

MANAGEMENT, ADMINISTRATIVE AND TECHNICAL SERVICES AGREEMENT

THIS AGREEMENT is dated effective as of the 5th day of July, 2012,

BETWEEN:

LEGACY OIL + GAS INC., a corporation subsisting under the *Business Corporations Act* (Alberta) (hereinafter referred to as "**Legacy**")

AND

BOWOOD ENERGY INC., a corporation subsisting under the *Canada Business Corporations Act* (hereinafter referred to as "**Bowood**")

WHEREAS Bowood wishes to retain Legacy to provide certain management, administrative and technical services to Bowood;

AND WHEREAS Legacy is willing to provide such management, administrative and technical services on the terms and conditions hereinafter set out;

NOW THEREFORE THIS AGREEMENT WITNESSES THAT, in consideration of the premises and the respective covenants and agreements hereinafter set forth in this Agreement and other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged) the Parties do covenant and agree with one another as follows:

ARTICLE 1 **INTERPRETATION**

1.1 Definitions

The following words and phrases have the following meanings when used herein:

- (a) "**Applicable Laws**" means the mandatory applicable provisions of any law, by-law, statute, regulation, rule, ordinance, policy, order or directive enacted or issued by any governmental or regulatory body or other duly constituted public authority (whether legislative, administrative or executive) having jurisdiction over the Parties;
- (b) "**Area of Exclusion**" means the area of southern Alberta marked in the map attached as Schedule "A" attached hereto, excluding the area marked as "Turner Valley Area";
- (c) "**Bowood Assets**" means all assets held directly or indirectly by Bowood including, without limitation, all Hydrocarbon Interests, Tangibles, Wells and Miscellaneous Interests;
- (d) "**Business Day**" means a day, other than a Saturday, Sunday or statutory holiday, when banks are generally open in the City of Calgary, in the Province of Alberta, for the transaction of banking business;

- (e) "**Facilities**" means all facilities under any unit agreement that applies to the Hydrocarbon Interests and all other field facilities that are not solely located on or under the surface of the Lands (or lands with which the Lands are pooled) and that are used or useful in the production, compression, processing, transmission or treatment respecting the Hydrocarbon Interests or the Hydrocarbon Substances produced therefrom including, without limitation, pipelines, flow lines, gathering systems, batteries, compressors and plants;
- (f) "**Hydrocarbon Interests**" means all of Bowood's rights and interests in and in respect of the Leases to the extent they apply to the Lands;
- (g) "**Hydrocarbon Substances**" means petroleum, natural gas, crude, bitumen and related hydrocarbons, and any other substances, whether gaseous, liquid or solid, and whether hydrocarbons or not (including, without limitation, sulphur and coal bed methane), which might be produced in association therewith, or any of them, or any constituent of any of them, in which Bowood has a Hydrocarbon Interest;
- (h) "**Lands**" means all lands, formations and associated Hydrocarbon Substances located within or forming part of such lands, in which Bowood has a Hydrocarbon Interest;
- (i) "**Leases**" means collectively the various leases, permits, licenses and other documents of title, by virtue of which the holder thereof is entitled to explore for, drill for, recover, remove or dispose of Hydrocarbon Substances within, upon or under the Lands (or any lands with which the same have been pooled or unitized), on the terms set forth therein, and includes any and all extensions and renewals thereof, replacements or substitutions therefor, or further documents of title issued pursuant thereto, but only to the extent that they pertain to the Lands;
- (j) "**Miscellaneous Interests**" means all of the rights and interests of Bowood in all property, assets and rights pertaining to either the Hydrocarbon Interests or the Tangibles, including, without limitation, all of the rights and interests of Bowood in:
 - (i) all contracts, agreements and documents relating to the Hydrocarbon Interests and the Tangibles and any rights in relation thereto;
 - (ii) all subsisting rights to enter upon, use and occupy the surface of any of the Lands (or any lands with which the same have been pooled or unitized), or any lands upon which any of the Tangibles are situated, or any lands to be traversed in order to gain access to any of the Lands or any of the Tangibles; and
 - (iii) all Well, pipeline and other permits, licenses and authorization relating to the Hydrocarbon Interests or the Tangibles;
- (k) "**Month**" means a calendar month;
- (l) "**Parties**" means, collectively, Legacy and Bowood, and "**Party**" refers to either of the Parties;

- (m) **"Prime Rate"** means an annual rate of interest equal to the floating annual rate of interest from time to time set by Bank of Montreal as the prime base rate used by it to determine rates of interest charged on Canadian dollar commercial loans to customers in Canada, being the rate from time to time designated as such by the said bank;
- (n) **"Potential Acquisition Transaction"** means an opportunity to obtain (or potentially to obtain, by way of prospective negotiations), directly or indirectly, an interest in hydrocarbon substances, oil or natural gas rights, properties or assets by a Party where any portion of such hydrocarbon substances, oil or natural gas rights, properties or assets is located within the Area of Exclusion, including ownership of associated assets directly related to hydrocarbon substances, oil or natural gas rights, properties or assets, such as pipelines, whether or not entirely within the Area of Exclusion;
- (o) **"Services"** means those services to be provided by Legacy to Bowood hereunder, as defined in Schedule "B";
- (p) **"Tangibles"** means all tangible depreciable property and assets of Bowood used or useful in connection with production, gathering, oil treatment, gas measurement, storage, oil transportation, water injection, removal or other operations relating to the Hydrocarbon Interests, including, without limitation, the Facilities and all equipment located in or on any Wells, and all tangible depreciable property and assets which from part thereof, are appurtenant thereto or are used in connection therewith; and
- (q) **"Wells"** means Bowood's entire interest in all wells located on the Lands or lands pooled or unitized therewith, including, without limitation all producing, suspended, shut-in, capped, abandoned, water source, observation, disposal, storage, injection or other wells or otherwise relating to Bowood's operations in relation thereto, and all wellbores and casing in such wells.

1.2 **Schedules**

This Agreement consists of the body of this Agreement and the following Schedules that are attached hereto:

Schedule "A" – Area of Exclusion; and

Schedule "B" – The Services.

1.3 **Construction**

In this Agreement, unless otherwise expressly stated:

- (a) any references to "herein", "hereby", "hereunder", "hereof" and similar expressions are references to this Agreement and not to any particular section, subsection or schedule;

- (b) references to an "Article", "section", "subsection", "clause" or "schedule" are references to an Article, section, subsection, clause or schedule of or to this Agreement;
- (c) references to dollar amounts are references to Canadian dollar amounts;
- (d) words importing the singular shall include the plural and vice versa, words importing gender shall include the masculine, feminine and neuter genders, and references to a "person" or "persons" shall include individuals, corporations, trusts, associations, bodies politic and other entities, all as may be applicable in the context;
- (e) words and phrases which are not defined herein but which have a generally accepted meaning in the custom and usage of the oil and gas industry in western Canada as at the date hereof shall be given such generally accepted meaning;
- (f) the use of headings is for convenience of reference only and shall not affect the construction or interpretation hereof, and
- (g) the words "include" and "including" have an inclusive meaning, are used in an illustrative sense and not a limiting sense, and are not intended to limit the generality of the description preceding or following such term.

1.4 Entire Agreement

This Agreement expresses and constitutes the entire agreement between the Parties with respect to the services to be provided by Legacy to Bowood, and supersedes any previous agreements or understandings with respect thereto. This Agreement may be amended only by written instrument executed by the Parties.

ARTICLE 2 ENGAGEMENT AND APPOINTMENT

2.1 Engagement

Bowood hereby engages, appoints and grants authority to Legacy to perform the Services and Legacy hereby accepts such engagement, appointment and authority, all subject to the terms and conditions of this Agreement.

2.2 Performance of the Services

- (a) Legacy will perform all Services diligently, in a good and workmanlike manner, in compliance with this Agreement and all Applicable Laws and in accordance with good oilfield practice including prudent reservoir management and conservation principles. Insofar as Legacy hires contractors hereunder it will supervise them as is reasonable.
- (b) Legacy shall exercise the same degree of care in handling and using Bowood's equipment as Legacy would its own equipment.

- (c) Legacy shall maintain at all times the minimum personnel necessary to perform the Services. The personnel assigned by Legacy to conduct the Services, or any part thereof, shall be mentally and physically fit, trained, competent, skilled and experienced in the conduct of the tasks for which they are intended. Legacy shall be responsible, at its expense, for all medical and hospital expenses of Legacy's personnel.

2.3 Restrictions on Legacy's Duties

- (a) **Bowood Discretion.** Nothing herein shall have the effect of limiting: (i) any right or obligation of the board of directors of Bowood to direct and control the management of the business and affairs of Bowood; or (ii) any right or obligation of any senior officers of Bowood to manage the business and affairs of Bowood; and
- (b) **Bowood Officers and Directors.** The directors and/or senior officers of Bowood shall be solely responsible for all executive decisions in respect of Bowood and shall have the sole discretion and authority to execute any material agreement, instrument or document on behalf of Bowood and to do or cause to be done any act or thing by or on behalf of Bowood.

2.4 Delegation and Ability to Engage Outside Parties

- (a) Legacy, at its sole cost and expense, may contract with any person to perform the Services or carry out any of its duties hereunder and may delegate to such person any power and authority of Legacy hereunder, but no such contract or delegation will relieve Legacy of any of its obligations hereunder and no such contract or delegation shall be made without the advance written consent of Bowood, such consent not to be unreasonably withheld.
- (b) All material Bowood services outside the scope of the Services shall be engaged by the officers and/or directors of Bowood at Bowood's expense, including legal counsel, auditors, accountants, independent reserves evaluators, investment bankers and advisors, lenders and drilling, completion and other field operation services. Legacy shall not and is not authorized under this Agreement to bind Bowood with respect to services contemplated under this subsection 2.4(b) or any services other than as permitted under this Agreement or pursuant to such preapproval thresholds and processes that may be established by the board of directors of Bowood from time to time.

2.5 Exercise of Powers and Discharge of Duties

Legacy will exercise its powers and discharge its duties under this Agreement honestly, in good faith and in the best interests of Bowood, and in connection therewith will apply the degree of care, diligence and skill that a reasonably prudent and qualified person would apply in comparable circumstances and, in particular, but without limitation, shall:

- (a) hold and manage monies of Bowood received by Legacy in trust on behalf of Bowood in separate accounts not comingled with Legacy monies;

- (b) ensure its employees and agents devote to the conduct of the Services such time as may be necessary for the proper performance of the Services;
- (c) perform, and cause its affiliates, agents, subcontractors, consultants and employees to perform, the Services in accordance with Applicable Laws; and
- (d) comply with the instructions of Bowood in relation to the performance of Services.

2.6 Health, Safety and Environment

- (a) **Management Of HSE Risks** - Without limiting the obligations in section 2.2, Legacy will perform the Services in compliance with the Applicable Laws pertaining to Health, Safety and Environment ("**HSE**"). With the goals of achieving safety and reliability in the performance of the Services and in avoiding adverse and unintended impact on the environment, property and the health or safety of people, Legacy will, in planning and conducting the Services:
 - (i) perform the Services to standards that are intended to achieve sustained reliability and promote the effective management of HSE risks; and
 - (ii) apply structured and documented HSE management systems and procedures consistent with those generally applied under similar circumstances to manage HSE and security risks effectively and pursue sustained reliability of operations, including: (i) internal processes to identify and minimize or address HSE risks; (ii) internal processes to address the response to any emergency; (iii) work rules that restrict or prohibit the possession or use of alcohol, illicit drugs and other controlled substances and weapons at the field location at which the Services are performed; and (iv) internal security processes to protect the any property of Bowood from harm, damage and theft.
- (b) **HSE Incidents** - Legacy will promptly advise Bowood of any HSE incident that it reasonably determines is significant. It will advise Bowood of the measures taken by it, at the time and on a follow-up basis, to address the incident, with such consultation with Bowood about those follow-up measures as is appropriate. It will prepare a formal incident report for any such incident in due course as reasonably warranted.
- (c) **Periodic HSE Inspections** - Legacy will have its personnel inspect producing wells and Facilities at least annually with respect to HSE matters, provided that such inspection will be conducted at such earlier date as may be reasonably required to assess any HSE incident. Legacy will cause a HSE audit to be conducted at such frequency as Legacy reasonably determines is appropriate having regard to the nature of the Services, using such criteria and qualified personnel as it reasonably determines are appropriate.
- (d) **HSE Reports** - Legacy will provide Bowood upon request with a copy of any HSE incident report or audit report obtained under section 2.6(b) or 2.6(c), provided that, subject to Applicable Laws, each such report will be kept confidential under section

7.3. Legacy will, as soon as is practicable, address and, where appropriate, rectify all deficiencies identified in that report. It will, upon request, provide Bowood with a plan for addressing all deficiencies identified therein that remain outstanding at the time Legacy receives it.

- (e) **Clause Does Not Create Duty On Bowood** - Nothing in this section 2.6 is to be interpreted as imposing on Bowood any duty to take action in circumstances in which Legacy's HSE performance is deficient.

2.7 Expenses

Legacy shall be solely responsible for the provision of all staff, employees, consultants and other head office personnel (collectively, the "**personnel**") which it deems necessary to fulfil its obligations under this Agreement and shall be solely responsible for payment of all salaries, benefits and expenses of such personnel, including but not limited to all assessments such as income tax, employment insurance premiums, Canada Pension Plan contributions, provincial health care contributions and Workers' Compensation contributions and assessments.

2.8 Emergencies

In an emergency, Legacy may take whatever action it deems in good faith necessary to protect life, property and the natural environment as would a good and prudent contractor in accordance with good oilfield practice. Legacy will promptly notify Bowood of any such emergency and any action taken in connection therewith.

ARTICLE 3 INVOICE AND PAYMENT

3.1 Monthly Fee

Bowood will pay Legacy a fee of one hundred and sixty-seven thousand Canadian dollars (\$167,000.00) per Month, plus goods and services tax, as compensation for Legacy providing the Services. Unless otherwise agreed to by the Parties in writing, the fee for Services shall be inclusive of and not in addition to any costs or expenses associated with any agent, consultant or subcontractor engaged by Legacy for the performance of the Services.

3.2 Expense Reimbursement

In addition to the amount set forth in section 3.1, Bowood shall reimburse Legacy for any evidenced, direct, actual out-of-pocket costs and expenses incurred by Legacy in providing the Services hereunder, including printing and mailing costs, subject to such preapproval thresholds and processes that may be established by the board of directors of Bowood from time to time.

3.3 Invoices

Legacy shall invoice Bowood as soon as practicable following the end of each Month for the fee referred to in section 3.1 and the expenses referred to in section 3.2. Bowood will pay Legacy the undisputed amounts specified in each invoice within thirty (30) days after receipt of such invoice.

3.4 Disputed Invoices

If Bowood disputes any item in an invoice, it shall, within fifteen (15) days of receipt of such invoice, notify Legacy in writing of any item set forth in an invoice under dispute, specifying in detail the nature of the dispute.

3.5 No Waiver of Rights

The payment of, objection to, or failure to object to any invoice, or any payment or settlement in resolution of any dispute, or any combination thereof shall not constitute acceptance by Bowood of the accuracy or justification of Legacy's invoices. Any payment by Bowood is made on the condition that Bowood reserves the right to challenge subsequently the validity of any invoiced amounts.

3.6 Overdue Accounts

Any undisputed invoice not paid within thirty (30) days after receipt of the invoice will accrue interest on the amount owing at an annual rate equal to the Prime Rate plus two (2%) percent per annum, compounded monthly from the date of receipt of the invoice until paid. Legacy shall not be entitled to interest on an invoice if Bowood has instructed Legacy to pay an applicable invoice within (30) days after receipt and Legacy has access to sufficient Bowood funds to pay an applicable invoice.

3.7 Review of Monthly Fee

The quantum of the fee provided for in section 3.1 shall be reviewed by Legacy and by the board of directors of Bowood on an annual basis prior to December 31 in each year for the purposes of making any mutually agreed upon adjustments.

ARTICLE 4 **INDEPENDENT CONTRACTOR**

4.1 Status of Legacy

- (a) **Independent Contractor.** Legacy shall act as an independent contractor and not as an agent of Bowood. Persons engaged by Legacy for the conduct of the Services and for all matters incident thereto, shall be employees or independent subcontractors of Legacy. Neither Bowood nor Legacy shall have direction or control of the employees of the other Party in the conduct of the Services. Legacy, as an independent contractor, shall have complete control over the manner and performance of its operations, Bowood being interested only in the results to be obtained from the Services.
- (b) **Instruction and Direction.** Subject to the other provisions of this Agreement, Bowood may instruct and direct Legacy, from time to time, as to the results to be obtained from the Services.
- (c) **Legacy to Act in Own Name.** All responsibilities undertaken by Legacy in connection with the Services, including, without limitation, those concerning

Legacy's personnel, shall be undertaken in the name of Legacy and not in the name of Bowood.

4.2 Legacy's Employees

In connection with its obligations to provide the Services to Bowood hereunder, Legacy is responsible for determining:

- (a) the number of Legacy's employees and subcontractors to be engaged in providing the Services;
- (b) the selection of employees and subcontractors; and
- (c) the hours of labour and compensation for employee and subcontractor services.

4.3 Competing Business Interest

The Parties acknowledge that each Party and/or its affiliates or associates are or may become engaged in a variety of other businesses and competing oil and gas activities and operations. Subject to the standard of care set forth in section 2.5, the application of section 4.4 and the confidentiality obligations set forth in section 7.3, each Party acknowledges and consents to any and all such activities and agrees:

- (a) that nothing herein shall prevent either Party or any of its affiliates or associates or any of their respective officers, directors or employees from having other business interests, even though such business interests may be similar to or competitive with those of the other Party or its affiliates;
- (b) subject to subsections 4.4(a) and 4.4(b), neither Party nor its affiliates and associates shall be obligated to offer any business opportunities to the other Party; and
- (c) Each Party and its affiliates and associates and their respective directors, officers and employees shall have the right independently to engage in and receive the full benefits from business activities, whether or not similar to or competitive with the business of the other Party, without consulting such other Party.

4.4 Priority with Respect to Potential Acquisition Transactions

In order to avoid potential conflicts of interest between Bowood and Legacy, Bowood and Legacy hereby agree that:

- (a) Bowood shall have the first priority to pursue any Potential Acquisition Transaction within the Area of Exclusion;
- (b) Legacy shall have the first priority to pursue any Potential Acquisition Transaction outside the Area of Exclusion;
- (c) if a Party (the "**Non-Priority Party**") intends to pursue a Potential Acquisition Transaction with respect to which the other Party (the "**Priority Party**") has priority

- pursuant to the subsection (a) or (b), as applicable, it shall give the Priority Party five (5) Business Days notice of such intention (in the case of notice to Bowood, notice shall be delivered to the board of directors);
- (d) the Priority Party shall be entitled, within the five (5) Business Day notice period provided for in subsection 4.4(c), to provide notice to the Non-Priority Party that it intends to assert its right of priority with respect to the Potential Acquisition Transaction that was the subject of the notice provided pursuant to subsection 4.4(c), failing which the Priority Party shall be deemed to have waived its right of priority with respect to the Potential Acquisition Transaction;
 - (e) if the Priority Party asserts its right of priority to a Potential Acquisition Transaction pursuant to subsection 4.4(d), the Priority Party shall have the exclusive right to pursue the Potential Acquisition Transaction for a period of thirty (30) days following the date that the Priority Party provided the notice referred to in subsection 4.4(d);
 - (f) if the Priority Party does not enter into a definitive agreement with respect to the Potential Acquisition Transaction by the end of the thirty (30) day period referred to in subsection 4.4(e), the right of priority of the Priority Party to the Potential Acquisition Transaction shall cease and be of no further force and effect;
 - (g) by written notice, either Party may waive its rights of priority provided for hereunder at any time;
 - (h) where a Potential Acquisition Transaction involves, directly or indirectly, oil or natural gas properties or assets that are located both within and outside the Area of Exclusion, the Potential Acquisition Transaction shall be considered to be within the Area of Exclusion if the majority of the oil or natural gas properties or assets, by value, are located within the Area of Exclusion and shall be considered to be outside the Area of Exclusion if the majority of the oil or natural gas properties or assets, by value, are located outside the Area of Exclusion;
 - (i) the provisions of this section 4.4 shall be deemed to terminate at the effective date of termination of this Agreement if terminated pursuant to subsection 7.1(b) (upon expiry of the notice period set forth in section 7.1(b)), or ninety (90) days from the date of immediate termination of this Agreement if terminated pursuant to subsection 7.1(c), or 7.1(e), provided, however, this section 4.4 shall continue to apply to a Party terminating this Agreement pursuant to section 7.1 with respect to any Potential Acquisition Transaction of which such Party was aware at the time that such Party provided the notice referred to under that subsection;
 - (j) if either Party fails to comply with this section 4.4 by failing to provide a Priority Party notice under subsection 4.4(c), and proceeds to consummate a Potential Acquisition Transaction ("**Acquired Interest**"), then the Non-Priority Party in default shall promptly notify the Priority Party and provide all applicable and necessary information regarding the Acquired Interest; and, at the option of the Priority Party (exercisable within ninety (90) days of receipt of all applicable

information), transfer the Acquired Interest to the Priority Party and account to the Priority Party for any revenue gained from the Acquired Interest, with such Priority Party having the obligation to reimburse the Non-Priority Party for fifty percent (50%) of its evidenced and direct costs of acquisition and operation of the Acquired Interest; and

- (k) the remedy provided in section 4.4(j) shall apply regardless of the relative likelihood of whether a Priority Party would have been able to consummate the Potential Acquisition Transaction in the first instance had the Non-Priority Party performed in accordance with this section 4.4.

ARTICLE 5

AUDIT PROVISION

5.1 Records and Accounts

Legacy will maintain complete books, records and accounts with respect to the Services and to transactions related thereto in accordance with Canadian generally accepted accounting principles and in the detail required to verify (i) all records and accounts submitted to Bowood, (ii) all operations, receipts and disbursements of the business of Bowood, and (iii) compliance with the terms of this Agreement.

5.2 Audit Rights

Bowood has the right to audit, at its own expense, the records and accounts of Legacy related to the Services:

- (a) during reasonable business hours and on advance written notice to Legacy; and
- (b) during the term of this Agreement and for up to twenty-four (24) Months after the end of the calendar year following termination of this Agreement.

5.3 Audit Claims

Any claims of discrepancies will be made in writing to Legacy within three (3) Months of completion of the audit.

5.4 Audit Responses

Legacy will respond in writing to all claims of discrepancies within three (3) Months of receipt of such claims. Legacy shall provide reasonable assistance to Bowood in making such audits. If such audit(s) should reveal any discrepancy or error, such discrepancy or error shall be promptly corrected and the corresponding reimbursement to or payment by Bowood (as the case may be) shall be made, if appropriate.

ARTICLE 6
LIABILITY AND INDEMNIFICATION

6.1 Indemnity of Bowood

- (a) Legacy hereby indemnifies and holds harmless Bowood, and its officers, directors, shareholders, employees, contractors (other than Legacy), subcontractors and agents (“**Bowood Group**”), from and against any costs, damages, liabilities or loss suffered or incurred by Bowood Group as a result of an act of fraud, bad faith, gross negligence or wilful misfeasance by Legacy in the performance of its obligations hereunder or of any act or omission not within the scope of authority conferred by this Agreement.
- (b) Notwithstanding Bowood Group negligence, Legacy hereby indemnifies and holds harmless Bowood Group from and against any costs, damages, liabilities or loss suffered or incurred by Legacy, its officers, directors, shareholders, employees, contractors, subcontractors and agents (“**Legacy Group**”).

6.2 Indemnity of Legacy

- (a) Bowood hereby indemnifies and holds harmless Legacy Group from and against any costs, damages, liabilities or loss suffered or incurred by third parties (other than Bowood Group and Legacy Group) by reason of acts, omissions or alleged acts or omissions arising out of the activities of Legacy in performance of the Services, but only if the acts, omissions or the alleged acts or omissions on which the actual or threatened action, proceeding or claim are based were not performed or omitted fraudulently or in bad faith and are not attributable to the fraud, bad faith, wilful misfeasance or gross negligence in the performance of the obligations or reckless disregard of such obligations by Legacy, its officers, directors, shareholders, employees or agents.
- (b) Notwithstanding Legacy Group negligence, Bowood hereby indemnifies and holds harmless Legacy Group from and against any costs, damages, liabilities or loss suffered or incurred by Bowood Group.

6.3 Limitation of Liability

Notwithstanding anything else contained herein, and notwithstanding any Applicable Laws or rule of equity to the contrary:

- (a) neither Party is liable for any indirect or consequential damages, including loss of profits or loss of anticipated profits, however arising and sustained by the other Party in the performance, purported performance or non-performance of this Agreement; and
- (b) each Party shall be obligated to use reasonable efforts to mitigate any liability, loss, costs, claims or damages sustained by it in connection with any matter for which the other Party may have liability to it.

6.4 Survival

The provisions of this Article 6 shall survive the termination of this Agreement and remain in full force and effect notwithstanding such termination.

ARTICLE 7 **GENERAL**

7.1 Term

- (a) This Agreement will commence on the date hereof and will continue until terminated in accordance with its terms.
- (b) This Agreement may be terminated by either Party by giving the other Party not less than ninety (90) days' notice of such termination.
- (c) This Agreement may be immediately terminated by either Party (the "**Non-Defaulting Party**") upon notice to the other Party (the "**Defaulting Party**") where, in the reasonable opinion of the Non-Defaulting Party, the Defaulting Party is in breach of its obligations hereunder and the Defaulting Party fails to remedy (or commence to remedy and thereafter diligently pursue such remedy) the breach complained of within five (5) Business Days of receipt of notice of default from the Non-Defaulting Party.
- (d) In the event of termination of this Agreement pursuant to subsection 7.1(b), Legacy shall continue to perform the Services under this Agreement during the ninety (90) day notice period and shall cooperate and provide all reasonable assistance in the transition of the Services performed hereunder.
- (e) This Agreement may be immediately terminated by either Party upon notice to the other Party if such other Party: (i) makes a general assignment for the benefit of its creditors; (ii) commits or threatens to commit an act which, if committed by a corporation, would constitute an act of bankruptcy under the *Bankruptcy and Insolvency Act* (Canada) or any statute passed in substitution therefor, as amended from time to time; (iii) makes any assignment in bankruptcy or makes any other assignment for the benefit of creditors, makes any proposal under the *Bankruptcy and Insolvency Act* (Canada), seeks relief under any bankruptcy, winding-up, reorganization or insolvency law, files a petition or proposal to take advantage of any act of insolvency, consents to or acquiesces in the appointment of a trustee in bankruptcy, receiver, liquidator or the like, or files a petition or otherwise commences any proceeding seeking any reorganization, dissolution, winding-up, liquidation, composition, arrangement or distribution or readjustment or any other like relief under any bankruptcy, winding-up reorganization or insolvency law or consents to or acquiesces in the filing of any such assignment, proposal, relief, petition, appointment or proceedings; or (iv) if any cause, proceeding or other action shall be instituted in any court of competent jurisdiction against such other Party seeking an adjudication in bankruptcy, reorganization, dissolution, winding-up, liquidation, a composition or arrangement with or distribution to creditors, a

readjustment of debts, the appointment of a trustee in bankruptcy, receiver, liquidator, or the like or any other like relief in respect of such other Party under any bankruptcy, winding-up, reorganization or insolvency law and the same shall continue undismissed and unstayed for any period of thirty (30) consecutive days;

- (f) Each Party will be responsible for any obligations it incurs prior to termination.

7.2 **Force Majeure**

The obligations (excluding indemnity and insurance) of either Party will be suspended by written notice from one Party to the other and for so long as the performance of the obligations are prevented or hindered, in whole or in part, by reason of strikes, acts of God or the Queen's enemies, provincial, federal or municipal regulations, or for any other cause beyond the reasonable control of the Party, that has not been caused by its negligence and which it was unable to prevent or provide against by the exercise of reasonable diligence at a cost that was not unreasonable, except lack of funds, ("**Force Majeure**"). Performance will be resumed as soon as reasonably practicable after the removal of the circumstances of Force Majeure. A Party is not required to settle any labour dispute against its will. A Party claiming Force Majeure under will promptly remedy its cause and effect, insofar as it is reasonably able to do so. That Party will update the other Party about the status of the Force Majeure and its efforts to remedy it at reasonable frequency. It will promptly notify the other Party when that Force Majeure ceases to prevent the performance of the applicable obligation.

7.3 **Confidentiality**

- (a) Throughout the term of this Agreement and for three (3) years thereafter, all the information communicated by the Parties to one another ("**Confidential Information**") under this Agreement shall be considered as confidential and may be used only for the purposes of this Agreement. The requirements with respect to confidentiality described in this section 7.3 shall be applicable to all information which the Parties receive from one another, directly or indirectly, except information relating to the following categories:
 - (i) information that is already known to a Party as of the date of this Agreement and which was not subject to any obligation of confidentiality;
 - (ii) information that is or becomes available to the public other than through the act or omission of a Party or of any other person to whom Confidential Information is disclosed by a Party unless public disclosure was made pursuant to subsection 7.3(b) below;
 - (iii) information that is acquired independently from a third party representing that it has the right to disseminate such information at the time it is acquired by a Party;
 - (iv) information obtained as a result of discovery and by means of independent research without the use of or access to another Party's information; and

- (b) A Party may disclose Confidential Information without the prior written consent of the other Party which a Party is required to disclose pursuant to Applicable Laws, order of a court of competent jurisdiction or the regulations or requirements of a recognized securities exchange or commission.

7.4 Communications

All notices and other communications given in connection with this Agreement shall be in writing, and the respective addresses of the Parties for the service of any such notices or other communications are as follows:

Legacy: 4400, 525 - 8 Avenue SW
Calgary, Alberta T2P 1G1
Attention: President and Chief Executive Officer
Facsimile: (403) 441-2017

Bowood: 1850, 717 – 7th Avenue SW
Calgary, Alberta T2P 0Z3
Attention: President and Chief Executive Officer
Facsimile: (403) 263-8555

All notices and communications given in connection with this Agreement shall be sufficiently given if addressed as aforesaid and either delivered by hand or by reputable courier service to the intended recipient's address for service as set forth above, or sent by direct facsimile telecommunication to such Party at its direct fax number as set forth above. Any notice so given shall be deemed to have been given and received on the first Business Day on which it is presented during normal business hours at the address for service of the addressee thereof, or, in the case of a direct facsimile telecommunication, on the day on which it is transmitted, if transmitted prior to or during normal business hours on a Business Day, or on the first Business Day following the day on which it is transmitted, if transmitted outside of normal business hours. A Party may change its address for service by giving written notice thereof to the other Party as aforesaid.

7.5 Assignment

Neither Party shall be entitled to assign any rights or obligations under or in respect of this Agreement without the consent of the other Party.

7.6 Enurement and Change of Control

This Agreement shall enure to the benefit of and be binding upon the Parties and their respective successors. The Agreement shall not be affected by a change of control of either Party except as otherwise mutually agreed to by the Parties.

7.7 Governing Law

This Agreement shall be governed by and construed in accordance with the laws of the Province of Alberta and the laws of Canada applicable therein, and each of the Parties submits to the jurisdiction of the courts of the Province of Alberta for the interpretation enforcement hereof.

7.8 Separable Provisions

Each provision of this Agreement shall be considered separable and if any provision(s) is (are) determined to be invalid, unenforceable or illegal under any existing or future law, such invalidity, unenforceability or illegality shall not impair the operation of or affect those portions of this Agreement that are valid, enforceable and legal.

7.9 Time of the Essence

Time shall be of the essence of this Agreement.

7.10 Counterpart Execution

This Agreement may be executed in separate counterparts, and the executed counterparts shall together constitute one instrument and have the same force and effect as if all of the Parties had executed the same instrument; provided that neither Party shall be bound to this Agreement unless and until both Parties have executed and delivered to the other Party a counterpart. A counterpart of this Agreement signed by a Party and sent by direct facsimile telecommunication to the other Party shall be deemed to be valid as an original and shall be binding as between the Parties.

IN WITNESS WHEREOF the Parties have executed and delivered this Agreement as of the date first above written.

LEGACY OIL + GAS INC.

(signed) "Trent Yanko"
President and Chief Executive Officer

BOWOOD ENERGY INC.

(signed) "Christine Robertson"
Chief Operating Officer &
Vice-President, Engineering

SCHEDULE "A"
AREA OF EXCLUSION

[Map of Area of Exclusion Redacted]

SCHEDULE "B"
THE SERVICES

Throughout the term of this Agreement, subject to subject to the terms of this Agreement Legacy shall:

- (a) provide to Bowood all required technical, administrative and management services to permit Bowood to operate, maintain and develop the Bowood Assets as directed by Bowood;
- (b) set up, administer and maintain all document and correspondence files, land files and records associated with or incidental to the Bowood Assets;
- (c) provide human resource services to Bowood;
- (d) provide accounting and financial services to Bowood, including advice and assistance in management of accounts, billings, collections, general ledger accounting, preparation of financial statements and preparation of budgets and business plans;
- (e) manage and coordinate the preparation of proxy materials, annual information forms and other communications and filings required under applicable securities laws;
- (f) market Bowood's share of production of Hydrocarbon Substances;
- (g) obtain any required insurance coverage on behalf of Bowood with respect to the Assets, the Services and related liabilities;
- (h) incur costs and expenses in connection with the Services performed for Bowood, subject to reimbursement as set out herein;
- (i) arrange for the payment by Bowood of all properly payable costs and expenses incurred by or on behalf of Bowood; and
- (j) report to Bowood concerning the provision of the Services and the Bowood Assets in accordance with such requirements as may be imposed by the board of directors of Bowood from time to time.

(collectively, the "**Services**").