# NEWQUEST ENERGY INC.

# LETTER OF ACCEPTANCE
# for
# COMMON SHARES
# of
# RANCHERO OIL & GAS LTD.

| THE OFFER WILL BE OPEN FOR ACCEPTANCE UNTIL 6:00 P.M. (CALGARY TIME) ON FEBRUARY 22, 2000 UNLESS THE OFFER IS EXTENDED OR WITHDRAWN |
|---|

*The Depositary*
*(see below for addresses and telephone numbers)*
*or your broker or other financial adviser*
*will assist you in completing this Letter of Acceptance*

This Letter of Acceptance, properly completed and duly executed, or a manually executed photocopy hereof, together with all other required documents, must accompany certificates representing common shares (the "Ranchero Shares") of Ranchero Oil & Gas Ltd. ("Ranchero") and all certificates representing common shares of Boom Capital Corporation, a predecessor corporation to Ranchero, deposited pursuant to the offer made to the shareholders of Ranchero by Newquest Energy Inc. ("Newquest") dated January 28, 2000 (the "Offer").

**Please read carefully the Instructions and Rules set out below before completing this Letter of Acceptance.**

Capitalized terms used but not defined in this Letter of Acceptance which are defined in the Offer and Circular of Newquest dated January 28, 2000 (the "Circular") have the meanings set out in the Offer and Circular.

**TO: NEWQUEST ENERGY INC.**
**AND TO: MONTREAL TRUST COMPANY OF CANADA, as Depositary (the "Depositary") at any of its offices set out in paragraph 9 of the Instructions.**

The undersigned delivers to you the enclosed certificates for the Ranchero Shares and hereby assigns all right, title and interest therein. Subject only to the provisions of the Offer and applicable law regarding withdrawal, the undersigned irrevocably accepts the Offer upon the terms and conditions contained in the Offer. The following are the details of the enclosed certificate(s):

| Certificate Number | Name in which Registered | Number of Shares Tendered |
|---|---|---|
| | | |
| | | |
| | | |
| | | |
| | TOTAL | |

**(Attach list in the above form, if necessary)**

The undersigned further:

1. acknowledges receipt of the Offer and the Circular;

2. irrevocably accepts the terms of the Offer and deposits, sells, assigns and transfers to Newquest all right, title and interest in the number of Ranchero Shares described above represented by the enclosed certificates (the "Deposited Shares") including all right, title and interest to any cash or stock dividends or any other distribution made with respect thereto payable to shareholders of record on a date prior to the date when the Deposited Shares purchased pursuant to the Offer are transferred into the name of Newquest or its nominee on the stock transfer records of Ranchero, upon the terms and subject only to the rights of withdrawal set out in the Offer;

3. represents and warrants that: (i) the undersigned has full power and authority to deposit, sell, assign and transfer without restriction the Deposited Shares to Newquest; (ii) that the undersigned owns the Deposited Shares within the meaning of applicable securities laws; (iii) that the deposit of the Deposited Shares complies with applicable securities laws; and (iv) when the Deposited Shares are taken up and paid for by Newquest, Newquest will acquire good title thereto free and clear of all liens, restrictions, charges, encumbrances, claims and equities whatsoever;

4. covenants and agrees to execute, upon request, any additional documents necessary or desirable to complete the sale, assignment and transfer of the Deposited Shares to Newquest;

5. irrevocably constitutes and appoints Newquest, the Depositary, and any officer of Newquest and each of them, and any other person designated by Newquest in writing as the true and lawful agent, attorney, attorney-in-fact and proxy of such holder with respect to the Deposited Shares and with respect to any dividends, stock dividends, securities, rights, warrants, payments, assets or other interest or distribution (collectively, the "Other Securities"), declared, paid, issued, transferred or distributed on or in respect of the Deposited Shares, on or after the date of the Offer, effective from the date that Newquest purchases the Deposited Shares (the "Effective Date"), with full power of substitution, in the name and on behalf of the undersigned to: (a) register or record, transfer and enter the transfer of the Deposited Shares and any Other Securities on the books of Ranchero; and (b) for as long as any of such Deposited Shares or Other Securities are registered or recorded in the name of the undersigned (whether or not they are now so registered and recorded), exercise any and all of the rights of the undersigned in respect of the Deposited Shares and any Other Securities, including, without limitation, the right to vote, execute and deliver (provided the same is not contrary to applicable law), as and when requested by Newquest, any and all instruments of proxy, authorizations or consents in respect of any or all of the Deposited Shares and Other Securities, revoke any such instruments, authorizations or consents given on or prior to or after the Effective Date and designate in any such instruments of proxy any person or persons as the proxy or the proxy nominee or nominees of the holder thereof including, without limitation, in connection with any meeting (whether annual, special or otherwise) of holders of securities of Ranchero (or any adjournment thereof), and execute, endorse and negotiate, for and in the name of and on behalf of the registered holder of the Deposited Shares, any and all cheques or other instruments respecting any distribution payable to or to the order of such holder;

6. acknowledges and agrees that if Ranchero should declare or pay any cash dividend, stock dividend or make any other distribution on or issue any rights with respect to any of the Deposited Shares which is or are payable or distributable to the holders of record on a record date which is prior to the date of transfer into the name of Newquest or its nominees or transferees on the Ranchero share register of such Deposited Shares following acceptance thereof for purchase pursuant to the Offer, then, without prejudice to Newquest's rights under the Offer, the whole of any such dividend, distribution or right will be received and held by the depositing shareholder for the account of Newquest and shall be promptly remitted and transferred by the depositing shareholder to the Depositary for the account of Newquest, accompanied by appropriate documentation of transfer. The undersigned further acknowledges that pending such remittance, Newquest will be entitled to all rights and privileges as the owner of any such dividend, distribution or right, and may withhold the

entire consideration payable by Newquest pursuant to the Offer or deduct from the consideration payable by Newquest pursuant to the Offer the amount or value thereof, as determined by Newquest in its sole discretion;

7. agrees, from and after the Effective Date: (i) not to vote any of the Deposited Shares or Other Securities at any meeting (whether annual, special or otherwise) of holders of the securities of Ranchero; (ii) not to exercise any other rights or privileges attached to any Deposited Shares or Other Securities or otherwise act with respect thereto; and (iii) to execute and deliver to Newquest (provided the same is not contrary to applicable law) at any time and from time to time as and when requested by Newquest any and all instruments of proxy, authorization or consent, in form and on terms satisfactory to Newquest in respect of any or all of the Deposited Shares or Other Securities and to designate in any such instruments of proxy the person or persons specified by Newquest as the proxy or proxy nominee or nominees of the holder thereof;

8. revokes any and all other authority, whether as agent, attorney-in-fact, attorney, proxy or otherwise, previously conferred or agreed to be conferred by the undersigned at any time with respect to the Deposited Shares or Other Securities and agrees that no subsequent authority, whether as agent, attorney-in-fact, attorney, proxy or otherwise, will be granted with respect to the Deposited Shares or Other Securities by or on behalf of the undersigned, unless the Deposited Shares are not taken up and paid for under the Offer;

9. directs Newquest and the Depositary, upon Newquest taking up the Deposited Shares, to issue or cause to be issued share certificate(s) representing Newquest Shares for the consideration to which the undersigned is entitled under the Offer in the name and to the address indicated below by paid first class mail (and if no name or no address is indicated, then in the name and to the address of the undersigned appearing on the share register of Ranchero) and directs that should any of the Deposited Shares not be purchased, the deposited certificates and other relevant documents shall be returned in accordance with the instructions in Block D; and

10. agrees that the determination by Newquest as to all questions relating to the deposit of the Deposited Shares and to the completion and execution of this Letter of Acceptance including, without limitation, the validity, form, eligibility (including timely receipt) and acceptance of the Deposited Shares pursuant to the Offer shall be final and binding.

All authority herein conferred or agreed to be conferred shall survive the death or incapacity, bankruptcy or insolvency of the undersigned and all obligations of the undersigned herein shall be binding upon the heirs, personal representatives, successors and assigns of the undersigned. Except as stated in the Offer, the deposit of Ranchero Shares pursuant to this Letter of Acceptance is irrevocable.

Le soussigne atteste avoir exige que la lettre d'acception soit redigee en langue anglaise. The undersigned acknowledges having required that this Letter of Acceptance be drafted in the English language.

Signature guaranteed by
(if required under Instruction 4):

Dated: ______________________________ , 2000 .

______________________________
Authorized Signature

______________________________
Signature of Shareholder or Authorized Representative
(see Instruction 5)

______________________________
Name of Guarantor (please print or type)

______________________________
Name of Shareholder (please print or type)

______________________________
Address (please print or type)

______________________________

______________________________
Name of Authorized Representative, if applicable
(please print or type)

______________________________
Address of Shareholder (please print or type)

______________________________

______________________________
Daytime Telephone Number

The above-signed certifies that the residence of the above-signed is as follows (check one of the following two boxes only, as applicable):

☐ Resident of Canada

☐ Resident of any other foreign jurisdiction

Any shareholder failing to complete one of the above two boxes will be deemed to have certified that the shareholder is a Canadian resident.

**EVERY DEPOSITING SHAREHOLDER MUST COMPLETE AND EXECUTE THE ABOVE, INCLUDING WHERE REQUIRED, THE SIGNATURE GUARANTEE INFORMATION.**

**BLOCK A**

ISSUE CERTIFICATES FOR NEWQUEST SHARES IN NAME OF (please print or type):

☐ Registered holder of Deposited Shares

or:

____________________________
(Name)

____________________________
(Street Address and Number)

____________________________
(City and Province or State)

____________________________
(Country and Postal (Zip) Code)

____________________________
(Tax Identification, Social Insurance or Social Security No.)

NOTE: NEWQUEST MAY NOT REGISTER CERTIFICATES FOR NEWQUEST SHARES IN THE NAME OF A PERSON WITH AN ADDRESS OUTSIDE OF CANADA.*

**BLOCK B**

SEND CERTIFICATES FOR NEWQUEST SHARES (UNLESS BLOCK C IS CHECKED) TO (please print or type):

☐ Same address as Block A

or:

____________________________
(Name)

____________________________
(Street Address and Number)

____________________________
(City and Province or State)

____________________________
(Country and Postal (Zip) Code)

NOTE: NEWQUEST MAY NOT SEND CERTIFICATES FOR NEWQUEST SHARES TO ANY PERSON OUTSIDE OF CANADA.*

**BLOCK C**

☐ HOLD CERTIFICATES FOR PICKUP

**BLOCK D**

☐ RETURN CERTIFICATES FOR RANCHERO SHARES TO (please print or type):

☐ Same address as Block A or to:

____________________________
(Name)

____________________________
(Street Address and Number)

____________________________
(City and Province or State)

____________________________
(Country and Postal (Zip) Code)

☐ NEW SHARE CERTIFICATES ARE TO BE ISSUED (please print or type):

☐ AS ONE CERTIFICATE, or in the following denominations

____________________________

____________________________

____________________________

*See item 3 on page 2, item 10 on page 3 above and Section 7 of the Offer.

**BLOCK E**

☐ CHECK HERE IF SHARES ARE BEING DEPOSITED PURSUANT TO A NOTICE OF GUARANTEED DELIVERY PREVIOUSLY SENT TO THE DEPOSITARY AND COMPLETE THE FOLLOWING (please print or type):

Name of Registered Holder ______________________________

Date of Execution of Notice of Guaranteed Delivery ______________________________

Name of Institution which Guaranteed Delivery ______________________________

☐ CHECK HERE IF LIST OF BENEFICIAL HOLDERS IS ATTACHED

**DO NOT WRITE IN THIS BOX**

Date received: ______________________________

Number of Shares Received ____________________

Number of Newquest Shares ____________________

Date Certificate(s) Mailed ____________________

Certificate(s) examined by ______________________

Certificate(s) No. ______________________________

______________________________

Newquest's Share Certificate(s) No. ______________

Checked by ______________________________

## INSTRUCTIONS AND RULES

1. **Use of Letter of Acceptance**

(a) This Letter of Acceptance (or a manually signed photocopy thereof) together with accompanying certificates representing the Ranchero Shares must be received by the Depositary at the office specified below before 6:00 p.m. (Calgary time) on February 22, 2000 (or by February 14, 2000 in the event that you have previously executed an Agreement to Tender), unless the Offer is extended or unless the procedures for guaranteed delivery set out in paragraph 2 below are employed.

(b) The method used to deliver this Letter of Acceptance and any accompanying certificates representing Deposited Shares is at the option and risk of the holder, and delivery will be deemed effective only when such documents are actually received. Newquest recommends that the necessary documentation be hand delivered to the Depositary at the office specified below, and a receipt obtained; otherwise the use of registered mail with return receipt requested, properly insured, is recommended.

(c) Shareholders whose Ranchero Shares are registered in the name of a broker, investment dealer, bank, trust company or other nominee should contact that nominee for assistance in depositing those Ranchero Shares.

2. **Procedures for Guaranteed Delivery**

If a Shareholder wishes to deposit Ranchero Shares pursuant to the Offer and: (i) the certificates therefor are not immediately available; or (ii) the Shareholder cannot deliver the certificates representing such shares and all other required documents to the Depositary on a timely basis at or prior to the Expiry Time, such Ranchero Shares may nevertheless be deposited provided that all of the following conditions are met:

(a) such a deposit is made by or through an Eligible Institution (as defined below);

(b) a properly completed and duly executed Notice of Guaranteed Delivery in the form accompanying this Letter of Acceptance or a manually signed photocopy thereof is received by the Depositary by hand, mail or facsimile transmission at its Calgary office as set forth in the Notice of Guaranteed Delivery together with a guarantee in the form set forth in such Notice of Guaranteed Delivery by an Eligible Institution at or prior to the Expiry Time; and

(c) the certificates representing the Ranchero Shares in proper form for transfer, together with a properly completed and duly executed copy of this Letter of Acceptance, or a manually signed photocopy, must be received at the office of the Depositary in Calgary, on or before 4:30 p.m. (Calgary Time) on the third trading day on The Toronto Stock Exchange after the Expiry Date.

An "Eligible Institution" means: (i) in Canada and the United States, a Canadian chartered bank, a trust company in Canada, a commercial bank or trust company having an office, branch or agency in the United States, or a member firm of The Toronto Stock Exchange, the Montreal Exchange, the Canadian Venture Exchange, a national securities exchange in the United States or the National Association of Securities Dealers, Inc.; (ii) in the United Kingdom, a member of the London Stock Exchange or a national banking institution; (iii) in continental Europe, a commercial bank or trust company having an office or agency in continental Europe and a firm that is a member of the Paris Stock Exchange, the Frankfurt Stock Exchange, the Amsterdam Stock Exchange or the Brussels Stock Exchange; or (iv) a member of a recognized Medallion Program (STAMP), (SEMP) or (MSP).

3. **Signatures**

This Letter of Acceptance must be filled in and signed by the holder of Ranchero Shares accepting the Offer described above or by such holder's duly authorized representative (in accordance with Instruction 5).

(a) If this Letter of Acceptance is signed by the registered owner(s) of the accompanying certificate(s), such signature(s) on this Letter of Acceptance must correspond with the name(s) as registered or as written on the face of such certificate(s) without any change whatsoever, and the certificate(s) need not be endorsed. If such transmitted certificate(s) are owned of record by two or more joint owners, all such owners must sign the Letter of Acceptance.

(b) If this Letter of Acceptance is signed by a person other than the registered owner(s) of the accompanying certificate(s) or if certificates representing Newquest Shares are to be issued to a person other than the registered owner(s):

(i) such deposited certificate(s) must be endorsed or be accompanied by an appropriate share transfer power of attorney duly and properly completed by the registered owner(s); and

(ii) the signature(s) on such endorsement or power of attorney must correspond exactly to the name(s) of the registered owner(s) as registered or as appearing on the certificate(s) and must be medallion guaranteed as noted in paragraph 4 below.

4. **Guarantee of Signatures**

If this Letter of Acceptance is signed by a person other than the registered owner(s) of the Ranchero Shares, if certificates representing Newquest Shares are to be issued to a person other than such registered owner(s) (see Block A) or sent to an address other than the address of the registered owner(s) (see Block B) as shown on the share registry of Ranchero, or if Ranchero Shares not purchased are to be returned to a person other than such registered owner(s) or sent to an address other than the address of the registered owner(s) (see Block D) as shown on the share register of Ranchero, such signature must be medallion guaranteed by an Eligible Institution, or in some other manner satisfactory to the Depositary (except that no guarantee is required if the signature is that of an Eligible Institution).

5. **Fiduciaries, Representatives and Authorizations**

Where this Letter of Acceptance is executed by a person on behalf of an executor, administrator, trustee, guardian, corporation, partnership or association or is executed by any other person acting in a representative capacity, this Letter of Acceptance must be accompanied by satisfactory evidence of the authority to act. Either Newquest or the Depositary, at their discretion, may require additional evidence of authority or additional documentation.

6. **Partial Tenders**

If less than the total number of Ranchero Shares evidenced by any certificate submitted is to be deposited, fill in the number of Ranchero Shares to be deposited in the appropriate space on the face page of this Letter of Acceptance. In such case, new certificate(s) for the number of Ranchero Shares not deposited will be sent to the registered holder unless otherwise provided in Block D on this Letter of Acceptance as soon as practicable after the Expiry Time. The total number of Ranchero Shares evidenced by all certificates delivered will be deemed to have been deposited unless otherwise indicated.

7. **Miscellaneous**

(a) Fractional Newquest Shares will not be issued. Any Shareholder entitled to a fractional interest representing 0.5 or more of a Newquest Share shall be rounded up to the next whole share and any Shareholder entitled to a fractional interest representing less than 0.5 of a Newquest Share shall be rounded down to the next whole number. If a Shareholder deposits more than one certificate for Ranchero Shares which are taken up by Newquest, the number of Newquest Shares issuable to such Shareholder will be computed on the basis of the aggregate number of Ranchero Shares deposited by such Shareholder.

(b) If the space on this Letter of Acceptance is insufficient to list all certificates for Ranchero Shares, additional certificate numbers and number of Ranchero Shares may be included on a separate signed list affixed to this Letter of Acceptance.

(c) If Ranchero Shares are registered in different forms (e.g. 'John Doe' and 'J. Doe') a separate Letter of Acceptance should be signed for each different registration.

(d) No alternative, conditional or contingent deposits will be acceptable and no fractional Ranchero Shares will be purchased.

(e) The Offer and any agreement resulting from the acceptance of the Offer will be construed in accordance with and governed by the laws of the Province of Alberta and the laws of Canada applicable therein.

(f) Additional copies of the Offer and Circular, the Letter of Acceptance and the Notice of Guaranteed Delivery may be obtained from the Depositary at the address listed below.

8. **Lost Certificates**

If a share certificate has been lost or destroyed, this Letter of Acceptance should be completed as fully as possible and forwarded together with a letter describing the loss to the Depositary. The Depositary will respond with the replacement requirements. If a share certificate has been lost or destroyed, please ensure that you provide your daytime telephone number on page 4 so the Depository may contact you.

**Important: This Letter of Acceptance (or a manually executed photocopy thereof together with certificates and all required documents) must be received by 6:00 p.m. (Calgary time) on February 22, 2000, unless the Offer is extended or unless the procedures for guaranteed delivery set out in Instruction 2 above are employed.**

9. **Acceptance**

Manually signed photocopies of the Letter of Acceptance, properly completed and duly executed, will be accepted. The Letter of Acceptance and Transmittal and certificates for Ranchero Shares and any other required documents should be sent or delivered by each shareholder of Ranchero or his broker, dealer, commercial bank, trust company or other nominee to the Depositary at one of the addresses set forth on the next page:

Office of the Depositary, Montreal Trust Company of Canada

**By Mail**

Stock Transfer Services
600, 530 - 8th Avenue S.W.
Calgary, Alberta T2P 3S8

**By Hand, Courier or Facsimile Transmission**

| Calgary | Toronto |
| --- | --- |
| Stock Transfer Services | Stock Transfer Services |
| 600, 530 - 8$^{th}$ Avenue S.W. | 151 Front Street West, 8$^{th}$ Floor, |
| Calgary, Alberta T2P 3S8 | Toronto, Ontario M5J 2N1 |
| Telephone: (403) 267-6555 | Telephone: (416) 981-9596 |
| Facsimile: (403) 266-1490 | Facsimile: (416) 981-9600 |

Any questions and requests for assistance may be directed by Shareholders to the Depository at the telephone numbers and location set out above.