \$500.0 million for direct obligations issued by or fully guaranteed by the United States of America or Canada in which the Company shall have a perfected first priority security interest (subject to no other Liens) and having, on the date of purchase thereof, a fair market value of at least 100% of the amount of repurchase obligations; (f) interests in money market mutual funds which invest solely in assets or securities of the type described in subparagraphs (a), (b) or (d) hereof; and (g) deposits available for withdrawal on demand with any commercial bank that is not an Approved Lender but which is organized under the laws of (i) any country that has been a member of the Organization for Economic Cooperation and Development for 10 years as of the

Issue Date and has total assets in excess of \$500.0 million or (ii) any other country in which the Company or any Restricted Subsidiary maintains its chief executive office or conducts material operations in the Oil and Gas Business, provided that, in either case (1) all such deposits are required to be made in such accounts in the ordinary course of business and (2) such deposits in any one country do not at any one time exceed in the aggregate the greater of (A) \$20.0 million and (B) 5% of sales of the Company and its Restricted Subsidiaries in such country included in Consolidated Net Income of the Company for the last four full fiscal quarters for which internal financial statements are available, except that the restriction contained in clause (g)(ii)(2) shall not apply in respect of deposits made with any commercial bank which is a branch or subsidiary of an Approved Lender or a holding company of an Approved Lender.

“Change of Control” means such time as (i) a “person” or “group” (within the meaning of Sections 13(d) and 14(d) (2) of the Exchange Act) has become, directly or indirectly, the “beneficial owner,” by way of merger, consolidation or otherwise, of 50% or more of the voting power of the voting stock of the Company on a fully-diluted basis after giving effect to the conversion and exercise of all outstanding warrants, options and other securities of the Company (whether or not such securities are then currently convertible or exercisable); (ii) the sale, conveyance, lease or transfer of all or substantially all of the assets of the Company and its Restricted Subsidiaries taken as a whole to any person or group (as defined above); or (iii) during any period of two consecutive calendar years, individuals who at the beginning of such period constituted the Board of Directors of the Company (together with any new directors whose election by the Board of Directors of the Company or whose nomination for election by the shareholders of the Company was approved by a vote of a majority of the directors then still in office who either were directors at the beginning of such period or whose election or nomination for election was previously so approved) cease for any reason to constitute a majority of the directors of the Company then in office.

“Clearstream, Luxembourg” means Clearstream Banking, a *société anonyme*.

“Commission” means the U.S. Securities and Exchange Commission.

“Company” means the party named as such in the first paragraph of this Indenture until a successor replaces it in accordance with the applicable provisions of this Indenture and thereafter means such successor.

“Consolidated Cashflow” means, with respect to the Company and its Restricted Subsidiaries for any period, the sum of, without duplication, (i) the Consolidated Net Income for such period, plus (ii) to the extent deducted from Consolidated Net Income for such period, (x) the Fixed Charges for such period, plus (y) non-cash dividends on the Company’s preferred stock and ShNOS’s preferred stock, plus (iii) Consolidated Income Taxes for such period, plus (iv) consolidated depreciation, amortization, depletion and other non-cash charges of the Company and its Restricted Subsidiaries required to be reflected as expenses on the books and records of the Company, minus (v) cash payments with respect to any nonrecurring, non-cash charges

previously added back pursuant to clause (iv), and (vi) excluding the impact of foreign currency translations. Notwithstanding the foregoing, the provision for taxes based on the income or profits of, and the depreciation and amortization and other non-cash charges of, a Restricted Subsidiary of a Person shall be added to Consolidated Net Income to compute Consolidated Cashflow only to the extent that the Net Income of such Restricted Subsidiary was included in calculating the Consolidated Net Income of such Person and only if a corresponding amount would be permitted at the date of determination to be dividend to the Company by such Restricted Subsidiary without prior approval (that has not been obtained), pursuant to the terms of its charter and all agreements, instruments, judgments, decrees, orders, statutes, rules and governmental regulations applicable to that Restricted Subsidiary or its stockholders.

“Consolidated Income Taxes” means, with respect to any Person for any period, taxes imposed upon such Person or other payments required to be made by such Person by any governmental authority which taxes or other payments are calculated by reference to the income, return on investment or profits of such Person or such Person and its Subsidiaries, divisions or operations (to the extent such income, returns on investment or profits were included in computing Consolidated Net Income for such period), regardless of whether such taxes or payments are required to be remitted to any governmental authority.

“Consolidated Net Income” means, with respect to any Person for any period, the aggregate of the Net Income of such Person and its Restricted Subsidiaries for such period, on a consolidated basis, determined in accordance with GAAP, provided that (i) the Net Income (but not loss) of any Person that is not a Restricted Subsidiary or that is accounted for by the equity method of accounting or by proportional consolidation shall be included only to the extent of the amount of dividends or distributions paid in cash to the referent Person or a Restricted Subsidiary thereof, (ii) the Net Income of, or any dividends or other distributions from, any Unrestricted Subsidiary, to the extent otherwise included, shall be excluded to the extent not distributed to such Person or one of its Restricted Subsidiaries, (iii) the Net Income of any Restricted Subsidiary shall be excluded to the extent that the declaration or payment of dividends or similar distributions by that Restricted Subsidiary of that Net Income is not at the date of determination permitted without any prior governmental approval (which has not been obtained) or, directly or indirectly, by operation of the terms of its charter or any agreement, instrument, judgment, decree, order, statute, rule or governmental regulation applicable to that Restricted Subsidiary or its stockholders, (iv) the Net Income of any Person acquired in a pooling of interests transaction for any period prior to the date of such acquisition shall be excluded, (v) the cumulative effect of a change in accounting principles shall be excluded, (vi) income or loss attributable to discontinued operations shall be excluded, (vii) any increase in cost of sales or other write-offs resulting from the purchase accounting treatment of any acquisitions shall be excluded, (viii) all Assets Sales and all other extraordinary, unusual or nonrecurring gains and losses shall be excluded, (ix) any gain or loss, net of taxes, realized on the termination of any employee pension benefit plan shall be excluded, and (x) with regard to a non-Wholly Owned Restricted Subsidiary, any aggregate Net Income (or loss) in excess of such Person’s or

such Subsidiary's pro rata share of such non-Wholly Owned Restricted Subsidiary's Net Income (or loss) shall be excluded.

"Consolidated Net Worth" of a Person at any date means the amount by which the assets of such Person and its consolidated Restricted Subsidiaries (less any revaluation or other write-up subsequent to the date of the Indenture in any such assets (other than write-ups resulting from foreign currency translations and write-ups of tangible assets of a going concern business made within twelve months after the acquisition of such business)) exceed the sum of (a) the total liabilities of such Person and its consolidated Restricted Subsidiaries, plus (b) any Disqualified Stock of such Person or any consolidated Restricted Subsidiaries of such Person issued to any Person other than such Person or a Wholly Owned Restricted Subsidiary of such Person, in each case determined in accordance with GAAP.

"Credit Agreement" means any senior credit agreement by and among the Company and/or one or more of its Restricted Subsidiaries and one or more nationally or internationally recognized financial institutions (as designated by the Board of Directors of the Company in its sole judgment, and conclusively evidenced by a Board Resolution), as such may from time to time be amended, renewed, supplemented, modified, refinanced, refunded or replaced, including increases in the principal amount thereof.

"Default" means any event that is or with the passage of time or the giving of notice or both would be an Event of Default.

"Definitive Notes" means Notes that are in the form of Exhibit A-4 attached hereof (but without including the Legend set forth in Section 2.06(f) hereof).

"Depository" means, with respect to the Notes issuable or issued in whole or in part in global form, each of the Persons specified in this Indenture as the Depository with respect to the Notes, until a successor shall have been appointed and become such Depository pursuant to the applicable provision of this Indenture, and, thereafter, "Depository" shall mean or include such successor.

"Disqualified Stock" means any Capital Stock that, by its terms (or by the terms of any security into which it is convertible or for which it is exchangeable), or upon the happening of any event, matures or is mandatorily redeemable, or redeemable at the option of the Holder thereof, in whole or in part, on or prior to the date on which is 91 days after the date that the Notes mature.

"\$," "dollars" and "U.S. dollars" denote the lawful currency of the United States of America.

"Equity Interests" means Capital Stock and all warrants, options or other rights to acquire Capital Stock (but excluding any debt security that is convertible into, or exchangeable for, Capital Stock).

“Euroclear” means Euroclear Bank S.A./N.V., as operator of the Euroclear System.

“Exchange Act” means the U.S. Securities Exchange Act of 1934.

“Existing Indebtedness” means the Indebtedness of the Company and its Restricted Subsidiaries in existence on the date of this Indenture other than Indebtedness owed to the Company or any of its Restricted Subsidiaries, until such amounts are repaid.

“Fair Market Value” means, with respect to any asset or property, the price which could be negotiated in an arm’s-length, free market transaction, for cash, between a willing seller and a willing and able buyer, neither of whom is under undue pressure or compulsion to complete the transaction. Fair Market Value in excess of \$2.5 million shall be conclusively determined by the Board of Directors of the Company acting in good faith and shall be evidenced by a Board Resolution, provided that if any transaction includes an aggregate Fair Market Value of more than \$15.0 million, the Company shall provide to the Trustee with the Board Resolution a favorable opinion as to such Fair Market Value from an investment banking firm or other appraisal firm of national standing (in the United States, Canada or European Union or affiliates of such institutions in Kazakhstan).

“Fixed Charges” means, with respect to any Person for any period, the sum, without duplication, of (i) the consolidated interest expense of such Person and its Restricted Subsidiaries for such period, whether paid or accrued (including, without limitation, amortization of original issue discount, non-cash interest payments, the interest component of any deferred payment obligations, the interest component of all payments associated with Capital Lease Obligations, commissions, discounts and other fees and charges incurred in respect of letter of credit or bankers’ acceptance financings, and net payments (if any) pursuant to Hedging Obligations but excluding the amortization or write-off of deferred financing costs), and (ii) the consolidated interest expense of such Person and its Restricted Subsidiaries that was capitalized during such period, and (iii) any interest expense on Indebtedness of another Person that is guaranteed by such Person or one of its Restricted Subsidiaries or secured by a Lien on assets of such Person or one of its Restricted Subsidiaries (whether or not such guarantee or Lien is called upon), and (iv) the product of (a) all dividend payments, whether or not in cash, on any series of preferred stock of any such Person payable to a party other than the Company or a Wholly Owned Restricted Subsidiary, other than dividend payments on Equity Interests payable solely in Equity Interests of the Company, times (b) a fraction, the numerator of which is one and the denominator of which is one minus the then current combined federal, state, provincial and local statutory tax rate of such Person, expressed as a decimal, in each case, on a consolidated basis and in accordance with GAAP.

“Fixed Charge Coverage Ratio” means with respect to any Person for any period, the ratio of the Consolidated Cashflow of such Person and its Restricted Subsidiaries for such period to the Fixed Charges of such Person and its Restricted Subsidiaries for such period. In the event that the Company or any of its Restricted

Subsidiaries incurs, assumes, guarantees, redeems or repays any Indebtedness (other than the incurrence or repayment of revolving credit borrowings used for working capital, except to the extent that a repayment is accompanied by a permanent reduction in revolving credit commitments) or issues preferred stock subsequent to the commencement of the four-quarter reference period for which the Fixed Charge Coverage Ratio is being calculated but prior to the date on which the event for which the calculation of the Fixed Charge Coverage Ratio is made (the “Calculation Date”), then the Fixed Charge Coverage Ratio shall be calculated giving pro forma effect to such incurrence, assumption, guarantee, redemption or repayment of Indebtedness, or such issuance or redemption of preferred stock, as if the same had occurred at the beginning of the applicable four-quarter reference period. For purposes of making the computation referred to above, (i) acquisitions that have been made by the Company or any of its Restricted Subsidiaries, including through mergers or consolidations and including any related financing transactions, during the four-quarter reference period or subsequent to such reference period and on or prior to the Calculation Date shall be deemed to have occurred on the first day of the four-quarter reference period and shall give pro forma effect to the Consolidated Cashflow and Indebtedness of the Person which is the subject of any such acquisition, and (ii) the Consolidated Cashflow attributable to discontinued operations, as determined in accordance with GAAP, and operations or businesses disposed of prior to the Calculation Date, shall be excluded, and (iii) the Fixed Charges attributable to discontinued operations, as determined in accordance with GAAP, and operations or businesses disposed of prior to the Calculation Date, shall be excluded, but only to the extent that the obligations giving rise to such Fixed Charges will not be obligations of the referenced Person or any of its Restricted Subsidiaries following the Calculation Date.

“GAAP” means generally accepted accounting principles in Canada which are in effect on the date of this Indenture.

“Government Securities” means direct obligations of, or obligations guaranteed by, the United States of America for the payment of which guarantee or obligations the full faith and credit of the United States is pledged.

“guarantee” means a guarantee (other than by endorsement of negotiable instruments for collection in the ordinary course of business), direct or indirect, in any manner (including, without limitation, letters of credit and reimbursement agreements in respect thereof), of all or any part of any Indebtedness.

“Guarantor” means (i) as of the date of this Indenture, the Initial Guarantors, and (ii) thereafter, unless released from such Subsidiary Guarantees as permitted by this Indenture, the Initial Guarantors and any other Restricted Subsidiary or other Person that becomes a guarantor of the Notes in compliance with the provisions of this Indenture and executes a supplemental indenture agreeing to be bound by the terms of this Indenture.

“Hedging Obligations” means, with respect to any Person, the obligations of such Person under (i) interest rate swap agreements, interest rate cap agreements,

interest rate collar agreements and other agreements or arrangements designed to protect such Person against fluctuations in interest rates, (ii) currency swap agreements, forward exchange rate agreements, foreign currency futures or options, exchange rate collar agreements, exchange rate insurance and other agreements or arrangements, or any combination thereof, and other agreements or arrangements designed to provide protection against fluctuations in currency exchange rates, and (iii) oil and gas purchase, sale and/or swap agreements and other agreements or arrangements, or any combination thereof, financially tied to oil and gas prices that are customary in the Oil and Gas Business and designed to protect such Person against fluctuations in oil and gas prices.

“HKM” means OJSC Hurricane Kumkol Munai, an open joint stock company organized under the laws of the Republic of Kazakhstan, formerly known as GAO Yuzhneftegaz.

“Holder” means a Person in whose name a Note is registered on the Registrar’s books.

“Indebtedness” as applied to any Person means, at any time, without duplication, whether recourse is to all or a portion of the assets of such Person and whether or not contingent, (i) any obligation of such Person for borrowed money; (ii) any obligation of such Person evidenced by bonds, debentures, notes or other similar instruments, including, without limitation, any such obligations incurred in connection with acquisition of property, assets or businesses, excluding accounts payable made in the ordinary course of business which are not more than 90 days (or 180 days for Kazakhstani accounts payable) overdue or which are being contested in good faith and by appropriate proceedings; (iii) any obligation of such Person for all or any part of the purchase price of Property or for the cost of property or assets constructed or of improvements thereto (including any obligation under or in connection with any letter of credit related thereto), other than accounts payable incurred in respect of property or assets and services purchased in the ordinary course of business which are no more than 90 days (or 180 days for Kazakhstani accounts payable) overdue or which are being contested in good faith and by appropriate proceedings; (iv) any obligation of such Person upon which interest charges are customarily paid (other than accounts payable incurred in the ordinary course of business); (v) any obligation of such Person under conditional sale or other title retention agreements relating to purchased property or assets; (vi) any obligation of such Person issued or assumed as the deferred purchase price of property or assets (other than accounts payable incurred in the ordinary course of business which are no more than 90 days (or 180 days for Kazakhstani accounts payable) overdue or which are being contested in good faith and by appropriate proceedings); (vii) any Capital Lease Obligation or Attributable Indebtedness pursuant to any sale and lease-back transaction of such Person; (viii) any obligation of any other Person secured by (or for which the obligee thereof has an existing right, contingent or otherwise, to be secured by) any Lien on property or assets owned or acquired, whether or not any obligation secured thereby has been assumed, by such Person; (ix) any obligation of such Person in respect of any letter of credit supporting any obligation of any other Person; (x) the maximum fixed repurchase price of Disqualified Stock of such Person (or if such

Person is a Subsidiary, any preferred stock of such Person); (xi) any Hedging Obligations of such Person at the time of determination to the extent they appear as a liability on the balance sheet of such Person; and (xii) any obligation which is in economic effect a guarantee, regardless of its characterization (other than an endorsement in the ordinary course of business), with respect to any Indebtedness of another Person, to the extent guaranteed. For purposes of the preceding sentence, the maximum fixed repurchase price shall be calculated in accordance with the terms of such Disqualified Stock or Subsidiary preferred stock as if such Disqualified Stock or Subsidiary preferred stock were repurchased on any date on which Indebtedness shall be required to be determined pursuant to the Indenture; provided, however, that if such Disqualified Stock or Subsidiary preferred stock is not then permitted to be repurchased, the repurchase price shall be the book value of such Disqualified Stock or Subsidiary preferred stock. The amount of Indebtedness of any Person at any date shall be the outstanding balance at such date of all unconditional obligations as described above and the maximum liability of any guarantees at such date; provided that for purposes of calculating the amount of any non-interest bearing or other discount security, such Indebtedness shall be deemed to be the principal amount thereof that would be shown on the balance sheet of the issuer dated such date prepared in accordance with GAAP but that such security shall be deemed to have been incurred only on the date of the original issuance thereof.

“Indenture” means this Indenture, as amended or supplemented from time to time.

“Indirect Participant” means a Person who holds an interest through a Participant.

“Interest Payment Date” means the interest payment dates set forth in the Note certificate.

“Investments” means, with respect to any Person, all investments by such Person in other Persons (including Affiliates) in the forms of direct or indirect loans (including guarantees of Indebtedness or other obligations), advances or capital contributions (excluding commission, travel, relocation and similar advances to officers and employees made in the ordinary course of business), purchases or other acquisitions for consideration of Indebtedness, Equity Interests or other securities and all other items that are or would be classified as investments on a balance sheet prepared in accordance with GAAP, provided that an acquisition of assets, Equity Interests or other securities by the Company for consideration consisting solely of common equity securities of the Company shall not be deemed to be an Investment and provided, further, that Investments shall exclude accounts receivable and other extensions of trade credit on commercially reasonable terms in accordance with normal trade practices. The amount of any Person’s Investment shall be the original cost of such Investment to such Person, plus the cost of all additions thereto paid by such Person, and minus the amount of any portion of such Investment repaid to such Person in cash as a repayment of principal or a return of capital, as the case may be, but without any other adjustments for increases or decreases in value, or write-ups, writedowns, or write-offs with respect to such

Investment. In determining the amount of any Investment involving a transfer of any property or assets other than cash, such property or assets shall be valued at its fair market value at the time of such transfer as determined in good faith by the board of directors (or comparable body) of the Person making such transfer. The Company shall be deemed to make an “Investment” in the amount of the fair market value of the net assets of a Restricted Subsidiary at the time such Restricted Subsidiary is designated an Unrestricted Subsidiary.

“Issue Date” means the date on which the Notes are first issued, authenticated and delivered under this Indenture, such date being August 3, 2001.

“Legal Holiday” means a Saturday, a Sunday or a day on which federal offices or banking institutions in The City of New York, in the city of the corporate trust office of the Trustee, or at a place of payment are authorized by law, regulation or executive order to remain closed. If a payment date is a Legal Holiday, payment may be made on the next succeeding day that is not a Legal Holiday, and no interest shall accrue for the intervening period.

“Lien” means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such asset, whether or not filed, recorded or otherwise perfected under applicable law (including any conditional sale or other title retention agreement, any lease in the nature thereof, any option or other agreement to sell or give a security interest in and any filing of or agreement to give any financing statement under the Uniform Commercial Code (or equivalent statutes) of any jurisdiction).

“Material Restricted Subsidiary” means, at any date of determination, any Restricted Subsidiary of the Company that, together with its Restricted Subsidiaries, for the most recent fiscal year of the Company, accounted for more than 5% of the consolidated revenues of the Company and its Subsidiaries or (ii) as of the end of such fiscal year, was the owner of more than 5% of the consolidated assets of the Company and its Subsidiaries, in each case all as set forth on the most recently available consolidated financial statements of the Company for such fiscal year.

“Moody’s” means Moody’s Investors Service, Inc. or any successor to the rating agency business thereof.

“Net Income” means, with respect to any Person, the net income (loss) of such Person, determined in accordance with GAAP, and before reduction for non-cash preferred stock dividends, excluding, however, (i) any gain or loss, together with any related provision for taxes on such gain or loss, realized in connection with (a) any Asset Sale (including, without limitation, dispositions pursuant to sale and leaseback transactions) or (b) the disposition of any securities by such Person or any of its Restricted Subsidiaries or the extinguishment of any Indebtedness of such Person or any of its Restricted Subsidiaries, and (ii) any extraordinary or nonrecurring gain or loss, together with any related provision for taxes on such extraordinary or nonrecurring gain or loss.

“Net Proceeds” means the aggregate cash proceeds received by the Company or any of its Restricted Subsidiaries in respect of any Asset Sale (including, without limitation, any cash received upon the sale or other disposition of any non-cash consideration received in any Asset Sale), net of the direct costs relating to such Asset Sale (including, without limitation, legal, accounting and investment banking fees, and sales commissions) and any relocation expenses incurred as a result thereof, taxes paid or payable as a result thereof (after taking into account any available tax credits or deductions and any tax sharing arrangements), and any reserve for adjustment in respect of the sale price of such asset or assets established in accordance with GAAP and net of all required payments made to any Person other than the Company or any Restricted Subsidiary on any Indebtedness which is secured by a Lien on the assets comprising such Asset Sale (with a permanent reduction of availability in the case of revolving credit borrowings), in accordance with the terms of the agreements related to such Lien.

“Non-Recourse Debt” means Indebtedness (i) as to which neither the Company nor any of its Restricted Subsidiaries (a) provides any guarantee or credit support of any kind (including any undertaking, guarantee, indemnity, agreement or instrument that would constitute Indebtedness) or (b) is directly or indirectly liable (as a guarantor or otherwise), (ii) no default with respect to which (including any rights that the Holders thereof may have to take enforcement action against an Unrestricted Subsidiary) would permit (upon notice, lapse of time or both) any holder of any other Indebtedness of the Company or any of its Restricted Subsidiaries to declare a default under such other Indebtedness or cause the payment thereof to be accelerated or payable prior to its stated maturity and (iii) the explicit terms of which provide that there is no recourse against any of the assets of the Company or its Restricted Subsidiaries.

“Notes” has the meaning attributed thereto in the Recital of this Indenture.

“Obligations” means any principal, interest, penalties, fees, indemnifications, reimbursements, damages and other liabilities payable under the documentation governing any Indebtedness.

“Officer” means, with respect to any Person, the Chairman of the Board, the Chief Executive Officer, the President, the Chief Operating Officer, the Chief Financial Officer, the Treasurer, any Assistant Treasurer, the Controller, the Secretary or any Vice President of such Person.

“Officers’ Certificate” means a certificate signed on behalf of the Company by two Officers of the Company, one of whom must be the principal executive officer, the principal financial officer, the treasurer or the principal accounting officer of the Company, that meets the requirements of Section 11.05 hereof.

“Oil and Gas Business” means (i) the acquisition, exploration, exploitation, development, operation or disposition of interests in oil, gas or other hydrocarbon properties; (ii) the gathering, drilling, marketing, treating, processing, storage, selling, transporting or refining of any production from such interests or

properties; (iii) any business relating to or arising from exploration for or development, production, gathering, drilling, marketing, treatment, processing, storage, sale, transportation or refining of oil, gas and other minerals and products produced in association therewith; (iv) the development, construction, operating or owning of an interest in any electrical power generation facility and electrical transmission facilities related to such electrical power generation facility; (v) any business relating to or arising from the transporting, processing, blending, terminalling, storing, marketing, retailing, refining or distilling crude oil, condensate, natural gas liquids, petroleum blendstocks or refined products thereof or the acquisition, development, construction, operation or ownership of facilities relating thereto or any direct or indirect interest therein; or (vi) any activity that is ancillary, necessary or desirable to facilitate the activities described in clauses (i) through (v) of this definition.

“Opinion of Counsel” means an opinion from legal counsel who is reasonably acceptable to the Trustee, that meets the requirements of Section 11.05 hereof. Unless otherwise provided in this Indenture, the counsel may be an employee of or counsel to the Company, any Subsidiary of the Company or the Trustee.

“Participant” means with respect to DTC, CDS, Euroclear or Clearstream, Luxembourg, a Person who has an account with DTC, CDS, Euroclear or Clearstream, Luxembourg, respectively (and, with respect to DTC, shall include CDS, Euroclear and Clearstream, Luxembourg and, with respect to CDS shall include DTC, Euroclear and Clearstream, Luxembourg).

“Permitted Investments” means (a) any Investments in the Company or in a Restricted Subsidiary of the Company that is engaged in the Oil and Gas Business; (b) any Investments in Cash Equivalents; (c) Investments by the Company or any Restricted Subsidiary of the Company in a Person if as a result of such Investment (i) such Person becomes a Restricted Subsidiary of the Company and such Person is engaged in the Oil and Gas Business or (ii) such Person is merged, consolidated or amalgamated with or into, or transfers or conveys substantially all of its assets to, or is liquidated into, the Company or a Wholly Owned Restricted Subsidiary of the Company that is engaged in the Oil and Gas Business; (d) Investments made as a result of the receipt of non-cash consideration from an Asset Sale that was made pursuant to and in compliance with Section 4.10 hereof; (e) Investments by the Company or any of its Restricted Subsidiaries in an aggregate amount not to exceed \$10.0 million outstanding at any one time; (f) stock, obligations or securities received in settlement of debts created in the ordinary course of business and owing to the Company or any of its Subsidiaries or in satisfaction of judgments or pursuant to any plan of reorganization or similar arrangement upon the bankruptcy or insolvency of any debtor; (g) any operating agreements, joint ventures, partnership agreements, joint stock companies, limited liability partnerships, limited liability companies (so long as any Investments therein are exclusively used in the ordinary course of business of the Oil and Gas Business), working interests, royalty interests, mineral leases, processing agreements, farm-out agreements, contracts for the sale, transportation or exchange of oil and natural gas, unitization agreements, pooling arrangements, area of mutual interest agreements, production sharing agreements or other

similar or customary agreements, transactions, properties, interests, or arrangements, and Investments and expenditures in connection therewith or pursuant thereto, in each case made or entered into in the ordinary course of the Oil and Gas Business; (h) accounts receivable created or acquired, and prepaid expenses arising, in the ordinary course of business; (i) the endorsements of negotiable instruments for collection or deposit in the ordinary course of business; (j) the incurrence, assumption or creation of Hedging Obligations that the Company or a Restricted Subsidiary of the Company enter into in the ordinary course of business in the oil and gas industry for the purpose of protecting its production against fluctuations in oil or natural gas prices or protecting against fluctuations in interest rates or currency exchange rates, as applicable, in each case in compliance with the Indenture; and (k) repurchase, redemption or retirement of the Notes.

“Permitted Liens” means (i) Liens securing Indebtedness permitted by clauses (a), (b), (c) (to the extent that the Liens securing such Indebtedness are Purchase Money Liens), (d) (to the extent that the Liens securing Permitted Refinancing Indebtedness have the same terms and relate to the same assets as the Liens securing the Indebtedness to be exchanged or retired in relation thereto), (f), (g), (h) (to the extent that cash on deposit may be encumbered by the issuance of trade letters of credit) and (i) (to the extent related to the Credit Agreement) of the second paragraph of the covenant entitled “— Incurrence of Indebtedness and Issuance of Preferred Stock” and related Hedging Obligations; (ii) Liens in favor of the Company or any Restricted Subsidiary; (iii) Liens on property of a Person existing at the time such Person is merged into or consolidated with the Company or any Restricted Subsidiary of the Company, provided that such Liens were in existence prior to the contemplation of such merger or consolidation and do not extend to any assets other than those of the Person merged into or consolidated with the Company; (iv) Liens on property of a Person existing at the time such Person becomes a Restricted Subsidiary of the Company, provided that such liens were in existence prior to the contemplation of such acquisition; (v) Liens on property existing at the time of acquisition thereof by the Company or any Restricted Subsidiary of the Company, provided that such Liens were in existence prior to the contemplation of such acquisition; (vi) Liens to secure the performance of statutory obligations, surety or appeal bonds, performance bonds, tenders, bids, leases or other obligations of a like nature incurred in the ordinary course of business; (vii) Liens existing on the date of the Indenture; (viii) Liens for taxes, assessments or governmental charges or claims that are not yet delinquent or that are being contested in good faith by appropriate proceedings promptly instituted and diligently conducted, provided that any reserve or other appropriate provision as shall be required in conformity with GAAP shall have been made therefor; (ix) carriers’, warehousemen’s, mechanics’, materialmen’s, repairmen’s, or other similar Liens arising in the ordinary course of business which are not overdue for a period of more than 60 days or which are being contested in good faith by appropriate proceedings diligently conducted; (x) easements, rights-of-way, restrictions, minor defects or irregularities in title and other similar charges or encumbrances not interfering in any material respect with the business of the Company or any of its Restricted Subsidiaries; (xi) statutory Liens of landlords or of mortgagees of landlords arising by operation of law, provided that the rental payments secured thereby are not yet due and

payable; (xii) Liens incurred or deposits made in the ordinary course of business in connection with workers' compensation, unemployment insurance and other types of social security; (xiii) Liens securing obligations arising under the Indenture; (xiv) Liens on assets of Unrestricted Subsidiaries that secure Non-Recourse Debt of Unrestricted Subsidiaries; (xv) attachment or judgment liens not giving rise to a Default or an Event of Default; and (xvi) other Liens arising in the ordinary course of business of the Company or any Restricted Subsidiary which do not secure the payment of Indebtedness and in the aggregate do not materially adversely affect the value of the assets of the Company and its Restricted Subsidiaries, taken as a whole, or materially impair the use of such properties for the purposes for which such properties are held by the Company or such Restricted Subsidiaries.

"Permitted Refinancing Indebtedness" means any Indebtedness of the Company or any of its Restricted Subsidiaries issued in exchange for, or the net proceeds of which are used to extend, refinance, renew, replace, defease or refund other Indebtedness of the Company or any of its Restricted Subsidiaries, provided that: (i) the principal amount (or the accreted value, if applicable) of such Permitted Refinancing Indebtedness does not exceed the original principal amount (or the then current accreted value, if applicable) of the Indebtedness so extended, refinanced, renewed, replaced, defeased or refunded (plus the amount of reasonable expenses incurred in connection therewith); (ii) such Permitted Refinancing Indebtedness has a final maturity date at least as late as the final maturity date of, and has a Weighted Average Life to Maturity equal to or greater than the Weighted Average Life to Maturity of, the Indebtedness being extended, refinanced, renewed, replaced, defeased or refunded; (iii) if the Indebtedness being extended, refinanced, renewed, replaced, defeased or refunded is subordinated in right of payment to the Notes, such Permitted Refinancing Indebtedness has a final maturity date later than the final maturity date of, and is subordinated in right of payment to, the Notes on terms at least as favorable to the Holders of Notes as those contained in the documentation governing the Indebtedness being extended, refinanced, renewed, replaced, defeased or refunded; and (iv) such Indebtedness is incurred either by the Company or by the Restricted Subsidiary who is the obligor on the Indebtedness being extended, refinanced, renewed, replaced, defeased or refunded.

"Person" means any individual, corporation, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, limited liability company, or other business entity or government or agency or political subdivision thereof (including any subdivision or ongoing business of any such entity or substantially all of the assets of any such entity, subdivision or business).

"Purchase Money Lien" means a Lien granted on an asset or property to secure a Purchase Money Obligation or Capital Lease Obligation permitted to be incurred under the Indenture and incurred solely to finance the purchase, or the cost of construction or improvement, of such asset or property, provided, however, that such Lien encumbers only such asset or property and is granted within 180 days of such acquisition.

“Purchase Money Obligations” of any Person means any obligations of such Person to any seller or any other Person incurred or assumed to finance the purchase, or the cost of construction or improvement, of real or personal property to be used in the business of such Person or any of its Restricted Subsidiaries in an amount that is not more than 100% of the cost, or fair market value, as appropriate, of such property, and incurred within 180 days after the date of such acquisition (excluding accounts payable to trade creditors incurred in the ordinary course of business).

“Responsible Officer” when used with respect to the Trustee, means any officer of the Trustee with direct responsibility for the administration of the Indenture and also means, with respect to a particular corporate trust matter, any other officer to whom such matter is referred because of his knowledge of and familiarity with the particular subject.

“Restricted Investment” means an Investment other than a Permitted Investment.

“Restricted Subsidiary” of a Person means any Subsidiary of the referenced Person that is not an Unrestricted Subsidiary.

“Securities Act” means the U.S. Securities Act of 1933.

“Senior Debt” means any Indebtedness incurred by the Company or a Guarantor, unless the instrument under which such Indebtedness is incurred expressly provides that it is subordinated in right of payment to the Notes or such Guarantor’s Subsidiary Guarantee, as applicable, provided that Senior Debt will not include (a) any liability for federal, state, provincial, local or other taxes owed or owing, (b) any Indebtedness owing to any Subsidiaries of the Company, (c) any trade payables or (d) any Indebtedness that is incurred in violation of this Indenture.

“ShNOS” means OJSC Shymkentnefteorgsyntez, an open joint stock company organized under the laws of the Republic of Kazakhstan.

“Significant Subsidiary” means any Subsidiary that would be a “significant subsidiary” as defined in Article 1, Rule 1-02 of Regulation S-X, promulgated pursuant to the Securities Act and the Exchange Act, as such Regulation is in effect on the date of the Indenture.

“Standard & Poor’s” means Standard & Poor’s Ratings Services, a division of The McGraw Hill Companies, Inc., or any successor to the rating agency business thereof.

“Stated Maturity” means, with respect to any mandatory sinking fund or other installment of interest or principal on any Indebtedness, the date on which such payment of interest or principal was scheduled to be paid in the original documentation governing such Indebtedness, and shall not include any contingent obligations to repay,

redeem or repurchase any such interest or principal prior to the date originally scheduled for the payment thereof.

“Subsidiary” means, with respect to any Person, (i) any corporation, association or other business entity of which more than 50% of the total voting power of shares of Capital Stock entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers or trustees thereof is at the time owned or controlled, directly or indirectly, by such Person or one or more of the other Subsidiaries of that Person (or a combination thereof) and (ii) any partnership (a) the sole general partner or the managing general partner of which is such Person or a Subsidiary of such Person or (b) the only general partners of which are such Person or one or more Subsidiaries of such Person (or any combination thereof).

“Subsidiary Guarantee” means an unconditional guarantee of the Notes and the Indenture given by any Restricted Subsidiary or other Person pursuant to the terms of the Indenture or any supplement thereto.

“TIA” means the U.S. Trust Indenture Act of 1939 as in effect on the date of the Indenture.

“Trustee” means the party named as such in the first paragraph of this Indenture until a successor replaces it in accordance with the applicable provisions of this Indenture and thereafter means the successor serving hereunder.

“Unrestricted Global Note” means the Global Note that is not required to bear the legend set forth in Section 2.06(f) hereof.

“Unrestricted Subsidiary” means (i) any Subsidiary that is designated by the Board of Directors as an Unrestricted Subsidiary pursuant to a resolution of the Board of Directors of the Company; but only to the extent that such Subsidiary: (a) has no Indebtedness other than Non-Recourse Debt; (b) is not party to any agreement, contract, arrangement or understanding with the Company or any Restricted Subsidiary of the Company unless the terms of any such agreement, contract, arrangement or understanding are no less favorable to the Company or such Restricted Subsidiary than those that might be obtained at the time from Persons who are not Affiliates of the Company; (c) is a Person with respect to which neither the Company nor any of its Restricted Subsidiaries has any direct or indirect obligation (1) to subscribe for additional Equity Interests or (2) to maintain or preserve such Person’s financial condition or to cause such Person to achieve or maintain any specified levels of profitability (it being understood that agreements entered into in the ordinary course of the Oil and Gas Business relating to transportation or throughput commitments will not constitute such an obligation); and (d) has not guaranteed or otherwise directly or indirectly provided credit support for any Indebtedness of the Company or any of its Restricted Subsidiaries. Any such designation by the Board of Directors of the Company shall be evidenced to the Trustee by filing with the Trustee a resolution of the Board of Directors of the Company giving effect to such designation and an Officers’ Certificate certifying that such designation complied with the foregoing conditions and was permitted by the “Restricted

Payments” covenant. If, at any time, any Unrestricted Subsidiary would fail to meet the foregoing requirements as an Unrestricted Subsidiary, it shall thereafter cease to be an Unrestricted Subsidiary for purposes of the Indenture and any Indebtedness of such Subsidiary shall be deemed to be incurred by a Restricted Subsidiary of the Company as of such date. The Board of Directors of the Company may at any time designate any Unrestricted Subsidiary to be a Restricted Subsidiary, provided that such designation shall be deemed to be an incurrence of Indebtedness by a Restricted Subsidiary of the Company of any outstanding Indebtedness of such Unrestricted Subsidiary and such designation shall only be permitted if (i) such Indebtedness is permitted under the covenant described under the caption “Incurrence of Indebtedness and Issuance of Preferred Stock” and (ii) no Default or Event of Default would be in existence following such designation. As of the Issue Date, the Company Investments shall be an Unrestricted Subsidiary.

“U.S. Dollar Equivalent” means, with respect to any monetary amount in a currency other than the U.S. dollar, at or as of any time for the determination thereof, the amount of U.S. dollars obtained by converting such foreign currency involved in such computation into U.S. dollars at the spot rate for the purchase of U.S. dollars with the applicable foreign currency as quoted by Reuters (or, if Reuters ceases to provide such spot quotations, by any other reputable service as is providing such spot quotations, as selected by the Company) at approximately 11:00 a.m. (New York City time) on the date not more than two Business Days prior to such determination.

“Valsera” means Valsera Holdings B.V., an intermediate holding company organized under the laws of The Netherlands.

“Weighted Average Life to Maturity” means, when applied to any Indebtedness at any date, the number of years obtained by dividing (i) the sum of the products obtained by multiplying (a) the amount of each then remaining installment, sinking fund, serial maturity or other required payments of principal, including payment at final maturity, in respect thereof, by (b) the number of years (calculated to the nearest one-twelfth) that will elapse between such date and the making of such payment, by (ii) the then outstanding principal amount of such Indebtedness.

“Wholly Owned Restricted Subsidiary” of any Person means a Restricted Subsidiary of such Person all of the outstanding Capital Stock or other ownership interests (other than directors’ qualifying shares or shares or other ownership interests required by applicable law to be held by third parties) of which shall at the time be owned by such Person or by one or more Wholly Owned Restricted Subsidiaries of such Person. Unrestricted Subsidiaries shall not be included in the definition of Wholly Owned Restricted Subsidiary for any purposes of this Indenture.

Section 1.02. Other Definitions.

<u>Term</u>	<u>Defined in</u> <u>Section</u>
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“ <u>Affiliate Transaction</u> ”	4.11
“ <u>Agreement Currency</u> ”	4.20
“ <u>Asset Sale Offer</u> ”	3.09
“ <u>Canadian Taxes</u> ”	4.19
“ <u>CDS</u> ”	2.03
“ <u>Change of Control Offer</u> ”	4.15
“ <u>Change of Control Payment</u> ”	4.15
“ <u>Change of Control Payment Date</u> ”	4.15
“ <u>Covenant Defeasance</u> ”	8.03
“ <u>DTC</u> ”	2.03
“ <u>Event of Default</u> ”	6.01
“ <u>Excess Proceeds</u> ”	4.10
“ <u>Global Note</u> ”	2.01
“ <u>incur</u> ” or “ <u>incurrence</u> ”	4.09
“ <u>Judgment Currency</u> ”	4.20
“ <u>Kazakhstani Taxes</u> ”	4.19
“ <u>Legal Defeasance</u> ”	8.02
“ <u>License Rules</u> ”	10.06
“ <u>Offer Amount</u> ”	3.09
“ <u>Other Taxes</u> ”	4.19
“ <u>Offer Period</u> ”	3.09
“ <u>Other Company Indebtedness</u> ”	4.17
“ <u>Paying Agent</u> ”	2.03
“ <u>Payment Default</u> ”	6.01
“ <u>Purchase Date</u> ”	3.09
“ <u>Registrar</u> ”	2.03
“ <u>Restricted Payments</u> ”	4.07
“ <u>Taxes</u> ”	4.19
“ <u>Territory</u> ”	4.19

Section 1.03. Incorporation by Reference of Trust Indenture Act.

Whenever this Indenture refers to a provision of the TIA, the provision is incorporated by reference in and made a part of this Indenture, as if this Indenture were required to be qualified under the TIA. Any terms incorporated in this Indenture that are defined by the TIA, defined by TIA reference to another statute or defined by Commission rule under the TIA have the meanings so assigned to them.

Section 1.04. Rules of Construction.

Unless the context otherwise requires:

- (a) a term has the meaning assigned to it;
- (b) an accounting term not otherwise defined has the meaning assigned to it in accordance with GAAP;

- (c) “or” is not exclusive;
- (d) words in the singular include the plural, and in the plural include the singular;
- (e) provisions apply to successive events and transactions; and
- (f) references to sections of or rules under the Securities Act or the Exchange Act shall be deemed to include substitute, replacement or successor sections or rules adopted by the Commission from time to time.

Whenever the covenants or default provisions or definitions in this Indenture refer to an amount in U.S. dollars, that amount will be deemed to refer to the U.S. Dollar Equivalent of the amount of any obligation denominated in any other currency or currencies, including composite currencies.

The U.S. Dollar Equivalent of Canadian dollars or any other determination of U.S. Dollar Equivalent for any purpose under this Indenture will be determined as of a date of determination as described in the definition of “U.S. Dollar Equivalent” in Section 1.01 and, in any case, no subsequent change in the U.S. Dollar Equivalent after the applicable date of determination will cause such determination to be modified.

ARTICLE 2

THE NOTES

Section 2.01. Form and Dating.

The Notes shall be issued only in registered, global form without interest coupons attached. The Notes and the Trustee’s certificate of authentication shall be substantially in the form of Exhibit A hereto. The Notes may have notations, legends or endorsements required by law, stock exchange rule or usage. Each Note shall be dated the date of its authentication. The Notes shall be issued in denominations of \$10,000 and integral multiples thereof.

The terms and provisions contained in the Notes shall constitute, and are hereby expressly made, a part of this Indenture and the Company, the Guarantors and the Trustee, by their execution and delivery of this Indenture, expressly agree to such terms and provisions and to be bound thereby. Notwithstanding the foregoing, to the extent any provision of any Note conflicts with the express provisions of this Indenture, the provisions of this Indenture shall govern and be controlling.

(a) *Global Notes.* The Notes shall be issued in global form and shall be represented by one or more Global Notes (each a “Global Note”) all together representing not more than U.S.\$208,610,000 aggregate principal amount of the Notes as of the Issue Date.

Each Global Note shall represent such aggregate amount of the outstanding Notes as shall be specified thereon and shall provide that it shall represent the aggregate principal amount of outstanding Notes from time to time endorsed thereon and that the aggregate principal amount of outstanding Notes represented thereby may from time to time be reduced or increased, as appropriate, to reflect exchanges and redemptions. Any endorsement of a Global Note to reflect the amount of any increase or decrease in the aggregate principal amount of outstanding Notes represented thereby shall be made by the Trustee in accordance with instructions given by the Holder thereof as required by Section 2.06 hereof.

(b) *Deposit of Global Note.* Each Global Note shall be deposited on behalf of the Holders of the Notes represented thereby with, or on behalf of, a Depositary and registered in the name of its nominee, if such Depositary is not the Holder, duly executed by the Company and authenticated by the Trustee as hereinafter provided.

(c) *Book-Entry Provisions.* Participants shall have no rights either under this Indenture with respect to any Global Note held on their behalf by a Depositary or under such Global Note, and each Depositary (or its nominee, if such Depositary is not the Holder) may be treated by the Company, the Trustee and any Agent of the Company or the Trustee as the absolute owner of such Global Note for all purposes whatsoever (except for the determination of Additional Amounts payable pursuant to Section 4.19 hereof). The Company understands that under existing industry practices, in the event that the Company requests any action of Holders or an owner of a beneficial interest in the Global Notes desires to give or to take any action that a Holder is entitled to give or take under the Indenture, each Depositary may authorize the Participants holding the relevant beneficial interests to give or take such action, and such Participants would authorize beneficial owners owning through such Participant to give or take such action or would otherwise act upon the instructions of beneficial owners owning through them. Notwithstanding the foregoing, nothing herein shall prevent the Company, the Trustee or any Agent of the Company or the Trustee from giving effect to any written certification, proxy or other authorization furnished by a Depositary or impair, as between the Depositary and its Participants, the operation of customary practices of such Depositary governing the exercise of the rights of an owner of a beneficial interest in any Global Note.

Section 2.02. Execution and Authentication.

One Officer shall sign the Notes for the Company by manual or facsimile signature. If the Company has a corporate seal, it may be reproduced on the Notes and, if so, it may be in facsimile form.

If an Officer whose signature is on a Note no longer holds that office at the time a Note is authenticated, the Note shall nevertheless be valid.

A Note shall not be valid until authenticated by the manual signature of an authorized signatory of the Trustee. Such signature shall be conclusive evidence that the

Note has been authenticated under this Indenture. The form of Trustee's certificate of authentication to be borne by the Notes shall be substantially as set forth in Exhibit A hereto.

Each Note shall be dated the date of its authentication.

The Trustee shall authenticate (i) the Notes for original issue on the Issue Date in the aggregate principal amount not to exceed \$208,610,000 (the "Notes"). The aggregate principal amount of Notes outstanding at any time may not exceed \$208,610,000.

The Trustee may appoint an authenticating agent acceptable to the Company to authenticate Notes. An authenticating agent may authenticate Notes whenever the Trustee may do so. Each reference in this Indenture to authentication by the Trustee includes authentication by such agent. An authenticating agent has the same rights as an Agent to deal with the Company, any Guarantor or an Affiliate of the Company.

Section 2.03. Registrar and Paying Agent.

The Company shall maintain an office or agency in the continental United States, Canada, the United Kingdom and Luxembourg where Notes may be presented for registration of transfer or for exchange ("Registrar") and where Notes may be presented for payment ("Paying Agent"). The Registrar in the United States shall keep a register of the Notes and of their transfer and exchange. So long as the Notes are listed on the Luxembourg Stock Exchange and the rules of such stock exchange shall so require, the Company shall maintain a paying agent and a transfer agent in the Grand Duchy of Luxembourg. The Company may appoint one or more transfer agents and one or more additional paying agents. The term "Registrar" includes any transfer agent and the term "Paying Agent" includes any additional paying agent. The Company may change any Paying Agent or Registrar without notice to any Holder. The Company shall notify the Trustee in writing of the name and address of any Agent not named in this Indenture. If the Company fails to appoint or maintain another entity as Registrar or Paying Agent, the Trustee shall act as such. The Company shall enter into an appropriate agency agreement with any Agent not a party to this Indenture, and such agreement shall incorporate the TIA's provisions of this Indenture that relate to such Agent, as if this Indenture were required to be qualified under the TIA. The Company or any of its Subsidiaries may act as Paying Agent or Registrar.

The Company initially appoints each of The Depository Trust Company ("DTC") and The Canadian Depository for Securities Limited, Inc. ("CDS") to act as a Depository with respect to the Global Notes.

The Company initially appoints the Trustee to act as Registrar and Paying Agent at its corporate trust office in the United States and to act as Custodian with respect to the Global Notes, and the Company initially appoints Computershare Trust Company of Canada to act as Paying Agent in Canada. The Company initially appoints The Bank

of New York to act as Paying Agent in the United Kingdom and The Bank of New York (Luxembourg) S.A. to act as Paying Agent and transfer agent in Luxembourg.

Section 2.04. Paying Agent to Hold Money in Trust.

The Company shall require each Paying Agent other than the Trustee to agree in writing that the Paying Agent will hold in trust for the benefit of Holders or the Trustee all money held by the Paying Agent for the payment of principal of, premium or interest, if any, on the Notes, and will notify the Trustee of any default by the Company in making any such payment. While any such default continues, the Trustee may require a Paying Agent to pay all money held by it to the Trustee. The Company at any time may require a Paying Agent to pay all money held by it to the Trustee. Upon payment over to the Trustee, the Paying Agent (if other than the Company or a Subsidiary) shall have no further liability for the money. If the Company or a Subsidiary acts as Paying Agent, it shall segregate and hold in a separate trust fund for the benefit of the Holders all money held by it as Paying Agent. Upon the occurrence and during the continuance of any Event of Default described in clause (g) or (h) of Section 6.01 hereof, the Trustee shall serve as Paying Agent for the Notes.

Section 2.05. Holder Lists.

The Trustee shall preserve in as current a form as is reasonably practicable the most recent list available to it of the names and addresses of all Holders and shall otherwise comply with TIA §312(a), as if this Indenture were required to be qualified under the TIA. If the Trustee is not the Registrar, the Company shall furnish to the Trustee at least seven Business Days before each interest payment date and at such other times as the Trustee may request in writing, a list in such form and as of such date as the Trustee may reasonably require of the names and addresses of the Holders of Notes and the Company shall otherwise comply with TIA §312(a), as if this Indenture were required to be qualified under the TIA.

Section 2.06. Transfer and Exchange.

(a) *Transfer and Exchange of Global Notes.* A Global Note may not be transferred as a whole except by a Depositary to a nominee of the Depositary, by a nominee of such Depositary to such Depositary or to another nominee of such Depositary, or by such Depositary or any such nominee to a successor Depositary or a nominee of such successor Depositary. The Global Notes will be exchanged by the Company for Definitive Notes if (i) the Company delivers to the Trustee notice from a Depositary that it is unwilling or unable to continue to act as Depositary or that it is no longer a clearing agency under applicable law and, in either case, a successor Depositary is not appointed by the Company within 120 days after the date of such notice from the Depositary or (ii) the Company in its sole discretion determines that the Global Notes (in whole but not in part) should be exchanged for Definitive Notes and delivers a written notice to such effect to the Trustee. Upon the occurrence of either of the events in (i) or (ii) above, Definitive Notes shall be issued in such names as the Depositary shall instruct the Trustee. Global Notes also may be exchanged or replaced, in whole or in part, as

provided in Sections 2.07 and 2.10 hereof. Every Note authenticated and delivered in exchange for, or in lieu of, a Global Note or any portion thereof pursuant to this Section 2.06 or Section 2.07 or 2.10 hereof, shall be authenticated and delivered in the form of, and shall be, a Global Note or, as the case may be, a Definitive Note. A Global Note may not be exchanged for another Note other than as provided in this Section 2.06(a); however, beneficial interests in a Global Note may be transferred and exchanged as provided in Section 2.06(b) or (c) hereof.

(b) *Transfer and Exchange of Beneficial Interests in the Global Notes.* The transfer and exchange of beneficial interests in the Global Notes shall be effected through each Depositary, in accordance with the provisions of this Indenture and the Applicable Procedures. Transfers of beneficial interests in the Global Notes shall require compliance with either subparagraph (i) or (ii) below, as applicable:

(i) *Transfer of Beneficial Interests in the Same Global Note.* Beneficial interests in the Global Note may be transferred to Persons who take delivery thereof in the form of a beneficial interest in the Global Note. No written orders or instructions shall be required to be delivered to the Registrar to effect the transfers described in this Section 2.06(b)(i).

(ii) *All Other Transfers and Exchanges of Beneficial Interests in Global Notes.* In connection with all transfers and exchanges of beneficial interests that are not subject to Section 2.06(b)(i) above, the transferor of such beneficial interest must deliver to the Registrar either (A)(1) a written order from a Participant or an Indirect Participant given to the Depositary in accordance with the Applicable Procedures directing the Depositary to credit or cause to be credited a beneficial interest in another Global Note in an amount equal to the beneficial interest to be transferred or exchanged and (2) instructions given in accordance with the Applicable Procedures containing information regarding the Participant account to be credited with such increase or (B)(1) a written order from a Participant or an Indirect Participant given to the Depositary in accordance with the Applicable Procedures directing the Depositary to cause to be issued a Definitive Note in an amount equal to the beneficial interest to be transferred or exchanged and (2) instructions given by the Depositary to the Registrar containing information regarding the Person in whose name such Definitive Note shall be registered to effect the transfer or exchange referred to in (1) above. Upon satisfaction of all of the requirements for transfer or exchange of beneficial interests in Global Notes contained in this Indenture and the Notes, the Trustee shall adjust the principal amount of the relevant Global Note pursuant to Section 2.06(h) hereof.

(c) *Transfer or Exchange of Beneficial Interests for Definitive Notes.* If any holder of a beneficial interest in a Global Note proposes to exchange such beneficial interest for a Definitive Note or to transfer such beneficial interest to a Person who takes delivery thereof in the form of a Definitive Note, then, upon satisfaction of the conditions set forth in Section 2.06(b)(ii) hereof, the Trustee shall cause the aggregate principal amount of the applicable Global Note to be reduced accordingly pursuant to Section 2.06(h) hereof, and the Company shall execute and the Trustee shall authenticate and deliver to the Person designated in the instructions a Definitive Note in the

appropriate principal amount. Any Definitive Note issued in exchange for a beneficial interest pursuant to this Section 2.06(c)(ii) shall be registered in such name or names and in such authorized denomination or denominations as the holder of such beneficial interest shall instruct the Registrar through instructions from the Depositary and the Participant or Indirect Participant. The Trustee shall deliver such Definitive Notes to the Persons in whose names such Notes are so registered.

(d) *Transfer and Exchange of Definitive Notes for Beneficial Interests in the Unrestricted Global Note.* A Holder of a Definitive Note may exchange such Note for a beneficial interest in the Global Note or transfer such Definitive Notes to a Person who takes delivery thereof in the form of a beneficial interest in the Global Note at any time. Upon receipt of a request for such an exchange or transfer, the Trustee shall cancel the applicable Definitive Note and increase or cause to be increased the aggregate principal amount the Global Note.

(e) *Transfer and Exchange of Definitive Notes for Definitive Notes.* A Holder of Definitive Notes may transfer such Notes to a Person who takes delivery thereof in the form of a Definitive Note. Upon receipt of a request to register such a transfer, the Registrar shall register the Definitive Notes pursuant to the instructions from the Holder thereof. Prior to such registration of transfer or exchange, the requesting Holder shall present or surrender to the Registrar the Definitive Notes duly endorsed or accompanied by a written instruction of transfer in form satisfactory to the Registrar duly executed by such Holder or by its attorney, duly authorized in writing. In addition, the requesting Holder shall provide any additional certifications, documents and information, as applicable, required pursuant to the following provisions of this Section 2.06(e). The Luxembourg transfer agent shall notify the Registrar of transfers of Definitive Note.

(f) *Legends.* The following legends shall appear on the face of all Global Notes and Definitive Notes issued under this Indenture unless specifically stated otherwise in the applicable provisions of this Indenture.

(g) *Global Note Legend.* Each Global Note shall bear a legend in substantially the following form:

“THIS GLOBAL NOTE IS HELD BY THE DEPOSITARY (AS DEFINED IN THE INDENTURE GOVERNING THIS NOTE) OR ITS NOMINEE IN CUSTODY FOR THE BENEFIT OF THE BENEFICIAL OWNERS HEREOF, AND IS NOT TRANSFERABLE TO ANY PERSON UNDER ANY CIRCUMSTANCES EXCEPT THAT (I) THE TRUSTEE MAY MAKE SUCH NOTATIONS HEREON AS MAY BE REQUIRED PURSUANT TO THE INDENTURE, (II) THIS GLOBAL NOTE MAY BE EXCHANGED IN WHOLE BUT NOT IN PART PURSUANT TO THE INDENTURE, (III) THIS GLOBAL NOTE MAY BE DELIVERED TO THE TRUSTEE FOR CANCELLATION PURSUANT TO THE INDENTURE AND (IV) THIS GLOBAL NOTE MAY BE TRANSFERRED TO A SUCCESSOR DEPOSITARY WITH

THE PRIOR WRITTEN CONSENT OF HURRICANE
HYDROCARBONS LTD.”

(h) *Cancellation and/or Adjustment of Global Notes.* At such time as all beneficial interests in the Global Note have been exchanged for Definitive Notes or a particular Global Note has been redeemed, repurchased or canceled in whole and not in part, each such Global Note shall be returned to or retained and canceled by the Trustee in accordance with Section 2.11 hereof. At any time prior to such cancellation, if any beneficial interest in a Global Note is exchanged for or transferred to a Person who will take delivery thereof in the form of a beneficial interest in another Global Note or for Definitive Notes, the principal amount of Notes represented by such Global Note shall be reduced accordingly and an endorsement shall be made on such Global Note by the Trustee or by the Depositary at the direction of the Trustee to reflect such reduction.

(i) General Provisions Relating to Transfers and Exchanges.

(i) To permit registrations of transfers and exchanges, the Company shall execute and the Trustee shall authenticate Global Notes and Definitive Notes upon the Company’s order or at the Registrar’s request.

(ii) No service charge shall be made to a holder of a beneficial interest in a Global Note or to a Holder of a Definitive Note for any registration of transfer or exchange, but the Company may require payment of a sum sufficient to cover any transfer tax or similar governmental charge payable in connection therewith (other than any such transfer taxes or similar governmental charge payable upon exchange or transfer pursuant to Sections 2.10, 3.06, 3.09, 4.10, 4.15 and 9.05 hereof).

(iii) The Registrar shall not be required to register the transfer of or exchange any Note selected for redemption in whole or in part, except the unredeemed portion of any Note being redeemed in part.

(iv) All Global Notes and Definitive Notes issued upon any registration of transfer or exchange of Global Notes or Definitive Notes shall be the valid obligations of the Company, evidencing the same debt, and entitled to the same benefits under this Indenture, as the Global Notes or Definitive Notes surrendered upon such registration of transfer or exchange.

(v) The Company shall not be required (A) to issue, to register the transfer of or to exchange any Notes during a period beginning at the opening of business 15 days before the day of any selection of Notes for redemption under Section 3.02 hereof and ending at the close of business on the day of selection, (B) to register the transfer of or to exchange any Note so selected for redemption in whole or in part, except the unredeemed portion of any Note being redeemed in part or (C) to register the transfer of or to exchange a Note between a record date and the next succeeding Interest Payment Date.

(vi) Prior to due presentment for the registration of a transfer of any Note, the Trustee, any Agent and the Company may deem and treat the Person in whose name any Note is registered as the absolute owner of such Note for the purpose of receiving payment of principal of and interest on such Notes and for all other purposes, and none of the Trustee, any Agent or the Company shall be affected by notice to the contrary.

(vii) The Trustee shall authenticate Global Notes and Definitive Notes in accordance with the provisions of Section 2.02 hereof.

(viii) All certifications and certificates required to be submitted to the Registrar pursuant to this Section 2.06 to effect a registration of transfer or exchange may be submitted by facsimile.

Section 2.07. Replacement Notes.

If any mutilated Note is surrendered to the Trustee or the Registrar, or the Trustee or the Registrar receives evidence to its satisfaction of the destruction, loss or theft of any Note, the Company shall issue and the Trustee, upon the written order of the Company signed by an Officer of the Company, shall authenticate a replacement Note if the Trustee's requirements are met. If required by the Trustee or the Registrar, as applicable, and the Company, an indemnity bond must be supplied by the Holder that is sufficient in the judgment of the Trustee or the Registrar, as applicable, and the Company to protect the Company, the Trustee, any Agent and any authenticating agent from any loss that any of them may suffer if a Note is replaced. The Company may charge for its expenses in replacing a Note. If, after the delivery of such replacement Note, a bona fide purchaser of the original Note in lieu of which such replacement Note was issued presents for payment or registration such original Note, the Trustee shall be entitled to recover such replacement Note from the Person to whom it was delivered or any Person taking therefrom, except a bona fide purchaser, and shall be entitled to recover upon the security or indemnity provided therefor to the extent of any loss, damage, cost or expense incurred by the Company, the Trustee, any Agent and any authenticating agent in connection therewith.

Subject to the provisions of the final sentence of the preceding paragraph of this Section 2.07, every replacement Note is an additional obligation of the Company and shall be entitled to all of the benefits of this Indenture equally and proportionately with all other Notes duly issued hereunder.

Section 2.08. Outstanding Notes.

The Notes outstanding at any time are all the Notes authenticated by the Trustee except for those canceled by it, those delivered to it for cancellation, those reductions in the interest in a Global Note effected by the Trustee in accordance with the provisions hereof, and those described in this Section as not outstanding. Except as set forth in Section 2.09 hereof, a Note does not cease to be outstanding because the

Company, any Subsidiary of the Company or an Affiliate of the Company or any Subsidiary of the Company holds the Note.

If a Note is replaced pursuant to Section 2.07 hereof, it ceases to be outstanding unless the Trustee receives proof satisfactory to it that the replaced Note is held by a bona fide purchaser.

If the entire principal of and premium, interest and Additional Amounts, if any, on any Note are considered paid under Section 4.01 hereof, it ceases to be outstanding and interest and Additional Amounts, if any, on it cease to accrue as of the date of such payment.

Section 2.09. Treasury Notes.

In determining whether the Holders of the required principal amount of Notes have concurred in any direction, waiver or consent, Notes owned by the Company, a Subsidiary of the Company or an Affiliate, shall be considered as though not outstanding, except that for the purposes of determining whether the Trustee shall be protected in relying on any such direction, waiver or consent, only Notes that a Trustee knows are so owned shall be so disregarded. Notwithstanding the foregoing, Notes that the Company, a Subsidiary of the Company or an Affiliate offers to purchase or acquires pursuant to an offer, exchange offer, tender offer or otherwise shall not be deemed to be owned by the Company, a Subsidiary of the Company or an Affiliate until legal title to such Notes passes to the Company, such Subsidiary or such Affiliate as the case may be.

Section 2.10. Temporary Notes.

Until definitive Notes are ready for delivery, the Company may prepare and the Trustee shall authenticate temporary Notes upon a written order of the Company signed by one Officer of the Company. Temporary Notes shall be substantially in the form of definitive Notes but may have variations that the Company considers appropriate for temporary Notes and as shall be reasonably acceptable to the Trustee. Without unreasonable delay, the Company shall prepare and the Trustee shall authenticate definitive Notes in exchange for temporary Notes. Until such exchange, Holders of temporary Notes shall be entitled to all of the benefits of this Indenture.

Section 2.11. Cancellation.

The Company at any time may deliver Notes to the Trustee for cancellation. The Registrar and Paying Agent shall forward to the Trustee any Notes surrendered to them for registration of transfer, exchange or payment. The Trustee and no one else shall cancel all Notes surrendered for registration of transfer, exchange, payment, replacement or cancellation and, at the request of the Company, shall destroy canceled Notes (subject to the record retention requirement under applicable law). Certification of the destruction of all canceled Notes shall be delivered to the Company upon its written request. The Company may not issue new Notes to replace Notes that have been delivered to the Trustee for cancellation.

Section 2.12. Defaulted Interest.

If the Company defaults in a payment of interest on the Notes, it shall pay the defaulted interest in any lawful manner plus, to the extent lawful, interest payable on the defaulted interest, to the Persons who are Holders on a subsequent special record date, in each case at the rate provided in the Notes and in Section 4.01 hereof. The Company shall notify the Trustee in writing of the amount of defaulted interest proposed to be paid on each Note and the date of the proposed payment. The Company shall fix or cause to be fixed each such special record date and payment date, *provided, however*, that no such special record date shall be less than 10 days prior to the related payment date for such defaulted interest. At least 15 days before the special record date, the Company (or, upon the written request of the Company, the Trustee in the name and at the expense of the Company) shall mail or cause to be mailed to Holders a notice that states the special record date, the related payment date and the amount of such interest to be paid.

ARTICLE 3

REDEMPTION AND REPURCHASE

Section 3.01. Notices to Trustee.

If the Company elects to redeem Notes pursuant to the optional redemption provisions of Section 3.07 hereof, it shall furnish to the Trustee, at least 30 days but not more than 60 days before a redemption date, an Officers' Certificate setting forth (i) the clause of this Indenture pursuant to which the redemption shall occur, (ii) the redemption date, (iii) the principal amount of Notes to be redeemed and (iv) the redemption price.

Section 3.02. Selection of Notes to Be Redeemed.

If less than all of the Notes are to be redeemed at any time, the Trustee shall select the Notes to be redeemed among the Holders of the Notes as follows: (i) if the Notes are listed, in compliance with the requirements of the principal securities exchange on which the Notes are listed; or (ii) if the Notes are not so listed, on a *pro rata* basis, by lot or in accordance with any other method the Trustee considers fair and appropriate. In the event of partial redemption by lot, the particular Notes to be redeemed shall be selected, unless otherwise provided herein, not less than 30 days nor more than 60 days prior to the redemption date by the Trustee from the outstanding Notes not previously called for redemption.

The Trustee shall promptly notify the Company in writing of the Notes selected for redemption and, in the case of any Note selected for partial redemption, the principal amount thereof to be redeemed. Notes and portions of Notes selected shall be in amounts of \$10,000 or whole multiples thereof. Provisions of this Indenture that apply to Notes called for redemption also apply to portions of Notes called for redemption.

The provisions of the two preceding paragraphs of this Section 3.02 shall not apply with respect to any redemption affecting only a Global Note, whether such Global Note is to be redeemed in whole or in part. In case of any such redemption in part, the unredeemed portion of the principal amount of the Global Note shall be in an authorized denomination.

Section 3.03. Notice of Redemption.

At least 30 days but not more than 60 days before a redemption date, the Company shall mail or cause to be mailed, by first class mail, certified or registered, return receipt requested, or deliver or cause to be delivered by overnight air courier guaranteeing next deliver, a notice of redemption to each Holder whose Notes are to be redeemed at its registered address. For so long as the Notes are listed on the Luxembourg Stock Exchange and for so long as the rules of such exchange require, notices of redemption shall be published once by the Trustee, not less than five Business Days prior to the redemption date, in a newspaper having general circulation in Luxembourg, which newspaper may be the *Luxemburger Wort*, or if such newspaper ceases to be published or timely publication in it will not be practicable, in such other newspaper as the Trustee deems necessary to give fair and reasonable notice to the Noteholders. For so long as the Notes are listed on the Toronto Stock Exchange, the Company shall concurrently provide a copy of the notice of redemption to the Toronto Stock Exchange.

The notice shall identify the Notes to be redeemed and shall state:

- (a) the redemption date;
- (b) the redemption price;
- (c) if any Note is being redeemed in part, the portion of the principal amount of such Note to be redeemed and that, after the redemption date upon surrender of such Note, a new Note or Notes in a principal amount equal to the unredeemed portion shall be issued upon cancellation of the original Note;
- (d) the name and address of the Paying Agent;
- (e) that Notes called for redemption must be surrendered to the Paying Agent to collect the redemption price;
- (f) that, unless the Company defaults in making such redemption payment, interest, if any, on Notes called for redemption cease to accrue on and after the redemption date;
- (g) the clause of this Indenture pursuant to which the Notes called for redemption are being redeemed; and
- (h) that no representation is made as to the correctness or accuracy of the CUSIP number, if any, listed in such notice or printed on the Notes.

If any of the Notes to be redeemed is in the form of a Global Note, then the Company shall modify such notice to the extent necessary to accord with the procedures of the Depositary applicable to redemption.

At the Company's request, the Trustee shall give the notice of redemption in the Company's name and at its expense; *provided, however*, that the Company shall have delivered to the Trustee, at least 45 days (unless the Company and the Trustee agree to a shorter period) prior to the redemption date, an Officers' Certificate requesting that the Trustee give such notice and setting forth the information to be stated in such notice as provided in the preceding paragraph.

Section 3.04. Effect of Notice of Redemption.

Once notice of redemption is mailed or delivered in accordance with Section 3.03 hereof, Notes called for redemption become irrevocably due and payable on the redemption date at the redemption price. A notice of redemption may not be conditional.

Section 3.05. Deposit of Redemption Price.

No later than 10:00 a.m., New York City time, on the redemption date, the Company shall deposit with the Paying Agent (or, if the Company is acting as its own Paying Agent, segregate and hold in trust as provided in Section 2.04 hereof) money sufficient to pay the redemption price of and accrued interest, if any, on all Notes to be redeemed on that date. The Paying Agent shall promptly return to the Company any money deposited with the Paying Agent by the Company in excess of the amounts necessary to pay the redemption price of and accrued interest, if any, on all Notes to be redeemed.

If the Company complies with the provisions of the preceding paragraph, on and after the redemption date, interest, if any, shall cease to accrue on the Notes or the portions of Notes called for redemption. If a Note is redeemed on or after an interest record date but on or prior to the related interest payment date, then any accrued and unpaid interest, if any, shall be paid to the Person in whose name such Note was registered at the close of business on such record date. If any Note called for redemption shall not be so paid upon surrender for redemption because of the failure of the Company to comply with the preceding paragraph, interest shall be paid on the unpaid principal, from the redemption date until such principal is paid, and to the extent lawful on any interest, if any, not paid on such unpaid principal, in each case at the rate provided in the Notes and in Section 4.01 hereof.

Section 3.06. Notes Redeemed in Part.

Upon surrender of a Note that is redeemed in part, the Company shall issue and the Trustee shall authenticate for the Holder at the expense of the Company a new Note equal in principal amount to the unredeemed portion of the Note surrendered.

Section 3.07. Optional Redemption.

(a) The Company may redeem the Notes at its option for cash, in whole, but not in part, upon not less than 30 nor more than 60 days' notice to each Holder of Notes to be redeemed, at the following redemption prices (expressed as percentages of principal amount thereof), in each case together with any accrued and unpaid interest, if any, thereon to the applicable redemption date:

<u>Date</u>	<u>Percentage</u>
August 3, 2002 and February 3, 2003	102
August 3, 2003 and February 3, 2004	101
August 3, 2004 and thereafter on each Interest Payment Date	100

(b) The Company may at any time redeem, in whole but not in part, the Notes at a redemption price of 100% of the principal amount thereof plus accrued and unpaid interest thereon to the date of redemption if it has become or would become obligated to pay any Additional Amounts in respect of the Notes as a result of (i)(1) any change in or amendment to the laws or treaties (or regulations or rulings promulgated thereunder) of Canada or (in the circumstances described in the penultimate paragraph of Section 4.19 hereof) any relevant Territory or any political subdivision or authority or agency thereof or therein having the power to tax or (2) any change in or amendment to any official position regarding the application or interpretation of such laws, treaties, regulations or rulings, which change or amendment is announced or is effective on or after the date of this Indenture and (ii) such obligation cannot be avoided by the Company taking reasonable measures available to it. Notwithstanding the preceding sentence of this Section 3.07(b), no notice of redemption of the Notes pursuant to this Section 3.07(b) may be given earlier than 60 days prior to the earliest date on which the Company could be obligated to pay such Additional Amounts if a payment in respect of the Notes was then due. Prior to giving notice of any such redemption, the Company shall deliver to the Trustee (y) an Officers' Certificate stating that the obligation to pay Additional Amounts cannot be avoided by the Company's taking reasonable measures available to it and (z) an Opinion of Counsel of an independent legal counsel to the Company to the effect that the circumstances referred to in clause (i) above exist.

(c) If as a result of any change in or amendment to the laws, treaties, regulations or rulings of Canada, Kazakhstan or other jurisdiction with which the Company or any Guarantor has any connection (other than the United States) or of any political subdivision or taxing authority thereof or therein or any change in the administrative or official position of the applicable taxing authority regarding the application or interpretation of such laws, treaties, regulations or rulings (including a holding, judgment or order by a court of competent jurisdiction), which change or amendment, as the case may be, is proposed and becomes effective on or after the date of

this Indenture, in making any payment due or to become due under the Notes, the Subsidiary Guarantees or this Indenture, the Company or any of the Guarantors (if any of the Subsidiary Guarantees are called) is or would be required on the next succeeding interest payment date to pay Additional Amounts notwithstanding reasonable efforts to avoid such requirement, or to deduct or withhold any tax of Canada, Kazakhstan or other jurisdiction with which the Company or any Guarantor has any connection (other than the United States) or any political subdivision or taxing authority thereof or therein, the Notes may be redeemed at the option of the Company, in whole but not in part, upon not less than 30 nor more than 60 days' notice given as provided in this Indenture, at any time, at a redemption price equal to the principal amount thereof, plus accrued and unpaid interest, if any, to the date fixed for redemption, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Company would be obligated to make such withholding if a payment in respect of the Notes were then due. The Company will also pay to Holders of the Notes on the redemption date any Additional Amounts that are payable.

Prior to the publication of any notice of redemption in accordance with the foregoing, the Company shall deliver to the Trustee an Officers' Certificate stating that the Company is entitled to effect such redemption based on an opinion of counsel or an opinion of a qualified expert, such counsel or qualified expert being independent of the Company and the Guarantors and reasonably acceptable to the Trustee, that the Company or any Guarantors (if any of the Subsidiary Guarantees are called) has or will become obligated to pay Additional Amounts as a result of such change or amendment. Such notice, once delivered by the Company to the Trustee, will be irrevocable.

(d) Any redemption pursuant to this Section 3.07 shall be made pursuant to the provisions of Section 3.01 through Section 3.06 hereof.

Section 3.08. Mandatory Redemption.

Except as set forth under Sections 4.10 and 4.15 hereof, the Company shall not be required to purchase or to make mandatory redemption with respect to the Notes.

Section 3.09. Offer to Purchase – Asset Sales.

In the event that, pursuant to Section 4.10 hereof, the Holders shall have the right to require the Company to purchase Notes pursuant to an offer (an "Asset Sale Offer"), the Company shall follow the procedures specified below.

The Asset Sale Offer shall remain open for a period of 20 Business Days following its commencement and no longer, except to the extent that a longer period is required by applicable law (the "Offer Period"). No later than five Business Days after the termination of the Offer Period (the "Purchase Date"), the Company shall purchase the principal amount of Notes required to be purchased pursuant to Section 4.10 hereof (the "Offer Amount") or, if less than the Offer Amount has been tendered, all Notes validly tendered and not properly withdrawn in response to the Asset Sale Offer.

Payment for any Notes so purchased shall be made in the same manner as interest payments are made on the Notes. The Company shall comply with the requirements of Rule 14e-1 under the Exchange Act and any other securities laws and regulations thereunder to the extent such laws and regulations are applicable in connection with the purchase of Notes as a result of an Asset Sale Offer. To the extent that the provisions of any securities laws or regulations conflict with the provisions relating to an Asset Sale Offer, the Company shall comply with the applicable securities laws and regulations and shall not be deemed to have breached its obligations described above by virtue thereof.

If the Purchase Date is on or after an interest record date and on or before the related interest payment date, any accrued and unpaid interest, if any, shall be paid to the Person in whose name a Note is registered at the close of business on such record date.

Upon the commencement of an Asset Sale Offer, the Company shall send, by first class mail, a notice to each of the Holders, with a copy to the Trustee. The notice shall contain all instructions and materials necessary to enable such Holders to tender Notes pursuant to the Asset Sale Offer. The Asset Sale Offer shall be made to all Holders. The notice, which shall govern the terms of the Asset Sale Offer, shall state:

(a) that the Asset Sale Offer is being made pursuant to this Section 3.09 and Section 4.10 hereof and the length of time the Asset Sale Offer shall remain open;

(b) the Offer Amount, the purchase price and the Purchase Date;

(c) that any Note not tendered or accepted for payment shall continue to accrue interest, if any;

(d) that, unless the Company defaults in making such payment, any Note accepted for payment pursuant to the Asset Sale Offer shall cease to accrue interest, if any, after the Purchase Date;

(e) that Holders electing to have a Note purchased pursuant to an Asset Sale Offer may only elect to have all of such Note purchased and may not elect to have only a portion of such Note purchased;

(f) that Holders electing to have a Note purchased pursuant to any Asset Sale Offer shall be required to surrender the Note, with the form entitled "Option of Holder to Elect Purchase" on the reverse of the Note completed, to the Company or a Paying Agent at the address specified in the notice at least three days before the Purchase Date;

(g) that Holders shall be entitled to withdraw their election if the Company or the Paying Agent, as the case may be, receives, not later than the expiration of the Offer Period, a telegram, facsimile transmission or letter setting forth

the name of the Holder, the principal amount of the Note the Holder delivered for purchase and a statement that such Holder is withdrawing his election to have such Note purchased;

(h) that, if the aggregate principal amount of Notes surrendered by Holders exceeds the Offer Amount, the Trustee shall select the Notes to be purchased on a *pro rata* basis (with such adjustments as may be deemed appropriate by the Trustee so that only Notes in denominations of \$10,000, or integral multiples thereof, shall be purchased); and

(i) that Holders whose Notes were purchased only in part shall be issued new Notes equal in principal amount to the unpurchased portion of the Notes surrendered (or transferred by book-entry transfer).

If any of the Notes subject to an Asset Sale Offer is in the form of a Global Note, then the Company shall modify such notice to the extent necessary to accord with the procedures of the Depositary applicable to repurchases.

On or before the Purchase Date, the Company shall, to the extent lawful, accept for payment, on a *pro rata* basis to the extent necessary, the Offer Amount of Notes or portions thereof tendered pursuant to the Asset Sale Offer, or if less than the Offer Amount has been tendered, all Notes tendered, and shall deliver to the Trustee an Officers' Certificate stating that such Notes or portions thereof were accepted for payment by the Company in accordance with the terms of this Section 3.09. The Company or the Paying Agent, as the case may be, shall promptly (but in any case not later than five days after the Purchase Date) mail or deliver to each tendering Holder an amount equal to the purchase price of the Notes tendered by such Holder and accepted by the Company for purchase, and the Company shall promptly issue a new Note, and the Trustee shall authenticate and mail or deliver such new Note to such Holder, in a principal amount equal to any unpurchased portion of the Note surrendered. Any Note not so accepted shall be promptly mailed or delivered by the Company to the Holder thereof. The Company shall publicly announce the results of the Asset Sale Offer on the Purchase Date.

Other than as specifically provided in this Section 3.09, any purchase pursuant to this Section 3.09 shall be made pursuant to the provisions of Section 3.01 through Section 3.06 hereof.

ARTICLE 4

COVENANTS

Section 4.01. Payment of Notes.

The Company shall pay or cause to be paid the principal of and premium and interest, if any, on the Notes on the dates and in the manner provided in the Notes. Principal, premium and interest, if any, shall be considered paid on the date due if a

Paying Agent, if other than the Company or a Subsidiary thereof, holds as of 10:00 a.m., New York City time, on the due date money deposited by the Company in immediately available funds and designated for and sufficient to pay all principal, premium and interest, if any, then due.

The Company shall pay interest (including post-petition interest in any proceeding under any applicable bankruptcy law) on overdue principal and premium, if any, at the rate equal to the interest rate on the Notes to the extent lawful; it shall pay interest (including post-petition interest in any proceeding under any applicable bankruptcy law) on overdue installments of interest, if any (without regard to any applicable grace period), at the same rate to the extent lawful.

Section 4.02. Maintenance of Office or Agency.

The Company shall maintain an office or agency in the continental United States and, subject to the provisions of Section 2.03 hereof, in Canada, in the United Kingdom and in the Grand Duchy of Luxembourg where Notes may be presented or surrendered for payment, where Notes may be surrendered for registration of transfer or for exchange and where notices and demands to or upon the Company in respect of the Notes and this Indenture may be served. If at any time the Company shall fail to maintain any such required office or agency in the continental United States or shall fail to furnish the Trustee with the address thereof, such presentations, surrenders, notices and demands may be made or served at the corporate trust office of the Trustee.

The Company may also from time to time designate one or more other offices or agencies where the Notes may be presented or surrendered for any or all such purposes and may from time to time rescind such designations. Further, if at any time there shall be no such office or agency in the continental United States where the Notes may be presented or surrendered for payment, the Company shall forthwith designate and maintain such an office or agency in the continental United States, in order that the Notes shall at all times be payable in the continental United States. The Company shall give prompt written notice to the Trustee of any such designation or rescission and of any change in the location of any such other office or agency.

The Company hereby designates the corporate trust office of the Trustee as one such office or agency of the Company in accordance with Section 2.03.

Section 4.03. Reports.

(a) Whether or not the Company is required to do so by the rules and regulations of the Commission, so long as any Notes are outstanding, the Company will furnish to the Holders of Notes, within 15 days after it is or would have been required to file such with the Commission, (i) all quarterly and annual financial information that would be required to be contained in a filing with the Commission on Forms 20-F (or 40-F) and 10-Q if the Company were required to file such Forms, including a “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and, with respect to the annual information only, reports thereon by the

certified independent accountants of the Company and (ii) all reports on Form 6-K (or any successor form) that would be required to be filed with the Commission if the Company were required to file such reports. In addition, whether or not required by the rules and regulations of the Commission, the Company will file copies of all such information and reports with the Commission for public availability (unless the Commission will not accept such a filing) and make such information available to securities analysts and prospective investors upon request.

(b) For so long as any Notes remain outstanding, the Company will furnish to the Holders and to securities analysts and prospective investors, upon their request, the information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act.

(c) For so long as the Notes are listed on the Luxembourg Stock Exchange and the rules of such stock exchange so require, the information referred to in Section 4.03(a) hereof shall also be made available in Luxembourg through the offices of the Paying Agent in Luxembourg.

Section 4.04. Compliance Certificate.

(a) The Company shall deliver to the Trustee, within 90 days after the end of each fiscal year, an Officers' Certificate stating that a review of the activities of the Company and its Restricted Subsidiaries during the preceding fiscal year has been made under the supervision of the signing Officers with a view to determining whether the Company has kept, observed, performed and fulfilled its obligations under this Indenture, and further stating, as to each such Officer signing such certificate, that to the best of his or her knowledge the Company has kept, observed, performed and fulfilled each and every covenant contained in this Indenture and is not in default in the performance or observance of any of the terms, provisions and conditions of this Indenture (or, if a Default or Event of Default shall have occurred, describing all such Defaults or Events of Default of which he or she may have knowledge and what action the Company is taking or proposes to take with respect thereto) and that to the best of his or her knowledge no event has occurred and remains in existence by reason of which payments on account of the principal of or interest, if any, on the Notes is prohibited or if such event has occurred, a description of the event and what action the Company is taking or proposes to take with respect thereto.

(b) So long as not contrary to the then current recommendations of the American Institute of Certified Public Accountants or its equivalent body in Canada, as the case may be, the year-end financial statements delivered pursuant to Section 4.03(a) above shall be accompanied by a written statement of the Company's independent public accountants (who shall be a firm of established international reputation) that in making the examination necessary for certification of such financial statements, nothing has come to their attention that would lead them to believe that the Company has violated any provisions of Article 4 or Article 5 hereof or, if any such violation has occurred, specifying the nature and period of existence thereof,

it being understood that such accountants shall not be liable directly or indirectly to any Person for any failure to obtain knowledge of any such violation.

(c) The Company shall, so long as any of the Notes are outstanding, deliver to the Trustee, forthwith upon any Officer becoming aware of any Default or Event of Default, an Officers' Certificate specifying such Default or Event of Default and what action the Company is taking or proposes to take with respect thereto.

Section 4.05. Taxes.

The Company shall pay, and shall cause each of its Subsidiaries to pay, prior to delinquency, all material taxes, assessments, and governmental levies except such as are contested in good faith and by appropriate proceedings or where the failure to effect such payment is not adverse in any material respect to the Holders of the Notes.

Section 4.06. Stay, Extension and Usury Laws.

The Company covenants (to the extent that it may lawfully do so) that it shall not at any time insist upon, plead, or in any manner whatsoever claim or take the benefit or advantage of, any stay, extension or usury law wherever enacted, now or at any time hereafter in force, that may affect the covenants or the performance of this Indenture; and the Company (to the extent that it may lawfully do so) hereby expressly waives all benefit or advantage of any such law, and covenants that it shall not, by resort to any such law, hinder, delay or impede the execution of any power herein granted to the Trustee, but shall suffer and permit the execution of every such power as though no such law has been enacted.

Section 4.07. Limitation on Restricted Payments.

The Company shall not, and shall not permit any of its Restricted Subsidiaries to, directly or indirectly, (i) declare or pay any dividend or make any distribution on account of the Company's or any of its Restricted Subsidiaries' Equity Interests (including, without limitation, any payment in connection with any merger or consolidation involving the Company) (other than dividends or distributions payable in Equity Interests (other than Disqualified Stock) of the Company or dividends or distributions payable to the Company or any Wholly Owned Restricted Subsidiary of the Company); (ii) purchase, redeem or otherwise acquire or retire for value any Equity Interests of the Company or any Restricted Subsidiary of the Company; (iii) prepay (whether prior to its maturity date, scheduled amortization date or otherwise), purchase, redeem, defease or otherwise acquire or retire for value any Indebtedness that is subordinated to the Notes or the Subsidiary Guarantees, as applicable; or (iv) make any Restricted Investment (all such payments and other actions set forth in clauses (i) through (iv) above being collectively referred to as "Restricted Payments"), unless, at the time of and after giving effect to such Restricted Payment:

(a) no Default or Event of Default shall have occurred and be continuing or would occur as consequence thereof;

(b) the Company would, at the time of such Restricted Payment and after giving pro forma effect thereto as if such Restricted Payment had been made at the beginning of the applicable four-quarter period, have been permitted to incur at least \$1.00 of additional Indebtedness pursuant to the Fixed Charge Coverage Ratio Test set forth in the first paragraph of Section 4.09 hereof; and

(c) such Restricted Payment, together with the aggregate of all other Restricted Payments made by the Company and its Restricted Subsidiaries after the date of this Indenture, does not exceed the sum of, without duplication, (i) 50% of the Consolidated Net Income of the Company for the period (taken as one accounting period) from the beginning of the first fiscal quarter commencing after the date of this Indenture to the end of the Company's most recently ended fiscal quarter for which internal financial statements are available at the time of such Restricted Payment (or, if such Consolidated Net Income for such period is a deficit or loss, less 100% of such deficit or loss), plus (ii) to the extent not included in the amount described in clause (i) above, 100% of the aggregate net cash proceeds received after the date of the Indenture by the Company from the issue or sale of, or from additional capital contributions in respect of, Equity Interests of the Company or of debt securities of the Company that have been converted into or exchanged for Equity Interests of the Company (other than Equity Interests (or Disqualified Stock or debt securities) sold to a Subsidiary of the Company, and other than Disqualified Stock), plus (iii) to the extent that any Restricted Investment that was made after the date of this Indenture is sold by the Company or any of its Restricted Subsidiaries to an unaffiliated purchaser for cash or otherwise liquidated or repaid for cash, to the extent such amount is not included in the Consolidated Net Income of the Company, the lesser of (A) the net proceeds of such sale or other liquidation or repayment (after deduction of items deducted in determining the Net Proceeds of an Asset Sale), and (B) the amount of the Restricted Investment, which amount was included in the calculation of the amount of Restricted Payments, plus (iv) to the extent such amount is not included in the Consolidated Net Income of the Company, the amount equal to the net reduction in Restricted Investments made subsequent to the date of this Indenture in Unrestricted Subsidiaries resulting from (A) payments of dividends or interest or other transfers of assets to the Company or any Restricted Subsidiary from Unrestricted Subsidiaries, (B) the redesignation of Unrestricted Subsidiaries as Restricted Subsidiaries or (C) the receipt of proceeds by the Company or any Restricted Subsidiary from the sale or other disposition of any portion of any Investment in an Unrestricted Subsidiary, in each case not to exceed the lesser of (1) the amount of Restricted Investments previously made by the Company or any Restricted Subsidiary in such Unrestricted Subsidiary, which amount was included in the calculation of the amount of Restricted Payments, and (2) the fair market value of the assets subject to such transfer, redesignation or sale.

The foregoing provisions will not prohibit (i) the payment of any dividend within 60 days after the date of declaration thereof, if at said date of declaration such payment would have complied with the provisions of this Indenture; (ii) the making of any Restricted Investment in exchange for, or out of the proceeds of, the substantially concurrent sale (other than to a Subsidiary of the Company) of, or from substantially concurrent additional capital contributions in respect of, Equity Interests of the Company;

(iii) the redemption, repurchase, retirement or other acquisition of any Equity Interests of the Company in exchange for, or out of the proceeds of, the substantially concurrent sale (other than to a Subsidiary of the Company) of, or from substantially concurrent additional capital contributions (other than from a subsidiary of the Company) in respect of, other Equity Interests of the Company (other than any Disqualified Stock); (iv) the defeasance, redemption or repurchase of subordinated Indebtedness with the net cash proceeds from (X) an incurrence of Permitted Refinancing Indebtedness or (Y) the substantially concurrent sale (other than to a Subsidiary of the Company) of, or from substantially concurrent additional capital contributions (other than from a Subsidiary of the Company) in respect of, Equity Interests of the Company (other than Disqualified Stock); (v) any dividend, distribution or other payment by any Restricted Subsidiary on shares of its Equity Interests that is paid pro rata to all holders of such Equity Interests; (vi) dividends required to be paid by the terms of the charters of HKM and ShNOS, respectively, for (X) HKM (as in effect on the Issue Date) on 347,813 shares of preferred stock, par value of 20 tenge per share, of HKM issued and outstanding on the Issue Date and (Y) of ShNOS (as in effect on the Issue Date) on 394,500 shares of preferred stock, par value of 1 tenge per share, of ShNOS issued and outstanding on the Issue Date; (vii) to the extent of Excess Proceeds remaining after the Company's compliance with Section 4.10 hereof and to the extent required by the indenture or other agreement or instrument pursuant to which any Indebtedness subordinated to the Notes was issued, a repurchase of such subordinated Indebtedness pursuant to such an offer to purchase relating to such a disposition of assets; and (viii) upon a "Change of Control" to the extent required by the indenture or other agreement or instrument pursuant to which Indebtedness subordinated to the Notes was issued, a repurchase of such subordinated Indebtedness pursuant to an offer to purchase, provided that the Company is then in compliance with Section 4.15 hereof; provided, however, that in the case of any transaction described in clauses (i) through (vi) no Default or Event of Default will have occurred and be continuing immediately after such transaction. In determining the aggregate amount of Restricted Payments made after the date of the Indenture, 100% of the amounts expended pursuant to the foregoing clauses (i) (unless already deducted in determining the amount of Restricted Payments previously paid upon a declaration of such dividend), (ii), (iii), (iv)(Y), (v) (to the extent that such dividends, distributions or other payments are not paid out of the Net Income of the applicable Restricted Subsidiary for the year in which such dividend, distribution, or payment occurs) and (vi) shall be included in such calculation and none of the amounts expended pursuant to the foregoing clauses (iv)(X), (vii) and (viii) shall be included in such calculation.

As of the Issue Date, all of the Company's Subsidiaries will be Restricted Subsidiaries. The Board of Directors may designate any present or future Subsidiary (other than HKM, ShNOS and Valsera) to become an Unrestricted Subsidiary if such designation would not cause a Default. For purposes of making such determination, all outstanding Investments by the Company and its Restricted Subsidiaries (except to the extent repaid in cash) in the Subsidiary so designated will be deemed to be Restricted Payments at the time of such designation and will reduce the amount available for Restricted Payments under the first paragraph of this Section 4.07. Such designation will

only be permitted if such Restricted Payment would be permitted at such time and such Subsidiary otherwise meets the definition of an Unrestricted Subsidiary.

The amount of all Restricted Payments (other than cash) will be the greater of (i) book value or (ii) fair market value on the date of the Restricted Payment of the asset(s) proposed to be transferred by the Company or the applicable Restricted Subsidiary, as the case may be, pursuant to the Restricted Payment. Not later than the date of making any Restricted Payment, the Company will deliver to the Trustee an Officers' Certificate stating that such Restricted Payment is permitted and setting forth the basis upon which the calculations required by this Section 4.07 were computed, which calculations may be based upon the Company's latest available internal financial statements.

Any designation or redesignation of a Subsidiary shall be evidenced to the Trustee by filing with the Trustee a Board Resolution giving effect to such action and evidencing the valuation of any Investment relating thereto (as determined in good faith by the Board of Directors) and an Officers' Certificate certifying that such action complied with the terms of the definition of "Unrestricted Subsidiary" set forth in this Indenture and with this Section 4.07.

Section 4.08. Dividend and Other Payment Restrictions Affecting Subsidiaries.

The Company shall not, and shall not permit any of its Restricted Subsidiaries to, directly or indirectly, create or otherwise cause or suffer to exist or become effective any encumbrance or restriction on the ability of any Restricted Subsidiary to (i)(A) pay dividends or make any other distributions to the Company or any of its Restricted Subsidiaries (1) on its Capital Stock or (2) with respect to any other interest or participation in, or measured by, its profits, or (B) pay any indebtedness owed to the Company or any of its Restricted Subsidiaries, (ii) make loans or advances to the Company or any of its Restricted Subsidiaries or (iii) transfer any of its properties or assets to the Company or any of its Restricted Subsidiaries, except for such encumbrances or restrictions existing under or by reason of (a) Existing Indebtedness as in effect on the date of this Indenture, (b) the Credit Agreement, provided that such encumbrances or restrictions are no more restrictive taken as a whole with respect to such dividend and other payment restrictions than those contained in this Indenture, (c) this Indenture and the Notes, (d) any instrument governing Acquired Indebtedness or Capital Stock of a Person acquired directly or indirectly by the Company or any of its Restricted Subsidiaries as in effect at the time of such acquisition (except to the extent such Acquired Indebtedness or Capital Stock was incurred in connection with or in contemplation of such acquisition), which encumbrance or restriction is not applicable to any Person, or the properties or assets of any Person, other than the Person, or the property or assets of the Person, so acquired, provided that the Consolidated Cashflow of such Person is not taken into account in determining whether such acquisition was permitted by the terms of this Indenture, (e) purchase money obligations for property acquired in the ordinary course of business that impose restrictions of the nature

described in this subclause (iii) on the property so acquired, (f) by reason of customary nonassignment provisions in leases and licenses entered into in the ordinary course of business, (g) agreements relating to the financing of the acquisition of real or tangible personal property acquired after the date of this Indenture, provided that such encumbrance or restriction relates only to the property which is acquired and, in the case of any encumbrance or restriction that constitutes a Lien, such Lien constitutes a Purchase Money Lien, (h) applicable law, (i) any contracts for the sale of assets, including, without limitation, any restriction with respect to a Restricted Subsidiary imposed pursuant to an agreement entered into for the sale or disposition of all or substantially all of the Capital Stock or assets of such Restricted Subsidiary, pending the closing of such sale or dispositions, *provided, however*, that any such restriction relates solely to the assets that are the subject of such agreement, (j) restrictions on cash or other deposits or net worth imposed by leases or customer contracts entered into in the ordinary course of business, (k) Liens permitted to be incurred pursuant to the provisions of the covenant described under the caption “Liens,” *provided, however*, that any such restriction relates solely to the assets that are the subject of such Liens, (l) any agreement relating to a Sale and Leaseback Transaction, but only on the property subject to such Sale and Leaseback Transaction and only to the extent that such restrictions or encumbrances are customary with respect to such arrangements, or (m) any amendment, modifications, restatements, renewals, supplements, refunds, replacements or refinancings of contracts, instruments or obligations referred to in clauses (a) through (l) (except for clause (i)); *provided, however*, that the provisions relating to such encumbrance or restriction contained in any such contract, instrument, agreement or obligation as amended, modified, restated, renewed, supplemented, refunded, replaced or refinanced are, taken as a whole, no less favorable to the Company in any material respect as determined by the Board of Directors of the Company in their reasonable and good faith judgment than the provisions relating to such encumbrance or restriction contained in such contract, instrument, agreement or obligation immediately prior to such amendment, modification, restatement, renewal, supplement, refunding, replacement or refinancing.

Section 4.09. Incurrence of Indebtedness and Issuance of Preferred Stock.

The Company shall not, and shall not permit any of its Restricted Subsidiaries to, directly or indirectly, create, incur, issue, assume, guarantee or otherwise become directly or indirectly liable, contingently or otherwise, with respect to (collectively, “incur”) any Indebtedness (including Acquired Indebtedness) and that the Company will not issue any Disqualified Stock and will not permit any of its Restricted Subsidiaries to issue any shares of preferred stock, provided, however, that the Company may incur Indebtedness (including Acquired Indebtedness) or issue shares of Disqualified Stock, and a Guarantor may incur Indebtedness (including Acquired Indebtedness), if: (i) the Fixed Charge Coverage Ratio for the Company’s most recently ended four full fiscal quarters for which internal financial statements are available immediately preceding the date on which such additional Indebtedness is incurred or such Disqualified Stock is issued would have been at least 2.5 to 1.0, determined on a pro forma basis

(including a pro forma application of the net proceeds therefrom), as if the additional Indebtedness had been incurred, or the Disqualified Stock had been issued, as the case may be, at the beginning of such four-quarter period; and (ii) no Default or Event of Default will have occurred and be continuing or would occur as a consequence thereof.

The foregoing provisions will not apply to:

(a) the incurrence by the Company or any Restricted Subsidiary of Indebtedness under the Credit Agreement and any guarantees by the Company's Subsidiaries with respect thereto on such date of incurrence in an aggregate principal amount at any one time outstanding not exceeding \$50.0 million, less any amounts derived from Asset Sales and applied to the required permanent reduction of such Indebtedness (and a permanent reduction of the related commitment to lend or amount available to be refinanced in the case of a revolving credit facility) under the Credit Agreement as contemplated by Section 4.10 hereof;

(b) the incurrence by the Company and the Guarantors of Indebtedness represented by the Notes and this Indenture;

(c) the incurrence by the Company or its Restricted Subsidiaries of Indebtedness represented by Capital Lease Obligations, Purchase Money Obligations or similar financing transactions relating to its properties, assets and rights acquired after the date of issue of the Notes, provided that the aggregate principal amount of such Indebtedness under this clause does not exceed 100% of the cost of such properties, assets and rights and provided, further, that the aggregate amount of Indebtedness incurred pursuant to this clause (c) does not at any time exceed \$10.0 million;

(d) the incurrence by the Company or any Restricted Subsidiary of Permitted Refinancing Indebtedness in exchange for, or the net proceeds of which are used to extend, refinance, renew, replace, defease or refund, (A) Existing Indebtedness or (B) Indebtedness incurred under the first paragraph of this section;

(e) the incurrence by the Company or any Restricted Subsidiaries of intercompany Indebtedness between or among the Company and any of its Restricted Subsidiaries or between or among any Restricted Subsidiaries, provided, however, that (A) any subsequent issuance or transfer of Equity Interests that results in any such Indebtedness being held by a Person other than a Restricted Subsidiary and (B) any sale or other transfer of any such Indebtedness to a Person that is not either the Company or a Restricted Subsidiary will be deemed, in each case, to constitute a new incurrence of such Indebtedness by the Company or such Restricted Subsidiary, as the case may be; and provided, further, that any Indebtedness of the Company or any Guarantor to a non-Guarantor Restricted Subsidiary shall be junior and subordinated to the Notes and the Guarantees, as applicable;

(f) (A) the incurrence, assumption or creation of Hedging Obligations of the Company or a Restricted Subsidiary pursuant to interest rate protection

obligations, but only to the extent that the stated aggregate notional amounts of such obligations do not exceed 100% of the aggregate principal amount of the Indebtedness covered by such interest rate protection obligations; (B) the incurrence, assumption or creation of Hedging Obligations under currency exchange contracts entered into in the ordinary course of business for the purpose of limiting risks that arise in the ordinary course of business of the Company and its Restricted Subsidiaries not for the purpose of speculation; and (C) the incurrence, assumption or creation of hedging arrangements that the Company or a Restricted Subsidiary enters into in the ordinary course of business in the oil and gas industry for the purpose of protecting its production against fluctuations in oil or natural gas prices;

(g) the incurrence by the Company and its Restricted Subsidiaries of Indebtedness in connection with one or more standby letters of credit, guarantees, bid, surety and performance bonds or other reimbursement obligations, in each case, issued in the conduct of the Oil and Gas Business and not in connection with the borrowing of money or the obtaining of advances or credit, not to exceed in the aggregate at any time outstanding 12.5% of the consolidated total assets of the Company;

(h) the incurrence by the Company and its Restricted Subsidiaries of Indebtedness in connection with one or more trade letters of credit or banker's acceptances in each case, issued in the conduct of the Oil and Gas Business and not in connection with the borrowing of money or the obtaining of advances or credit; and

(i) the incurrence by the Company and its Restricted Subsidiaries of Indebtedness in an aggregate principal amount at any one time outstanding of up to \$10.0 million (all or any portion of which may be borrowed under the Credit Agreement), which shall be in addition to amounts which may be incurred pursuant to clauses (a) through (h) above.

Notwithstanding any other provision of this covenant, a guarantee of Indebtedness permitted by the terms of this Indenture at the time such Indebtedness was incurred will not constitute a separate incurrence of Indebtedness; provided that if the Company or a Restricted Subsidiary guarantees Indebtedness of another Restricted Subsidiary and such Restricted Subsidiary is thereafter no longer a Restricted Subsidiary, such a guarantee will, at the time such Restricted Subsidiary ceases to be a Restricted Subsidiary, constitute an incurrence of Indebtedness by the Company or a Restricted Subsidiary.

In the event that Indebtedness falls within more than one category of permitted Indebtedness under this Indenture, the Company will determine (or later reclassify in whole or in part) the applicable category and such Indebtedness will only be counted in one category. If Indebtedness is issued at less than the principal amount thereof, the amount of such Indebtedness for purposes of the above limitations shall equal the amount of the liability as determined in accordance with GAAP, and all Indebtedness thereunder shall be deemed to have been incurred only on the date of the original issuance thereof.

The Company may not permit any Unrestricted Subsidiary to incur any Indebtedness other than Non-Recourse Debt, provided, however, if any such Indebtedness ceases to be Non-Recourse Debt, such event shall be deemed to constitute an incurrence of Indebtedness by the Company or a Restricted Subsidiary.

Section 4.10. Asset Sales.

The Company shall not, and shall not permit any of its Restricted Subsidiaries to, engage in an Asset Sale unless (i) the Company (or the Restricted Subsidiary, as the case may be) receives consideration at the time of such Asset Sale at least equal to the Fair Market Value of the assets or Equity Interests sold or otherwise disposed of and, in the case of a lease of assets, a lease providing for rent and other conditions which are no less favorable to the Company (or the Restricted Subsidiary, as the case may be) in any material respect than the then prevailing market conditions (as determined in good faith by the Board of Directors which determination shall be conclusive evidence of compliance with this provision and shall be set forth in a Board Resolution) and (ii) at least 75% (100% in the case of lease payments) of the consideration therefor received by the Company or such Restricted Subsidiary is in the form of cash or Cash Equivalents. For purposes of this covenant (and not for purposes of any other provision of this Indenture), the term “cash” shall be deemed to include (x) any notes or marketable securities received by the Company or any such Restricted Subsidiary that are converted into cash or Cash Equivalents promptly but in no event more than 180 days after the date of the Asset Sale, and (y) any Indebtedness and any other liabilities not constituting trade or service accounts payable of the Company or such Restricted Subsidiary (as shown on the most recent balance sheet of the Company or such Restricted Subsidiary) that are assumed by the transferee of the assets which are the subject of such Asset Sale as consideration therefor in a transaction the result of which is that the Company and all of its Subsidiaries are released from all liability for such assumed liabilities, and which liabilities immediately prior to such assumption (A) were not by their terms subordinated in right of payment to the Notes, and (B) were not owed to the Company or any Affiliate of the Company.

Within 360 days after the receipt of any Net Proceeds from an Asset Sale, the Company (or the Restricted Subsidiary, as applicable) may apply, or enter into binding contracts (subject only to obtaining required governmental approvals) irrevocably committing the Company or such Restricted Subsidiary to apply within 390 days after the receipt of such Net Proceeds, such Net Proceeds to an investment in another business, the making of a capital expenditure or the acquisition of other tangible assets, in each case in the Oil and Gas Business, or the Company (or the Restricted Subsidiary, as applicable) may apply such Net Proceeds to the permanent reduction of any senior Indebtedness of the Company or the permanent reduction of any senior Indebtedness of such Restricted Subsidiary (with a permanent reduction of availability in the case of revolving credit borrowings). Pending the final application of any such Net Proceeds from an Asset Sale, the Company (or the Restricted Subsidiary, as applicable) may temporarily reduce revolving credit borrowings or otherwise invest such Net Proceeds in any manner that is not prohibited by this Indenture. Any Net Proceeds from

Asset Sales that are not applied or invested or committed to be applied or invested, as provided in the preceding two sentences of this paragraph will be deemed to constitute “Excess Proceeds.” On the earliest of (i) the 370th day (or the 400th day, if a binding contract has been entered into within such 360-day period) after such receipt of Net Proceeds from an Asset Sale, (ii) the tenth Business Day after a governmental authority declines to grant or issue a required approval in relation to a binding contract or (iii) such date as the Board of Directors of the Company or the Restricted Subsidiary determines not to apply the Net Proceeds relating to such Asset Sale in the manner set forth above, if the aggregate amount of Excess Proceeds exceeds \$10.0 million, the Company will be required to make a pro rata offer (an “Asset Sale Offer”) to all Holders of Notes and holders of Senior Debt, if and to the effect that the Company is required by the instruments governing such Senior Debt to make such an offer, to purchase the maximum principal amount of Notes and such Senior Debt that may be purchased out of the Excess Proceeds, at an offer price in cash in an amount equal to 100% of the principal amount of the Notes plus accrued and unpaid interest, if any, thereon to the date of purchase, in accordance with the procedures set forth in this Indenture and, in the case of such other Debt, 100% of the principal amount thereof, plus accrued and unpaid interest, if any, thereon to the date of purchase, in accordance with the procedures set forth in this Indenture. To the extent that the aggregate amount of Notes or such other Senior Debt so validly tendered and not properly withdrawn pursuant to an Asset Sale Offer is less than the Excess Proceeds, the Company may use any remaining Excess Proceeds for general corporate purposes. If the aggregate principal amount of Notes tendered by Holders thereof exceeds the amount of Excess Proceeds allocated to the Notes, the Trustee shall select the Notes to be purchased on a *pro rata* basis. Upon completion of such Asset Sale Offer, the amount of Excess Proceeds shall be reset at zero. Notwithstanding the foregoing, the Company will not be obligated to repurchase more than 25% of the original aggregate principal amount of the Notes pursuant to this covenant. To the extent that the amount of Excess Proceeds exceeds the amount of Notes purchased because of the limitation imposed by the immediately preceding sentence (the amount of such excess being the “Aggregate Unused Proceeds”), such Aggregate Unused Proceeds shall continue to constitute Excess Proceeds and may be used only for the purposes specified in the first two sentences of this paragraph.

The Asset Sale Offer will remain open for a period of at least 20 Business Days following its commencement but no longer than 30 days, except to the extent that a longer period is required by applicable law (the “Asset Sale Offer Period”). No later than five Business Days after the termination of the Asset Sale Offer Period (the “Asset Sale Purchase Date”), the Company will purchase the principal amount of Notes required to be purchased pursuant to this covenant (the “Asset Sale Offer Amount”) or, if less than the Asset Sale Offer Amount has been so validly tendered and not properly withdrawn, all Notes validly tendered and not properly withdrawn in response to the Asset Sale Offer. Payment for any Notes so purchased will be made in the same manner as interest payments are made on the Notes.

If the Asset Sale Purchase Date is on or after an interest record date and on or before the related interest payment date, any accrued and unpaid interest, if any, will

be paid to the Person in whose name a Note is registered at the close of business on such record date, and no additional interest will be payable to Holders who tender Notes pursuant to the Asset Sale Offer.

On or before the Asset Sale Purchase Date, the Company will, to the extent lawful, accept for payment, on a *pro rata* basis to the extent necessary, the Asset Sale Offer Amount of Notes or portions thereof so validly tendered and not properly withdrawn pursuant to the Asset Sale Offer, or if less than the Asset Sale Offer Amount has been so validly tendered and not properly withdrawn, all Notes so validly tendered and not properly withdrawn, and will deliver to the Trustee an Officers' Certificate stating that such Notes or portions thereof were accepted for payment by the Company in accordance with the terms of this covenant. The Company, the Depositary or the Paying Agent, as the case may be, will promptly (but in any case not later than five days after the Asset Sale Purchase Date) mail or deliver to each tendering Holder an amount equal to the purchase price of the Notes so validly tendered and not properly withdrawn by such Holder and accepted by the Company for purchase, and the Company will promptly issue a new Note, and the Trustee, upon delivery of an Officers' Certificate from the Company will authenticate and mail or deliver such new Note to such Holder, in a principal amount equal to any unpurchased portion of any Notes validly tendered and not properly withdrawn. Any Note not so accepted will be promptly mailed or delivered by the Company to the Holder thereof. The Company will publicly announce the results of the Asset Sale Offer on the Asset Sale Purchase Date.

The Company will comply, to the extent applicable, with the requirements of Rule 14e-1 under the Exchange Act and any other securities laws and regulations thereunder in connection with the repurchase of the Notes pursuant to any Asset Sale Offer.

Section 4.11. Transactions with Affiliates.

The Company shall not, and shall not permit any of its Restricted Subsidiaries to, sell, lease, transfer or otherwise dispose of any of its properties or assets to, or purchase any property or assets from, or enter into or make any contract, agreement, understanding, loan, advance or guarantee with, or for the benefit of, any Affiliate (each of the foregoing, an "Affiliate Transaction"), unless (i) such Affiliate Transaction is in the ordinary course of business, (ii) the terms of such Affiliate Transaction are fair and reasonable to the Company or such Restricted Subsidiary, as the case may be, and are at least as favorable as the terms which could be obtained by the Company or such Restricted Subsidiary, as the case may be, in a comparable transaction made on an arm's-length basis between unaffiliated parties and (iii) the Company delivers to the Trustee (a) with respect to any Affiliate Transaction entered into after the date of this Indenture involving aggregate consideration in excess of \$2.5 million, a resolution of the Board of Directors set forth in an Officers' Certificate certifying that such Affiliate Transaction complies with clauses (i) and (ii) above and that such Affiliate Transaction has been approved by a majority of the disinterested members of the Board of Directors and (b) with respect to any Affiliate Transaction involving aggregate

consideration in excess of \$10.0 million, an opinion as to the fairness to the Company or such Restricted Subsidiary of such Affiliate Transaction from a financial point of view issued by an investment banking firm or other appraisal firm of national standing (in the United States or Canada), provided that the following will not be deemed to be Affiliate Transactions: (u) reasonable fees and compensation paid to, and indemnity provided on behalf of, officers and directors of the Company or any Restricted Subsidiary as determined in good faith by the appropriate Board of Directors or senior management; (v) transactions with customers, clients, suppliers, joint venture partners or purchasers or sellers of goods or services, in each case in the ordinary course of business (including, without limitation, pursuant to joint venture agreements) and otherwise in compliance with the terms of this Indenture and which comply with the terms of clause (ii) above; (w) any employment agreement entered into by the Company or any of its Restricted Subsidiaries in the ordinary course of business and consistent with the past practice of the Company or such Restricted Subsidiary (including, without limitation, any such employment agreements entered into prior to the date of this Indenture); (x) transactions between or among the Company and/or its Restricted Subsidiaries; and (y) transactions with joint ventures engaged in the Oil and Gas Business, provided that no equity interest not owned by the Company or its Restricted Subsidiaries in such joint venture is not owned by a Person which is otherwise an Affiliate of the Company.

Section 4.12. Liens.

The Company will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, create, incur, assume or suffer to exist any Lien on any asset now owned or hereafter acquired, or any income or profits therefrom or assign or convey any right to receive income therefrom, except for (i) Permitted Liens and (ii) Liens securing senior Indebtedness incurred in conformity with Section 4.09 hereof, provided that the Notes are secured on an equal and ratable basis with such senior Indebtedness until such time as such senior Indebtedness is no longer outstanding or is no longer so secured.

Section 4.13. Guarantees of Company Indebtedness by Restricted Subsidiaries.

(a) The Company shall not permit any Restricted Subsidiary, directly or indirectly, to guarantee any Indebtedness of the Company or any other Obligor (other than the Notes) ("Guaranteed Indebtedness") unless (i) such Restricted Subsidiary simultaneously executes and delivers a supplemental indenture to this Indenture providing for a Subsidiary Guarantee of payment of the Notes by such Restricted Subsidiary and (ii) such Restricted Subsidiary waives and will not in any manner whatsoever claim or take the benefit or advantage of, any rights of reimbursement, indemnity or subrogation or any other rights against the Company or any other Restricted Subsidiary as a result of any payment by such Restricted Subsidiary under its Subsidiary Guarantee. If the Guaranteed Indebtedness is pari passu with the Notes, then the guarantee of such Guaranteed Indebtedness shall be pari passu with or subordinated to the Subsidiary Guarantee; and if the Guaranteed Indebtedness is subordinated to the Notes, then the guarantee of such Guaranteed Indebtedness shall be subordinated to the

Subsidiary Guarantee at least to the extent that all Guaranteed Indebtedness is subordinated to the Notes.

Notwithstanding the foregoing, any Subsidiary Guarantee by a Restricted Subsidiary that was incurred pursuant to the terms of the preceding paragraph (but not otherwise) shall provide by its terms that it shall be automatically and unconditionally released and discharged upon the release or discharge of the guarantee which resulted in the creation of such Restricted Subsidiary's Subsidiary Guarantee, except a discharge or release by, or as a result of, payment under such guarantee.

(b) The Company shall cause any Person that becomes a Material Restricted Subsidiary of the Company after the date of this Indenture to execute and deliver to the Trustee a supplemental indenture pursuant to which such Subsidiary will become a Guarantor. Each Subsidiary Guarantee will be a continuing guarantee and shall (i) remain in full force and effect until payment in full of all the obligations under the Indenture and the Notes, (ii) be binding upon such Guarantor and (iii) inure to the benefit of and be enforceable by the Holders and their successors, transferees and assigns.

Section 4.14. Corporate Existence.

Subject to Article 5 hereof, the Company shall do or cause to be done all things necessary to preserve and keep in full force and effect its corporate existence, and, subject to Article 10 hereof, the corporate, partnership or other existence of each of its Restricted Subsidiaries, in accordance with the respective organizational documents (as the same may be amended from time to time) of the Company or any such Restricted Subsidiary; *provided, however*, that the Company shall not be required to preserve the existence of any of its Restricted Subsidiaries, if the Company shall determine that the preservation thereof is no longer desirable in the conduct of the business of the Company and its Restricted Subsidiaries, taken as a whole.

Section 4.15. Offer to Purchase Upon Change of Control.

Upon the occurrence of a Change of Control, each Holder of Notes will have the right to require the Company to repurchase all or any part (equal to \$10,000 or an integral multiple thereof) of such Holder's Notes pursuant to the offer described below (the "Change of Control Offer") at an offer price in cash equal to 101% of the aggregate principal amount thereof plus accrued and unpaid interest, if any, thereon to the date of purchase (the "Change of Control Payment"). Within 30 days following any Change of Control, the Company will mail a notice to each Holder (with a copy to the Trustee) describing the transaction or transactions that constitute the Change of Control and offering to repurchase Notes pursuant to the procedures required by the Indenture and described in such notice. The Company will comply, to the extent applicable, with the requirements of Rule 14e-1 under the Exchange Act and any other securities laws and regulations thereunder in connection with the repurchase of the Notes as a result of a Change of Control.

The Change of Control Offer will remain open for a period of at least 20 Business Days following its commencement but no longer than 30 days (the “Offer Period”) except to the extent that a longer period is required by applicable law (the “Change of Control Offer Period”). No later than five Business Days after the termination of the Change of Control Offer Period (the “Change of Control Purchase Date”), the Company will purchase all Notes validly tendered and not properly withdrawn pursuant to the Change of Control Offer. Payment for any Notes so purchased will be made in the same manner as interest payments are made on the Notes.

If the Change of Control Purchase Date is on or after an interest record date and on or before the related interest payment date, any accrued and unpaid interest, if any, will be paid to the Person in whose name a Note is registered at the close of business on such record date, and no additional interest will be payable to Holders who tender Notes pursuant to the Change of Control Offer.

On the Change of Control Purchase Date, the Company will, to the extent lawful, (i) accept for payment all Notes or portions thereof validly tendered and not properly withdrawn pursuant to the Change of Control Offer, (ii) deposit with the Paying Agent an amount equal to the Change of Control Payment in respect of all Notes or portions thereof so validly tendered and not properly withdrawn and (iii) deliver or cause to be delivered to the Trustee the Notes so accepted together with an Officers’ Certificate stating the aggregate principal amount of Notes or portions thereof being purchased by the Company. The Paying Agent will promptly mail to each Holder of Notes so validly tendered and not properly withdrawn the Change of Control Payment for such Notes and the Trustee will promptly authenticate and mail (or cause to be transferred by book entry) to each Holder a new Note equal in principal amount to any unpurchased portion of the Notes surrendered, if any, provided that each such new Note will be in a principal amount of \$10,000 or an integral multiple thereof. The Company will publicly announce the results of the Change of Control Offer on the Change of Control Purchase Date.

The foregoing provisions of this Section 4.15 that require the Company to make a Change of Control Offer following a Change of Control shall be applicable regardless of whether any other provisions of this Indenture are applicable. The Company shall not be required to make a Change of Control Offer following a Change of Control if a third party makes the Change of Control Offer in the manner, at the time and otherwise in compliance with the requirements set forth in this Indenture applicable to a Change of Control Offer made by the Company and purchases all Notes validly tendered and not withdrawn under such Change of Control Offer.

Section 4.16. Limitation on the Sale or Issuance of Equity Interests of Restricted Subsidiaries.

The Company shall not sell or otherwise dispose of any Equity Interests of a Restricted Subsidiary, and shall not permit any such Restricted Subsidiary, directly or indirectly, to issue or sell or otherwise dispose of any of its Equity Interests except (i) to the Company or a Restricted Subsidiary, (ii) if, immediately after giving effect to such issuance, sale or other disposition, neither the Company nor any of its Subsidiaries own

any Capital Stock of such Restricted Subsidiary, (iii) directors' qualifying shares, (iv) other than with respect to Equity Interests of HKM, ShNOS or Valsera, if, immediately after giving effect to such issuance, sale or other disposition, such Restricted Subsidiary would no longer constitute a Restricted Subsidiary and any Investment in such person remaining after giving effect thereto would have been permitted to be made pursuant to Section 4.07 hereof if made on the date of such issuance, sale or other disposition, or (v) for such issuance, sale or disposition which was entered into for the purpose of acquiring assets or making investments in the Oil and Gas Business, and if, immediately after giving effect to such issuance, sale or disposition, the Company and its Restricted Subsidiaries continue to collectively own at least 75% of the Equity Interests of the Restricted Subsidiaries owned immediately prior to such issuance, sale or disposition.

Section 4.17. Sale-and-leaseback Transactions.

The Company shall not, and shall not permit any of its Restricted Subsidiaries to, enter into any sale and leaseback transaction, provided that the Company may enter into a sale and leaseback transaction if (i) the Company could have (a) incurred Indebtedness in an amount equal to the Attributable Indebtedness relating to such sale and leaseback transaction pursuant to the Fixed Charge Coverage Ratio test set forth in the first paragraph of Section 4.09 hereof and (b) incurred a Lien to secure such Indebtedness pursuant to Section 4.12 hereof, (ii) the net cash proceeds of such sale and leaseback transaction are at least equal to the Fair Market Value of the property that is the subject of such sale and leaseback transaction and (iii) the transfer of assets in such sale and leaseback transaction is permitted by, and the proceeds of such transaction are applied in compliance with, Section 4.10 hereof.

Section 4.18. No Inducements.

The Company shall not, and the Company shall not permit any of its Subsidiaries, either directly or indirectly, to pay (or cause to be paid) any consideration, whether by way of interest, fee or otherwise, to any Holder for or as an inducement to any consent, waiver, amendment or supplement of any terms or provisions of this Indenture or the Notes, unless such consideration is offered to be paid (or agreed to be paid) to all Holders which so consent, waive or agree to amend or supplement in the time frame set forth on solicitation documents relating to such consent, waiver or agreement.

Section 4.19. Additional Amounts.

Except to the extent required by any applicable law, regulation or governmental policy, any and all payments of, or in respect of, any Note shall be made free and clear of and without deduction for or on account of any and all present or future taxes, levies, imposts, deduction, charges or withholdings and all liabilities with respect thereto imposed by Canada, Kazakhstan or any other jurisdiction with which the Company or any Guarantor has some connection (including any jurisdiction (other than the United States of America) from or through which payments under the Notes or the Subsidiary Guarantees are made) or any political subdivision of or any taxing authority in

any such jurisdiction (“Canadian Taxes,” “Kazakhstani Taxes” or “Other Taxes,” respectively). The Company undertakes that, if the conclusions of the ECOFIN Council meeting of November 26-27, 2000 are implemented, it will ensure that it maintains a paying agent in an European Union member state that will not be obliged to withhold or deduct tax pursuant to any directive implementing such conclusions. If the Company or any Guarantor shall be required by law to withhold or deduct any Canadian Taxes, Kazakhstani Taxes or Other Taxes from or in respect of any sum payable under a Note or pursuant to a Subsidiary Guarantee, the sum payable by the Company or such Guarantor, as the case may be, thereunder shall be increased by the amount (“Additional Amounts”) necessary so that after making all required withholdings and deductions, the Holder or beneficial owner of a Note shall receive an amount equal to the sum that it would have received had not such withholdings and deductions been made; provided that any such sum shall not be paid in respect of any Canadian Taxes, Kazakhstani Taxes or Other Taxes to a Holder (an “Excluded Holder”) (i) resulting from the beneficial owner of such Note, at any time, being a resident of, or carrying on business or being deemed to carry on business in or through, or having or being deemed to have, a permanent establishment or fixed base in the relevant taxing jurisdiction or having any other connection with the relevant taxing jurisdiction or any political subdivision thereof or any taxing authority therein other than the mere holding or owning of such Note, being a beneficiary of the applicable Subsidiary Guarantees, the receipt of any income or payments in respect of such Note or the applicable Subsidiary Guarantees or the enforcement of such Note or the applicable Subsidiary Guarantees; (ii) resulting from the Company or any Guarantor not dealing at arm’s length (within the meaning of the Income Tax Act (Canada)) with such Holder at the time of such payment or at the time the amount of such payment is deemed to have been paid or credited; (iii) that would not have been imposed but for the presentation (where presentation is required) of such Note for payment more than 30 days after the date such payment became due and payable or was duly provided for, whichever occurs later; (iv) that has been imposed by reason of any estate, inheritance, gift, sale, transfer or personal property or similar tax, assessment or other governmental charge; (v) resulting from such Holder or the beneficial owner of such Note failing to comply with a request in writing by the Company or any Guarantor addressed to such Holder (A) to provide information concerning the nationality, residence or identity of such Holder or such beneficial owner or (B) to make any declaration or other similar claim or satisfy any information or reporting requirement which in the case of (A) or (B) is required or imposed by a statute, treaty, regulation or administrative practice of the taxing authorities as a precondition to exception from all or a part of such tax, assessment or other governmental charge; provided, however, that this clause (v) shall not apply to the Company’s or such Guarantor’s obligation to pay Additional Amounts if the completing and filing of the information described in (A) above or the declaration or other claim described in (B) above would be materially more onerous in form, in procedure or in substance of information disclosed, in comparison to the information reporting requirements imposed under U.S. tax law with respect to Forms 1001, W-8 and W-9; or (vi) resulting from any combination of items (i),(ii), (iii), (iv) and (v); provided, further, that any such sum will not be paid in respect of any Canadian Taxes, Kazakhstani Taxes or Other Taxes to any Holder who is not the beneficial owner of such Note (including a fiduciary or partnership) to the extent that the beneficial owner of such Note or fiduciary

or member of a partnership would have been an Excluded Holder had it been the Holder of the Note. The Company or the Guarantors, as applicable, will also (i) make such withholding or deduction and (ii) remit the full amount deducted or withheld to the relevant authority in accordance with applicable law, and, in any such case, the Company will, upon written request of a Holder, furnish to each such Holder on whose behalf an amount was so remitted, within 30 days after the later of the date of receipt of such written request and the date on which the payment of any Canadian Taxes, Kazakhstani Taxes or Other Taxes is due pursuant to applicable law, certified copies of tax receipts evidencing such payment by the Company or the Guarantors, as applicable. The Company will, upon written request of each Holder (other than an Excluded Holder), reimburse each such Holder for the amount of (i) any Canadian Taxes, Kazakhstani Taxes or Other Taxes so levied or imposed and paid by such Holder as a result of payments made under or with respect to any Notes, and (ii) any Canadian Taxes, Kazakhstani Taxes or Other Taxes so levied or imposed with respect to any reimbursement under the foregoing clause (i) so that the net amount received by such Holder (net of payments made under or with respect to such Notes or the applicable Subsidiary Guarantees) after such reimbursement will not be less than the net amount the Holder would have received if Canadian Taxes, Kazakhstani Taxes or Other Taxes on such reimbursement had not been imposed. Notwithstanding the foregoing, the Company and the Guarantors will not be obligated to pay Additional Amounts in the event that (i) Canadian Taxes, Kazakhstani Taxes or Other Taxes are imposed on a payment to an individual and are required to be made pursuant to any European Union Directive on the taxation of savings implementing the conclusions of the ECOFIN Council meeting of November 26-27, 2000 or any law implementing or complying with, or introduced in order to conform to, such Directive or (ii) the Notes are presented for payment by or on behalf of a Holder who would have been able to avoid such Canadian Taxes, Kazakhstani Taxes or Other Taxes by presenting the relevant Notes to another Paying Agent in a member state of the European Union.

At least 30 calendar days prior to each date on which any payment under or with respect to the Notes is due and payable, if the Company or the Guarantors, as applicable, will be obligated to pay Additional Amounts with respect to such payment, the Company or the Guarantors, as applicable, will deliver to the Trustee an Officers' Certificate stating the fact that such Additional Amounts will be payable and the amounts so payable and will set forth such other information necessary to enable the Trustee to pay such Additional Amounts to Holders on the payment date.

If any Holder or beneficial owner of any Note receives a credit against or a refund of the Canadian Taxes, Kazakhstani Taxes or Other Taxes after the Company or any Guarantor, as applicable, has paid any Additional Amounts, the Company or any Guarantor, as applicable, shall be reimbursed for the amount of any such refund or credit by means of offsets against any additional payments owing under the Notes to such Holder or beneficial owner.

In addition, the Company or the Guarantors will pay any stamp, issue, registration, documentary or other similar taxes and duties, including interest and

penalties, in respect of the creation, issue and offering of the Notes payable in Canada, the United States, the United Kingdom, Luxembourg, Kazakhstan or any political subdivision thereof or taxing authority of or in the foregoing. The Company and the Guarantors, as applicable, will also pay and indemnify the Trustee and the Holders of the Notes from and against all court fees and taxes or other taxes and duties, including interest and penalties, paid by any of them in any jurisdiction in connection with any action permitted to be taken by the Holders to enforce the Obligations of the Company or the Guarantors under the Notes, this Indenture or the Subsidiary Guarantees, as applicable.

Whenever there is mentioned, in any context, the payment of principal, premium or interest in respect of any Note or the net proceeds received on the sale or exchange of any Note, such mention shall be deemed to include the payment of Additional Amounts provided for in this Indenture to the extent that, in such context, Additional Amounts are, were or would be payable in respect thereof pursuant to this Indenture.

The obligations of the Company under this Section 4.19 shall survive the satisfaction and discharge of this Indenture.

Section 4.20. Indemnification for Judgment Currency Fluctuation.

The obligations of the Company and any Guarantor to any Holder or the Trustee shall, notwithstanding any judgment in a currency (the “Judgment Currency”) other than United States dollars (the “Agreement Currency”), be discharged only to the extent that on the day following receipt by such Holder or the Trustee, as the case may be, of any amount in the Judgment Currency, such Holder or the Trustee may in accordance with normal banking procedures purchase the Agreement Currency with the Judgment Currency. If the amount of the Agreement Currency so purchased is less than the amount originally to be paid to such Holder or the Trustee, as the case may be, in the Agreement Currency, the Company and the Guarantors agree, as a separate obligation and notwithstanding such judgment, to pay the difference, and if the amount of the Agreement Currency so purchased exceeds the amount originally to be paid to such Holder or the Trustee, as the case may be, such Holder or the Trustee, as the case may be, shall pay to or for the account of the Company such excess, provided that such Holder or the Trustee, as the case may be, shall not have any obligation to pay any such excess as long as a Default has occurred and is continuing, in which case such excess may be applied by such Holder or the Trustee, as the case may be, to such obligations.

For the purposes of this paragraph, it will be sufficient for the Holder to certify that it would have suffered a loss had the actual purchase of U.S. Dollars been made with the amount so received in that other currency on the date of receipt or recovery (or, if a purchase of U.S. Dollars on such date had not been practicable, on the first date on which it would have been practicable). To the extent permitted by applicable law, these indemnities constitute a separate and independent obligation from the Company’s or any Guarantor’s other Obligations, shall give rise to a separate and independent cause of action, shall apply irrespective of any indulgence granted by any

Holder and shall continue in full force and effect despite any other judgment, order, claim or proof for a liquidated amount in respect of any sum due under any note or any other judgment or order.

Section 4.21. Line of Business.

The Company will not, and will not permit any Restricted Subsidiary to, engage in any line of business other than the Oil and Gas Business and any other line of business in which the Company or any of its Restricted Subsidiaries is engaged on the Issue Date, except to such extent as would not be material to the Company and its Subsidiaries taken as a whole.

Section 4.22. Limitation as to Unrestricted Subsidiaries.

The Company may designate a Subsidiary (including a newly formed or newly acquired Subsidiary) of the Company or any of its Subsidiaries (other than HKM and ShNOS) as an Unrestricted Subsidiary; provided that (i) immediately after giving effect to the transaction, the Company could incur \$1.00 of additional Indebtedness pursuant to the first paragraph of Section 4.09 hereof and (ii) such designation is at the time permitted under Section 4.07 hereof. Notwithstanding any provisions of this covenant all Subsidiaries of an Unrestricted Subsidiary will be Unrestricted Subsidiaries.

The Company will not permit any Unrestricted Subsidiary to create, assume, incur, guarantee or otherwise become liable in respect of any Indebtedness except Non-Recourse Debt. The Company and its Restricted Subsidiaries will not designate, create or purchase any Unrestricted Subsidiary, unless the Board of Directors of the Company shall have made a determination (as set forth in the resolution approving such designation, creation or purchase) that the designation, creation and operation of the Unrestricted Subsidiary is not reasonably expected to materially and adversely affect the financial condition, business, or operations of the Company and its Restricted Subsidiaries taken together as a whole, which resolution shall be conclusive evidence of compliance with this provision.

Subject to the preceding paragraphs, an Unrestricted Subsidiary may be designated as a Restricted Subsidiary. The designation of a Subsidiary as an Unrestricted Subsidiary or the designation of an Unrestricted Subsidiary as a Restricted Subsidiary in compliance with the preceding paragraphs shall be made by the Board of Directors pursuant to a Board Resolution delivered to the Trustee and shall be effective as of the date specified in such Board Resolution, which shall not be prior to the date such Board Resolution is delivered to the Trustee. Any Unrestricted Subsidiary shall become a Restricted Subsidiary if it incurs any Indebtedness other than Non-Recourse Indebtedness. If at any time Indebtedness of an Unrestricted Subsidiary which was Non-Recourse Indebtedness no longer so qualifies, such Indebtedness shall be deemed to have been incurred when such Non-Recourse Indebtedness becomes Indebtedness.

ARTICLE 5

SUCCESSORS

Section 5.01. Successor Corporation Substituted.

Upon any consolidation or merger, or any sale, assignment, transfer, lease, conveyance or other disposition of all or substantially all of the properties or assets of the Company not constituting an Event of Default pursuant to with Section 6.01(c) hereof, the successor corporation formed by such consolidation or into or with which the Company is merged or to which such sale, assignment, transfer, lease, conveyance or other disposition is made shall succeed to, and be substituted for (so that from and after the date of such consolidation, merger, sale, assignment, transfer, lease, conveyance or other disposition, the provisions of this Indenture referring to the “Company” shall refer instead to the successor corporation and not to the Company), and may exercise every right and power of the Company under this Indenture with the same effect as if such successor corporation had been named as the Company herein; *provided, however*, that the predecessor Company shall not be relieved from its obligations under this Indenture or the Notes in the case of any such lease.

Section 5.02. Mergers, Consolidation And Sale Of Assets.

The Company shall not, in a single transaction or series of related transactions, consolidate, amalgamate or merge with or into (whether or not the Company is the surviving corporation), continue in any new jurisdiction or directly and/or indirectly through any Restricted Subsidiary sell, assign, transfer, lease, convey or otherwise dispose of all or substantially all of its properties or assets determined on a consolidated basis for the Company and its Restricted Subsidiaries taken as a whole in one or more related transactions to another Person unless:

(a) the Company is the surviving corporation or the Person formed by or surviving any such consolidation, amalgamation or merger (if other than the Company) or to which such sale, assignment, transfer, lease, conveyance or other disposition will have been made is a corporation organized or existing under the laws of Canada, one of the provinces thereof, one of the states of the United States or the District of Columbia;

(b) the Person formed by or surviving any such consolidation, amalgamation or merger (if other than the Company) or the Person to which such sale, assignment, transfer, lease, conveyance or other disposition will have been made assumes all the obligations of the Company under the Notes and this Indenture pursuant to a supplemental indenture in a form reasonably satisfactory to the Trustee;

(c) immediately after giving effect to such transaction or series of transactions on a pro forma basis no Default or Event of Default exists;

(d) the Company or the Person formed by or surviving any such consolidation, amalgamation or merger (if other than the Company) or to which such sale, assignment, transfer, lease, conveyance or other disposition will have been made (A) will have Consolidated Net Worth immediately after giving effect to the transaction or series of transactions on a pro forma basis equal to or greater than the greater of (x) the Consolidated Net Worth of the Company as of the Issue Date and (y) 80% of the Consolidated Net Worth of the Company immediately preceding the transaction and (B) will, at the time of such transaction and after giving pro forma effect thereto as if such transaction had occurred at the beginning of the applicable four-quarter period, be permitted to incur at least \$1.00 of additional Indebtedness pursuant to the Fixed Charge Coverage Ratio test set forth in the first paragraph of Section 4.09 hereof; and

(e) the Company delivers to the Trustee an Officers' Certificate and an Opinion of Counsel addressed to the Trustee with respect to the foregoing matters; provided that the provision of clause (d)(B) shall not apply to any merger or consolidation of a Restricted Subsidiary into or with, or any sale, assignment, transfer, lease conveyance or transfer or all or substantially all of the assets of the Company and its Restricted Subsidiaries taken as a whole into, the Company, or to any merger or consolidation of the Company into a Restricted Subsidiary solely for the purpose of changing the jurisdiction of incorporation of the Company.

No Guarantor may consolidate, amalgamate or merge with or into (whether or not such Guarantor is the surviving Person), or sell, assign, transfer, lease, convey or otherwise dispose of all or substantially all of its properties or assets in one or more related transactions, to another Person unless (a) the Person formed by or surviving any such consolidation, amalgamation or merger (if other than such Guarantor) or the Person to which such sale, assignment, transfer, lease, conveyance or other disposition shall have been made assumes all the obligations of such Guarantor under the Subsidiary Guarantee, in form satisfactory to the Trustee; (b) immediately after such transaction, and after giving pro forma effect thereto, no Default or Event of Default exists; (c) the Company would, at the time of such transaction and after giving pro forma effect thereto as if such transaction had occurred at the beginning of the applicable fiscal quarter, be permitted to incur at least \$1.00 of additional Indebtedness pursuant to the Fixed Charge Coverage Ratio test set forth in Section 4.09 hereof; (d) the Company shall have delivered to the Trustee an Officers' Certificate and an Opinion of Counsel, each stating that such consolidation, merger or transfer complies with the Indenture; and (e) if such Guarantor is the surviving entity, such Guarantor shall have delivered a written instrument in form satisfactory to the Trustee confirming its Subsidiary Guarantee after giving effect to such consolidation, merger or transfer. Notwithstanding the foregoing, any Guarantor may merge into, consolidate with or transfer all or part of its properties or assets to the Company, one or more Guarantors or one or more Subsidiaries that become Guarantors concurrently therewith.

ARTICLE 6

DEFAULTS AND REMEDIES

Section 6.01. Events of Default.

Each of the following constitutes an “Event of Default”:

(a) default for 30 days in the payment when due of interest on, or Additional Amounts with respect to, the Notes;

(b) default in payment when due of the principal of or premium, if any, on the Notes;

(c) failure by the Company for 30 days after notice to comply with the provisions described under Sections 4.07, 4.10, 4.15 or 5.02 hereof;

(d) failure by the Company for 60 days after notice to comply with any of its other agreements in this Indenture or the Notes;

(e) default under any mortgage, indenture or instrument under which there may be issued or by which there may be secured or evidenced any Indebtedness for money borrowed by the Company or any of its Restricted Subsidiaries (or the payment of which is guaranteed by the Company or any of its Restricted Subsidiaries) whether such Indebtedness or guarantee now exists, or is created after the date of this Indenture, which default (i) is caused by a failure to pay principal of or premium, if any, or interest on such Indebtedness prior to the expiration of the grace period provided in such Indebtedness on the date of such default unless being contested in good faith by appropriate proceedings (a “Payment Default”) or (ii) results in the acceleration of such Indebtedness prior to its express maturity and, in each case, the principal amount of any such Indebtedness, together with the principal amount of any other such Indebtedness under which there has been a Payment Default or the maturity of which has been so accelerated, aggregates \$10.0 million or more;

(f) failure by the Company or any of its Restricted Subsidiaries to pay final judgments aggregating in excess of \$10.0 million, which judgments are not paid, discharged or stayed for a period of 30 days;

(g) certain events of bankruptcy or insolvency with respect to the Company or any of its Significant Subsidiaries or group of Restricted Subsidiaries that, taken together (as of the latest audited consolidated financial statements for the Company and its Subsidiaries), would constitute a Significant Subsidiary; and

(h) any Subsidiary Guarantee ceases to be in effect (except as otherwise permitted by this Indenture), or the Company or any Guarantor shall deny or disaffirm its obligations under the Notes or its Subsidiary Guarantee, as applicable.

In the event of a declaration of acceleration of the Notes because of an Event of Default specified in clause (e) of Section 6.01 hereof has occurred and is continuing, the declaration of acceleration of the Notes shall be automatically annulled if the holders of any Indebtedness described in clause (e) of this Section 6.01 have rescinded the declaration of acceleration in respect of such Indebtedness within 30 days after the date of such declaration and if (A) the annulment of the acceleration of the Notes would not conflict with any judgment or decree of a court of competent jurisdiction and (B) all existing Events of Default, except for non-payment of principal of or interest on the Notes that became due solely because of the acceleration of the Notes, have been cured or waived.

Section 6.02. Acceleration.

If any Event of Default occurs and is continuing, the Trustee or the Holders of at least 25% in aggregate principal amount of the then outstanding Notes may declare all the Notes to be due and payable immediately. Notwithstanding the foregoing, in the case of an Event of Default arising from certain events of bankruptcy or insolvency with respect to the Company, any Significant Subsidiary or any group of Restricted Subsidiaries that, taken together (as of the latest audited consolidated financial statements for the Company and its Subsidiaries), would constitute a Significant Subsidiary, then all outstanding Notes will become due and payable without further action or notice. Holders of the Notes may not enforce this Indenture or the Notes except as provided in this Indenture. Subject to certain limitations, Holders of a majority in principal amount of the then outstanding Notes may direct the Trustee in its exercise of any trust or power. The Trustee may withhold from Holders of the Notes notice of any continuing Default or Event of Default (except a Default or Event of Default relating to the payment of principal or interest) if it determines that withholding notice is in their interest.

If an Event of Default occurs by reason of any willful action (or inaction) taken (or not taken) by or on behalf of the Company with the intention of avoiding payment of the premium that the Company would have had to pay if the Company then had elected to redeem the Notes pursuant to Section 3.07 hereof, then, upon acceleration of the Notes, an equivalent premium shall also become and be immediately due and payable, to the extent permitted by law, anything in this Indenture or in the Notes to the contrary notwithstanding.

Section 6.03. Other Remedies.

If an Event of Default occurs and is continuing, the Trustee may pursue any available remedy to collect the payment of principal of and premium and interest, if any, on the Notes or to enforce the performance of any provision of the Notes or this Indenture.

The Trustee may maintain a proceeding even if it does not possess any of the Notes or does not produce any of them in the proceeding. A delay or omission by the Trustee or any Holder of a Note in exercising any right or remedy accruing upon an Event of Default shall not impair the right or remedy or constitute a waiver of or

acquiescence in the Event of Default. All remedies are cumulative to the extent permitted by law.

Section 6.04. Waiver of Past Defaults.

The Holders of a majority in aggregate principal amount of the Notes then outstanding by notice to the Trustee may on behalf of the Holders of all of the Notes waive any existing Default or Event of Default and its consequences under this Indenture except a continuing Default or Event of Default in the payment of principal of, premium and interest, if any, on the Notes. The Company is required to deliver to the Trustee annually a statement regarding compliance with this Indenture, and the Company is required upon becoming aware of any Default or Event of Default, promptly (but in any event within five Business Days) to deliver to the Trustee a statement specifying such Default or Event of Default.

Section 6.05. Control by Majority.

Holders of a majority in principal amount of the then outstanding Notes may direct the time, method and place of conducting any proceeding for exercising any remedy available to the Trustee or exercising any trust or power conferred on it. However, the Trustee may refuse to follow any direction that conflicts with law or this Indenture or that the Trustee determines may be unduly prejudicial to the rights of other Holders of Notes or that may involve the Trustee in personal liability.

Section 6.06. Limitation on Suits.

A Holder of a Note may pursue a remedy with respect to this Indenture or the Notes only if:

- (a) the Holder of a Note gives to the Trustee written notice of a continuing Event of Default;
- (b) the Holders of at least 25% in principal amount of the then outstanding Notes make a written request to the Trustee to pursue the remedy;
- (c) such Holder of a Note or Holders of Notes offer and, if requested, provide to the Trustee indemnity satisfactory to the Trustee against any loss, liability or expense;
- (d) the Trustee does not comply with the request within 60 days after receipt of the request and the offer and, if requested, the provision of indemnity; and
- (e) during such 60-day period the Holders of a majority in principal amount of the then outstanding Notes do not give the Trustee a direction inconsistent with the request.

A Holder of a Note may not use this Indenture to prejudice the rights of another Holder of a Note or to obtain a preference or priority over another Holder of a Note.

Section 6.07. Rights of Holders of Notes to Receive Payment.

Notwithstanding any other provision of this Indenture, the right of any Holder of a Note to receive payment of principal of and premium and interest, if any, on the Note, on or after the respective due dates expressed in the Note (including in connection with an offer to purchase), or to bring suit for the enforcement of any such payment on or after such respective dates, shall not be impaired or affected without the consent of such Holder.

Section 6.08. Collection Suit by Trustee.

If an Event of Default specified in Section 6.01(a) or (b) occurs and is continuing, the Trustee is authorized to recover judgment in its own name and as trustee of an express trust against the Company for the whole amount of principal of, premium and interest, if any, remaining unpaid on the Notes and interest on overdue principal and, to the extent lawful, interest, if any and such further amount as shall be sufficient to cover the costs and expenses of collection, including the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel.

Section 6.09. Trustee May File Proofs of Claim.

The Trustee is authorized to file such proofs of claim and other papers or documents as may be necessary or advisable in order to have the claims of the Trustee (including any claim for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel) and the Holders of the Notes allowed in any judicial proceedings relative to the Company (or any other obligor upon the Notes), its creditors or its property and shall be entitled and empowered to collect, receive and distribute any money or other property payable or deliverable on any such claims and any custodian in any such judicial proceeding is hereby authorized by each Holder to make such payments to the Trustee, and in the event that the Trustee shall consent to the making of such payments directly to the Holders, to pay to the Trustee any amount due to it for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, and any other amounts due the Trustee under Section 7.07 hereof. To the extent that the payment of any such compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, and any other amounts due the Trustee under Section 7.07 hereof out of the estate in any such proceeding, shall be denied for any reason, payment of the same shall be secured by a Lien on, and shall be paid out of, any and all distributions, dividends, money, securities and other properties that the Holders may be entitled to receive in such proceeding whether in liquidation or under any plan of reorganization or arrangement or otherwise. Nothing herein contained shall be deemed to authorize the Trustee to authorize or consent to or accept or adopt on behalf of any Holder any plan of reorganization, arrangement, adjustment or composition affecting the Notes or the rights of any Holder, or to authorize the Trustee to vote in respect of the claim of any Holder in any such proceeding.

Section 6.10. Priorities.

If the Trustee collects any money pursuant to this Article, it shall pay out the money in the following order:

First: to the Trustee, its agents and attorneys for amounts due under Section 7.07 hereof, including payment of all compensation, expense and liabilities incurred, and all advances made, by the Trustee and the Trustee's reasonable costs and expenses of collection;

Second: to Holders of Notes for amounts due and unpaid on the Notes for principal, premium and interest, if any, ratably, without preference or priority of any kind, according to the amounts due and payable on the Notes for principal, premium and interest, if any, respectively; and

Third: to the Company or to such party as a court of competent jurisdiction shall direct.

The Trustee may fix a record date and payment date for any payment to Holders of Notes pursuant to this Section 6.10.

Section 6.11. Undertaking for Costs.

In any suit for the enforcement of any right or remedy under this Indenture or in any suit against the Trustee for any action taken or omitted by it as a Trustee, a court in its discretion may require the filing by any party litigant in the suit of an undertaking to pay the costs of the suit, and the court in its discretion may assess reasonable costs, including reasonable attorneys' fees, against any party litigant in the suit, having due regard to the merits and good faith of the claims or defenses made by the party litigant. This Section does not apply to a suit by the Trustee, a suit by a Holder of a Note pursuant to Section 6.07 hereof, or a suit by Holders of more than 10% in principal amount of the then outstanding Notes.

ARTICLE 7

TRUSTEE

Section 7.01. Duties of Trustee.

(a) If an Event of Default has occurred and is continuing, the Trustee shall exercise such of the rights and powers vested in it by this Indenture, and use the same degree of care and skill in its exercise, as a prudent man would exercise or use under the circumstances in the conduct of his own affairs.

(b) Except during the continuance of an Event of Default:

(i) the duties of the Trustee shall be determined solely by the express provisions of this Indenture and the Trustee need perform only those

duties that are specifically set forth in this Indenture and no others, and no implied covenants or obligations shall be read into this Indenture against the Trustee; and

(ii) in the absence of bad faith on its part, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Trustee and conforming to the requirements of this Indenture. However, the Trustee shall examine the certificates and opinions to determine whether or not they conform to the requirements of this Indenture.

(c) The Trustee may not be relieved from liabilities for its own gross negligent action, its own gross negligent failure to act, or its own willful misconduct, except that:

(i) this paragraph does not limit the effect of paragraph (b) of this Section 7.01;

(ii) the Trustee shall not be liable for any error of judgment made in good faith by a Responsible Officer, unless it is proved that the Trustee was negligent in ascertaining the pertinent facts; and

(iii) the Trustee shall not be liable with respect to any action it takes or omits to take in good faith in accordance with a direction received by it pursuant to Section 6.05 hereof.

(d) Whether or not therein expressly so provided, every provision of this Indenture that in any way relates to the Trustee is subject to paragraphs (a), (b) and (c) of this Section 7.01.

(e) No provision of this Indenture shall require the Trustee to expend or risk its own funds or incur any liability. The Trustee shall be under no obligation to exercise any of its rights and powers under this Indenture at the request of any Holders, unless such Holder shall have offered to the Trustee security and indemnity satisfactory to it against any loss, liability or expense.

(f) The Trustee shall not be liable for interest on any money received by it except as the Trustee may agree in writing with the Company. Money held in trust by the Trustee need not be segregated from other funds except to the extent required by law.

Section 7.02. Rights of Trustee.

(a) The Trustee may conclusively rely upon any document believed by it to be genuine and to have been signed or presented by the proper Person. The Trustee need not investigate any fact or matter stated in the document.

(b) Before the Trustee acts or refrains from acting, it may require an Officers' Certificate or an Opinion of Counsel or both. The Trustee shall not

be liable for any action it takes or omits to take in good faith in reliance on such Officers' Certificate or Opinion of Counsel. The Trustee may consult with counsel and the written advice of such counsel or any Opinion of Counsel shall be full and complete authorization and protection from liability in respect of any action taken, suffered or omitted by it hereunder in good faith and in reliance thereon.

(c) The Trustee may act through its attorneys and agents and shall not be responsible for the misconduct or gross negligence of any agent appointed with due care.

(d) The Trustee shall not be liable for any action it takes or omits to take in good faith that it believes to be authorized or within the rights or powers conferred upon it by this Indenture.

(e) Unless otherwise specifically provided in this Indenture, any demand, request, direction or notice from the Company shall be sufficient if signed by an Officer of the Company.

(f) The Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Indenture at the request or direction of any of the Holders unless such Holders shall have offered to the Trustee reasonable security or indemnity against the costs, expenses and liabilities that might be incurred by it in compliance with such request or direction.

(g) The Trustee shall have no duty to inquire as to the performance of the Company's covenants in Article 4 hereof. In addition, the Trustee shall not be deemed to have knowledge of any Default or Event of Default except: (1) any Event of Default occurring pursuant to Section 6.01(a) or 6.01(b) hereof; or (2) any Default or Event of Default of which is Responsible Officer shall have received written notification or obtained actual knowledge.

(h) The Trustee is not required to give any bond or surety with respect to the performance of its duties or the exercise of its powers under this Indenture.

(i) In the event the Trustee receives inconsistent or conflicting requests and indemnity from two or more groups of Holders of Notes, each representing less than a majority in aggregate principal amount of the Notes then outstanding, pursuant to the provisions of this Indenture, the Trustee, in its sole discretion, may determine what action, if any, shall be taken.

(j) The permissive right of the Trustee to take the actions permitted by this Indenture shall not be construed as an obligation or duty to do so.

(k) Except for information provided by the Trustee concerning the Trustee, the Trustee shall have no responsibility for any information in any offering memorandum or other disclosure material distributed with respect to the Notes, and the Trustee shall have no responsibility for compliance with any state or federal securities laws in connection with the Notes.

Section 7.03. Individual Rights of Trustee.

The Trustee in its individual or any other capacity may become the owner or pledgee of Notes and may otherwise deal with the Company, any Guarantor or any Affiliate of the Company with the same rights it would have if it were not Trustee. Any Agent may do the same with like rights and duties. The Trustee is also subject to Sections 7.10 and 7.11 hereof.

Section 7.04. Trustee's Disclaimer.

The Trustee shall not be responsible for and makes no representation as to the validity or adequacy of this Indenture or the Notes. It shall not be accountable for the Company's use of the proceeds from the Notes or any money paid to the Company or upon the Company's direction under any provision of this Indenture. It shall not be responsible for the use or application of any money received by any Paying Agent other than the Trustee. In addition, it shall not be responsible for any statement or recital herein or any statement in the Notes or any other document in connection with the sale of the Notes or pursuant to this Indenture other than its certificate of authentication.

Section 7.05. Notice of Defaults.

If a Default or Event of Default occurs and is continuing and if it is known to the Trustee, the Trustee shall mail or deliver to Holders of Notes a notice of the Default or Event of Default within 90 days after it occurs. Except in the case of a Default or Event of Default in payment of principal of or premium, if any, or interest on any Note, the Trustee may withhold the notice if and so long as a committee of its Responsible Officers in good faith determines that withholding the notice is in the interests of the Holders of the Notes.

Section 7.06. Reports by Trustee to Holders of the Notes.

Within 60 days after each December 31 beginning with the December 31, 2001, following the date of this Indenture, and for so long as Notes remain outstanding, the Trustee shall mail to the Holders of the Notes a brief report dated as of such reporting date that would comply, if this Indenture were required to be qualified under the TIA, with TIA §313(a) (but if no event described in TIA §313(a) has occurred within the twelve months preceding the reporting date, no report need be transmitted). The Trustee also shall comply with TIA §313(b)(2) and §313(b)(1), as if this Indenture were required to be qualified under the TIA. The Trustee shall also transmit by mail all reports as would be required by TIA §313(c) if this Indenture were required to be qualified under the TIA.

Commencing at the date of this Indenture, a copy of each report at the time of its mailing to the Holders of Notes shall be mailed or delivered to the Company and filed with the Commission and each stock exchange on which the Notes are listed in accordance with TIA §313(d), as if this Indenture were required to be qualified under the

TIA. The Company shall promptly notify the Trustee when the Notes are listed on any stock exchange.

Section 7.07. Compensation and Indemnity.

The Company shall pay to the Trustee from time to time reasonable compensation for its acceptance of this Indenture and services hereunder. The Trustee's compensation shall not be limited by any law on compensation of a trustee of an express trust. The Company shall reimburse the Trustee promptly upon request for all reasonable disbursements, advances and expenses incurred or made by it in addition to the compensation for its services. Such expenses shall include the reasonable compensation, disbursements and expenses of the Trustee's agents and counsel.

The Company and the Guarantors shall indemnify the Trustee against any and all losses and damages, liabilities or expenses incurred by it arising out of or in connection with the acceptance or administration of its duties under this Indenture, including the costs and expenses of enforcing this Indenture against the Company (including this Section 7.07) and defending itself against any claim or demand (whether asserted by the Company, any Guarantor or any Holder or any other person) or liability in connection with the exercise or performance of any of its powers or duties hereunder, except to the extent any such loss, liability or expense may be attributable to its gross negligence, bad faith or willful misconduct. The Trustee shall notify the Company promptly of any claim for which it may seek indemnity. Failure by the Trustee to so notify the Company shall not relieve the Company or the Guarantors of their obligations hereunder. The Company shall defend the claim and the Trustee shall cooperate in the defense. The Trustee may have separate counsel and the Company shall pay the reasonable fees and expenses of such counsel. The Company need not pay for any settlement made without its consent, which consent shall not be unreasonably withheld.

The obligations of the Company and the Guarantors under this Section 7.07 shall survive the satisfaction and discharge of this Indenture.

To secure the Company's payment obligations in this Section 7.07, the Trustee shall have a Lien prior to the Notes on all money or property held or collected by the Trustee, except that held in trust to pay principal and interest on particular Notes. Such Lien shall survive the satisfaction and discharge of this Indenture.

When the Trustee incurs expenses or renders services after an Event of Default specified in Section 6.01(g) hereof occurs, the expenses and the compensation for the services (including the fees and expenses of its agents and counsel) are intended to constitute expenses of administration under any applicable bankruptcy law.

The Trustee shall act in such a way as would comply with the provisions of TIA §313(b)(2) to the extent applicable, as if this Indenture were required to be qualified under the TIA.

Section 7.08. Replacement of Trustee.

A resignation or removal of the Trustee and appointment of a successor Trustee shall become effective only upon the successor Trustee's acceptance of appointment as provided in this Section 7.08.

The Trustee may resign in writing at any time and be discharged from the trust hereby created by so notifying the Company. The Holders of Notes of a majority in principal amount of the then outstanding Notes may remove the Trustee by so notifying the Trustee and the Company in writing. Among other reasons, the Company may remove the Trustee if:

- (a) the Trustee fails to comply with Section 7.10 hereof;
- (b) the Trustee is adjudged a bankrupt or an insolvent or an order for relief is entered with respect to the Trustee under any applicable bankruptcy law;
- (c) a custodian or public officer takes charge of the Trustee or its property; or
- (d) the Trustee becomes incapable of acting.

If the Trustee resigns or is removed or if a vacancy exists in the office of Trustee for any reason, the Company shall promptly appoint a successor Trustee. Within one year after the successor Trustee takes office, the Holders of a majority in principal amount of the then outstanding Notes may appoint a successor Trustee to replace the successor Trustee appointed by the Company.

If a successor Trustee does not take office within 60 days after the retiring Trustee resigns or is removed, the retiring Trustee, the Company, or the Holders of Notes of at least 10% in principal amount of the then outstanding Notes may petition any court of competent jurisdiction for the appointment of a successor Trustee.

If the Trustee, after written request by any Holder of a Note who has been a Holder of a Note for at least six months, fails to comply with Section 7.10 hereof, such Holder of a Note may petition any court of competent jurisdiction for the removal of the Trustee and the appointment of a successor Trustee.

A successor Trustee shall deliver a written acceptance of its appointment to the retiring Trustee and to the Company. Thereupon, the resignation or removal of the retiring Trustee shall become effective, and the successor Trustee shall have all the rights, powers and duties of the Trustee under this Indenture. The successor Trustee shall mail a notice of its succession to Holders of the Notes. The retiring Trustee shall promptly transfer all property held by it as Trustee to the successor Trustee, provided that all sums owing to the Trustee hereunder have been paid and subject to the Lien provided for in Section 7.07 hereof. Notwithstanding replacement of the Trustee pursuant to this

Section 7.08, the Company's obligations under Section 7.07 hereof shall continue for the benefit of the retiring Trustee.

Section 7.09. Successor Trustee by Merger, etc.

If the Trustee consolidates, merges or converts into, or transfers all or substantially all of its corporate trust business to, another corporation, the successor corporation without any further act shall be the successor Trustee. As soon as practicable, the successor Trustee shall mail a notice of its succession to the Company and the Holders of the Notes. Any such successor must nevertheless be eligible and qualified under the provisions of Section 7.10 hereof.

Section 7.10. Eligibility; Disqualification.

There shall at all times be a Trustee hereunder that is a corporation organized and doing business under the laws of the United States of America or of any state thereof that is authorized under such laws to exercise corporate trustee power, that is subject to supervision or examination by federal or state authorities and that, together with its immediate parent company, has a combined capital and surplus of at least \$100,000,000 as set forth in its most recent published annual report of condition.

This Indenture shall always have a Trustee who would satisfy the requirements of TIA §310(a)(1), (2) and (5) if this Indenture were required to be qualified under the TIA. For purposes of this Indenture, the Trustee will be deemed to be subject to TIA §310(b); *provided, however*, that there shall be excluded from the operation of TIA §310(b)(1) any indenture or indentures under which other securities, or certificates of interest or participation in other securities, of the Company are outstanding, if the requirements for such exclusion set forth in TIA §310(b)(1) are met.

Section 7.11. Preferential Collection of Claims Against Company.

For purposes of this Indenture, the Trustee will be deemed to be subject to TIA §311(a) on the same basis as if this Indenture were required to be qualified under the TIA, excluding any creditor relationship listed in TIA §311(b). A Trustee who has resigned or been removed shall be deemed to be subject to TIA §311(a) to the extent indicated therein.

ARTICLE 8

LEGAL DEFEASANCE AND COVENANT DEFEASANCE; SATISFACTION AND DISCHARGE

Section 8.01. Option to Effect Legal Defeasance or Covenant Defeasance.

The Company may, at the option of its Board of Directors evidenced by a resolution set forth in an Officers' Certificate, at any time, exercise its rights under either

Section 8.02 or 8.03 hereof with respect to all outstanding Notes upon compliance with the conditions set forth below in this Article 8.

Section 8.02. Legal Defeasance and Discharge.

Upon the Company's exercise under Section 8.01 hereof of the option applicable to this Section 8.02, the Company shall, subject to the satisfaction of the conditions set forth in Section 8.04 hereof, be deemed to have discharged its obligations with respect to all outstanding Notes, and each Guarantor shall be deemed to have discharged its obligations with respect to its Subsidiary Guarantee, on the date the conditions set forth in Section 8.04 below are satisfied (hereinafter, "Legal Defeasance"). For this purpose, Legal Defeasance means that the Company shall be deemed to have paid and discharged the entire Indebtedness represented by the outstanding Notes, and each Guarantor shall be deemed to have paid and discharged its Subsidiary Guarantee (which in each case shall thereafter be deemed to be "outstanding" only for the purposes of Section 8.06 hereof and the other Sections of this Indenture referred to in (a) and (b) below) and to have satisfied all its other obligations under such Notes or Subsidiary Guarantee and this Indenture (and the Trustee, on demand of and at the expense of the Company, shall execute proper instruments acknowledging the same), except for the following provisions which shall survive until otherwise terminated or discharged hereunder: (a) the rights of Holders of outstanding Notes to receive solely from the trust fund described in Section 8.04 hereof, and as more fully set forth in such Section, payments in respect of the principal of and premium and interest, if any, on such Notes when such payments are due, (b) the Company's obligations with respect to such Notes under Sections 2.03, 2.04, 2.07, 2.10, 3.07 and 4.02 hereof and the second paragraph of Section 4.19 hereof, (c) the rights, powers, trusts, duties and immunities of the Trustee hereunder and the Company's and any Guarantor's obligations in connection therewith and (d) this Article 8. Subject to compliance with this Article 8, the Company may exercise its option under this Section 8.02 notwithstanding the prior exercise of its option under Section 8.03 hereof.

Section 8.03. Covenant Defeasance.

Upon the Company's exercise under Section 8.01 hereof of the option applicable to this Section 8.03, the Company and each Guarantor shall, subject to the satisfaction of the conditions set forth in Section 8.04 hereof, be released from their respective obligations under the covenants contained in Article 4 (other than those in Sections 4.01, 4.02, 4.06, 4.14 and 4.19) on and after the date the conditions set forth below are satisfied (hereinafter, "Covenant Defeasance"), and the Notes shall thereafter be deemed not "outstanding" for the purposes of any direction, waiver, consent or declaration or act of Holders (and the consequences of any thereof) in connection with such covenants, but shall continue to be deemed "outstanding" for all other purposes hereunder (it being understood that such Notes shall not be deemed outstanding for accounting purposes). For this purpose, Covenant Defeasance means that, with respect to the outstanding Notes, the Company and any Guarantor may omit to comply with and shall have no liability in respect of any term, condition or limitation set forth in any such

covenant, whether directly or indirectly, by reason of any reference elsewhere herein to any such covenant or by reason of any reference in any such covenant to any other provision herein or in any other document and such omission to comply shall not constitute a Default or an Event of Default under Section 6.01 hereof. In addition, upon the Company's exercise under Section 8.01 hereof of the option applicable to this Section 8.03 hereof, subject to the satisfaction of the conditions set forth in Section 8.04 hereof, Sections 6.01(d) through 6.01(i) hereof shall not constitute Events of Default.

Section 8.04. Conditions to Legal or Covenant Defeasance.

In order to exercise either Legal Defeasance or Covenant Defeasance:

(a) the Company must irrevocably deposit with the Trustee, in trust, for the benefit of the Holders of the Notes, cash in U.S. dollars, noncallable Government Securities, or a combination thereof, in such amounts as will be sufficient, in the opinion of a nationally recognized firm of independent public accountants, to pay the principal of, premium and interest, if any, on the outstanding Notes on the stated maturity or on the applicable redemption date, as the case may be, and the Company must specify whether the Notes are being defeased to maturity or to a particular redemption date;

(b) in the case of Legal Defeasance, the Company will have delivered to the Trustee an opinion of counsel in the United States reasonably acceptable to the Trustee confirming that (A) the Company has received from, or there has been published by, the Internal Revenue Service a ruling or (B) since the date of this Indenture, there has been a change in the applicable U.S. federal income tax law, in either case to the effect that, and based thereon such opinion of counsel will confirm that, the Holders of the outstanding Notes will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such Legal Defeasance and will be subject to U.S. federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Legal Defeasance had not occurred and the Company will have delivered to the Trustee an opinion of counsel in Canada reasonably acceptable to the Trustee confirming that the Holders of the outstanding Notes will not recognize income, gain or loss for Canadian federal income tax purposes as a result of such Legal Defeasance and will be subject to Canadian federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Legal Defeasance had not occurred;

(c) in the case of Covenant Defeasance, the Company will have delivered to the Trustee an opinion of counsel in the United States reasonably acceptable to the Trustee confirming that the Holders of the outstanding Notes will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such Covenant Defeasance and will be subject to U.S. federal income tax on the same amounts in the same manner and at the same times as would have been the case if such Covenant Defeasance had not occurred and the Company will have delivered to the Trustee an opinion of counsel in Canada reasonably acceptable to the Trustee confirming that the Holders of the outstanding Notes will not recognize income, gain or loss for Canadian federal income tax purposes as a result of such Covenant Defeasance and will be subject

to Canadian federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Covenant Defeasance had not occurred;

(d) no Default or Event of Default will have occurred and be continuing on the date of such deposit (other than a Default or Event of Default resulting from the borrowing of funds to be applied to such deposit) or insofar as Events of Default from bankruptcy or insolvency events are concerned, at any time in the period ending on the 91st day after the date of deposit;

(e) such Legal Defeasance or Covenant Defeasance will not result in a breach or violation of, or constitute a default under any material agreement or instrument (other than this Indenture) to which the Company or any of its Subsidiaries is a party or by which the Company or any of its Subsidiaries is bound;

(f) the Company must have delivered to the Trustee an opinion of counsel to the effect that on the 91st day following the deposit, the trust funds will not be subject to the effect of any applicable bankruptcy, insolvency, reorganization or similar laws affecting creditors' rights generally;

(g) the Company must deliver to the Trustee an Officers' Certificate stating that the deposit was not made by the Company with the intent of preferring the Holders of Notes over the other creditors of the Company with the intent of defeating, hindering, delaying or defrauding creditors of the Company or others; and

(h) the Company must deliver to the Trustee an Officers' Certificate and an Opinion of Counsel, each stating that all conditions precedent provided for relating to the Legal Defeasance or the Covenant Defeasance have been complied with.

Section 8.05. Satisfaction and Discharge.

This Indenture shall upon the request of the Company cease to be of further effect with respect to all outstanding Notes (except as to surviving rights of registration of transfer or exchange of Notes herein expressly provided for, the Company's and any Guarantor's obligations under Sections 2.07 and 7.07, the Company's optional redemption rights under Section 3.07, and the Trustee's and each Paying Agent's obligations under Sections 8.06 and 8.07) and the Trustee, on demand and at the expense of the Company, shall execute proper instruments acknowledging satisfaction and discharge of this Indenture with respect to such series, when:

(a) either

(i) all the Notes theretofore authenticated and delivered (except lost stolen or destroyed Notes which have been replaced or paid and Notes for whose payment funds have been deposited in trust by the Company and thereafter repaid to the Company or discharged from such trust) have been delivered to the Trustee for cancellation, or

(ii) all Notes not theretofore delivered to the Trustee for cancellation (x) have become due and payable, (y) will become due and payable at their maturity within one year or (z) are to be called for redemption within one year under irrevocable arrangements satisfactory to the Trustee for the giving of notice of redemption by the Trustee in the name, and at the expense, of the Company, and the Company has irrevocably deposited or caused to be deposited with the Trustee as trust funds in trust an amount sufficient to pay and discharge the entire indebtedness on the Notes not theretofore delivered to the Trustee for cancellation, including principal of, premium and accrued interest, if any, on such Notes, at such maturity or redemption date;

(b) the Company and any Guarantor have paid or caused to be paid all other sums payable under this Indenture by the Company or such Guarantor; and

(c) the Company has delivered to the Trustee an Officers' Certificate and Opinion of Counsel stating that all conditions precedent under this Indenture relating to the satisfaction and discharge will not result in a breach or violation of, or constitute a Default under, this Indenture or breach or violation of any provision of any agreement to which the Company or any Guarantor is a party or by which any of them is bound.

Section 8.06. Deposited Money and Government Securities to be Held in Trust; Other Miscellaneous Provisions.

Subject to Section 8.07 hereof, all money and non-callable Government Securities (including the proceeds thereof) deposited with the Trustee pursuant to Section 8.04 or 8.05 hereof in respect of the outstanding Notes shall be (i) held in trust, (ii) and, at the written direction of the Company, such money may be invested, prior to maturity of the Notes, in non-callable Government Securities, and (iii) applied by the Trustee, in accordance with the provisions of such Notes and this Indenture, to the payment, either directly or through any Paying Agent (including the Company acting as Paying Agent) as the Trustee may determine, to the Holders of such Notes of all sums due and to become due thereon in respect of principal, premium and interest, if any, but such money need not be segregated from other funds except to the extent required by law.

The Company shall pay and indemnify the Trustee against any tax, fee or other charge imposed on or assessed against the cash or non-callable U.S.

Government Securities deposited pursuant to Section 8.04 or 8.05 hereof or the principal and interest received in respect thereof other than any such tax, fee or other charge which by law is for the account of the Holders of the outstanding Notes.

Anything in this Article 8 to the contrary notwithstanding, the Trustee shall deliver or pay to the Company from time to time upon the request of the Company any money or non-callable Government Securities held by it as provided in Section 8.04 or 8.05 hereof which, in the opinion of a nationally recognized firm of independent public accountants expressed in a written certification thereof delivered to the Trustee (which in the former case may be the opinion delivered under Section 8.04(a) hereof), are in excess

of the amount thereof that would then be required to be deposited to effect an equivalent Legal Defeasance or Covenant Defeasance.

Section 8.07. Repayment to Company.

Subject to applicable escheat and abandoned property laws, any money deposited with the Trustee or any Paying Agent (which money shall be held uninvested and without liability for interest), or then held by the Company, in trust for the payment of the principal of or premium or interest, if any, on any Note and remaining unclaimed for two years after such principal, premium or interest, if any, has become due and payable shall be paid to the Company on its request or (if then held by the Company) shall be discharged from such trust; and the Holder of such Note shall thereafter, as an unsecured general creditor, look only to the Company for payment thereof, and all liability of the Trustee or such Paying Agent with respect to such trust money, and all liability of the Company as trustee thereof, shall thereupon cease; *provided, however*, that the Trustee or such Paying Agent, before being required to make any such repayment, may at the expense of the Company cause to be published once, in *The New York Times* and *The Wall Street Journal* (national edition), notice that such money remains unclaimed and that, after a date specified therein, which shall not be less than 30 days from the date of such notification or publication, any unclaimed balance of such money then remaining will be repaid to the Company.

Nothing contained in this Section 8.07 shall be deemed to affect any obligation of the Trustee or any Paying Agent to search for lost Holders pursuant to Rule 17Ad-17 under the Exchange Act.

Section 8.08. Reinstatement.

If the Trustee or a Paying Agent is unable to apply any dollars or Government Securities in accordance with Section 8.05 or 8.06 hereof, by reason of any order or judgment of any court or governmental authority enjoining, restraining or otherwise prohibiting such application, then the Company's and the Guarantors' obligations under this Indenture, the Notes and the Subsidiary Guarantees shall be revived and reinstated as though no deposit had occurred pursuant to Section 8.02, 8.03 or 8.05 hereof until such time as the Trustee or such Paying Agent is permitted to apply all such money in accordance with Section 8.05 or 8.06 hereof, as the case may be; *provided, however*, that, if the Company or any Guarantor makes any payment of principal of, premium or interest, if any, on any Note following the reinstatement of its obligations, then it shall be subrogated to the rights of the Holders of such Notes to receive such payment from the money or Government Securities held by the Trustee or such Paying Agent.

ARTICLE 9

AMENDMENT, SUPPLEMENT AND WAIVER

Section 9.01. Without Consent of Holders of Notes.

Notwithstanding Section 9.02 of this Indenture, the Company, the Guarantors and the Trustee, with the prior consent of The Toronto Stock Exchange (which consent shall not be unreasonably withheld), may amend or supplement this Indenture or the Notes without the consent of any Holder of a Note:

- (a) to cure any ambiguity, defect or inconsistency;
- (b) to provide for uncertificated Notes in addition to or in place of certificated Notes;
- (c) to provide for the assumption of the Company's obligations to the Holders of the Notes pursuant to Section 5.02 hereof;
- (d) to evidence the succession of another Person to the Company and the Guarantors and the assumption by such successor of the covenants and obligations of the Company in this Indenture and the Notes and the Guarantors in the Subsidiary Guarantees and this Indenture;
- (e) to provide security for the Notes and/or Subsidiary Guarantees pursuant to the requirements of Section 4.12 or otherwise;
- (f) to make any change that would provide any additional rights or benefits to the Holders of the Notes or that does not adversely affect the legal rights hereunder of any Holder of the Notes;
- (g) to add or to release any Guarantor, in each case as provided in Article 10 hereof;
- (h) to comply with requirements of the Commission in order to effect or maintain the qualification of the Indenture under the TIA, had this Indenture been qualified under the TIA.

Upon the request of the Company accompanied by a resolution of its Board of Directors authorizing the execution of any such amended or supplemental indenture, and upon receipt by the Trustee of the documents described in Section 7.02 hereof, the Trustee shall join with the Company and the Guarantors in the execution of any amended or supplemental indenture authorized or permitted by the terms of this Indenture and to make any further appropriate agreements and stipulations that may be therein contained, but the Trustee shall not be obligated to enter into such amended or supplemental Indenture that affects its own rights, duties or immunities under this Indenture or otherwise.

Section 9.02. With Consent of Holders of Notes.

Except as provided below in this Section 9.02, this Indenture and the Notes may be amended or supplemented with the consent of (i) The Toronto Stock Exchange (which consent shall not be unreasonably withheld) and (ii) the Holders of at least a majority in principal amount of the Notes then outstanding (including, without limitation, consents obtained in connection with a purchase of, or tender offer or exchange offer for the Notes), and, subject to Sections 6.04 and 6.07 hereof, any existing Default or Event of Default or compliance with any provision of this Indenture or the Notes may be waived with the consent of the Holders of a majority in principal amount of the then outstanding Notes (including, without limitation, consents obtained in connection with a tender offer or exchange offer for the Notes). In determining whether the Holders of the required principal amount of Notes have concurred in any direction, waiver or consent, Notes owned by the Company or any of its Affiliates will be considered as though not outstanding.

Upon the request of the Company accompanied by a resolution of its Board of Directors authorizing the execution of any such amended or supplemental indenture, and upon the filing with the Trustee of evidence satisfactory to the Trustee of the consent of the Holders of Notes as aforesaid, and upon receipt by the Trustee of the documents described in Section 9.06 hereof, the Trustee shall join with the Company and the Guarantors in the execution of such amended or supplemental indenture unless such amended or supplemental indenture affects the Trustee's own rights, duties or immunities under this Indenture or otherwise, in which case the Trustee may in its discretion, but shall not be obligated to, enter into such amended or supplemental indenture.

It shall not be necessary for the consent of the Holders of Notes under this Section 9.02 to approve the particular form of any proposed amendment, supplement or waiver, but it shall be sufficient if such consent approves the substance thereof.

After an amendment, supplement or waiver under this Section becomes effective, the Company shall mail to the Holders of Notes affected thereby a notice briefly describing the amendment, supplement or waiver. Any failure of the Company to mail such notice, or any defect therein, shall not, however, in any way impair or affect the validity of any such amended or supplemental Indenture or waiver. Subject to Sections 6.04 and 6.07 hereof, the Holders of a majority in principal amount of the Notes then outstanding may waive compliance in a particular instance by the Company with any provision of this Indenture or the Notes. However, without the consent of each Holder affected, an amendment, supplement or waiver may not (with respect to any Notes held by a non-consenting Holder):

- (a) reduce the principal amount of Notes whose Holders must consent to an amendment, supplement or waiver;
- (b) reduce the rate of or change the time for payment of interest on any Note;

(c) waive a Default or Event of Default in the payment of principal of or premium or interest on the Notes (except a rescission of acceleration of the Notes by the Holders of at least a majority in aggregate principal amount of the Notes and a waiver of the payment default that resulted from such acceleration);

(d) make any Note payable in money other than that stated in the Notes;

(e) make any change in the provisions of this Indenture relating to waivers of past Defaults or the rights of Holders of Notes to receive payments of principal of or premium, if any, or interest on the Notes;

(f) waive a redemption payment with respect to any Note; or

(g) make any change in the foregoing amendment, supplement and waiver provisions.

Section 9.03. Compliance with Trust Indenture Act.

Every amendment or supplement to this Indenture or the Notes shall be set forth in an amended or supplemental Indenture that would comply with the TIA as then in effect as if this Indenture were required to be qualified under the TIA.

Section 9.04. Revocation and Effect of Consents.

Until an amendment, supplement or waiver becomes effective, a consent to it by a Holder of a Note is a continuing consent by the Holder of a Note and every subsequent Holder of a Note or portion of a Note that evidences the same debt as the consenting Holder's Note, even if notation of the consent is not made on any Note. However, any such Holder of a Note or subsequent Holder of a Note may revoke the consent as to its Note if the Trustee receives written notice of revocation before the date the waiver, supplement or amendment becomes effective. An amendment, supplement or waiver becomes effective in accordance with its terms and thereafter binds every Holder.

Section 9.05. Notation on or Exchange of Notes.

The Trustee may place an appropriate notation about an amendment, supplement or waiver on any Note thereafter authenticated. The Company in exchange for all Notes may issue and the Trustee shall authenticate new Notes that reflect the amendment, supplement or waiver.

Failure to make the appropriate notation or issue a new Note shall not affect the validity and effect of such amendment, supplement or waiver.

Section 9.06. Trustee to Sign Amendments, etc.

The Trustee shall sign any amended or supplemental indenture authorized pursuant to this Article 9 if the amendment or supplement does not adversely affect the

rights, duties, liabilities or immunities of the Trustee. The Company may not sign an amendment or supplemental indenture until the Board of Directors approves it. In executing any amended or supplemental indenture, the Trustee shall be entitled to receive and (subject to Section 7.01) shall be fully protected in relying upon, an Officers' Certificate and an Opinion of Counsel stating that the execution of such amended or supplemental indenture is authorized or permitted by this Indenture.

ARTICLE 10

GUARANTEES OF NOTES

Section 10.01. Subsidiary Guarantees.

Subject to Section 10.06 hereof, each Guarantor hereby, jointly and severally, unconditionally guarantees to each Holder of a Note authenticated and delivered by the Trustee and to the Trustee and its successors and assigns on an unsecured, unsubordinated basis, and irrespective of the validity and enforceability of this Indenture, the Notes held thereby and the Obligations of the Company hereunder and thereunder, that: (a) the principal of and premium and interest, if any, on the Notes will be promptly paid in full when due, subject to any applicable grace period, whether at maturity, by acceleration, redemption or otherwise, and interest on the overdue principal of, and premium and (to the extent permitted by law) interest, if any, on the Notes, and all other payment Obligations of the Company to the Holders or the Trustee hereunder or thereunder will be promptly paid in full and performed, all in accordance with the terms hereof and thereof; and (b) in case of any extension of time of payment or renewal of any Notes or any of such other Obligations, the same will be promptly paid in full when due or performed in accordance with the terms of the extension or renewal, subject to any applicable grace period, whether at stated maturity, by acceleration, redemption or otherwise. Failing payment when so due of any amount so guaranteed or any performance so guaranteed for whatever reason, the Guarantors will be jointly and severally obligated to pay the same immediately. An Event of Default under this Indenture or the Notes shall constitute an event of default under the Subsidiary Guarantees, and shall entitle the Holders to accelerate the obligations of the Guarantors hereunder in the same manner and to the same extent as the Obligations of the Company. The Guarantors hereby agree that their obligations hereunder shall be unconditional, irrespective of the validity, regularity or enforceability of the Notes or this Indenture, the absence of any action to enforce the same, any waiver or consent by any Holder with respect to any provisions hereof or thereof, the recovery of any judgment against the Company, any action to enforce the same or any other circumstance (other than complete performance) which might otherwise constitute a legal or equitable discharge or defense of a Guarantor. Each Guarantor further, to the extent permitted by law, hereby waives diligence, presentment, demand of payment, filing of claims with a court in the event of insolvency or bankruptcy of the Company, any right to require a proceeding first against the Company, protest, notice and all demands whatsoever and covenants that its Subsidiary Guarantee will not be discharged except by complete performance of the Obligations contained in the Notes and this Indenture. If any Holder or the Trustee is

required by any court or otherwise to return to the Company or the Guarantors, the Trustee, liquidator or any custodian or other similar official acting under any applicable bankruptcy law in relation to either the Company or the Guarantors, any amount paid by the Company or any Guarantor to the Trustee or such Holder, the Subsidiary Guarantees, to the extent theretofore discharged, shall be reinstated in full force and effect. Each Guarantor agrees that it shall not be entitled to, and hereby waives, any right of subrogation in relation to the Holders in respect of any Obligations guaranteed hereby until payment in full of the Obligations guaranteed hereby; *provided, however*, that after payment in full of all Obligations by a Guarantor, such Guarantor shall have all rights of subrogation or such Obligations. Each Guarantor further agrees that, as between the Guarantors, on the one hand, and the Holders and the Trustee, on the other hand, (a) the maturity of the Obligations guaranteed hereby may be accelerated as provided in Article 6 hereof for the purposes of its Subsidiary Guarantee, notwithstanding any stay, injunction or other prohibition preventing such acceleration in respect of the Obligations guaranteed thereby, and (b) in the event of any declaration of acceleration of such Obligations as provided in Article 6 hereof, such Obligations (whether or not due and payable) shall forthwith become due and payable by the Guarantor for the purpose of its Subsidiary Guarantee. The Guarantors shall have the right to seek contribution from any non-paying Guarantor so long as the exercise of such right does not impair the rights of the Holders under the Subsidiary Guarantees.

Section 10.02. Execution and Delivery of Subsidiary Guarantee.

To evidence its Subsidiary Guarantee set forth in Section 10.01 hereof, each Guarantor hereby agrees that a notation of such Subsidiary Guarantee in substantially the form of Exhibit C hereof may be endorsed by manual or facsimile signature by an Officer of such Guarantor on each Note authenticated and delivered by the Trustee and that the supplemental indenture to this Indenture referred to in the next succeeding paragraph shall be executed on behalf of such Guarantor by an Officer of such Guarantor.

To the extent required by the provisions of Section 4.13 hereof, the Company shall cause each of its Restricted Subsidiaries to execute a notation of Subsidiary Guarantee in substantially the form of Exhibit C hereof, and, whether or not required by Section 4.13 hereof, the Company may also cause, at its option, any of its Restricted Subsidiaries to execute such a notation. Such notation of Subsidiary Guarantee shall be accompanied by a supplemental indenture in substantially the form of Exhibit D hereof, along with the Opinion of Counsel and Officers' Certificate required under Section 9.06 of this Indenture; *provided, however*, that any Subsidiary that has been properly designated as an Unrestricted Subsidiary in accordance with this Indenture need not execute a notation of Subsidiary Guarantee for so long as it continues to constitute an Unrestricted Subsidiary.

The delivery of any Note by the Trustee, after the authentication thereof hereunder, shall constitute due delivery of the Subsidiary Guarantees on behalf of the Guarantors. Each Guarantor hereby agrees that its Subsidiary Guarantee shall remain in

full force and effect notwithstanding any failure to endorse on each Note a notation of such Subsidiary Guarantee.

If an Officer whose signature is on the notation of Subsidiary Guarantee no longer holds that office at the time the Trustee authenticates the Note on which a notation of Subsidiary Guarantee is endorsed, the Subsidiary Guarantee shall be valid nevertheless.

Section 10.03. Guarantors May Consolidate, etc., on Certain Terms.

(a) Except as set forth in Articles 4 and 5 hereof, nothing contained in this Indenture shall prohibit a merger between a Guarantor and another Guarantor or a merger between a Guarantor and the Company.

(b) No Guarantor may consolidate, amalgamate or merge with or into (whether or not such Guarantor is the surviving Person), or sell, assign, transfer, lease, convey or otherwise dispose of all or substantially all of its properties or assets in one or more related transactions to, another Person unless:

(i) the Person formed by or surviving any such consolidation, amalgamation or merger (if other than such Guarantor) or the Person to which such sale, assignment, transfer, lease, conveyance or other disposition shall have been made assumes all the obligations of such Guarantor under the Subsidiary Guarantee, in form satisfactory to the Trustee;

(ii) immediately after such transaction, and after giving pro forma effect thereto, no Default or Event of Default exists;

(iii) the Company would, at the time of such transaction and after giving pro forma effect thereto as if such transaction had occurred at the beginning of the applicable fiscal quarter, be permitted to incur at least \$1.00 of additional Indebtedness pursuant to the Fixed Charge Coverage Ratio test set forth in the first paragraph of Section 4.09 hereof;

(iv) the Company shall have delivered to the Trustee an Officers' Certificate and an Opinion of Counsel, each stating that such consolidation, merger or transfer complies with this Indenture; and

(v) if such Guarantor is the surviving entity, such Guarantor shall have delivered a written instrument in form satisfactory to the Trustee confirming its Subsidiary Guarantee after giving effect to such consolidation, merger or transfer. Notwithstanding the foregoing, any Guarantor may merge into, consolidate with or transfer all or part of its properties or assets to the Company, one or more Guarantors or one or more Subsidiaries that become Guarantors concurrently therewith.

(c) In the case of any such consolidation or merger and upon the assumption by the successor Person, by supplemental indenture, executed and delivered to the Trustee and substantially in the form of Exhibit D hereof, of the

Subsidiary Guarantee and the due and punctual performance of all of the covenants of this Indenture to be performed by the Guarantor, such successor Person shall succeed to and be substituted for the Guarantor with the same effect as if it had been named herein as a Guarantor; *provided, however*, that, solely for purposes of computing Consolidated Net Income for purposes of clause (c) of the first paragraph of Section 4.07 hereof, the Consolidated Net Income of any Person other than the Company and its Restricted Subsidiaries shall only be included for periods subsequent to the effective time of such merger or consolidation.

Section 10.04. Releases Following Sale of Assets.

In the event of a sale or other disposition of all of the Capital Stock of any Guarantor, by way of merger, consolidation or otherwise, then such Guarantor (in the event of a sale or other disposition, by way of such a merger, consolidation or otherwise, of all of the Capital Stock of such Guarantor) shall be released and relieved of any obligations under its Subsidiary Guarantee and this Indenture; *provided, however*, that in the event such transaction constitutes an Asset Sale, the Net Proceeds from such sale or other disposition are treated in accordance with the provisions of Section 4.10 hereof. Upon delivery by the Company to the Trustee of an Officers' Certificate to the effect of the foregoing, the Trustee shall execute any documents reasonably required in order to evidence the release of any Guarantor from its obligations under its Subsidiary Guarantee and this Indenture. Any Guarantor not released from its obligations under its Subsidiary Guarantee shall remain liable for the full amount of principal of and premium, interest, if any, on the Notes and for the other Obligations of such Guarantor under this Indenture as provided in this Article 10.

Section 10.05. Releases Following Designation as an Unrestricted Subsidiary, etc.

In the event that the Company designates a Guarantor to be an Unrestricted Subsidiary, then such Guarantor shall be released and relieved of any obligations under its Subsidiary Guarantee and this Indenture; *provided, however*, that such designation is conducted in accordance with this Indenture. A Guarantor shall likewise be released and relieved of such obligations upon the release of any guarantee of the Other Company Indebtedness that required such Guarantor to guarantee the Notes pursuant to Section 4.13 hereof. Upon delivery by the Company to the Trustee of an Officers' Certificate to the effect of the foregoing, the Trustee shall execute any documents reasonably required in order to evidence the release of any Guarantor from its obligations under its Subsidiary Guarantee and this Indenture. Notwithstanding anything herein to the contrary, neither HKM nor ShNOS may be designated as an Unrestricted Subsidiary or relieved of its obligations as a Guarantor.

Section 10.06. Limitation on Guarantor Liability.

Each Guarantor and, by its acceptance of Notes, each Holder, hereby confirms that it is the intention of all such parties that the Subsidiary Guarantee of such Guarantor not constitute a fraudulent transfer or conveyance for purposes of any

applicable bankruptcy law, the Uniform Fraudulent Conveyance Act, the Uniform Fraudulent Transfer Act or any similar federal, state or foreign law to the extent applicable to any Subsidiary Guarantee. To effectuate the foregoing intention, the Trustee, the Holders and the Guarantors hereby irrevocably agree that the obligations of such Guarantor under its Subsidiary Guarantee and this Article 10 shall be limited to the maximum amount that will, after giving effect to all other contingent and fixed liabilities of such Guarantor and after giving effect to any collections from, rights to receive contribution from, or payments made by or on behalf of any other Guarantor in respect of the obligations of such other Guarantor under its Subsidiary Guarantee or this Article 10, result in the obligations of such Guarantor under its Subsidiary Guarantee not constituting a fraudulent transfer or conveyance or otherwise not being void, voidable or otherwise unenforceable under any bankruptcy, reorganization, receivership, insolvency, liquidation or similar legislation or legal proceedings under any applicable foreign law. In addition, the obligation of a Guarantor to grant a Subsidiary Guarantee and the obligations of each Guarantor under its Subsidiary Guarantee shall be limited to the extent required by applicable law.

Section 10.07. “Trustee” to Include Paying Agent.

In case at any time any Paying Agent other than the Trustee shall have been appointed by the Company and be then acting hereunder, the term “Trustee” as used in this Article 10 shall in each case (unless the context shall otherwise require) be construed as extending to and including such Paying Agent within its meaning as fully and for all intents and purposes as if such Paying Agent were named in this Article 10 in place of the Trustee.

ARTICLE 11

MISCELLANEOUS

Section 11.01. Trust Indenture Act Deemed to Apply and Controls.

If any provision of this Indenture limits, qualifies or conflicts with the duties that would be imposed by TIA §318(c) if this Indenture were required to be qualified under the TIA, the imposed duties shall be deemed to control as if the TIA were applicable hereto.

Section 11.02. Notices.

Any notice or communication by the Company, any Guarantor or the Trustee to the others is duly given if in writing (in the English language or, if given to the Company or any Guarantor, in French) and delivered in person or mailed by first class mail (registered or certified, return receipt requested), telecopier or overnight air courier guaranteeing next day delivery, to the others’ address:

If to the Company or the Guarantors:

Hurricane Hydrocarbons Ltd.
SunLife Plaza, North Tower, Suite 1460
140 - 4th Avenue S.W.
Calgary, Alberta T2P 3N3
Canada
Attention: Chief Financial Officer
Telecopy No.: 403.221.8425

with a copy to:

Hurricane Hydrocarbons Ltd.
Representative House
Hogarth House
29-31 Sheet Street
Windsor, Berkshire SL4 1BY
United Kingdom
Attention: Chief Financial Officer
Telecopy No.: +011.44.1753.410.030

If to the Trustee:

For payment, registration of transfer and exchange of the Notes:

Computershare Trust Company, Inc.
Telephone: 303.986.5400
Telecopy No.: 303.984.4110

For all other communications relating to the Notes:

Computershare Trust Company, Inc.
Telephone: 303.986.5400
Telecopy No.: 303.984.4110

The Company, any of the Guarantors or the Trustee, by notice to the others may designate additional or different addresses for subsequent notices or communications.

Any notice or communication to a Holder shall be mailed by first class mail, certified or registered, return receipt requested, or delivered by overnight air courier guaranteeing next day delivery, in each case to its address shown on the register kept by the Registrar. In addition, for so long as the Notes are listed on the Luxembourg Stock Exchange and its rules so require, any such notice or communication (including, without limitation, any notice of redemption) to Holders shall be published in a newspaper having general circulation in Luxembourg, which newspaper may be the *Luxemburger Wort*, or if such newspaper ceases to be published or timely publication in it will not be practicable, in such other newspaper as the Trustee deems necessary to give fair and

reasonable notice to the Noteholders. Any notice or communication shall also be so mailed to any Person described in TIA §313(c), to the extent that would be required by the TIA if this Indenture were required to be qualified under the TIA. Failure to provide a notice or communication to a Holder or any defect in it shall not affect its sufficiency with respect to other Holders.

All notices and communications shall be deemed to have been duly given: at the time delivered by hand, if personally delivered; five Business Days after being deposited in the mail, postage prepaid, if mailed; when receipt acknowledged, if telecopied; and the next Business Day after timely delivery to the courier, if sent by overnight air courier guaranteeing next day delivery. Notwithstanding the foregoing, notices to the Trustee shall be effective only upon receipt. Any notice or communication given by newspaper publication shall be deemed to have been given on the date of publication or, if published more than once or on different dates, on the first date on which publication is made in the manner required in the newspaper or in one of the newspapers referred to above.

If a notice or communication is given in the manner provided above within the time prescribed, it is duly given, whether or not the addressee receives it.

If the Company gives a notice or communication to Holders, it shall give a copy at the same time to the Trustee and each Agent and, for so long as the Notes are listed on the Luxembourg Stock Exchange, the Luxembourg Stock Exchange.

In case by reason of the suspension of regular mail service, or by reason of any other cause, it shall be impossible to mail any notice required by this Indenture, then such method of notification as shall be made with the approval of the Trustee shall constitute a sufficient mailing of such notice.

Section 11.03. Communication by Holders of Notes with Other Holders of Notes.

Holders may communicate pursuant to TIA §312(b), as if this Indenture were required to be qualified under the TIA, with other Holders with respect to their rights under this Indenture or the Notes. The Company, the Trustee, the Registrar and anyone else shall have the protections of TIA §312(c) that would be in effect if this Indenture were required to be qualified under the TIA.

Section 11.04. Certificate and Opinion as to Conditions Precedent.

Upon any request or application by the Company to the Trustee to take any action under this Indenture, the Company shall furnish to the Trustee:

(a) an Officers' Certificate in form and substance reasonably satisfactory to the Trustee (which shall include the statements set forth in Section 11.05 hereof) stating that, in the opinion of the signers, all conditions precedent and covenants,

if any, provided for in this Indenture relating to the proposed action have been satisfied; and

(b) an Opinion of Counsel in form and substance reasonably satisfactory to the Trustee (which shall include the statements set forth in Section 11.05 hereof) stating that, in the opinion of such counsel, all such conditions precedent and covenants have been satisfied.

Section 11.05. Statements Required in Certificate or Opinion.

Each certificate or opinion with respect to compliance with a condition or covenant provided for in this Indenture (other than a certificate that would be provided pursuant to TIA § 314(a)(4)) or that would comply with the provisions of TIA § 314(e) if this Indenture were required to be qualified under the TIA and shall include:

(a) a statement that the Person making such certificate or opinion has read such covenant or condition;

(b) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate or opinion are based;

(c) a statement that, in the opinion of such Person, he or she has made such examination or investigation as is necessary to enable him or her to express an informed opinion as to whether or not such covenant or condition has been satisfied; and

(d) a statement as to whether or not, in the opinion of such Person, such condition or covenant has been satisfied.

Section 11.06. Rules by Trustee and Agents.

The Trustee may make reasonable rules for action by or at a meeting of Holders. The Registrar or Paying Agent may make reasonable rules and set reasonable requirements for its functions.

Section 11.07. No Personal Liability of Directors, Officers, Employees and Shareholders.

No director, officer, employee, incorporator or stockholder of the Company or any Guarantor, as such, shall have any liability for any obligations of the Company or any Guarantor under the Notes, the Subsidiary Guarantees or the Indenture or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each Holder by accepting this Note waives and releases all such liability. The waiver and release are part of the consideration for the issuance of this Note.

Section 11.08. Governing Law.

THIS INDENTURE, THE NOTES AND THE SUBSIDIARY GUARANTEES SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK.

Section 11.09. No Adverse Interpretation of Other Agreements.

This Indenture may not be used to interpret any other indenture, loan or debt agreement of the Company or its Restricted Subsidiaries or of any other Person. Any such indenture, loan or debt agreement may not be used to interpret this Indenture.

Section 11.10. Successors.

All agreements of the Company and the Guarantors in this Indenture and the Notes shall bind their successors. All agreements of the Trustee in this Indenture shall bind its successors.

Section 11.11. Severability.

In case any provision in this Indenture or in the Notes shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

Section 11.12. Counterpart Originals.

The parties may sign any number of copies of this Indenture. Each signed copy shall be an original, but all of them together represent the same agreement.

Section 11.13. Table of Contents, Headings, etc.

The Table of Contents, Cross-Reference Table and Headings of the Articles and Sections of this Indenture have been inserted for convenience of reference only, are not to be considered a part of this Indenture and shall in no way modify or restrict any of the terms or provisions hereof.

Section 11.14. Consent to Jurisdiction; Submission to Process; Arbitration.

Each of the Company and the Guarantors irrevocably submits to the non-exclusive jurisdiction of any New York state or U.S. federal court located in the Borough of Manhattan in the City and State of New York over any suit, action or proceeding arising out of or relating to this Indenture or any Guarantee or Note. Each of the Company and the Guarantors irrevocably waives, to the fullest extent permitted by law, any objection which it may have, pursuant to Canadian or Kazakhstani law or otherwise, to the laying of the venue of any such suit, action or proceeding brought in such a court and any claim that any such suit, action or proceeding brought in such a court has been brought in any inconvenient forum. In furtherance of the foregoing, the Company hereby irrevocably designates and appoints CT Corporation, 111 Eighth Avenue, New York,

New York 10011, as the agent of the Company to receive service of all process brought against the Company with respect to any such suit, action or proceeding in any such court in the City and State of New York, such service being hereby acknowledged by the Company to be effective and binding service in every respect. Copies of any such process so served shall also be given to the Company in accordance with Section 11.02 hereof, but the failure of the Company to receive such copies shall not affect in any way the service of such process as aforesaid. On the Issue Date, the Company shall furnish to the Trustee a consent of CT Corporation agreeing to act hereunder. If for any reason CT Corporation shall resign or otherwise cease to act as such agent, the Company hereby irrevocably agrees to (A) immediately designate and appoint a new agent reasonably acceptable to the Trustee to serve in such capacity and, in such event, such new agent shall be deemed to be substituted for CT Corporation for all purposes hereof and (B) promptly deliver to the Trustee the written consent (in form and substance reasonably satisfactory to the Trustee) of such new agent agreeing to serve in such capacity.

Nothing in this Section shall limit the right of the Trustee or any Holder to bring proceedings against the Company or any Guarantor in the courts of any other jurisdiction or to serve process in any other manner permitted by law.

At the option of any Holder, any dispute or difference of whatever nature however arising under, out of or in connection with this Indenture or the Notes and/or Guarantees held by such Holder (including any dispute or difference regarding the existence, validity and termination of the Notes) may, regardless of the nature of any such dispute or difference, be referred to and finally resolved by arbitration under the Rules (the “Rules”) of the London Court of International Arbitration (“LCIA”), which Rules will be deemed to be incorporated by reference into the Indenture. The number of arbitrators shall be three (or one as the parties may agree) appointed in accordance with such Rules. The place of any reference to arbitration shall be London. The procedural law of any reference to arbitration shall be the laws of the State of New York. The language of any arbitral proceedings shall be English.

[Signatures on following page]

SIGNATURES

HURRICANE HYDROCARBONS LTD.

By: (signed) Bernard Isautier

Name: Bernard F.P. Isautier

Title: President

COMPUTERSHARE TRUST COMPANY, INC.,
as Trustee

By: (signed) John Wahl

Name: John Wahl

Title: Trust Officer

By: (signed) Laura Sisneros

Name: Laura Sisneros

Title: Vice President

OJSC HURRICANE KUMKOL MUNAI,
as Guarantor

By: (signed) Mike Azancot

Name: Mike Azancot

Title: Senior Vice President, Exploration
and Production

OJSC SHYMKENTNEFTEORGSYNTEZ,
as Guarantor

By: (signed) Bernard Isautier

Name: Bernard F.P. Isautier

Title: President

VALSERA HOLDINGS B.V.,
as Guarantor

By: (signed) A.R. Peart

Name: Anthony R. Peart

Title: Senior Vice President, General
Counsel and Corporate Secretary

FORM OF NOTE

(Face of Note)

HURRICANE HYDROCARBONS LTD.

12% Senior Notes due 2006

No.

U.S.\$ _____
CUSIP NO. 44779EAD8

Hurricane Hydrocarbons Ltd. hereby promises to pay to _____ or registered assigns,
the principal sum of _____ United States Dollars (U.S.\$ _____) on August 4,
2006.

Interest Payment Dates: February 3 and August 3
(except that the final Interest Payment Date will be on August 4, 2006)

Record Dates: January 15 and July 15

HURRICANE HYDROCARBONS LTD.

By: _____

Name: _____

Title: _____

TRUSTEE'S CERTIFICATE OF AUTHENTICATION:

This is one of the Notes referred
to in the within-mentioned Indenture.

COMPUTERSHARE TRUST COMPANY, INC.,
as Trustee

By: _____

Authorized Signatory

Date of Authentication: _____

(Back of Note)

12% Senior Notes due 2006

[Insert the following Global Note Legend, if applicable, pursuant to the provisions of the Indenture: THIS GLOBAL NOTE IS HELD BY A DEPOSITARY (AS DEFINED IN THE INDENTURE GOVERNING THIS NOTE) OR ITS NOMINEE IN CUSTODY FOR THE BENEFIT OF THE BENEFICIAL OWNERS HEREOF, AND IS NOT TRANSFERABLE TO ANY PERSON UNDER ANY CIRCUMSTANCES EXCEPT THAT (I) THE TRUSTEE MAY MAKE SUCH NOTATIONS HEREON AS MAY BE REQUIRED PURSUANT TO THE INDENTURE, (II) THIS GLOBAL NOTE MAY BE EXCHANGED IN WHOLE BUT NOT IN PART PURSUANT TO THE INDENTURE, (III) THIS GLOBAL NOTE MAY BE DELIVERED TO THE TRUSTEE FOR CANCELLATION PURSUANT TO THE INDENTURE AND (IV) THIS GLOBAL NOTE MAY BE TRANSFERRED TO A SUCCESSOR DEPOSITARY WITH THE PRIOR WRITTEN CONSENT OF HURRICANE HYDROCARBONS LTD.]

1. *INTEREST.* Hurricane Hydrocarbons Ltd., a corporation incorporated in the Province of Alberta, Canada (the “Company”), promises to pay interest on the principal amount of this Note at 12% per annum from August 3, 2001 until maturity. The Company will pay interest in U.S. dollars semi-annually in arrears on February 3 and August 3 of each year, except that the final Interest Payment Date in respect of the Notes will be on August 4, 2006, commencing February 3, 2002 (each an “Interest Payment Date”), or if any such day is not a Business Day, on the next succeeding Business Day. Interest on the Notes will accrue from the most recent date to which interest has been paid or, if no interest has been paid, from the date of original issuance; *provided* that if there is no existing Default or Event of Default in the payment of interest, and if this Note is authenticated between a record date referred to on the face hereof and the next succeeding Interest Payment Date, interest shall accrue from such next succeeding Interest Payment Date, except in the case of the original issuance of Notes, in which case interest shall accrue from the date of authentication. The Company shall pay interest (including post-petition interest in any proceeding under applicable bankruptcy law) on overdue principal and premium, if any, from time to time on demand at a rate that is the rate then in effect; it shall pay interest (including post-petition interest in any proceeding under applicable bankruptcy law) on overdue installments of interest (without regard to any applicable grace periods) from time to time on demand at the same rate to the extent lawful. Interest will be computed on the basis of a 360-day year comprised of twelve 30-day months.

2. *METHOD OF PAYMENT.* The Company will pay interest on the Notes (except defaulted interest) to the Persons who are registered Holders of Notes at the close of business on the January 15 or July 15 immediately preceding the Interest Payment Date, even if such Notes are canceled after such record date and on or before such Interest Payment Date, except as provided in Section 2.12 of the Indenture with respect to defaulted interest. The Notes will be payable as to principal, premium and

interest, if any, at the office or agency of the Company maintained for such purpose within the continental United States, Canada, the United Kingdom and Luxembourg and, subject to any fiscal or other laws and regulations applicable thereto, at the specified offices of any other Paying Agent appointed by the Company for such purpose, or, at the option of the Company, payment of principal, premium or interest, if any, may be made by check mailed to the Holders at their addresses set forth in the register of Holders, and provided that payment by wire transfer of immediately available funds will be required with respect to principal of, premium or interest, if any, on all Global Notes and all other Notes, the Holders of which shall have provided wire transfer instructions to the Company or a Paying Agent. Such payment shall be in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts. The principal of the Notes shall be payable only upon surrender of any Note at the corporate trust office of the Trustee or at the specified offices of any other Paying Agent.

If the due date for payment of the principal in respect of any Note is not a Business Day at the place in which it is presented for payment, the Holder thereof shall not be entitled to payment of the amount due until the next succeeding Business Day at such place and shall not be entitled to any further interest or other payment in respect of any such delay.

3. *ADDITIONAL AMOUNTS.* Except to the extent required by any applicable law, regulation or governmental policy, any and all payments of, or in respect of, any Note shall be made free and clear of and without deduction for or on account of any and all present or future taxes, levies, imposts, deduction, charges or withholdings and all liabilities with respect thereto imposed by Canada, Kazakhstan or any other jurisdiction with which the Company or any Guarantor has some connection (including any jurisdiction (other than the United States) from or through which payments under the Notes or the Subsidiary Guarantees are made) or any political subdivision of or any taxing authority in any such jurisdiction (“Canadian Taxes,” “Kazakhstani Taxes” or “Other Taxes,” respectively). If the conclusions of the ECOFIN Council meeting of November 26-27, 2000 are implemented, the Company shall ensure that it maintains a paying agent in a European Union member state that will not be obliged to withhold or deduct tax pursuant to any directive implementing such conclusions. If the Company or any Guarantor shall be required by law to withhold or deduct any Canadian Taxes, Kazakhstani Taxes or Other Taxes from or in respect of any sum payable under a Note pursuant to a Subsidiary Guarantee, the sum payable by the Company or such Guarantor, as the case may be, thereunder shall be increased by the amount (“Additional Amounts”) necessary so that after making all required withholdings and deductions, the Holder or beneficial owner of a Note shall receive an amount to the equal to the sum that it would have received had not such withholdings and deductions been made; provided that any such sum shall not be paid in respect of any Canadian Taxes, Kazakhstani Taxes or Other Taxes to a holder (an “Excluded Holder”) (i) resulting from the beneficial owner of such Note, at any time, being a resident of, or carrying on business or being deemed to carry on business in or through, or having or being deemed to have, a permanent establishment or fixed base in the relevant taxing jurisdiction or having any other

connection with the relevant taxing jurisdiction or any political subdivision thereof or any taxing authority therein other than the mere holding or owning of such Note, being a beneficiary of the applicable Subsidiary Guarantees, the receipt of any income or payments in respect of such Note or the applicable Subsidiary Guarantees or the enforcement of such Note or the applicable Subsidiary Guarantees; (ii) resulting from the Company or any Guarantor not dealing at arm's length (within the meaning of the Income Tax Act (Canada)) with such Holder at the time of such payment or at the time the amount of such payment is deemed to have been paid or credited; (iii) that would not have been imposed but for the presentation (where presentation is required) of such Note for payment more than 30 days after the date such payment became due and payable or was duly provided for, whichever occurs later; (iv) that has been imposed by reason of any estate, inheritance, gift, sale, transfer or personal property or similar tax, assessment or other governmental charge; (v) resulting from such Holder or the beneficial owner of such Note failing to comply with a request in writing by the Company or any Guarantor addressed to such Holder (A) to provide information concerning the nationality, residence or identity of such Holder or such beneficial owner or (B) to make any declaration or other similar claim or satisfy any information or reporting requirement which in the case of (A) or (B) is required or imposed by a statute, treaty, regulation or administrative practice of the taxing authorities as a precondition to exception from all or a part of such tax, assessment or other governmental charge; provided, however, that this clause (v) shall not apply to the Company's or such Guarantor's obligation to pay Additional Amounts if the completing and filing of the information described in (A) above or the declaration or other claim described in (B) above would be materially more onerous in form, in procedure or in substance of information disclosed, in comparison to the information reporting requirements imposed under U.S. tax law with respect to Forms 1001, W-8 and W-9; or (vi) resulting from any combination of items (i), (ii), (iii), (iv) and (v); provided, further, that any such sum will not be paid in respect of any Canadian Taxes, Kazakhstani Taxes or Other Taxes to any Holder who is not the beneficial owner of such Note (including a fiduciary or partnership) to the extent that the beneficial owner of such Note or fiduciary or member of a partnership would have been an Excluded Holder had it been the Holder of the Note. The Company or the Guarantors, as applicable, will also (i) make such withholding or deduction and (ii) remit the full amount deducted or withheld to the relevant authority in accordance with applicable law, and, in any such case, the Company will, upon written request of a Holder, furnish to each such Holder on whose behalf an amount was so remitted, within 30 days after the later of the date of receipt of such written request and the date on which the payment of any Canadian Taxes, Kazakhstani Taxes or Other Taxes is due pursuant to applicable law, certified copies of tax receipts evidencing such payment by the Company or the Guarantors, as applicable. The Company will, upon written request of each Holder (other than an Excluded Holder), reimburse each such Holder for the amount of (i) any Canadian Taxes, Kazakhstani Taxes or Other Taxes so levied or imposed and paid by such Holder as a result of payments made under or with respect to any Notes, and (ii) any Canadian Taxes, Kazakhstani Taxes or Other Taxes so levied or imposed with respect to any reimbursement under the foregoing clause (i) so that the net amount received by such Holder (net of payments made under or with respect to such Notes or the applicable Subsidiary Guarantees) after such reimbursement will not be less than the net amount the

Holder would have received if Canadian Taxes, Kazakhstani Taxes or Other Taxes on such reimbursement had not been imposed. Notwithstanding the foregoing, the Company and the Guarantors shall not be obligated to pay Additional Amounts in the event that (i) Canadian Taxes, Kazakhstani Taxes or Other Taxes are imposed on a payment to an individual and are required to be made pursuant to any European Union Directive on the taxation of savings implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 or any law implementing or complying with, or introduced in order to conform to, such Directive or (ii) the Notes are presented for payment by or on behalf of a Holder who would have been able to avoid such Canadian Taxes, Kazakhstani Taxes or Other Taxes by presenting the relevant Notes to another Paying Agent in a member state of the European Union.

At least 30 calendar days prior to each date on which any payment under or with respect to the Notes is due and payable, if the Company or the Guarantors, as applicable, will be obligated to pay Additional Amounts with respect to such payment, the Company or the Guarantors, as applicable, will deliver to the Trustee an Officer's Certificate stating the fact that such Additional Amounts will be payable and the amounts so payable and will set forth such other information necessary to enable the Trustee to pay such Additional Amounts to Holders on the payment date.

If any Holder or beneficial owner of any note receives a credit against or a refund of the Canadian Taxes, Kazakhstani Taxes or Other Taxes after the Company or any Guarantor, as applicable, has paid any Additional Amounts, the Company or any Guarantor, as applicable, shall be reimbursed for the amount of any such refund or credit by means of offsets against any additional payments owing under the Notes to such Holder or beneficial owner.

In addition, the Company or the Guarantors will pay any stamp, issue, registration, documentary or other similar taxes and duties, including interest and penalties, in respect of the creation, issue and offering of the Notes payable in Canada, the United States, Kazakhstan or any political subdivision thereof or taxing authority of or in the foregoing. The Company and the Guarantors, as applicable, will also pay and indemnify the Trustee and the Holders of the Notes from and against all court fees and taxes or other taxes and duties, including interest and penalties, paid by any of them in any jurisdiction in connection with any action permitted to be taken by the Holders to enforce the Obligations of the Company or the Guarantors under the Notes, the Indenture or the Subsidiary Guarantees, as applicable.

Whenever there is mentioned, in any context, the payment of principal, premium or interest in respect of any Note or the net proceeds received on the sale or exchange of any Note, such mention shall be deemed to include the payment of Additional Amounts provided for in the Indenture to the extent that, in such context, Additional Amounts are, were or would be payable in respect thereof pursuant to the Indenture

4. *PAYING AGENTS AND REGISTRARS.* Initially, Computershare Trust Company, Inc., the Trustee under the Indenture, will act as Paying Agent and Registrar at

its corporate trust office in the United States. Computershare Trust Company Canada will act as Paying Agent in Canada, The Bank of New York will act as Paying Agent in the United Kingdom and The Bank of New York will act as Paying and Transfer Agent in Luxembourg. The Company may change any Paying Agent or Registrar, and the Company or any of its Subsidiaries may act in any such capacity.

5. *INDENTURE.* The Company issued this Note under an Indenture dated as of August 3, 2001 (“Indenture”) among the Company, the Guarantors, if any, and the Trustee. The terms of this Note include those stated in the Indenture and those made part of the Indenture by reference to the Trust Indenture Act of 1939. This Note is subject to all such terms, and Holders are referred to the Indenture and such Act for a statement of such terms. The Notes are general unsecured obligations of the Company limited to \$208,610,000 aggregate principal amount in Notes. Capitalized terms not otherwise defined in this Note shall have the meaning ascribed to them in the Indenture.

6. *OPTIONAL REDEMPTION.*

(a) The Company may redeem the Notes at its option for cash on the dates set forth below, in whole, but not in part, upon not less than 30 nor more than 60 days’ notice to each Holder of Notes to be redeemed, at the following redemption prices (expressed as percentages of principal amount thereof), in each case together with any accrued and unpaid interest, if any, thereon to the applicable redemption date:

<u>Date</u>	<u>Percentage</u>
August 3, 2002 and February 3, 2003	102
August 3, 2003 and February 3, 2004	101
August 3, 2004 and thereafter on each Interest Payment Date	100

(b) If as a result of any change in or amendment to the laws, treaties, regulations or rulings of Canada, Kazakhstan or other jurisdictions with which the Company or any Guarantor has any connection (other than the United States) — or of any political subdivision or taxing authority thereof or therein or any change in the administrative or official position of the applicable taxing authority regarding the application or interpretation of such laws, treaties, regulations or rulings (including a holding, judgment or order by a court of competent jurisdiction), which change or amendment, as the case may be, is proposed and becomes effective on or after the date of the Indenture, in making any payment due or to become due under the Notes, the Subsidiary Guarantees or the Indenture, the Company or any of the Guarantors (if any of the Subsidiary Guarantees are called) is or would be required on the next succeeding interest payment date to pay Additional Amounts notwithstanding reasonable efforts to avoid such requirement, or to deduct or withhold any tax of Canada, Kazakhstan or other jurisdiction with which the Company or any Guarantor has any connection (other than the United States) or any political subdivision or taxing authority thereof or therein, the

Notes may be redeemed at the option of the Company, in whole but not in part, upon not less than 30 nor more than 60 days' notice given as provided in the Indenture, at any time, at a redemption price equal to the principal amount thereof, plus accrued and unpaid interest, if any, to the date fixed for redemption, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Company would be obligated to make such withholding if a payment in respect of the Notes were then due. The Company will also pay to Holders of the Notes on the redemption date any Additional Amounts that are payable.

7. *MANDATORY REDEMPTION.* Except as set forth in paragraph 8 below, the Company shall not be required to make any mandatory redemption or purchase with respect to the Notes prior to the maturity date.

8. *OFFER TO PURCHASE.*

(a) Upon the occurrence of a Change of Control, each Holder of Notes shall have the right to require the Company to repurchase all or any portion (equal to \$10,000 or an integral multiple thereof) of such Holder's Notes, pursuant to an offer described in Section 4.15 of the Indenture (a "Change of Control Offer"), at an offer price in cash equal to 101% of the aggregate principal amount thereof plus accrued and unpaid interest, if any, thereon to the date of purchase (the "Change of Control Payment"). Within 30 days following any Change of Control, the Company shall mail a notice to each Holder describing the transaction or transactions that constitute the Change of Control and offering to repurchase the Notes pursuant to the procedures governing the Change of Control Offer as required by the Indenture.

(b) Subject to the limitations set forth in the next following paragraph, on the earliest of (i) the 370th day (of the 400th day, if a binding contract has been entered into within such 360-day period) after such receipt of Net Proceeds from an Asset Sale, (ii) the tenth Business Day after a governmental authority declines to grant or issue a required approval in relation to a binding contract or (iii) such date as the Board of Directors of the Company or the Restricted Subsidiary determines not to apply the Net Proceeds relating to such Asset Sale in the manner set forth above, if the aggregate amount of Excess Proceeds exceeds \$10.0 million, the Company will be required to make a pro rata offer (an "Asset Sale Offer") to all Holders of Notes and holders of Senior Debt, if and to the effect that the Company is required by the instruments governing such Senior Debt to make such an offer, to purchase the maximum principal amount of Notes and such Senior Debt that may be purchased out of the Excess Proceeds, at an offer price in cash in an amount equal to 100% of the principal amount of the Notes plus accrued and unpaid interest, if any, thereon to the date of purchase, in accordance with the procedures set forth in the Indenture and, in the case of such other Senior Debt, 100% of the principal amount thereof, plus accrued and unpaid interest, if any, thereon to the date of purchase, in accordance with the procedures set forth in the Indenture. To the extent that the aggregate amount of Notes or such other Senior Debt so validly tendered and not properly withdrawn pursuant to an Asset Sale Offer is less than the Excess Proceeds, the Company may use any remaining Excess Proceeds for general corporate purposes. If the

aggregate principal amount of Notes tendered by Holders thereof exceeds the amount of Excess Proceeds allocated to the Notes, the Trustee shall select the Notes to be purchased on a pro rata basis. Upon completion of such Asset Sale Offer, the amount of Excess Proceeds shall be reset at zero.

Notwithstanding the foregoing, the Company will not be obligated to repurchase more than 25% of the original aggregate principal amount of the Notes pursuant to this covenant. To the extent that the amount of Excess Proceeds exceeds the amount of Notes purchased because of the limitation imposed by the immediately preceding sentence (the amount of such excess being the “Aggregate Unused Proceeds”), such Aggregate Unused Proceeds shall continue to constitute Excess Proceeds and may be used only for the purposes specified in the first two sentences of this paragraph. Holders of Notes that are the subject of an offer to purchase will receive an Asset Sale Offer from the Company prior to any related purchase date and may elect to have such Notes purchased by completing the form entitled “Option of Holder to Elect Purchase” on the reverse of this Note.

9. *NOTICE OF REDEMPTION.* Notice of redemption will be mailed at least 30 days but not more than 60 days before the redemption date to each Holder whose Notes are to be redeemed at its registered address. For so long as the Notes are listed on the Luxembourg Stock Exchange and for so long as the rules of such exchange require, notices of redemption shall be published once by the Trustee, not less than five Business Days prior to the redemption date, in a newspaper having general circulation in Luxembourg, which newspaper may be the *Luxemburger Wort*, or if such newspaper ceases to be published or timely publication in it will not be practicable, in such other newspaper as the Trustee deems necessary to give fair and reasonable notice to the Noteholders. Notes in denominations larger than \$10,000 may be redeemed in part but only in whole multiples thereof, unless all of the Notes held by a Holder are to be redeemed. On and after the redemption date, interest ceases to accrue on Notes or portions thereof called for redemption.

10. *DENOMINATIONS, TRANSFER, EXCHANGE.* The Notes are in registered form without coupons in denominations of \$10,000 and integral multiples thereof. The transfer of Notes may be registered and Notes may be exchanged as provided in the Indenture. The Registrar and the Trustee may require a Holder, among other things, to furnish appropriate endorsements and transfer documents and the Company may require a Holder to pay any taxes and fees required by law or permitted by the Indenture. The Company need not exchange or register the transfer of any Note or portion of a Note selected for redemption, except for the unredeemed portion of any Note being redeemed in part. Also, it need not exchange or register the transfer of any Notes for a period of 15 days before a selection of Notes to be redeemed.

11. *PERSONS DEEMED OWNERS.* The registered Holder of a Note may be treated as its owner for all purposes.

12. *AMENDMENT, SUPPLEMENT AND WAIVER.* Subject to certain exceptions, the Indenture or the Notes may be amended or supplemented with the consent of the Holders of at least a majority in principal amount of the Notes then outstanding, and any existing Default or Event of Default or compliance with any provision of the Indenture or the Notes may be waived with the consent of the Holders of a majority in principal amount of the Notes then outstanding. In determining whether the Holders of the required principal amount of Notes have concurred in any direction, waiver or consent, Notes owned by the Company or any of its Affiliates shall be considered as though not outstanding. Without the consent of each Holder of a Note affected, an amendment or waiver may not (with respect to any Notes held by a non-consenting Holder): (a) reduce the principal amount of Notes whose Holders must consent to an amendment, supplement or waiver, (b) reduce the rate of or change the time for payment of interest on any note, (c) waive a Default or Event of Default in the payment of principal of or premium, if any, or interest on the Notes (except a rescission of acceleration of the Notes by the Holders of at least a majority in aggregate principal amount of the Notes and a waiver of the payment default that resulted from such acceleration), (d) make any note payable in money other than that stated in the Notes, (e) make any change in the provisions of the Indenture relating to waivers of past Defaults or the rights of Holders of Notes to receive payments of principal of or premium, if any, or interest on the Notes, (f) waive a redemption payment with respect to any note or (g) make any change in the foregoing amendment and waiver provisions. Notwithstanding the foregoing, without the consent of any Holder of Notes, the Company and the Trustee may amend or supplement the Indenture or the Notes to cure any ambiguity, defect or inconsistency; to provide for uncertificated Notes in addition to or in place of certificated Notes; to provide for the assumption of the Company's obligations to Holders of the Notes in case of a merger, amalgamation or consolidation, to evidence the succession of another Person to the Company and the Guarantors and the assumption by such successor of the covenants and obligations of the Company in the Indenture and the Notes and the Guarantors in the Subsidiary Guarantees and the Indenture, to provide for security for the Notes and/or Subsidiary Guarantees; to provide for Subsidiary Guarantees as provided for in the Indenture; or to make any change that would provide any additional rights or benefits to the Holders of the Notes or that does not adversely affect the legal rights under the Indenture of any such Holder, or to comply with requirements of the Commission in order to effect or maintain qualification of the Indenture under the Trust Indenture Act..

13. *DEFAULTS AND REMEDIES.* Events of Default include: (i) default for 30 days in the payment when due of interest on, or Additional Amounts with respect to, the Notes; (ii) default in payment when due of the principal of or premium, if any, on the Notes; (iii) failure by the Company for 30 days after notice to comply with Sections 4.07, 4.10, 4.15 or 5.02 of the Indenture; (iv) failure by the Company for 60 days after it receives written notice to comply with any other covenant or other agreement in the Indenture or the Notes; (v) default under any mortgage, indenture or instrument under which there may be issued or by which there may be secured or evidenced any Indebtedness for money borrowed by the Company or any of its Restricted Subsidiaries (or the payment of which is guaranteed by the Company or any of its

Restricted Subsidiaries), whether such Indebtedness or guarantee now exists or is created after the date of the Indenture, which default (a) is caused by a failure to pay principal of or premium, if any, or interest on such Indebtedness prior to the expiration of any grace period provided in such Indebtedness, on the date of such default unless being contested in good faith by appropriate proceedings (a “Payment Default”) or (b) results in the acceleration of such Indebtedness prior to its express maturity and, in each case, the principal amount of any such Indebtedness, together with the principal amount of any other such Indebtedness under which there has been a Payment Default or the maturity of which has been so accelerated, aggregates \$10,000,000 or more; (vi) failure by the Company or any of its Restricted Subsidiaries to pay final judgments aggregating in excess of \$10,000,000, which judgments are not paid, discharged or stayed for a period of 30 days; (vii) certain events of bankruptcy or insolvency with respect to the Company or any of its Significant Subsidiaries or group of Restricted Subsidiaries that, taken together (as of the latest audited consolidated financial statements for the Company and its Subsidiaries), would constitute a Significant Subsidiary; and (viii) any Subsidiary Guarantee ceases to be in effect (except as otherwise permitted by the Indenture), or the Company or any Guarantor shall deny or disaffirm its obligations under the Notes or its Subsidiary Guarantee, as applicable. If any Event of Default occurs and is continuing, the Trustee or the Holders of at least 25% in aggregate principal amount of the then outstanding Notes may declare all the Notes to be due and payable immediately. Notwithstanding the foregoing, in the case of an Event of Default arising from certain events of bankruptcy or insolvency with respect to the Company, any Significant Subsidiary or any group of Restricted Subsidiaries that, taken together (as of the latest audited consolidated financial statements for the Company and its Subsidiaries), would constitute a Significant Subsidiary, then all outstanding Notes will become due and payable without further action or notice. Holders of the Notes may not enforce the Indenture or the Notes except as provided in the Indenture. Subject to certain limitations, Holders of a majority in principal amount of the then outstanding Notes may direct the Trustee in its exercise of any trust or power. The Trustee may withhold from Holders of the Notes notice of any continuing Default or Event of Default (except a Default or Event of Default relating to the payment of principal or interest) if it determines that withholding notice is in their interest. The Holders of a majority in aggregate principal amount of the Notes then outstanding by notice to the Trustee may on behalf of the Holders of all of the Notes waive any existing Default or Event of Default and its consequences under the Indenture except a continuing Default or Event of Default in the payment of interest on, or the principal of or premium, if any, on the Notes. The Company is required to deliver to the Trustee annually a statement regarding compliance with the Indenture, and the Company is required upon becoming aware of any Default or Event of Default, promptly (but in any event within five Business Days) to deliver to the Trustee a statement specifying such Default or Event of Default.

14. *DEFEASANCE.* This Note is subject to legal and covenant defeasance upon the terms and conditions specified in Article 8 of the Indenture.

15. *TRUSTEE DEALINGS WITH COMPANY.* The Trustee, in its individual or any other capacity, may make loans to, accept deposits from, and perform services for

the Company or its Affiliates, and may otherwise deal with the Company or its Affiliates, as if it were not the Trustee.

16. *NO RECOURSE AGAINST OTHERS.* No director, officer, employee, incorporator or stockholder of the Company or any Guarantor, as such, shall have any liability for any obligations of the Company or any Guarantor under the Notes, the Subsidiary Guarantees or the Indenture or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each Holder by accepting this Note waives and releases all such liability. The waiver and release are part of the consideration for the issuance of this Note.

17. *AUTHENTICATION.* This Note shall not be valid until authenticated by the manual signature of an authorized signatory of the Trustee or an authenticating agent.

18. *ABBREVIATIONS.* Customary abbreviations may be used in the name of a Holder or an assignee, such as: TEN COM (= tenants in common), TEN ENT (= tenants by the entireties), JT TEN (= joint tenants with right of survivorship and not as tenants in common), CUST (= Custodian), and U/G/M/A (= Uniform Gifts to Minors Act).

19. *SUBSIDIARY GUARANTEES.* This Note is entitled to the benefits of the guarantee of each party that subsequent to the date of the Indenture becomes a Guarantor pursuant to the terms of the Indenture. Upon the terms and subject to the conditions set forth in the Indenture, any such party will unconditionally agree that the principal, premium and interest, if any, on this Note will be duly and punctually paid in full when due, all as more fully set forth in Article 10 of the Indenture.

20. *CUSIP NUMBERS.* Pursuant to a recommendation promulgated by the Committee on Uniform Security Identification Procedures, the Company has caused CUSIP numbers to be printed on this Note and the Trustee may use CUSIP numbers in notices of redemption as a convenience to Holders. No representation is made as to the accuracy of such numbers either as printed on this Note or as contained in any notice of redemption and reliance may be placed only on the other identification numbers placed thereon.

21. *GOVERNING LAW.* The internal law of the State of New York shall govern and be used to construe this Note, without regard to the conflicts of laws principles thereof.

The Company will furnish to any Holder upon written request and without charge a copy of the Indenture. Requests may be made to:

Hurricane Hydrocarbons Ltd.
Sun Life Plaza, North Tower, Suite 1460
140 - 4th Avenue S.W.
Calgary, Alberta T2P 3N3

Canada
Attention: Chief Financial Officer

ASSIGNMENT FORM

To assign this Note, fill in the form below: (I) or (we) assign and transfer this

Note to _____

(Insert Assignee's Soc. Sec. or Tax I.D. no.)

(Print or Type Assignee's Name, Address and Zip Code)

and irrevocably appoint _____

to transfer this Note on the books of the Company. The agent may substitute another to act for him.

Date: _____

Your Signature: _____

(Sign exactly as your name appears on the face of this Note)

Signature Guarantee: _____

OPTION OF HOLDER TO ACCEPT PURCHASE OFFER

If you want to accept the offer to have this Note purchased by the Company pursuant to Section 4.10 or 4.15 of the Indenture, check the box below:

- Section 4.10
- Section 4.15

If you want to elect to have only part of the Note purchased by the Company pursuant to Section 4.10 or Section 4.15 of the Indenture, state the amount you wish to have purchased: \$_____

Date:_____

Your Signature: _____

(Sign exactly as your name appears on the Note)

Soc. Sec. or Tax Identification No.:_____

Signature Guarantee:_____

SCHEDULE OF EXCHANGES OF NOTES*

The following exchanges of a part of this Global Note for other Notes have been made:

<u>Date of Exchange</u>	<u>Amount of decrease in Principal Amount of this Global Note</u>	<u>Amount of increase in Principal Amount of this Global Note</u>	<u>Principal Amount of this Global Note following such decrease (or increase)</u>	<u>Signature of authorized officer of Trustee</u>
-----------------------------	---	---	---	---

* *This schedule should be included only if the Note is issued in global form.*

**FORM OF CERTIFICATE FOR EXCHANGE OR REGISTRATION
OF TRANSFER OF DEFINITIVE NOTES**
(Pursuant to Section 2.06(b)(ii) of the Indenture)

Computershare Trust Company, Inc.,
as Trustee and Registrar
Wall Street Plaza, 19th Floor
88 Pine Street
New York, New York 10005, U.S.A.

Re: 12% Senior Notes due 2006 of Hurricane Hydrocarbons Ltd.

Reference is hereby made to the Indenture dated as of August 3, 2001 (the "Indenture"), among Hurricane Hydrocarbons Ltd. (the "Company"), the guarantors party thereto (the "Guarantors") and Computershare Trust Company, Inc., as trustee (the "Trustee"). Capitalized terms used but not defined herein shall have the meanings given to them in the Indenture.

This relates to \$_____ principal amount of Notes which are evidenced by one or more Definitive Notes in the name of _____ (the "Transferor"). The Transferor has requested an exchange or transfer of such Definitive Note(s) in the form of an equal principal amount of Notes evidenced by one or more Definitive Notes, to be delivered to the Transferor or, in the case of a transfer of such Notes, to such Person as the Transferor instructs the Trustee.

In connection with such request and in respect of the Notes surrendered to the Trustee herewith (the "Surrendered Notes"), the Holder of such Surrendered Notes hereby certifies that:

[CHECK ONE]

☐ the Surrendered Notes are being acquired for the Transferor's own account, without transfer;

or

☐ the Surrendered Notes are being transferred to the Company or one of its Subsidiaries;

or

☐ the Surrendered Notes are being transferred in a transaction permitted under the Securities Act;

and the Surrendered Notes are being transferred in compliance with any applicable blue sky securities laws of any state of the United States or any other applicable jurisdiction.

This certificate and the statements contained herein are made for your benefit and the benefit of the Company and the Guarantors.

[Insert Name of Transferor]

By: _____
Name:
Title:

Dated:

cc: Hurricane Hydrocarbons Ltd.

SUBSIDIARY GUARANTEE

Subject to Section 10.06 of the Indenture, each Guarantor jointly and severally, unconditionally guarantees to each Holder of a Note authenticated and delivered by the Trustee and to the Trustee and its successors and assigns, irrespective of the validity and enforceability of the Indenture, such Note and the Obligations of the Company under the Notes or under the Indenture, that: (a) the principal of and premium, if any, and interest on such Note shall be promptly paid in full when due, subject to any applicable grace period, whether at maturity, by acceleration, redemption or otherwise, and interest on overdue principal of and premium, if any, and (to the extent permitted by law) interest on the Notes and all other Obligations of the Company to the Holders or the Trustee under the Indenture or under the Notes shall be promptly paid in full and performed, all in accordance with the terms thereof; and (b) in case of any extension of time of payment or renewal of any Notes or any of such other payment Obligations, the same shall be promptly paid in full when due or performed in accordance with the terms of the extension or renewal, subject to any applicable grace period, whether at stated maturity, by acceleration, redemption or otherwise. Failing payment when so due of any amount so guaranteed or any performance so guaranteed for whatever reason, the Guarantors will be jointly and severally obligated to pay the same immediately. An Event of Default under the Indenture or the Notes shall constitute an event of default under the Subsidiary Guarantees, and shall entitle the Holders to accelerate the obligations of the Guarantors under the Indenture in the same manner and to the same extent as the Obligations of the Company. The Guarantors have agreed that their Obligations under the Indenture shall be unconditional, irrespective of the validity, regularity or enforceability of the Notes or the Indenture, the absence of any action to enforce the same, any waiver or consent by any Holder with respect to any provisions hereof or thereof, the recovery of any judgment against the Company, any action to enforce the same or any other circumstance (other than complete performance) which might otherwise constitute a legal or equitable discharge or defense of a Guarantor. Each Guarantor further, to the extent permitted by law, has waived diligence, presentment, demand of payment, filing of claims with a court in the event of insolvency or bankruptcy of the Company, any right to require a proceeding first against the Company, protest, notice and all demands whatsoever and covenants that its Subsidiary Guarantee will not be discharged except by complete performance of the Obligations contained in the Notes and the Indenture. If any Holder or the Trustee is required by any court or otherwise to return to the Company or the Guarantors, the Trustee, liquidator or any custodian or other similar official acting under any applicable bankruptcy law in relation to either the Company or the Guarantors, any amount paid by the Company or any Guarantor to the Trustee or such Holder, the Subsidiary Guarantees, to the extent theretofore discharged, shall be reinstated in full force and effect. Each Guarantor has agreed that it shall not be entitled to, and hereby has waived, any right of subrogation in relation to the Holders in respect of any Obligations guaranteed under the Indenture until payment in full of the Obligations guaranteed hereby; *provided, however*, that after payment in full of all Obligations by a Guarantor, such Guarantor shall have all rights of subrogation or such Obligations. Each Guarantor further has agreed that, as between the Guarantors, on the

one hand, and the Holders and the Trustee, on the other hand, (a) the maturity of the Obligations guaranteed under the Indenture may be accelerated as provided in Article 6 of the Indenture for the purposes of its Subsidiary Guarantee, notwithstanding any stay, injunction or other prohibition preventing such acceleration in respect of the Obligations guaranteed thereby, and (b) in the event of any declaration of acceleration of such Obligations as provided in Article 6 of the Indenture, such Obligations (whether or not due and payable) shall forthwith become due and payable by the Guarantor for the purpose of its Subsidiary Guarantee. The Guarantors shall have the right to seek contribution from any non-paying Guarantor so long as the exercise of such right does not impair the rights of the Holders under the Subsidiary Guarantees.

The obligations of the Guarantors to the Holders and to the Trustee pursuant to the Subsidiary Guarantees and the Indenture are expressly set forth in Article 10 of the Indenture, and reference is hereby made to such Indenture for the precise terms of the Subsidiary Guarantees. The terms of Article 10 of the Indenture are incorporated herein by reference. The Subsidiary Guarantees are subject to release as and to the extent provided in Sections 10.04 and 10.05 of the Indenture.

Each Subsidiary Guarantee is a continuing guarantee and shall remain in full force and effect and shall be binding upon each Guarantor and its respective successors and assigns to the extent set forth in the Indenture until full and final payment of all of the Company's Obligations under the Notes and the Indenture and shall inure to the benefit of the successors and assigns of the Trustee and the Holders and, in the event of any transfer or assignment of rights by any Holder or the Trustee, the rights and privileges conferred in the Indenture upon that party shall automatically extend to and be vested in such transferee or assignee, all subject to the terms and conditions hereof. Each Subsidiary Guarantee is a guarantee of payment and not a guarantee of collection.

For purposes hereof, each Guarantor's liability under its Subsidiary Guarantee shall be limited in amount as provided in Section 10.06 of the Indenture.

Capitalized terms used herein have the same meanings given in the Indenture unless otherwise indicated.

[GUARANTORS]

By: _____
Name:
Title:

HURRICANE HYDROCARBONS LTD.

and

the Guarantors named herein

12% SENIOR NOTES DUE 2006

**FORM OF SUPPLEMENTAL INDENTURE
AND AMENDMENT TO SUBSIDIARY GUARANTEE**

DATED AS OF _____, ____

COMPUTERSHARE TRUST COMPANY, INC.

Trustee

This SUPPLEMENTAL INDENTURE, dated as of _____, _____, is among Hurricane Hydrocarbons Ltd., a corporation incorporated in the Province of Alberta, Canada (the "Company"), each of the parties identified under the caption "Guarantors" on the signature page hereof (the "Guarantors") and Computershare Trust Company, Inc., as Trustee.

RECITALS

WHEREAS, the Company and the Trustee entered into an Indenture, dated as of August 3, 2001 (the "Indenture"), pursuant to which the Company has issued on the Issue Date up to \$208,610,000 in principal amount of 12% Senior Notes due 2006 (the "Notes"); and

WHEREAS, Section 9.01(f) of the Indenture provides that the Company and the Trustee may amend or supplement the Indenture in order to execute and deliver a guarantee (a "Subsidiary Guarantee") to comply with Section 10.02 thereof without the consent of the Holders of the Notes; and

WHEREAS, all acts and things prescribed by the Indenture, by law and by the charter and the bylaws (or comparable constituent documents) of the Company, of the Guarantors and of the Trustee necessary to make this Supplemental Indenture a valid instrument legally binding on the Company, the Guarantors and the Trustee, in accordance with its terms, have been duly done and performed;

NOW, THEREFORE, to comply with the provisions of the Indenture and in consideration of the above premises, the Company, the Guarantors and the Trustee covenant and agree for the equal and proportionate benefit of the respective Holders of the Notes as follows:

ARTICLE 1

SECTION 1.01. This Supplemental Indenture is supplemental to the Indenture and does and shall be deemed to form a part of, and shall be construed in connection with and as part of, the Indenture for any and all purposes.

SECTION 1.02. This Supplemental Indenture shall become effective immediately upon its execution and delivery by each of the Company, the Guarantors and the Trustee.

ARTICLE 2

From this date, in accordance with Section 10.02 and by executing this Supplemental Indenture and the accompanying notation of Subsidiary Guarantee (a copy of which is attached hereof), the Guarantors whose signatures appear below are subject to the provisions of the Indenture to the extent provided for in Article 10 thereunder.

ARTICLE 3

SECTION 3.01. Except as specifically modified herein, the Indenture and the Notes are in all respects ratified and confirmed (*mutatis mutandis*) and shall remain in full force and effect in accordance with their terms with all capitalized terms used herein without definition having the same respective meanings ascribed to them as in the Indenture.

SECTION 3.02. Except as otherwise expressly provided herein, no duties, responsibilities or liabilities are assumed, or shall be construed to be assumed, by the Trustee by reason of this Supplemental Indenture. This Supplemental Indenture is executed and accepted by the Trustee subject to all the terms and conditions set forth in the Indenture with the same force and effect as if those terms and conditions were repeated at length herein and made applicable to the Trustee with respect hereof.

SECTION 3.03. THE LAW OF THE STATE OF NEW YORK SHALL GOVERN AND BE USED TO CONSTRUE AND ENFORCE THIS SUPPLEMENTAL INDENTURE.

SECTION 3.04. The parties may sign any number of copies of this Supplemental Indenture. Each signed copy shall be an original, but all of such executed copies together shall represent the same agreement.

[NEXT PAGE IS SIGNATURE PAGE]

IN WITNESS WHEREOF, the parties hereof have caused this
Supplemental Indenture to be duly executed, all as of the date first written above.

HURRICANE HYDROCARBONS LTD.

By _____
Name:
Title:

[GUARANTORS]

By _____
Name:
Title:

COMPUTERSHARE TRUST
COMPANY, INC.,
as Trustee

By _____
Name:
Title:

By _____
Name:
Title:

HURRICANE HYDROCARBONS LTD.

AND

ANY GUARANTORS PARTY HERETO

12% Senior Notes due 2006

INDENTURE

Dated as of August 3, 2001

COMPUTERSHARE TRUST COMPANY, INC.

Trustee

CROSS-REFERENCE TABLE*

<i>Trust Indenture Act Section</i>	<i>Indenture Section</i>
310(a)(1).....	7.10
(a)(2).....	7.10
(a)(3).....	N/A
(a)(4).....	N/A
(a)(5).....	7.10
(b).....	7.10
(c).....	N/A
311(a).....	7.11
(b).....	7.11
(c).....	N/A
312(a).....	2.05
(b).....	11.03
(c).....	11.03
313(a).....	7.06
(b)(1).....	7.06
(b)(2).....	7.06, 7.07
(c).....	7.06, 11.02
(d).....	7.06
314(a).....	4.03, 11.02
(b).....	N/A
(c)(1).....	11.04
(c)(2).....	11.04
(c)(3).....	N/A
(d).....	N/A
(e).....	11.05
(f).....	N/A
315(a).....	7.01
(b).....	7.05, 11.02
(c).....	7.01
(d).....	7.01
(e).....	6.11
316(a)(last sentence).....	2.09
(a)(1)(A).....	6.05
(a)(1)(B).....	6.04
(a)(2).....	N/A
(b).....	6.07
(c).....	2.12
317(a)(1).....	6.08
(a)(2).....	6.09
(b).....	2.04
318(a).....	11.01
(b).....	N/A
(c).....	11.01

N/A means not applicable.

*This Cross-Reference Table is not part of the Indenture.

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