MATERIAL CHANGE REPORT

1. **REPORTING ISSUER**

TUSK Energy Inc. ("TUSK")
1950, 700 - 4th Avenue S.W.
Calgary, Alberta T2P 3J4

2. **DATE OF MATERIAL CHANGE**

December 10, 2002

3. **PRESS RELEASE**

A press release announcing the material change was issued on December 11, 2002 prior to the opening of trading through CCN Matthews, a copy of which is attached as Schedule "A".

4. **SUMMARY OF MATERIAL CHANGES**

On December 11, 2002, TUSK and Del Roca Energy Ltd. ("Del Roca") jointly announced that they had entered into an agreement (the "Pre-Acquisition Agreement"), whereby TUSK agreed to make an offer (the "Offer") to acquire 100% of the common shares of Del Roca (the "Del Roca Shares") . The consideration under the Offer will at the election of the shareholder of Del Roca, for each Del Roca Share, consist of (i) $0.64 cash, (ii) 0.250 of one common share of the Offeror (the "the TUSK Common Shares") or (iii) a combination of cash or Offeror Shares, subject to a maximum of 2.8 million TUSK Common Shares.

5. **FULL DESCRIPTION OF MATERIAL CHANGES**

On December 11, 2002, TUSK and Del Roca jointly announced that they had entered into an agreement (the "Pre-Acquisition Agreement"), whereby TUSK agreed to make the Offer.

The Board of Directors of Del Roca has unanimously approved the Offer and is recommending that holders of Del Roca Shares tender their Del Roca Shares to the Offer. The Pre-Acquisition Agreement, which is attached hereto as Schedule "B", provides that: (i) Del Roca will not solicit other offers; (ii) allows TUSK the right to match any subsequent superior offer; and (iii) provides for a non-completion fee of $500,000 payable by Del Roca in certain circumstances.

TUSK believes that the benefits to the holders of Del Roca Shares resulting from the combination of the respective businesses of TUSK and Del Roca include:

(a) participation in a corporation with a strong track record of growth;

(b) participation in a stronger combined entity with production in excess of 3,000 boepd;

(c) participation in a corporation with a strong balance sheet;

(d) participation in a corporation with greater property diversity and, accordingly, less property risk;

(e) participation in a corporation with the critical mass necessary for a greater level of investor awareness;

(f) participation in a corporation with ample cash flow for continued growth;

(g) participation in a corporation with access to capital markets to provide additional funds for new projects; and

(h) improved efficiencies and economies of scale at the operational level of the combined business.

6. FILING ON A CONFIDENTIAL BASIS

Not applicable.

7. OMITTED INFORMATION

Not applicable.

8. SENIOR OFFICERS

For further information, please contact:

Norman W. Holton
President and Chief Executive Officer
TUSK Energy Inc.
Phone: (403) 264-8875
Fax: (403) 263-4247
e-mail: tusk@tusk-energy.com

OR: Gordon K. Case
Vice President of Finance and Chief Financial Officer

9. STATEMENT OF SENIOR OFFICER

The foregoing accurately discloses the material changes referred to herein.

DATED at the City of Calgary, in the Province of Alberta, this 20th day of December, 2002.

TUSK ENERGY INC.

Per: (signed) *"Norman W. Holton"*
Norman W. Holton
President and Chief Executive Officer

cc: Toronto Stock Exchange

SCHEDULE "A"

TUSK Energy Inc. ***DEL ROCA ENERGY LTD.***

NEWS RELEASE

TUSK to Make Offer for Del Roca

December 11, 2002

TUSK Energy Inc. (TKE:TSX) and **Del Roca Energy Ltd. (DRQ:TSX-V)** jointly announce that they have entered into an agreement whereby TUSK will, no later than December 30, 2002, mail a take-over bid offer and circular to purchase all of the issued and outstanding common shares of Del Roca. Shareholders of Del Roca will be entitled, for each Del Roca share, to accept either (i) the sum of $0.64 in cash, or (ii) 0.25 of one share of TUSK, or (iii) a combination of cash and shares of TUSK, provided that no greater than 2.8 million TUSK shares will be issued (representing 50% of the total consideration if the maximum number of TUSK shares are issued). The offer price of $0.64 represents a 28% premium to the ten day weighted average trading price of Del Roca prior to the announcement of an unsolicited proposed business combination on September 18, 2002 and a 10% premium to the closing price of Del Roca shares on December 10, 2002.

The Board of Directors of Del Roca, following an extensive auction process through Kobayashi & Associates Ltd., have approved the proposed transaction and will unanimously recommend that its shareholders accept the TUSK offer as being in the best interests of all shareholders. Jennings Capital Inc., financial advisors to Del Roca, has agreed to provide a fairness opinion that the offer is fair, from a financial point of view, to the shareholders of Del Roca. Shareholders of Del Roca, including all of its directors and officers, have entered into lock-up agreements in respect of approximately 29% of the shares of Del Roca, wherein such shareholders have agreed to tender their shares to the offer.

TUSK anticipates mailing a take-over bid offer and circular by December 23, 2002, with closing expected to occur by the end of January, 2003. The offer will be conditional upon, among other things, the tendering of a minimum of 66 2/3% of the Del Roca common shares. Del Roca has agreed not to solicit or initiate further discussions or negotiations with any third party concerning any transaction. Del Roca has also agreed, under certain circumstances, to pay TUSK a non-completion fee in the amount of $500,000. TUSK has a right of first refusal, in certain circumstances, to match any unsolicited competing bid.

"This is a great opportunity for our shareholders," stated **Stanley Odut, President & CEO** of Del Roca. "In light of the change initiative presented by some of our shareholders in September, our Board conducted an exhaustive process to maximize shareholder value. The TUSK offer presents an excellent choice for our shareholders, whether they elect to cash out or stay invested in a quality oil and gas company. The

TUSK team has demonstrated excellent growth in recent years and the addition of the Del Roca assets will make a noticeable contribution to further growth."

Norm Holton, President & CEO of TUSK stated that "the Del Roca assets are characterized by low decline rates and long reserve life. The acquisition of Del Roca will diversify TUSK's production base and provide additional development opportunities".

Current production at TUSK is more than 2,400 boepd (50% natural gas). Average production was 2,232 boepd in the third quarter of 2002, 1,860 boepd in the second quarter of 2002 and 1,712 boepd in the first quarter of 2002. Production growth has been due to a successful drilling program.

On November 15, 2002 TUSK announced its 35% participation in a Kiskatinaw gas discovery in the Shane area of northwestern Alberta which is expected to start production early in 2003. Ten additional wells, five of which are in TUSK's gas development areas at Saddle Lake and Whitefish Lake, Alberta, will be drilled prior to the end of 2002.

On a pro forma basis, TUSK would have production of approximately 3,100 boepd (51% natural gas, 49% oil and NGLs). Assuming the maximum number of TUSK shares are taken up, pro forma debt is expected to be approximately $24 million at the time of closing. On a combined basis the available credit line is expected to be in excess of $30 million. TUSK has approximately 17.6 million shares currently issued and outstanding (19.6 million fully-diluted).

Del Roca has total proven reserves of 1,115 Mstb of oil and liquids and 6.7 Bcf of natural gas and established reserves of 1,464 Mstb of oil and liquids and 8.5 Bcf of natural gas. After deducting the value of Del Roca tax pools and land, the reserves cost per boe is $7.53 for proven and $5.83 for established reserves. The reserve life index is approximately 10 years for proven reserves and 12.5 years for established reserves.

For further information, please contact:

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SCHEDULE "B"

December 10, 2002

Confidential

Del Roca Energy Ltd.
610, 700 - 4th Street, S.W
Calgary, Alberta T2P 3J4

Attention: **Stanley W. Odut**
President

Dear Sirs:

Re: Offer to purchase all outstanding shares of Del Roca Energy Ltd.

This letter (this "**Agreement**", this "**letter agreement**" or this "**letter**") sets out the terms and conditions upon which TUSK Energy Inc. (the "**Offeror**" or "**TUSK**") is prepared to make an offer for all of the outstanding common shares (the "**Del Roca Shares**") of Del Roca Energy Ltd. ("**Del Roca**").

1. Offer

Subject to the provisions hereof, the Offeror will, as soon as reasonably practicable, but in any event not later than December 30, 2002 make an offer (as amended, extended or varied from time to time, the "**Offer**") to all of the holders of common shares of Del Roca to purchase all of the outstanding common shares of Del Roca (and all shares issued on exercise of outstanding options or other rights), at a price of, at the election of the shareholder of Del Roca, (i) $0.64 cash, (ii) 0.250 of one common share of the Offeror (the "**the Offeror Common Shares**") or (iii) a combination of cash or Offeror Shares, for each one Del Roca Share, subject to a maximum of 2.8 million Offeror Common Shares,. In the event that a wholly-owned subsidiary of Offeror makes or participates in the making of the Offer, the term "Offeror" as used herein shall include such subsidiary.

The Offer shall be made in accordance with all applicable securities laws, rules of applicable stock exchanges and applicable corporation laws (collectively the "**Applicable Laws**"). Subject to the terms and conditions hereof, Offeror agrees to take-up and pay for Del Roca Shares validly deposited (and not withdrawn) under the Offer as required pursuant to Applicable Laws.

The Offer shall be mailed to all registered holders of Del Roca Shares and shall remain open for a minimum of 35 days (the "**Initial Expiry Time**") or at such later date that the Offer has been or is required to be extended (the "**Expiry Time**") and will be on customary terms and will be subject to the conditions set forth in Schedule "A" (which terms and conditions shall be for the Offeror's benefit, and may be waived by the Offeror in its sole discretion).

The Offer will be conditional upon not less than 66⅔% of the outstanding Del Roca Shares (on a fully-diluted basis) being tendered (other than Del Roca Shares already owned by the Offeror) and not withdrawn from the Offer (the "**Minimum Condition**") and only those other conditions as are set forth in

Schedule "A". The Offeror may, in its sole discretion, amend, extend, vary or waive any term or condition of the Offer, provided that the Offeror shall not, without the consent of Del Roca, waive or reduce the Minimum Condition to below 66b% of the outstanding Del Roca Shares (on a fully-diluted basis), impose additional conditions to the Offer or decrease the consideration to be paid for each Del Roca Share, or make any other change in the Offer which is materially adverse to the holders of the Del Roca Shares (and for which purpose an extension of the Offer or waiver of a condition [other than the Minimum Condition, except as set forth above] will not be considered materially adverse).

2. Conditions to the Obligation to Make the Offer

The obligation of Offeror to make the Offer is subject to the prior satisfaction of the following conditions:

2.1 Del Roca shall not be in material breach of any material covenant, agreement or representation or warranty contained in this Agreement;

2.2 the board of directors of Del Roca shall have unanimously recommended (and not modified or changed such recommendation) that shareholders of Del Roca accept the Offer;

2.3 except as has been disclosed in writing to the Offeror prior to the date of this Agreement, since September 30, 2002 there has been no change (or any condition, event or development involving a prospective change) in the business, operations, results of operations, assets, capitalization, financial condition, licenses, permits, concessions, rights, liabilities, prospects or privileges, whether contractual or otherwise which is materially adverse to the business, operations or financial condition (a "**Material Adverse Change**") of Del Roca or any of its subsidiaries of Del Roca and its subsidiaries considered as a whole;

2.4 there shall not have been commenced a *bona fide* action for injunctive relief against the performance of this Agreement or the completion of the Offer and no other event shall have occurred or circumstance shall exist, which would make it impossible to satisfy one or more of the conditions of the Offer described in Schedule "A" except if as a direct result of any act or omission of the Offeror;

2.5 receipt of all regulatory approvals, waivers (including any valuation waivers or applicable orders from securities commissions) and consents to the making of the Offer which in the sole judgment of Offeror, acting reasonably, may be necessary or desirable;

2.6 concurrently with the entering into of this Agreement, Offeror shall have entered into lock-up agreements (in the form attached hereto as Schedule "C") (the "**Pre-Tender Agreements**") with shareholders, directors, senior officers and employees of Del Roca and associates and affiliates of the foregoing, including all shareholdings and convertible securities held by them (the "**Selling Shareholders**") representing not less than 25 % of the issued and outstanding Del Roca Shares, on a diluted basis ;

2.7 the representations and warranties of the Selling Shareholder contained in the Pre-Tender Agreements to which it is a party shall be true and correct in all material respects and such Selling Shareholder shall have complied in all material respects with its covenants set out therein; and

2.8 the Offeror being satisfied, acting reasonably, that Del Roca's debt and working capital deficiency does not exceed $4,100,000 as at September 30, 2002 prior to taking into consideration all severance costs, transaction costs and any payments required to terminate in-the-money options or warrants contemplated by this Agreement.

The foregoing conditions are for the exclusive benefit of Offeror and may be waived by Offeror, in whole or in part, in its sole discretion, at any time and from time to time, without prejudice to any other rights it may have.

3. Support of Transaction

Del Roca hereby consents to the Offer and represents that its board of directors has unanimously endorsed the making of the Offer and that its board of directors has received advice from Jennings Capital Inc. (the "**Financial Advisor**") that it will receive a fairness opinion (the "**Fairness Opinion**") from the Financial Advisor that the Offer is fair, from a financial point of view, to holders of Del Roca Shares, and has unanimously determined that the Offer is fair to holders of Del Roca Shares and is in the best interests of Del Roca and holders of Del Roca Shares and will unanimously recommend acceptance of the Offer by the holders of Del Roca Shares. Del Roca agrees that it shall mail and file a directors' circular in accordance with Applicable Laws containing its unanimous recommendation to shareholders of Del Roca and the Fairness Opinion and shall use its reasonable best efforts to cause such mailing to occur concurrently with the mailing of the Offer by Offeror. Del Roca agrees to provide a draft copy of such directors' circular to Offeror prior to the mailing thereof and provide Offeror with a reasonable opportunity to review and provide comments thereon. Offeror agrees to provide a draft copy of the take-over bid circular to be mailed in respect of the Offer to Del Roca prior to the mailing thereof and provide Del Roca with a reasonable opportunity to review and provide comments thereon. Notwithstanding the foregoing provisions of this section and subject to Section 11 hereof, the board of directors of Del Roca may withdraw, modify or change any recommendation regarding the Offer if, in the opinion of the board of directors of Del Roca, acting reasonably and after receiving written advice of counsel, such withdrawal, modification or change is required in discharge of the fiduciary duties of the board of directors of Del Roca.

4. Steps to be Undertaken by Del Roca

As soon as practicable following the date hereof and in any event prior to the close of business on December 10, 2002, Del Roca shall cause to be delivered to Offeror, a list (in paper and electronic form, if available) made up to a date no earlier than December 4, 2002 setting out the matters set forth in paragraphs 23(5)(a) through (c) of the *Business Corporations Act* (Alberta) together with supplemental lists (as contemplated in subsection 23(6) of such Act), and lists of holders of options, warrants or other rights to acquire Del Roca Shares, as and when reasonably requested by Offeror, until the expiry of the Offer. Del Roca shall permit and request its registrar and transfer agent to assist Offeror and Offeror's depositary under and in connection with the Offer and shall from time to time furnish Offeror with such additional information, including updated or additional lists of shareholders, mailing labels and lists of securities positions, and other assistance as Offeror may reasonably request in order to be able to communicate the Offer to the holders of the Del Roca Shares and to such other persons as are entitled to receive the Offer under Applicable Laws. Del Roca shall also make such of its executive officers available for meetings with Del Roca's shareholders as Offeror may reasonably request.

5. Non-Completion Fees Payable by Del Roca

5.1 If at any time after the date of this Agreement (and provided there is not a material breach or non-performance by Offeror of a material obligation or representation and warranty set forth in this Agreement):

(a) another Take-over Proposal (as defined below) has been publicly announced and not withdrawn prior to the expiry of the Offer and the Minimum Condition has not been satisfied at the expiry of the Offer;

(b) the board of directors of Del Roca has failed to recommend acceptance of the Offer as contemplated by Section 3 or has failed to publicly reaffirm its recommendation of the Offer within five days of the public announcement of another Take-over Proposal;

(c) the board of directors of Del Roca has withdrawn, or in any manner adverse to Offeror, modified or changed its recommendation or determinations referred to in Section 3, or shall have resolved to do so;

(d) the board of directors of Del Roca has recommended that holders of Del Roca Shares deposit their Del Roca Shares under, vote in favor of or accept, a Take-over Proposal, or shall have resolved to do so;

(e) the failure on the part any Selling Shareholder who is a director or officer of Del Roca, having entered into Pre-Tender Agreements, to comply with the terms of such agreement and as a result thereof, the Minimum Condition is not satisfied on the first day the Offeror is entitled to take-up Del Roca Shares tendered pursuant to the Offer; or

(f) Del Roca enters into an agreement (other than a confidentiality agreement referred to in Section 11.2 hereof) providing for a Take-over Proposal prior to the expiry of the Offer,

(each being a "**Del Roca Fee Event**"), then Del Roca shall, within four Business Days after the first to occur of the Del Roca Fee Events, pay to Offeror a sum equal to $500,000 (the "**Non-Completion Fee**"). Such payment shall be made in immediately available funds to an account designated by Offeror. On the date of the earliest of any of the events specified above Del Roca shall be deemed to hold such amount in trust for Offeror.

In the event that a Take-over Proposal is publicly announced or made, as contemplated by Subsection 5.1(a) or in the event that a Selling Shareholder has failed to comply with the terms of a Pre-Tender Agreement as contemplated by Subsection 5.1(e), Del Roca agrees, within four Business Days thereof to deliver to Offeror an irrevocable letter of credit in form and substance satisfactory to Offeror, payable by a Canadian chartered bank in the amount of the Non-Completion Fee and which may be immediately drawn upon by Offeror if the Non-Completion Fee becomes payable pursuant to either of Subsection 5.1(a) or (e) or such other form of security as is satisfactory to Offeror acting reasonably.

For the purposes of this Agreement, "**Take-over Proposal**" means a proposal or offer (other than by the Offeror), whether or not in writing, to acquire in any manner, directly or indirectly, beneficial ownership of all or a material portion of the assets of Del Roca or any of its subsidiaries which are material to Del Roca or to acquire in any manner, directly or indirectly, beneficial ownership or control or direction over more than 20% of the outstanding voting shares of Del Roca whether by an arrangement, amalgamation, a merger, consolidation or other business combination, by means of a sale of shares of capital stock, sale of assets, tender offer or exchange offer or similar transaction involving Del Roca or any of its subsidiaries which are material to Del Roca including without limitation any single or multi-step transaction or series of related transactions which is structured to permit such third party to acquire beneficial ownership of all or a material portion of the assets of Del Roca or any of its subsidiaries which are material to Del Roca or to acquire in any manner, directly or indirectly, more than 20% of the outstanding voting shares of Del Roca (other than the transactions contemplated by this Agreement).

In the event that Offeror receives the Non-Completion Fee from Del Roca as a result of the operation of this Section 5, the payment of such amount shall be conclusively deemed to be a genuine pre-estimate of any damages suffered by Offeror in connection with this Agreement on the breach of any term hereof and shall operate in full and final satisfaction of any and all liability which Del Roca may have to Offeror pursuant to the terms of this Agreement or a breach of any of Del Roca's covenants, representations or warranties contained herein.

6. Options and Warrants to Acquire Del Roca Shares

a) Subject to the receipt of any necessary regulatory approvals, persons holding options or warrants to purchase Del Roca Shares (the "**Del Roca Options**") who may do so under applicable securities laws shall be entitled to exercise all of their Del Roca Options and tender all Del Roca Shares issued in connection therewith under the Offer. The board of directors of Del Roca shall not, prior to completion of the Offer, grant additional Del Roca Options or any other rights to purchase Del Roca Shares. It is agreed by the Offeror that all Del Roca Options that have been tendered to Del Roca for exercise, conditional on the Offeror taking up Del Roca Shares under the Offer ("**Conditional Option Exercise**"), shall be deemed to have been exercised concurrently with the take-up of Del Roca Shares by the Offeror. Furthermore, the Offeror shall accept as validly tendered under the Offer as of the date that the Offeror first takes up and acquires Del Roca Shares pursuant to the Offer (the "**Take-up Date**") all Del Roca Shares which are to be issued pursuant to the Conditional Option Exercise, provided that the holders of such options indicate that such shares are tendered pursuant to the Offer and provided that such holder agrees to surrender their remaining unexercised Del Roca Options to Del Roca for cancellation upon payment of an amount not to exceed $50.00 for each holder, effective immediately after the Take-up Date.

b) Del Roca and the Offeror agree that to the extent holders of Del Roca Options do not exercise their Del Roca Options and tender to the Offer the Del Roca Shares they receive upon such exercise, Del Roca may agree with all remaining holders of Del Roca Options that, in lieu of such persons exercising their Del Roca Options, Del Roca will, subject to any applicable withholding obligations required by applicable tax law, pay to such persons the difference between the exercise price of their Del Roca Options and the purchase price for the Del Roca Shares under the Offer immediately prior to the Expiry Time in exchange for the termination of their Del Roca Options and provided that such holder agrees to surrender their remaining unexercised options to Del Roca for cancellation upon payment of an amount not to exceed $50.00 for each holder, effective immediately prior to the Take-up Date.

c) Del Roca agrees to use commercially reasonable efforts to encourage and facilitate all persons holding Del Roca Options to either exercise all of their Del Roca Options (including by way of Conditional Option Exercise) and deposit (and not withdraw) all of the Del Roca Shares issued in connection therewith under the Offer or surrender all of their Del Roca Options for cancellation (pursuant to Section 6(b)) and terminate their rights to exercise such Del Roca Options prior to the Expiry Time. Del Roca also agrees to use its reasonable best efforts to obtain the agreement of holders of "out-of-the-money" options, warrants and rights for the surrender of such options, warrants and rights for cancellation upon payment of an amount not to exceed $50.00 per holder and to obtain documentation from such holders confirming such cancellation.

7. Representations

Each of Del Roca and Offeror represent and warrant as is set forth in Schedule "B" hereto and agree that such representations and warranties shall continue to be true and accurate up to the earlier of the last day upon which Offeror is required to take up and pay for Del Roca Shares under the Offer or this Agreement is terminated in accordance with the provisions hereof, provided, however that the representations and warranties shall not survive the successful completion of the transactions contemplated by this Agreement.

8. Covenants

Del Roca agrees that, from and including the date hereof until the termination of this Agreement, unless Offeror agrees otherwise in writing:

8.1 Del Roca's business and the business of each of its subsidiaries shall be conducted only in the usual and ordinary course of business consistent with past practices (for greater certainty, where it is an operator of any property, it shall operate and maintain such property in a proper and prudent manner in accordance with good industry practice and the agreements governing the ownership and operation of such property) and Del Roca shall use all commercially reasonable efforts to maintain and preserve its business organization, assets, employees and advantageous business relationships and in so doing, Del Roca shall consult with the Offeror in respect of the ongoing business and affairs of Del Roca and its subsidiaries and keep the Offeror apprised of all material developments relating thereto;

8.2 Del Roca shall not directly or indirectly do or permit to occur any of the following:

(a) amend its constating documents;

(b) declare, set aside or pay any dividend or other distribution or payment (whether in cash, shares or property) in respect of its shares owned by any person;

(c) issue (other than on exercise of currently outstanding options or warrants), grant, sell or pledge or agree to issue, grant, sell or pledge any shares of Del Roca or its subsidiaries, or securities convertible into or exchangeable or exercisable for, or otherwise evidencing a right to acquire, shares of Del Roca or its subsidiaries;

(d) redeem, purchase or otherwise acquire any of its outstanding shares or other securities, except as contemplated by this Agreement;

(e) split, combine or reclassify any of its shares;

(f) adopt a plan of liquidation or resolutions providing for the liquidation, dissolution, merger, consolidation or reorganization of Del Roca; or

(g) enter into or modify any contract, agreement, commitment or arrangement with respect to any of the foregoing, except with the consent of Offeror or as otherwise permitted herein;

8.3 Unless prior written consent of Offeror is first obtained (which consent will not be unreasonably withheld) and except in respect to those agreements which have been previously agreed to in writing by the Offeror, Del Roca will not, and will not permit any of its subsidiaries to, directly or indirectly do any of the following:

(a) sell, pledge, dispose of or encumber any assets having an individual value in excess of $5,000;

(b) except for the proposed capital expenditures of $459,100, as more particularly set out in Schedule "E" and operating costs and administrative expenses incurred in the ordinary course of business, expend or commit to expend more than $20,000 individually, or $50,000 in the aggregate, with respect to any capital or operating expense or expenses;

(c) acquire (by merger, amalgamation, consolidation or acquisition of shares or assets) any corporation, partnership or other business organization or division thereof, make any investment either by purchase of shares or securities, contributions of capital (other than to subsidiaries), property transfer;

(d) acquire any assets, with the exception of purchases at crown lease sales and freehold lease acquisitions where the Offeror has approved in advance to such acquisition;

(e) incur any indebtedness for borrowed money or any other material liability or obligation or issue any debt securities or assume, guarantee, endorse or otherwise as an accommodation become responsible for, the obligation of any other individual or entity, except in the ordinary course of business and in any event shall not incur any obligation of any kind in excess of $$20,000 individually, or $50,000 in the aggregate;

(f) incur any indebtedness for borrowed money in excess of existing facilities, or any other material liability or obligation or issue any debt securities or assume, guarantee, endorse or otherwise as an accommodation become responsible for, the obligations of any other individual or entity, or make any loans or advances, other than the maximum amount of $800,000 payable in respect of severance obligations (the "**Severance Amounts**") of Del Roca to senior management, employees and consultants and fees payable to Financial Advisor, and to Kobayashi and Associates Ltd. not to exceed $300,000 in aggregate (exclusive of GST) and fees payable to legal advisors in the ordinary course and fees payable to legal and financial advisors in respect of the Offer;

(g) renew any existing credit facilities, renegotiate terms of existing credit facilities or notes, issue any debt securities or commit to any new letter of credit;

(h) authorize, recommend or propose any release or relinquishment of any material contract right;

(i) waive, release, grant or transfer any material rights of value or modify or change in any material respect any existing material license, lease, contract, production sharing agreement, government land concession or other material document;

(j) enter into or terminate (other than in accordance with their terms) any hedges, swaps or other financial instruments or like transactions;

(k) enter into any product sales agreements that cannot be terminated without penalty on no more than 30 days' notice;

(l) enter into any sale/leaseback transactions or any off-balance sheet financing arrangements;

(m) enter into any non-arm's length transactions including with any employees of Del Roca or any of the Del Roca subsidiaries or transfer any property or assets of Del Roca or any of the Del Roca subsidiaries to any employees, except: (i) as may be necessary for the maintenance of existing facilities, machinery and equipment in good operating condition and repair in the ordinary course of business; or (ii) as may be required by law; or

(n) authorize or propose any of the foregoing, or enter into, cancel or modify any contract, agreement, commitment or arrangement to do any of the foregoing;

8.4 except as otherwise agreed in writing with Offeror, Del Roca will not, nor will it permit any of its subsidiaries to, grant to any officer or director an increase in compensation in any form, grant any general salary increase, grant to any other employee any increase in compensation, make any loan to any officer, employee, director or any other party**,** or take any action with respect to the grant of any new arrangements for severance or termination pay in addition to the Severance Amounts with any officer or employee arising from the Offer or a change of control of Del Roca or the entering into of any employment agreement with, any officer or director, or with respect to any increase of benefits payable under its current severance or termination pay policies;

8.5 except as contemplated hereby, other than the "cash out" of outstanding in-the-money options, neither Del Roca nor any of its subsidiaries shall adopt or amend or make any contribution to any bonus, profit sharing, option, pension, retirement, deferred compensation, insurance incentive compensation, other compensation or other similar plan, agreement, trust, fund or arrangements for the benefit of employees, except as is necessary to comply with the law or with respect to existing provisions of any such plans, programs, arrangements or agreements;

8.6 neither Del Roca nor any of its subsidiaries shall adopt or establish any retention bonus or similar program for any officers or employees

8.7 promptly upon Offeror taking up and paying for more than 66 2/3% of the Del Roca Shares (on a fully-diluted basis), provided Del Roca is in possession of executed resignations and releases from the individuals substantially in the form as set forth in the attached Schedule "F" and prior to the release from escrow of the Severance Amounts as contemplated by Section 22 hereof, Del Roca shall release from escrow the resignations of all of the directors and officers of Del Roca and its subsidiaries so that Offeror may fill the resulting vacancies with designees of Offeror and Del Roca shall cooperate with Offeror to provide an orderly transition of control and management;

8.8 Del Roca will use its reasonable best efforts to cause each of the directors and senior officers of Del Roca to tender, and not withdraw, their Del Roca Shares pursuant to the Offer;

8.9 Del Roca shall not take any action, or permit any of its subsidiaries to take any action that would render, or may reasonably be expected to render, any representation or warranty made by it in this Agreement untrue in any material respect at any time prior to expiry of the Offer or termination of this Agreement, whichever first occurs;

8.10 From the date hereof until the earlier of the Take-up Date and the termination of this Agreement, Del Roca shall promptly notify the Offeror in writing of any material change (actual, anticipated, contemplated or, to the knowledge of Del Roca, threatened, financial or otherwise) in the business, operations, affairs, assets, capitalization, financial condition, prospects, licenses, permits, rights, privileges or liabilities, whether contractual or otherwise, of Del Roca or any of its subsidiaries considered on a consolidated basis, or of any change in any representation or warranty provided by Del Roca in this Agreement which change is or may be of such a nature to render any representation or warranty misleading or untrue in any material respect and Del Roca shall in good faith discuss with Offeror any change in circumstances (actual, anticipated, contemplated or, to the knowledge of Del Roca, threatened, financial or otherwise) which is of such a nature that there may be a reasonable question as to whether notice need to be given to Offeror pursuant to this provision;

8.11 Del Roca shall, as soon as practicable, and in any event on or prior to the date of the mailing of the Offer to holders of Del Roca Shares, use its reasonable best efforts to ensure that it has available funds under its lines of credit or other bank facilities to permit the payment of the Non-Completion Fee having regard to its other liabilities and obligations, and to take all such actions as may be necessary to ensure that it maintains such availability to ensure that it is able to pay the Non-Completion Fee when required;

8.12 Del Roca will not, nor will it permit any of its subsidiaries to, enter into any "related party transaction", as that term is defined in Ontario Securities Commission Rule 61-501;

8.13 Del Roca will, on the Initial Expiry Date and immediately prior to any take up of Del Roca Shares under the Offer, provide a certificate duly executed by its President and Chief Executive Officer and any Vice President of Del Roca on behalf of Del Roca and not in their personal capacity stating that to the best of their knowledge, information and belief:

(a) the Corporation has complied with and satisfied all of the covenants contained herein;

(b) the representations and warranties of Del Roca set forth in Schedule "B" hereto are true and correct as if made at such time; and

(c) no event that would have a material adverse effect on Del Roca and its subsidiaries (taken as a whole) has occurred or, to the knowledge of such officers, is pending, contemplated or threatened; and

8.14 Del Roca will use its best commercial efforts to obtain any necessary consent of ATB Financial (the "**Bank**") to the transactions contemplated hereby.

Subject to the terms and conditions of this agreement, the Offeror agrees that, from and including the date hereof until the termination of this Agreement, unless Del Roca otherwise agrees in writing: (a) Offeror shall proceed in good faith and use its reasonable commercial efforts to consummate the Offer, subject only to the terms and conditions of this Agreement and the Offer; and (b) Offeror shall not take any action that would render, or may reasonably be expected to render, any material representation or warranty made by it in this Agreement untrue in any material respect at any time prior to the expiry of the Offer or termination of this Agreement, whichever first occurs.

9. Access to Information

Subject to the terms of the confidentiality agreement between Del Roca and the Offeror dated September 26, 2002 (the "**Confidentiality Agreement**"), immediately upon execution of this Agreement, Del Roca shall provide the Offeror and its representatives with all information relating to its business and affairs, including access to its premises, field operations, records, computer systems, properties, books, contracts, records, employees and management personnel, auditors, its loan manager at the Bank and its other professional advisors and representatives (including Chapman Petroleum Engineering Ltd.), which the Offeror may reasonably require in connection with its understanding of the business of Del Roca, its due diligence of Del Roca and the preparation and filing of Offeror's take-over bid circular.

Del Roca will keep the Offeror fully informed as to its business and affairs and as to the decisions required with respect to the most advantageous methods of exploring, operating and producing from its assets and shall cooperate with the Offeror in respect thereof.

10. Disclosure

a) Each party shall receive the prior consent, such consent not to be unreasonably withheld, of the other party prior to issuing, or permitting any of its directors, officers, employees or agents to issue, any press release or other written statement to the press with respect to this Agreement or the transactions contemplated hereby. Either party may issue a press release or other written statement prior to such consent on the advice of counsel that such action is required by applicable law or by obligations pursuant to any listing agreement with a stock exchange, but only after using its best efforts to consult the other party taking into account the time constraints to which it is subject as a result of such law or obligation. Notwithstanding anything contained in the Agreement, neither party shall be obliged to obtain the prior consent or comment of the other party in respect of any press release, written statement to the press or mailing to holders of Del Roca Shares and Del Roca Options which pertains to a Superior Proposal (as defined below).

b) The parties agree that upon the execution of this Agreement, the Offeror and Del Roca may each file, in accordance with applicable securities laws, a material change report (with an accompanying press release) to which this Agreement may be appended.

c) Del Roca and the Offeror agree that a joint press release substantially in the form set forth in Schedule "D" shall be issued immediately following the execution of this Agreement.

11. Other Transactions

11.1 Del Roca shall immediately cease and cause to be terminated any existing solicitation, initiation, encouragement, activity, discussion or negotiation with any parties conducted heretofore by Del Roca, any of its subsidiaries or their officers, directors, employees, financial advisors, representatives and agents ("**Representatives**") with respect to a Take-over Proposal whether or not initiated by Del Roca and in connection therewith, neither Del Roca nor any of its subsidiaries shall release any third party from any confidentiality or standstill agreement to which Del Roca or any of its subsidiaries and such third party is a party or amend any of the foregoing and shall exercise all rights to require the return of information regarding Del Roca previously provided to such parties and shall exercise all rights to require the destruction of all materials including or incorporating any information regarding Del Roca.

11.2 Del Roca shall not, nor allow its subsidiaries to, nor authorize or permit any of its Representatives to:

(a) directly or indirectly solicit, initiate or encourage (including, without limitation, by way of furnishing information) any inquiry or the making of any proposal to Del Roca or its shareholders from any person which constitutes, or may reasonably be expected to lead to (in either case whether in one transaction or a series of transactions): (A) a Take-Over Proposal; or (B) any issuer bid, recapitalization, liquidation, dissolution, reorganization into a royalty trust or income fund or similar transaction involving any of Del Roca or its subsidiaries or any other transaction, the consummation of which would or could reasonably be expected to impede, interfere with, prevent or delay the transactions contemplated by this Agreement or the Offer or which would or could reasonably be expected to reduce the benefits to Offeror under this Agreement or the Offer (any such inquiry or proposal in respect of any of the foregoing being an "**Acquisition Proposal**");

(b) directly or indirectly engage in any discussions, negotiations or activity regarding, furnish to any other person any information with respect to the business, properties, operations, prospects or conditions (financial or otherwise) of Del Roca or its subsidiaries or otherwise cooperate in any way with, or assist or participate in, facilitate or encourage, any effort or attempt of any other person to do or seek to do any of the foregoing in connection with an Acquisition Proposal; or

(c) waive, or otherwise forbear in the enforcement of, or enter into or participate in any discussions, negotiations or agreements to waive or otherwise forbear in respect of, any rights or other benefits of Del Roca or its subsidiaries under confidential information agreements, including, without limitation, any "standstill provisions" thereunder;

provided, however, that notwithstanding any other provision hereof, Del Roca may:

(1) engage in discussions or negotiations with a third party who (without any solicitation, initiation or encouragement, directly or indirectly, by Del Roca, any subsidiary of Del Roca or any of its Representatives after the date hereof) seeks to initiate such discussions or negotiations and may furnish such third party information concerning Del Roca and its business, properties and assets if, and only to the extent that:

(A) the third party has first made a bona fide written Acquisition Proposal that, if consummated, would result in a transaction that is financially superior to the Offer and has demonstrated that such proposal constitutes a commercially feasible transaction which could be carried out within a time frame that is reasonable in the circumstances and that the funds or other consideration necessary for such proposal are available (as determined in good faith in each case by Del Roca's board of directors after receiving the advice of its financial advisors) (such proposal being hereafter referred to as a "**Superior Proposal**") and Del Roca's board of directors had concluded in good faith, after considering applicable law and receiving advice of counsel (as reflected in the director's minutes), that such action is necessary for the board of directors to act in a manner consistent with its fiduciary duties under applicable laws; and

(B) prior to furnishing such information to or entering into discussions or negotiations with such person or entity, Del Roca provides prompt notice orally and in writing to Offeror specifying the identity of such person or entity and that it is furnishing information to or entering into discussions or negotiations with such person or entity in respect to a Superior Proposal, receives from such person or entity an executed confidentiality agreement having confidentiality and standstill terms substantially similar to those contained in the

Confidentiality Agreement and promptly provides Offeror with a complete copy of such Superior Proposal and any amendments thereto and confirming in writing the determination of Del Roca's board of directors that the Del Roca Acquisition Proposal, if completed, would constitute a Superior Proposal.

(C) Del Roca provides prompt notice to the Offeror at such time as it or such person or entity terminates any such discussions or negotiations; and

(D) Del Roca promptly provides to the Offeror any information provided to such person or entity that was not previously provided to Offeror;

(2) comply with Section 172 of the *Securities Act* (Alberta) and similar provisions under applicable Canadian securities laws relating to the provision of directors' circulars and make appropriate dsclosure with respect thereto to holders of Del Roca Shares; and

(3) accept, recommend, approve or implement a Superior Proposal from a third party and withdraw, modify or change any recommendation regarding the Offer, but only (in the case of this clause (3)) if prior to such acceptance, recommendation, approval or implementation, Del Roca's board of directors shall have concluded in good faith, after considering provisions of applicable law and after giving effect to all proposals to adjust the terms and conditions of this Agreement and the Offer which may be offered by the Offeror during the 48 hour notice period set forth in Section 11.2(d).

(d) If the board of directors of Del Roca believes that the Acquisition Proposal constitutes a Superior Proposal, Del Roca shall give the Offeror at least 48 hours advance notice of any action to be taken by the board of directors of Del Roca to withdraw, modify or change any recommendation regarding the Offer or enter into an agreement to implement the Superior Proposal. Such notice shall provide to the Offeror the right during such 48 hours to advise the board of directors of Del Roca that the Offeror will immediately announce and as soon as possible in the circumstances amend its Offer to provide that the holders of Del Roca Shares shall receive a value per Del Roca Share, as determined by the board of directors of Del Roca after receiving the advice of its financial advisors, equal to or having a value greater than the value per Del Roca Share provided in the Superior Proposal. If the Offeror announces by way of press release and so advises the board of directors of Del Roca prior to the expiry of such 48 hour period, the board of directors of Del Roca shall not withdraw, modify or change any recommendation with respect to the Offer, as so amended, take any action to approve or implement the Superior Proposal or release the party making the Superior Proposal from any standstill or confidentiality obligation.

(e) Del Roca shall ensure that the directors, officers and employees of Del Roca and its subsidiaries and any investment banker or other advisors or representatives retained by Del Roca are aware of the provisions of this Section 11.2 and shall cause them to comply with such provisions, and Del Roca shall be responsible for any breach of this Section 11.2 by such directors, officers, employees, investment bankers or other advisors or representatives, provided, however, that Del Roca shall have no responsibility for any breach by a Selling Shareholder, or any director, officer, employee, investment banker or other advisor or representative of a Selling Shareholder, or any director of Del Roca (other than in his capacity as a director of Del Roca) that is a representative of a Selling Shareholder

12. Additional Agreements

Subject to the terms and conditions herein provided and to fiduciary obligations under applicable law, each of the parties hereto agrees to proceed in good faith and to use all reasonable commercial efforts to take, or cause to be taken, all action and to do, or cause to be done, all things necessary, proper or advisable to consummate and make effective as promptly as practicable the transactions contemplated by this Agreement and to cooperate with each other in connection with the foregoing, including using reasonable commercial efforts: (i) to obtain all necessary waivers, consents and approvals from other parties to material agreements, leases and other contracts or agreements (including, without limitation, the consent of the Bank and the agreement of any persons as may be required pursuant to any agreement, arrangement or understanding relating to Del Roca's operations); (ii) to obtain all necessary consents, approvals and authorizations as are required to be obtained under any federal, provincial or foreign law or regulations; (iii) to defend all lawsuits, claims or other legal proceedings challenging this Agreement or the consummation of the transactions contemplated hereby; (iv) to cause to be lifted or rescinded any injunction or restraining order or other remedy adversely affecting the ability of the parties to consummate the transactions contemplated hereby; (v) to effect all necessary registrations and other filings and submissions of information requested by governmental authorities; and (vi) to fulfill all conditions and satisfy all provisions of this Agreement and the Offer. For purposes of the foregoing, the obligations of Offeror and Del Roca to use "reasonable commercial efforts" to obtain waivers, consents and approvals to loan agreements, leases and other contracts shall not include any obligation to agree to a materially adverse modification of the terms of such documents or to prepay or incur additional material obligations to such other parties.

13. Termination

This Agreement may be terminated by written notice given to the other party hereto, at any time prior to completion of the transactions contemplated hereby:

13.1 by mutual written consent of Offeror and Del Roca;

13.2 by either the Offeror or Del Roca, if Del Roca enters into an agreement providing for a Superior Proposal;

13.3 by either the Offeror or Del Roca, if the board of directors of Del Roca shall have withdrawn its positive recommendation of the Offer;

13.4 by Del Roca if the Offer is not mailed on or prior to 11:59 p.m. (Calgary time) December 30, 2002 or such later date as Del Roca shall have agreed to;

13.5 by either the Offeror or Del Roca, if the Offeror has not taken up and paid for the Del Roca Shares deposited under the Offer on or before the date which is 60 days, or if a Take-over Proposal is offered or made to Del Roca's shareholders, 90 days, following the day of mailing of the Offer;

13.6 by either the Offeror or Del Roca, if the Offer terminates or expires at the Expiry Time (as it may be extended as permitted pursuant to this Agreement) without the Offeror taking up and paying for any of the Del Roca Shares as a result of the failure of any condition to the Offer to be satisfied or waived unless the failure of such condition shall be due to the failure of the party seeking to terminate this Agreement to perform the obligations required to be performed by it under this Agreement;

13.7 by either the Offeror or Del Roca if a court of competent jurisdiction or a governmental, regulatory or administrative agency or commission shall have issued an order, decree or ruling or taken any other action permanently restraining, enjoining or otherwise prohibiting any of the transactions contemplated by this Agreement and such order, decree, ruling or other action shall have become final and non-appealable, provided that the party seeking to terminate this Agreement pursuant to this Section 13.7 shall have used all commercially reasonable efforts to remove such order, decree, ruling or injunction;

13.8 by either the Offeror or Del Roca, if there has been a misrepresentation, breach or non-performance by the other party of any representation, warranty or covenant contained in this Agreement which would have or would reasonably be expected to have a material adverse effect on the party seeking to terminate, provided the breaching party has been given notice of and five business days to cure any such misrepresentation, breach or non-performance except that such cure period shall not apply in respect of Section 11.2 (non- solicitation);

13.9 by the Offeror, if there has been a material misrepresentation, breach or non-performance by a Selling Shareholder of any representation, warranty or covenant contained in the Selling Shareholder Pre-Tender Agreement to which the Selling Shareholder is a party which would preclude the Offeror from completing the Offer or completing a Second Stage Transaction in respect of any Del Roca Shares not acquired under the Offer, provided the Selling Shareholder has been given notice of and five business days to cure any such misrepresentation, breach or non-performance except that such cure period shall not apply in respect to the provisions of section 4.2 of the Selling Shareholder Pre-Tender Agreement;

13.10 by the Offeror if any of the conditions set forth in Section 2 hereof are not satisfied prior to the making of the Offer;

13.11 by the Offeror upon the occurrence of a Del Roca Fee Event; or

13.12 by Del Roca upon the Non-Completion Fee becoming payable and being paid.

In the event of the termination of this Agreement as provided in this Section 13, this Agreement shall forthwith have no further force or effect and there shall be no liability on the part of Offeror or Del Roca hereunder except as set forth in Sections 5, 16 and 21 and this Section 13, which provisions shall survive the termination of this Agreement. Notwithstanding the foregoing, nothing contained in this Section 13 shall relieve any party from liability for any breach of any provision of this Agreement.

In the event of termination of this Agreement, each of the parties shall forthwith return to the other all confidential and other information relating to such other party.

14. Amendment

This Agreement may be amended by mutual agreement between the parties hereto. This Agreement may not be amended except by an instrument in writing signed by the appropriate officers on behalf of each of the parties hereto.

15. Waiver

Each of the Offeror, on the one hand, and Del Roca, on the other hand, may: (i) extend the time for the performance of any of the obligations or other acts of the other; (ii) waive compliance with any of the other's agreements or the fulfillment of any conditions to its own obligations contained herein; or (iii) waive inaccuracies in any of the other's representations or warranties contained herein or in any document delivered by the other party hereto; provided, however, that any such extension or waiver shall be valid only if set forth in an instrument in writing signed on behalf of such party.

16. Confidentiality Agreement

With respect to the Offer, Del Roca hereby consents to the Offer. The parties confirm that the terms of the Confidentiality Agreement shall continue to remain in full force and effect.

Del Roca agrees to maintain strictly confidential any information relating to Offeror or any party related to Offeror that is provided to Del Roca by Offeror.

17. Second Stage Transaction

If Offeror takes up and pays for Del Roca Shares pursuant to the terms of the Offer and the Minimum Condition is thereby satisfied, Offeror agrees to use all reasonably commercial efforts to acquire, and Del Roca agrees to use all commercially reasonable efforts to assist Offeror in acquiring, the balance of the Del Roca Shares by way of a statutory arrangement, amalgamation, merger, reorganization, consolidation, recapitalization or other type of acquisition transaction or transactions ("**Second Stage Transaction**") carried out for consideration per Del Roca Shares not less than the consideration paid pursuant to the Offer (it being understood that Offeror shall be under no obligation to pay more than that amount). Nothing herein shall be construed or prevent Offeror from acquiring, directly or indirectly, additional Del Roca Shares in the open market or in privately negotiated transactions, in another take over bid or exchange offer, or otherwise in accordance with applicable laws (including by way of compulsory acquisition) following completion of the Offer.

18. Information Circular, Etc.

Without limiting Section 17, Offeror agrees that if Del Roca is required to effect a Second Stage Transaction which requires approval of Del Roca shareholders in a meeting of Del Roca shareholders, Del Roca shall take all action necessary in accordance with applicable laws, its constating documents and the requirements of the TSX Venture Exchange or any other regulatory authority having jurisdiction to duly call, give notice of, convene and hold a meeting of its shareholders as promptly as practicable to consider and vote upon the action proposed by Offeror. In the event of such a meeting or meetings, Del Roca shall use all commercially reasonable efforts to mail to its shareholders an information circular with respect to the meeting of Del Roca shareholders. The term "**information circular**" shall mean such proxy and other required informational statement or circular as the case may be, and all related materials at the time required to be mailed to Del Roca shareholders and all amendments or supplements thereto, if any. Offeror and Del Roca each shall use all commercially reasonable efforts to obtain and furnish the information required to be included in any information circular. The information provided and to be provided by Offeror and Del Roca for use in the information circular, on both the date of the information circular is first mailed to Del Roca shareholders and on the date any such meeting is held, shall not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make statements therein, in light of the circumstances under which they are made, not misleading and will comply in all material respects with any applicable requirements of law. Offeror and Del Roca agree to correct promptly any such information provided by it for use in the information circular which shall have become false or misleading.

19. Miscellaneous

This Agreement: (i) constitutes the entire agreement and supersedes all other prior agreements and understandings, both written and oral, between the parties, (other than the Confidentiality Agreement) with respect to the subject matter hereof; and (ii) shall be binding upon and enure to the benefit of the parties hereto and their respective successors and assigns. The parties hereto shall be entitled to rely upon delivery of an executed facsimile copy of this Agreement, and such facsimile copy shall be legally effective to create a valid and binding agreement among the parties hereto. The parties hereto agree that irreparable damage would occur in the event that any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached. It is accordingly agreed that the parties shall be entitled to an injunction or injunctions to prevent breaches of this Agreement and to enforce specifically the terms and provisions hereof in any court of the Province of Alberta having jurisdiction, these being in addition to any other remedy to which they are entitled at law or in equity.

20. Assignment

Except as expressly permitted by the terms hereof, neither this Agreement nor any of the rights, interests or obligations hereunder shall be assigned by either of the parties hereto without the prior written consent of the other party. Notwithstanding the foregoing, the Offeror may assign its rights under this Agreement to a wholly-owned subsidiary of the Offeror, in which event the Offeror will continue to be liable for the default and performance by such subsidiary under this Agreement.

21. Expenses

Other than as provided in Section 5 hereof, all fees, costs and expenses incurred in connection with this Agreement and the transactions contemplated hereby, shall be paid by the party incurring such cost or expense, whether or not the Offer is consummated. Del Roca covenants not to amend the terms of any agreements relating to the payment of fees and expenses to its financial advisor without the prior written approval of the Offeror.

22. Employment Matters and Board of Directors

22.1 Upon the Offer being successful and Offeror taking up and paying for Del Roca Shares thereunder, the change of control arrangements between Del Roca and its senior officers and management as disclosed in writing to Offeror prior to the entering hereof shall be honored by Del Roca, subject to such parties having tendered to Del Roca and its subsidiaries, as applicable, their resignations and releases, having content satisfactory to the Offeror, as officers and directors.

22.2 In the case of the Severance Amounts referred to in Section 8.3 (e), the parties agree to make such arrangements with respect thereto as are appropriate in the circumstances, and in this context, it is agreed that once the Offer is mailed and provided that Del Roca has the requisite financial capacity without being in breach of its agreements with the Bank to do so, the Severance

Amounts and resignations and releases of all of the directors, officers, employees and consultants of Del Roca and its subsidiaries shall be remitted by Del Roca to the solicitors for Del Roca, to be held in trust pursuant to an undertaking to the solicitors of the Offeror, pending the first take up and payment for the Del Roca Shares under the Offer. The terms of such trust will provide for the holding of such monies and resignations in escrow pending the first take up and payment of Del Roca Shares under the Offer and the Severance Amounts shall be irrevocably payable to the directors, officers, employees and consultants of Del Roca upon the occurrence thereof and the resignations and releases shall be irrevocably delivered to the Offeror upon the occurrence thereof.

22.3 The Offeror acknowledges that Del Roca has obtained or will obtain directors' and officers' liability insurance on a "trailing" or "run-off" basis for current and former directors and officers of Del Roca, covering claims made prior to or within six years from the first take-up date. The Offeror agrees that it will not directly, or indirectly, take any action that will or is intended to reduce, cancel or terminate such "trailing" or "run off" insurance, and to otherwise maintain such insurance.

22.4 The Offeror agrees that if it acquires Del Roca Shares under the Offer it shall cause Del Roca (subject to the limitations of applicable law) to fulfill its obligations pursuant to indemnities provided or available to past and present officers and directors of any of Del Roca pursuant to the provisions of the articles, bylaws or similar constating documents of Del Roca, applicable corporate legislation and any written indemnity agreements between any of Del Roca and its directors and officers, provided however, that no indemnity shall be provided or made available to such officers and directors if (i) such officer or director did not act honestly and in good faith with a view to the best interests of Del Roca and (ii) in the case of a criminal or administrative action or proceeding that is enforced by a monetary penalty, such officer or director had no reasonable grounds for believing that his conduct was lawful.

23. Currency

All dollar amounts herein are in Canadian dollars unless otherwise indicated.

24. Notices

All notices and other communications given or made pursuant hereto shall be in writing and shall be deemed to have been duly given or made as of the date delivered or sent if delivered personally or sent by telecopier or by email to the parties at the following addresses (or at such other addresses as shall be specified by the parties by like notice):

if to Offeror:

Offeror
TUSK Energy Inc.
1950, 700 - 4th Avenue S.W.
Calgary, AB
T2P 3J4

Attention: Norman W. Holton
Telecopy No: (403) 264-8861
Email: tusk@tusk-energy.com

with a copy to:

Law Firm	Gowling Lafleur Henderson LLP 1400, 700 Second Street S.W. Calgary, AB T2V 4H5
Attention:	Brian W. Mainwaring
Telecopy No:	(403) 263-9193
Email:	brian.mainwaring@gowlings.com

if to Del Roca:

Del Roca Energy Ltd.
610, 700 - 4th Street, S.W.

Calgary, AB
T2P 3J4

Attention:	Stanley W. Odut, President and Chief Executive Officer
Telecopy No:	(403) 266-1462
Email:	sodut@delroca.com

with a copy to:

Financial Advisor
Jennings Capital Inc.
2600, 520 5the Avenue S.W.
Calgary, AB
T2P 3R7

Attention:	Martin McGoldrick
Telecopy No.:	(403) 292-0979
Email:	martin.mcgoldrick@jenningscapital.com

Borden Ladner Gervais LLP
1000 Canterra Tower
400 - 3rd Avenue S.W.
Calgary, AB,
T2P 4H2

Attention:	Derrick R. Armstrong
Telecopy No:	(403) 266-1395
Email:	darmstrong@blgcanada.com

25. Severability

Whenever possible, each provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable law. Any provision of this Agreement that is invalid or unenforceable in any jurisdiction shall be ineffective to the extent of such invalidity or unenforceability without invalidating or rendering unenforceable the remaining provisions hereof, and any such invalidity or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

26. Counterpart Execution

This Agreement may be executed in any number of counterparts and each such counterpart shall be deemed to be an original instrument but all such counterparts together shall constitute but one agreement.

27. Governing Law

This Agreement shall be governed by and construed in accordance with the laws of the Province of Alberta, and the parties hereby irrevocably attorn to the exclusive jurisdiction of the courts of the Province of Alberta and all appellate courts therefrom with respect to the enforcement of the provisions hereof.

28. Schedules

The schedules attached hereto are integral to and are, and shall be deemed to, form part of this Agreement. Capitalized terms utilized in the schedules attached hereto and not otherwise defined therein shall have the meanings set forth in this Agreement.

If you are in agreement with the foregoing, please execute this letter in the space provided below. Your execution of this Agreement shall constitute this document to be a binding agreement between us on the terms set forth herein.

Yours truly,

TUSK Energy Inc.

By: ______________________________

Norman W. Holton
President and Chief Executive Officer

ACCEPTED AND AGREED TO this 10th day

of December, 2002

Del Roca Energy Ltd.

By: ______________________________

Stanley W. Odut

President and Chief Executive Officer

By: ______________________________

Dale Renz

Chief Financial Officer

SCHEDULE "A"

To letter dated December 10, 2002 from

the Offeror to Del Roca

CONDITIONS TO THE OFFER

The capitalized terms used in this Schedule "A" have the meanings set forth in the Pre-Acquisition Agreement dated December 10, 2002 (the "**Pre-Acquisition Agreement**") between the Offeror and Del Roca to which this Schedule "A" is attached.

Notwithstanding any other provision of the Offer, but subject to the provisions of the Agreement and applicable securities laws, the Offeror reserves the right to withdraw or terminate the Offer and not take up and pay for, or extend the period of time during which the Offer is open and postpone taking up and paying for, any Del Roca Shares deposited under the Offer unless all of the following conditions are satisfied or waived by Offeror prior to the time the Offer or any extension thereof expires:

1. at the Expiry Time, and at the time the Offeror first takes up and pays for Del Roca Shares under the Offer, there shall have been validly deposited under the Offer and not withdrawn at least 66 2/3% of the outstanding Del Roca Shares (calculated on a diluted basis) (the "**Minimum Condition**");

2. all government and regulatory approvals, orders, rulings, exemptions, consents and expiries of waiting periods (including, without limitation under the *Competition Act* (Canada), those of any stock exchanges or other securities or regulatory authorities) which, in the sole judgment of the Offeror, acting reasonably, are necessary shall have been obtained on terms and conditions satisfactory to the Offeror in its sole judgment, acting reasonably, and shall be in full force and effect, and any and all other applicable waiting periods under any competition, merger control or similar laws, regulation or other governmental authority having jurisdiction over Del Roca, the Offeror, the Offer or any other transaction contemplated by the Offer with respect to any such matters shall have expired or been terminated in respect of such transactions and no objection or opposition shall have been filed, initiated or made during any applicable statutory or regulatory period;

3. (a) no act, action, suit, proceeding, objection or opposition shall have been threatened or taken before or by any domestic or foreign court or tribunal or governmental agency or other regulatory authority or administrative agency or commission by any elected or appointed public official or by any private person in Canada or elsewhere, whether or not having the force of law, and (b) no law, regulation or policy (including applicable tax laws and regulations in those jurisdictions in which Del Roca or any of its subsidiaries carries on business) shall have been proposed, enacted, promulgated, amended or applied, which in either case, in the sole judgment of the Offeror acting reasonably:

    (i) has the effect or may have the effect to cease trade, enjoin, prohibit or impose material limitations, damages or conditions on the purchase by, or the sale to, the Offeror of the Del Roca Shares or the right of the Offeror to own or exercise full rights of ownership of the Del Roca Shares;

    (ii) has had, or if the Offer was consummated would result in, a Material Adverse Change to Del Roca on a consolidated basis or, in the case of (b) above, would have a material adverse effect on the Offeror or the Offeror's ability to complete the Offer;

(iii) has a material adverse effect on the completion of any compulsory acquisition or any amalgamation, statutory arrangement or other transaction involving the Offeror and/or an affiliate of the Offeror and Del Roca and/or the holders of Del Roca Shares for the purposes of Del Roca becoming, directly or indirectly, a wholly-owned subsidiary of the Offeror or affecting an amalgamation or merger of Del Roca's business and assets with or into Offeror and/or an affiliate of the Offeror (a "**Second Stage Transaction**");

4. there shall not exist any prohibition at law against the Offeror making the Offer or taking up and paying for all of the Del Roca Shares under the Offer or completing any compulsory acquisition or any Second Stage Transaction;

5. Offeror shall in its sole judgment, acting reasonably, be satisfied that all outstanding stock options, warrants, and any other security convertible into Del Roca Shares, of Del Roca shall either have been exercised or terminated in accordance with the Pre-Acquisition Agreement prior to expiry of the Offer;

6. the Offeror shall have determined in its sole judgment, acting reasonably, that other than as permitted in the Pre-Acquisition Agreement, none of Del Roca nor any of its directors or officers has taken or proposed to take any action, or publicly disclosed that it intends to take any action, and the Offeror shall not have otherwise learned of any previous action taken by Del Roca nor any of its directors or officers which had not been publicly disclosed prior to the announcement by the Offeror of its intention to make the Offer, that would be materially adverse to the business of Del Roca or the value of the Del Roca Shares to the Offeror or that would make it inadvisable for Offeror to proceed with the Offer and/or with the taking up and paying for Del Roca Shares under the Offer or completing any compulsory acquisition or Second Stage Transaction including, without limiting the generality of the foregoing, any action with respect to any agreement, proposal, offer or understanding relating to any material sale, disposition or other dealing with any of the assets of Del Roca or any of its subsidiaries other than any such sale, disposition or other dealing between Del Roca and any wholly-owned subsidiary of Del Roca, any issue of shares, options or other securities of Del Roca to any person other than a wholly-owned subsidiary of Del Roca, or any material acquisition from a third party of assets or securities by Del Roca or any of its subsidiaries, or any material capital expenditure by Del Roca or any of its subsidiaries not in the ordinary course of business;

7. there shall not have occurred (and there shall not have been publicly disclosed, and Offeror shall not have otherwise learned of, if previously not publicly disclosed) any change (or any condition, event or development involving a prospective change) not publicly disclosed prior to the announcement of the Offer in the business, operations, assets, capitalization, financial condition, licenses, permits, rights, liabilities, prospects or privileges, whether contractual or otherwise, of Del Roca or any of its subsidiaries considered on a consolidated basis which, in the sole judgment of Offeror, acting reasonably, is materially adverse to the business of Del Roca or to the value of the Del Roca Shares to Offeror;

8. Offeror shall have determined in its sole judgment, acting reasonably, that: no material right, franchise or license of Del Roca or any of its affiliates or subsidiaries has been or may be impaired (which impairment has not been cured or waived) or otherwise adversely affected,

whether as a result of the making of the Offer, the taking up and paying for Del Roca Shares deposited under the Offer or otherwise which might make it inadvisable for the Offeror to proceed with the Offer and/or with the taking up and paying for the Del Roca Shares under the Offer, and no covenant, term or condition of any material instruments or agreements of Del Roca or its affiliates or its subsidiaries exists which might make it inadvisable for the Offeror to proceed with the Offer and/or with the taking up and paying for the Del Roca Shares under the Offer and/or completing a compulsory acquisition or Subsequent Acquisition Transaction (including without limitation, any default, acceleration or other adverse event that may ensue as a result of the Offeror taking up and paying for the Del Roca Shares under the Offer and/or completing a compulsory acquisition or Subsequent Acquisition Transaction);

9. there shall not have occurred any actual or threatened change in law (including any proposal to amend the *Income Tax Act* (Canada) or any taxation or regulatory regime or any announcement, government or regulatory initiative, condition, event or development involving a change or a prospective change) that, in the sole judgment of Offeror, acting reasonably, directly or indirectly, has or may have material adverse significance with respect to the current or anticipated business or operations of any of Offeror or Del Roca and their respective subsidiaries or entities in which either of them has a material interest or with respect to the regulatory regime applicable to their businesses and operations, or with respect to completing a compulsory acquisition or any Second Stage Transaction;

10. Del Roca shall not be in default, in any material respect, of any of its obligations and covenants under the Pre-Acquisition Agreement, the representations and warranties made by Del Roca in the Pre-Acquisition Agreement shall be true and correct in all material respects as of the first date of the take up and payment for Del Roca Shares under the Offer and the Pre-Acquisition Acquisition Agreement shall not have been otherwise terminated;

11. the Selling Shareholder shall have tendered to the Offer, and not exercised any rights of withdrawal with respect thereto, all Del Roca Shares subject to the Selling Shareholder Pre-Tender Agreement; and

12. the Offeror shall have determined, in its sole judgment, acting reasonably, that there shall not have occurred any misrepresentation, breach or non-performance by any Selling Shareholder of any representation, warranty or covenant of such Selling Shareholder contained in the Selling Shareholder Pre-Tender Agreement to which such Selling Shareholder is a party which would or would reasonably be expected to preclude the Offeror from completing the Offer or completing a Second Stage Transaction.

The foregoing conditions are for the exclusive benefit of the Offeror and may be waived by the Offeror in whole or in part at its sole option at any time and from time to time before the Expiry Time, without prejudice to any other rights the Offeror may have.

SCHEDULE "B"

To letter dated December 10, 2002 from

the Offeror to Del Roca

Del Roca Representations. Del Roca represents and warrants to Offeror and acknowledges that Offeror is relying upon these representations and warranties in connection with the entering into of this Agreement, that:

(a) Del Roca is a corporation duly incorporated and validly subsisting under the laws of Alberta and has the requisite corporate power and authority to carry on its business as it is now being conducted. Del Roca is duly registered to do business and is in good standing in each jurisdiction in which the character of its properties, owned or leased, or the nature of its activities make such registration necessary, except where the failure to be so registered or in good standing would not have a material adverse effect on Del Roca and its subsidiaries taken as a whole;

(b) Canadian Arctic Petroleums Inc. (the "**Subsidiary**") is duly incorporated and validly subsisting under the laws of its jurisdiction of incorporation and has no liabilities other than as reflected on the consolidated financial statements of Del Roca. Del Roca has no other subsidiaries or affiliates and is not a party to any partnership or joint venture arrangement other than in the normal course of business;

(c) Del Roca has the requisite corporate authority to enter into this Agreement and to carry out its obligations hereunder. The execution and delivery of this Agreement and the consummation by Del Roca of the transactions contemplated hereby have been duly authorized by Del Roca's board of directors and no other corporate proceedings on the part of Del Roca are or will be necessary to authorize this Agreement and the transactions contemplated hereby (except for obtaining shareholder approval in respect of any Second Stage Transaction). This Agreement has been duly executed and delivered by Del Roca and constitutes the legal, valid and binding obligation of Del Roca enforceable against Del Roca in accordance with its terms, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and other laws relating to or affecting creditors' rights generally and to general principles of equity;

(d) Del Roca is a "reporting issuer" in material compliance with all applicable securities laws of the provinces of British Columbia, Alberta and Ontario and all the Del Roca Shares are listed only on the TSX Venture Exchange and all Del Roca Shares issuable upon exercise of the Del Roca Options (as defined below) and the Warrants (as defined below) in accordance with their respective terms will be listed only on the TSX Venture Exchange;

(e) neither the execution and delivery of this Agreement by Del Roca, the consummation by it of the transactions contemplated hereby nor compliance by it with any of the provisions hereof will: (i) violate, conflict with, or result in breach of any provision of, require any consent, approval or notice under, or constitute a default (or an event which, with notice or lapse of time or both, would constitute a default) or result in a right of termination or acceleration under, or result in a creation of any lien, security interest, charge or encumbrance upon any of the properties or assets of Del Roca or any of its subsidiaries under, any of the terms, conditions or provisions of (x) the articles or bylaws of Del Roca, or (y) any note, bond, mortgage, indenture, loan agreement, deed of trust, agreement, lien, contract or other instrument or obligation to which Del Roca or any of its subsidiaries is a party or to which any of them, or any of their respective properties or assets, may be subject or by which Del Roca or any of its subsidiaries is bound; or (ii) subject to compliance with the statutes and regulations referred to in the next succeeding paragraph, violate any judgment, ruling, order, writ, injunction, determination, award, decree, statute, ordinance, rule or regulation applicable to Del Roca or any of its subsidiaries (except, in the case of each of clauses (i) and (ii) above, for such violations, conflicts, breaches, defaults, terminations which, or any consents, approvals or notices which if not given or received, would not have any material adverse effect on the business, operations or financial condition of Del Roca and its subsidiaries taken as a whole or on the ability of Del Roca to consummate the transactions contemplated hereby);

(f) other than in connection with or in compliance with the provisions of Applicable Laws or pursuant to the *Competition Act* (Canada) or other merger statutes or the rules of the TSX Venture Exchange, (i) there is no legal impediment to Del Roca's consummation of the transactions contemplated by this Agreement and (ii) no filing or registration with, or authorization, consent or approval of, any domestic or foreign public body or authority is necessary by Del Roca in connection with the making or the consummation of the Offer, except for such filings or registrations which, if not made, or for such authorizations, consents or approvals, which, if not received, would not have any material adverse effect on the ability of Del Roca to consummate the transactions contemplated hereby;

(g) Del Roca has issued and outstanding, on a fully diluted basis, 22,285,153 Del Roca Shares. Except for (i) employee incentive options (the "**Del Roca Options**") to acquire 1,560,000 Del Roca Shares, and (ii) agent's options and warrants (the "**Warrants**") to acquire 418,260 Del Roca Shares, no person, firm or corporation has any agreement, option, or other right, agreement or commitment of any character whatsoever requiring the issuance or sale or transfer by Del Roca of any securities of Del Roca (including Del Roca Shares) or any securities convertible into, or exchangeable or exercisable for, or otherwise evidencing a right to acquire, any securities of Del Roca (including Del Roca Shares), nor are there any outstanding stock appreciation rights, phantom equity or similar rights, agreements or arrangements or commitments based upon the book value, income or other attribute of Del Roca or any of its subsidiaries. All outstanding Del Roca Shares have been duly authorized and validly issued, are fully paid and non-assessable and are not subject to, nor were they issued in violation of, any preemptive rights, and all Del Roca Shares issuable upon exercise of outstanding stock options or warrants in accordance with their respective terms will be duly authorized and validly issued, fully paid and non-assessable and will not be subject to any preemptive rights;

(h) except (a) as disclosed or reflected in the audited financial statements of Del Roca as at December 31, 2001 and the unaudited interim financial statements for the period ended September 30, 2002 previously delivered to the Offeror, and (b) for liabilities and obligations (i) incurred in the ordinary course of business and consistent with past practice or (ii) pursuant to the terms of this Agreement, neither Del Roca nor any of its subsidiaries has incurred any liabilities of any nature, whether accrued, contingent or otherwise (or which would be required by generally accepted accounting principles to be reflected on a consolidated balance sheet of Del Roca and its subsidiaries) that have constituted or would be reasonably likely to constitute a Material Adverse Change to Del

Roca. None of Del Roca or any of its subsidiaries have entered into any arrangements, directly or indirectly, with any person whereby Del Roca or any of its subsidiaries have sold or transferred any property and then rented or leased as lessee such property or any part thereof other than as disclosed in the financial statements of Del Roca or as previously disclosed in writing to the Offeror. None of Del Roca or any of its subsidiaries is party to, directly or indirectly, any sale/leaseback transaction or any off-balance sheet financing arrangement other than as disclosed in the financial statements of Del Roca or as previously disclosed to the Offeror. There is currently no hedge, exchange, swap, option to purchase, call, put or forward sales contract with respect to Del Roca or any of its subsidiaries or any of their respective assets other than as disclosed in the financial statements of Del Roca or as previously disclosed in writing to the Offeror;

(i) neither the making of the Offer nor the completion of the Offer will result in a Material Adverse Change to Del Roca pursuant to or as a result of the provisions of any agreement or arrangement to which Del Roca is a party;

(j) Del Roca has made all filings required under applicable securities laws with the applicable regulatory authorities, all such filings have been made in a timely manner, and all such filings and information and statements contained therein and any other information or statements disseminated to the public by Del Roca, were true, correct and complete in all material respects and did not contain any misrepresentation, as at the date of such information or statements;

(k) since September 30, 2002 (the date of the last interim financial statements of Del Roca), there has been no Material Adverse Change of Del Roca or any of its subsidiaries considered on a consolidated basis;

(l) Del Roca has heretofore made available to the Offeror true and complete copies of (i) Del Roca's 2001 Annual Information Form, Del Roca's Information Circular relating to its 2002 annual meeting of shareholders, Del Roca's 2001 Annual Report to shareholders and the interim report for the period ending September 30, 2002, (ii) all prospectuses or other offering documents used by Del Roca in the offering of its securities or filed with the stock exchange upon which its securities are posted and listed for trading and the appropriate securities commissions or similar regulatory authorities in each of the provinces and territories of Canada (the "**Securities Authorities**") since December 31, 1999 and (iii) the consolidated audited financial statements of Del Roca dated December 31, 2001 and the consolidated interim unaudited financial statements of Del Roca for the period ended September 30, 2002. As of their respective dates, such forms, statements, prospectuses and other offering documents (including all exhibits and schedules thereto and documents incorporated by reference therein) did not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading and complied in all material respects with all applicable requirements of law. The audited financial statements and unaudited interim financial statements of Del Roca and its consolidated subsidiaries publicly issued by Del Roca, previously delivered to the Offeror, or included or incorporated by reference in such forms, statements, prospectuses and other offering documents were prepared in accordance with generally accepted accounting principles in Canada (except (i) as otherwise indicated in such financial statements and the notes thereto or, in the case of audited statements, in the related report of Del Roca's independent accountants or (ii) in the case of unaudited interim financial statements, to the extent they may not include footnotes or may be condensed or summary statements), and fairly present the consolidated financial position, results of operations and changes in financial position of Del Roca and its consolidated subsidiaries as of the dates thereof and for the periods indicated therein (subject, in the case of any unaudited interim financial statements, to normal year-end audit adjustments);

(m) Del Roca will deliver to the Offeror as soon as they become available true and complete copies of any report or statement filed by it with the Securities Authorities subsequent to the date hereof. As of their respective dates, all reports and statements (excluding any information therein provided by the Offeror, as to which Del Roca makes no representation) filed with the Securities Authorities did not, or will not, as the case may be, contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they are made, not misleading and did, or will, as the case may be, comply in all material respects with all applicable requirements of securities laws. The consolidated financial statements of Del Roca issued by Del Roca, or to be included in such reports and statements (excluding any information therein provided by the Offeror, as to which Del Roca makes no representation) were, or will be, as the case may be, prepared in accordance with generally accepted accounting principles in Canada (except (i) as otherwise indicated in such financial statements and the notes thereto or, in the case of audited statements, in the related report of Del Roca's independent accountants or (ii) in the case of unaudited interim financial statements, to the extent they may not include footnotes or may be condensed or summary statements) and will present fairly the consolidated financial position, results of operations and changes in financial position of Del Roca and its consolidated subsidiaries, as of the dates thereof and for the periods indicated therein (subject, in the case of any unaudited interim financial statements, to normal year- end audit adjustments);

(n) the Subsidiary does not carry on any business and is wholly-owned, whether directly or indirectly, by Del Roca and all securities of the Subsidiary are beneficially owned by Del Roca, directly or indirectly, with valid and marketable title thereto, free and clear of any and all liens, charges, security interests, adverse claims, encumbrances and demands of any nature or kind whatsoever and there are no options, warrants or other rights, agreements or commitments of any character whatsoever requiring the issuance, sale or transfer by the any of such subsidiary of any securities convertible into, or exchangeable or exercisable for, or otherwise evidencing a right to acquire, any securities of any of such subsidiary;

(o) the corporate records and minute books of Del Roca have been maintained in accordance with all applicable statutory requirements and are complete and accurate in all material respects and contains minutes (or drafts thereof) of all meetings of directors and shareholders, as applicable, except for minutes of meetings of board of directors pertaining to the Offer, which minutes will be finalized prior to the mailing of the Offer. Del Roca has provided the Offeror with summaries of all loan and financing documentation or any documentation creating a security or similar interest in or in respect of Del Roca and of all currently relevant notices or correspondence in respect thereof;

(p) except as has previously been disclosed in writing to the Offeror, there are no actions, suits or proceedings pending, or to the knowledge of Del Roca threatened, affecting Del Roca the Subsidiary before or by any federal, provincial, state, local, foreign, municipal or other governmental department, commission, board, bureau, agency, court or instrumentality, which action, suit or proceeding involves a possibility of any judgment against or liability of Del Roca or the Subsidiary or other person which, if successful, would or would reasonably be expected to result in a Material Adverse Change to Del Roca or would have a material adverse effect on the ability of Del Roca to consummate the transactions contemplated hereby;

(q) Del Roca has not received notice of any material violation of or investigation relating to any federal, provincial or local environmental or pollution law, regulation or ordinance with respect to the assets, business or operations of Del Roca and Del Roca holds all permits, licenses and other authorizations which are required under federal, provincial or local laws with respect to pollution or protection of the environment relating to the assets, business or operations of Del Roca. All of the assets of Del Roca operated and maintained by Del Roca or any subsidiary are in compliance with all terms and conditions of such laws, permits, licenses and authorizations in all material respects, and are also in compliance with all other limitations, restrictions, conditions, standards, prohibitions, requirements, obligations, schedules and timetables contained in such laws or contained in any regulation, code, plan, order, decree, judgment, notice or demand letter issued, entered, promulgated or approved thereunder relating to the assets operated by Del Roca or any subsidiary in all material respects;

(r) it has disclosed in writing to Offeror the details, in all material respects, of all severance or change of control arrangements involving Del Roca, including the amounts payable and the parties entitled thereto;

(s) Del Roca has not retained any financial advisor, broker, agent or finder, or paid or agreed to pay any financial advisor, broker, agent or finder on account of this Agreement or the Offer, any transaction contemplated hereby or any transaction presently ongoing or contemplated, except that the Financial Advisor has been retained to provide financial advice and a fairness opinion related to the Offer for a fee in the amount of $40,000 (exclusive of expenses and GST) and Kobayashi and Associates Ltd. to provide transactional advisory services (the fees and expenses of which will not exceed $260,000 in the aggregate, exclusive of GST). Del Roca has delivered or will deliver to Offeror true and current copies of all agreements between Del Roca and Financial Advisor which could give rise to the payment of any fees or expenses to Financial Advisor;

(t) except as disclosed in writing to the Offeror, neither Del Roca nor the Subsidiary is a party to any written employment or consulting agreement or any verbal employment or consulting agreement with a term of more than one year or any written agreement which provides for a payment by Del Roca or any subsidiary on a change of control of Del Roca or severance of employment;

(u) the aggregate of amounts payable by Del Roca under any obligations or liabilities of Del Roca or the Subsidiary to pay any amount to its officers, directors, employees or consultants, other than for salary, vacation pay, bonuses under their existing bonus arrangements and directors' fees in the ordinary course, in each case in amounts consistent with historic practices and, without limiting the generality of the foregoing, including the obligations of Del Roca or the Subsidiary to officers, directors, employees or consultants for severance, retention, termination or bonus payments on the change of control of Del Roca and pursuant to Del Roca's severance policy, will not exceed $800,000 (the "**Officer Obligations**");

(v) neither Del Roca nor the Subsidiary has any employee benefit plans other than the Stock Option Plan, a deferred profit sharing plan, existing health, dental, vision, short and long term disability, life insurance and accidental death and dismemberment plans of general application and agreements and promises contemplated by the Officer Obligations. Neither Del Roca nor the Subsidiary has made any promises with respect to increased benefits under such plans. All contributions (including premiums) required by law or contract to and including September 30, 2002 to have been paid or accrued, under or with respect to such plans, have been paid or accrued as at that date, as the case may be;

(w) Del Roca has complied, in all material respects, with all the terms of and all applicable laws in respect of the pension and other employee compensation and benefit obligations of Del Roca and the Subsidiary, including the terms of any funding and investment contracts or obligations applicable thereto, arising under or relating to each of the pension or retirement income plans or other employee compensation or benefit plans, agreements, policies, programs, arrangements or practices, whether written or oral, which are maintained by or binding upon Del Roca or the Subsidiary (collectively, the "**Del Roca Plans**") and all Del Roca Plans are fully funded, except as disclosed in writing to the Offeror or accrued in the financial statements of Del Roca for the nine months ended September 30, 2002 in accordance with generally accepted accounting principles in Canada and are in good standing with such regulatory authorities as may be applicable;

(x) no step has been taken, no event has occurred and no condition or circumstance exists that has resulted in or could reasonably be expected to result in any of the Del Roca Plans being ordered or required to be terminated or wound up in whole or in part or having its registration under applicable legislation refused or revoked, or being placed under the administration of any trustee or receiver or regulatory authority or being required to pay any material taxes, fees, penalties or levies under applicable laws. There are no actions, suits, claims (other than routine claims for payment of benefits in the ordinary course), trials, demands, investigations, arbitrations or other proceedings which are pending or threatened in respect of any of the Del Roca Plans or their assets which individually or in the aggregate would or would reasonably be expected to result in a Material Adverse Change to Del Roca;

(y) Del Roca is not aware of any information regarding any event, circumstance or action taken or failed to be taken which could or could reasonably be expected to result in a Material Adverse Change to Del Roca;

(z) for purposes of this Agreement, the following definitions shall apply; (i) the term "**Taxes**" shall mean all taxes, however denominated, including any interest, penalties or other additions that may become payable in respect thereof, imposed by any federal, provincial, state, local or foreign government or any agency or political subdivision of any such government, which taxes shall include, without limiting the generality of the foregoing, all income or profits taxes (including, but not limited to, federal income taxes and provincial income taxes), capital, payroll and employee withholding taxes, labour taxes, employment insurance, social insurance taxes, sales and use taxes, ad valorem taxes, value added taxes, excise taxes, franchise taxes, gross receipts taxes, business license taxes, occupation taxes, real and personal property taxes, stamp taxes, environmental taxes, transfer taxes, workers' compensation and other governmental charges, and other obligations of the same or of a similar nature to any of the foregoing (together with any penalties, interest or other similar amounts thereon), which Del Roca or the Subsidiary is required to pay, withhold or collect and (ii) the term "**Returns**" shall mean all reports, estimates, declarations of estimated tax, information statements and returns relating to, or required to be filed in connection with, any Taxes;

(aa) all Returns required to be filed by or on behalf of Del Roca or the Subsidiary have been duly filed on a timely basis and such Returns are true, complete and correct in all material respects. All Taxes shown to be payable on the Returns or on subsequent assessments with respect thereto have been paid in full on a timely basis, and no other Taxes are payable by Del Roca or the Subsidiary with respect to items or periods covered by such Returns;

(bb) Del Roca and the Subsidiary has paid or provided adequate accruals in its financial statements for the nine months ended September 30, 2002 for Taxes, including income taxes, labour taxes and related deferred taxes, in conformity with generally accepted accounting principles applicable in Canada;

(cc) for all periods ending on and after December 31, 1999, the Offeror has been provided access to true and complete copies of (i) relevant portions of income tax assessment notices, audit reports, statements of deficiencies, closing or other agreements received by Del Roca or the Subsidiary or on behalf of Del Roca or the Subsidiary relating to Taxes, and (ii) all federal, provincial, state, local or foreign income or franchise tax returns for Del Roca and the Subsidiary;

(dd) no material deficiencies exist or have been asserted with respect to Taxes of Del Roca or the Subsidiary. Neither Del Roca nor the Subsidiary is a party to any action or proceeding for assessment or collection of Taxes, nor has such event been asserted or threatened against Del Roca or the Subsidiary or any of their respective assets. No waiver or extension of any statute of limitations is in effect with respect to Taxes or Returns of Del Roca or the Subsidiary. The Returns of Del Roca and the Subsidiary have not been audited by a government or taxing authority within the last three years, nor is any such audit in process, pending or threatened, excepting the Alberta Treasury ARTC audit of the 1998, 1999 and 2000 taxation period resulting in notice of reassessment being issued for the 1999 and 2000 taxation years, the results of which were incorporated into Del Roca's financial statements for the nine months ended September 30, 2002;

(ee) Del Roca and the Subsidiary has withheld from each payment made to any of its officers, directors, and employees and former officers, directors and employees the amount of all Taxes (including, without limitation, income tax) and other deductions required to be withheld therefrom and has paid the same to the proper tax or other authority within the time required under any applicable tax legislation;

(ff) all filings made by Del Roca and the Subsidiary under which it or the Subsidiary has received or is entitled to government incentives have been made in accordance, in all material respects, with all applicable legislation and contain no misrepresentations of a material fact or omit to state any material fact which could cause any amount previously paid or previously accrued on its accounts to be recovered or disallowed;

(gg) Del Roca and the Subsidiary is not, and the entering into of this Agreement and the consummation of the transactions contemplated hereby will not result in Del Roca being:

(i) in breach or violation of any term or provision of its articles, by-laws or other governing documents;

(ii) in breach or violation of any term or provision of, or in default under any agreement, instrument, licence, permit or authority to which it is a party or by which it is bound and which is material to it; or

(iii) in violation or contravention of any provision of any law or regulation or any judicial or administrative award, judgment or decree applicable and known to it (after due inquiry), except to the extent that such breach, violation or contravention would not have a material adverse effect on it and its subsidiaries (taken as a whole) or could not reasonably be expected to prevent or hinder the consummation of the transactions contemplated by the Agreement;

(hh) Del Roca and the Subsidiary has conducted and is conducting its business in accordance with good oilfield practices and, to its knowledge, in compliance in all material respects with all applicable laws and, in particular, all applicable licensing and environmental legislation, regulations or by-laws or other lawful requirements of any governmental or regulatory bodies applicable to it or its subsidiaries, as the case may be, in each jurisdiction in which it carries on business and, to its knowledge, holds all licences, registrations and qualifications material to its business and assets in all jurisdictions in which it carries on business and where the failure to so conduct business or be in such compliance would have a material adverse effect on it which are necessary or desirable to carry on its business, as now conducted, and, to its knowledge, none of such licences, registrations or qualifications contains any burdensome term, provision, condition or limitation which has or is likely to have any material adverse effect on it and its subsidiaries (taken as a whole);

(ii) Del Roca is not aware of any material defects, failures or impairments in the titles to its or the Subsidiary's oil and gas properties or facilities, whether or not an action, suit, proceeding or inquiry is pending or threatened and whether or not discovered by any third party, which in the aggregate could have a material adverse effect on it and the Subsidiary (taken as a whole) or its anticipated cash flow;

(jj) Del Roca is not aware of, and has not received:

(i) any order or directive which relates to environmental matters and which requires any material work, repairs, construction, or capital expenditures; or

(ii) any demand or notice with respect to the material breach of any environmental, health or safety law applicable to its and its subsidiaries or any of their respective business undertakings, including, without limitation, any regulations respecting the use, storage, treatment, transportation, or disposition of environmental contaminants;

the failure to comply with would have a material adverse effect on it;

(kk) Del Roca and the Subsidiary have all material environmental and health and safety permits, licences, approvals, consents, certificates and other authorizations of any kind or nature ("**Environmental Permits**") necessary for the ownership, operation, development, maintenance, or use of any of its respective assets and all such Environmental Permits have been obtained and maintained in effect;

(ll) Del Roca and the Subsidiary's assets and the ownership, operation, development, maintenance and use thereof are in material compliance with all environmental laws and with all material terms and conditions of all Environmental Permits;

(mm) there has not occurred any material spills, emissions or pollution on any property of Del Roca or the Subsidiary, nor has Del Roca or the Subsidiary been subject to any stop orders, control orders, clean-up orders or reclamation orders under applicable environmental laws or regulations, provided however Del Roca has disclosed that there are remedial matters being undertaken by the operator at its Inga, British Columbia property;

(nn) the board of directors of Del Roca has unanimously endorsed the making of the Offer and approved the Agreement, has determined that the Offer is fair from a financial point of view to holders of Del Roca Shares, is in the best interests of Del Roca, and has unanimously resolved to recommend acceptance of the Offer by holders of Del Roca Shares;

(oo) Del Roca is not a party to any long term sales agreements, firm service agreements, processing agreements or similar agreements other than those that have been previously disclosed in writing to Offeror, or made available in Del Roca's data room;

(pp) Del Roca has fulfilled all of its obligations pursuant to all agreements entered into by Del Roca for the issuance of "flow-through" shares as defined in the *Income Tax Act* (Canada) to renounce Canadian exploration or development expenses in respect thereof and Del Roca has no further obligations to incur qualifying Canadian exploration or development expenses as required by the agreements or obligations to renounce these expenses to the subscribers of the flow-through shares;

(qq) as of December 1, 2002, Del Roca's bank debt did not exceed $4.1 million and as at September 30, 2002, its working capital was approximately $30,000;

(rr) there are no material unrecorded liabilities, commitments or contractual arrangements of Del Roca or its subsidiaries;

(ss) except as otherwise disclosed in writing to Offeror, the assets of Del Roca are free and clear of all liens, encumbrances and adverse claims created by, through or under Del Roca;

(tt) Del Roca does not have any liability or obligation to former holders of debentures issued by it;

(uu) except as otherwise disclosed in writing to Offeror, there are no outstanding authorizations for expenditures and there are no outstanding cash calls with respect to the assets of Del Roca;

(vv) all royalties and all *ad valorem*, property, production, delay rentals, shut-in payments, severance and similar taxes and assessments, based on or measured by the ownership of its assets, the production of petroleum substances from its lands or the receipt of proceeds therefrom that are payable by Del Roca have been properly and fully paid and discharged in the manner prescribed by the applicable leases, statutes and regulations;

(ww) in respect of any assets operated by Del Roca, Del Roca holds all valid licenses, permits and similar rights and privileges that are required and necessary under applicable law to operate the assets, except those licenses, permits, and similar rights and privileges the failure of which would not have a material adverse effect on the business, operations or financial condition of Del Roca or on its ability to consummate the transactions contemplated hereby;

(xx) any and all operations of Del Roca and to the best of the knowledge of Del Roca, any and all operations by third parties, on or in respect of Del Roca's assets, have been conducted in accordance with good oil and gas industry practices and in material compliance with all applicable laws, rules, regulations, orders and directions of governmental and other competent authorities except for the failure of which would not have a material adverse effect on the business, operations or financial condition of Del Roca or on its ability to consummate the transactions contemplated hereby;

(yy) since September 30, 2002, Del Roca has:

(i) maintained in effect salary and other compensation levels in accordance with then existing levels;

(ii) not declared, paid or set aside for payment any dividend or distribution of any kind in respect of any of its outstanding securities nor made any repayments of capital;

(iii) not entered into or committed to enter into any material agreement with a non-arm's length person (as such term is defined in the *Income Tax Act* (Canada));

(iv) conducted its business only in the ordinary and normal course; and

(v) not incurred any liability or obligation of any nature (whether absolute, accrued, contingent or otherwise) material to Del Roca which has been incurred other than in the ordinary and normal course;

(zz) no officer, director, employee or any other person not dealing at arm's length with Del Roca, or, to the knowledge of Del Roca, any associate or affiliate of any such person or any party owns, has or is entitled to any royalty, net profits interest, carried interest or other encumbrances or claims of any nature whatsoever which are based on production from Del Roca's properties or assets or any revenue or rights attributed thereto;

(aaa) there are no contracts or arrangements to which Del Roca is a party with any director, officer, employee or any other person not dealing at arm's length with Del Roca, or any associate or affiliate of any such director, officer, employee or any other person not dealing at arm's length with Del Roca, nor is there any indebtedness owing by Del Roca to any such parties or by any such parties to Del Roca, other than option agreements in respect of Del Roca option plan and employment agreements disclosed to Offeror prior to the date hereof;

(bbb) to Del Roca's knowledge, there are less than 50 beneficial holders of Del Roca Shares resident in Quebec holding less than 2% of the outstanding Del Roca Shares;

(ccc) the policies of insurance in force at the date hereof naming Del Roca as an insured and as disclosed to Offeror prior to the date hereof adequately cover all risks reasonably and prudently foreseeable in the operation and conduct of the business of Del Roca which would be customary in the business carried on by Del Roca and all such policies of insurance remain in force and effect and shall not be cancelled or otherwise terminated as a result of the transactions contemplated hereby or by the Offer;

(ddd) Del Roca is a foreign private issuer, as that term is used in Rule 3b-4 promulgated under the United States *Securities Exchange Act* of 1934 (the "**Exchange Act**"), and is not an investment company registered or required to be registered under the U.S. *Investment Company Act* of 1940. The Del Roca Shares are not registered under Section 12 of the Exchange Act. To Del Roca's knowledge, U.S. holders hold less than 20% of the Del Roca Shares;

(eee) there have been no actions taken by or on behalf of Del Roca or any of its subsidiaries or any of their affiliates [as that term is defined in the *Business Corporations Act* (Alberta)], that would cause Del Roca or any of its subsidiaries or affiliates to be in violation of the United States *Foreign Corrupt Practices Act* or the *Corruption of Foreign Public Officials Act* (Canada);

(fff) Del Roca has not waived or released the applicability of any “standstill” or other provisions of any confidentiality agreements entered into by them, except for the purposes of making proposals to Del Roca prior to December 3, 2002; and

(ggg) as at the date hereof, there has been no material misrepresentation, breach or non-performance by Del Roca of any representation, warranty, covenant or obligation contained in this Agreement. Immediately prior to the Expiry Time, Del Roca shall provide to the Offeror an officer's certificate certifying that, as at the date of this Agreement, the representations and warranties of Del Roca contained in the Agreement were true in all material respects and that as at the date of the execution of such certificate, any Material Adverse Changes to such representations and warranties of Del Roca have been disclosed to the Offeror.

Offeror Representations. The Offeror represents and warrants to Del Roca and acknowledges that Del Roca is relying upon these representations and warranties in connection with the entering into of this Agreement, that:

(a) the Offeror is a corporation duly incorporated and validly subsisting under the laws of Alberta and has the requisite corporate power and authority to carry on its business as it is now being conducted. The Offeror is duly registered to do business and is in good standing in each jurisdiction in which the character of its properties, owned or leased, or the nature of its activities make such registration necessary, except where the failure to be so registered or in good standing would not have a material adverse effect on the Offeror and its subsidiaries taken as a whole;

(b) Auburn Energy Ltd., Spirit Energy Ltd., New Quebec Platinum Inc., TUSK Oil Corporation and 416600 Alberta Inc. are directly, or indirectly, wholly-owned subsidiaries of the Offeror, all of which are duly incorporated and validly subsisting under the laws of its jurisdiction of incorporation and have no liabilities other than as reflected on the consolidated financial statements of the Offeror. The Offeror has no other subsidiaries or affiliates and is not a party to any partnership or joint venture arrangement other than in the normal course of business;

(c) the Offeror has the requisite corporate authority to enter into this Agreement and to carry out its obligations hereunder. The execution and delivery of this Agreement and the consummation by the Offeror of the transactions contemplated hereby have been duly authorized by the Offeror's board of directors and no other corporate proceedings on the part of the Offeror are or will be necessary to authorize this Agreement and the transactions contemplated hereby (except for obtaining shareholder approval in respect of any Second Stage Transaction). This Agreement has been duly executed and delivered by the Offeror and constitutes the legal, valid and binding obligation of the Offeror enforceable against the Offeror in accordance with its terms, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and other laws relating to or affecting creditors' rights generally and to general principles of equity;

(d) the Offeror is a "reporting issuer" in material compliance with all applicable securities laws of the provinces of British Columbia, Alberta, Saskatchewan, Manitoba and Ontario and all the Offeror Shares are listed only on the Toronto Stock Exchange;

(e) neither the execution and delivery of this Agreement by the Offeror, the consummation by it of the transactions contemplated hereby nor compliance by it with any of the provisions hereof will: (i) violate, conflict with, or result in breach of any provision of, require any consent, approval or notice under, or constitute a default (or an event which, with notice or lapse of time or both, would constitute a default) or result in a right of termination or acceleration under, or result in a creation of any lien, security interest, charge or encumbrance upon any of the properties or assets of the Offeror or any of its subsidiaries under, any of the terms, conditions or provisions of (x) the articles or bylaws of the Offeror, or (y) any note, bond, mortgage, indenture, loan agreement, deed of trust, agreement, lien, contract or other instrument or obligation to which the Offeror or any of its subsidiaries is a party or to which any of them, or any of their respective properties or assets, may be subject or by which the Offeror or any of its subsidiaries is bound; or (ii) subject to compliance with the statutes and regulations referred to in the next succeeding paragraph, violate any judgment, ruling, order, writ, injunction, determination, award, decree, statute, ordinance, rule or regulation applicable to the Offeror or any of its subsidiaries (except, in the case of each of clauses (i) and (ii) above, for such violations, conflicts, breaches, defaults, terminations which, or any consents, approvals or notices which if not given or received, would not have any material adverse effect on the business, operations or financial condition of the Offeror and its subsidiaries taken as a whole or on the ability of the Offeror to consummate the transactions contemplated hereby);

(f) other than in connection with or in compliance with the provisions of Applicable Laws or pursuant to the *Competition Act* (Canada) or other merger statutes or the rules of the TSX Exchange, (i) there is no legal impediment to the Offeror's consummation of the transactions contemplated by this Agreement and (ii) no filing or registration with, or authorization, consent or approval of, any domestic or foreign public body or authority is necessary by the Offeror in connection with the making or the consummation of the Offer, except for such filings or registrations which, if not made, or for such authorizations, consents or approvals, which, if not received, would not have any material adverse effect on the ability of the Offeror to consummate the transactions contemplated hereby;

(g) the Offeror has issued and outstanding, on a fully diluted basis, 19,608,774 Offeror Shares. Except for (i) options (the "**Offeror Options**") to acquire 2,000,000 Offeror Shares and (ii) rights which are associated with the Offeror's shareholders rights plan, no person, firm or corporation has any agreement, option, or other right, agreement or commitment of any character whatsoever requiring the issuance or sale or transfer by the Offeror of any securities of the Offeror (including Offeror Shares) or any securities convertible into, or exchangeable or exercisable for, or otherwise evidencing a right to acquire, any securities of the Offeror (including Offeror Shares), nor are there any outstanding stock appreciation rights, phantom equity or similar rights, agreements or arrangements or commitments based upon the book value, income or other attribute of the Offeror or any of its subsidiaries. All outstanding Offeror Shares have been duly authorized and validly issued, are fully paid and non-assessable and are not subject to, nor were they issued in violation of, any preemptive rights, and all Offeror Shares issuable upon exercise of outstanding stock options or warrants in accordance with their respective terms will be duly authorized and validly issued, fully paid and non-assessable and will not be subject to any preemptive rights;

(h) except (a) as disclosed or reflected in the audited financial statements of the Offeror as at December 31, 2001 and the unaudited interim financial statements for the period ended September 30, 2002 previously delivered to the Offeror, and (b) for liabilities and obligations (i) incurred in the ordinary course of business and consistent with past practice or (ii) pursuant to the terms of this Agreement, neither the Offeror nor any of its subsidiaries has incurred any liabilities of any nature, whether accrued, contingent or otherwise (or which would be required by generally accepted accounting principles to be reflected on a consolidated balance sheet of the Offeror and its subsidiaries) that have constituted or would be reasonably likely to constitute a Material Adverse Change to the Offeror. None of the Offeror or any of its subsidiaries have entered into any arrangements, directly or indirectly, with any person whereby the Offeror or any of its subsidiaries have sold or transferred any property and then rented or leased as lessee such property or any part thereof other than as disclosed in the financial statements of the Offeror or as previously disclosed in writing to the Offeror. None of the Offeror or any of its subsidiaries is party to, directly or indirectly, any sale/leaseback transaction or any off-balance sheet financing arrangement other than as disclosed in the financial statements of the Offeror or as previously disclosed to the Offeror. There is currently no hedge, exchange, swap, option to purchase, call, put or forward sales contract with respect to the Offeror or any of its subsidiaries or any of their respective assets other than as disclosed in the financial statements of the Offeror or as previously disclosed in writing to the Offeror;

(i) neither the making of the Offer nor the completion of the Offer will result in a Material Adverse Change to the Offeror pursuant to or as a result of the provisions of any agreement or arrangement to which the Offeror is a party;

(j) the Offeror has made all filings required under applicable securities laws with the applicable regulatory authorities, all such filings have been made in a timely manner, and all such filings and information and statements contained therein and any other information or statements disseminated to the public by the Offeror, were true, correct and complete in all material respects and did not contain any misrepresentation, as at the date of such information or statements;

(k) since September 30, 2002 (the date of the last interim financial statements of the Offeror), there has been no Material Adverse Change of the Offeror or any of its subsidiaries considered on a consolidated basis;

(l) the Offeror has heretofore made available to Del Roca true and complete copies of (i) the Offeror's 2001 Annual Information Form, the Offeror's Information Circular relating to its 2002 annual meeting of shareholders, the Offeror's 2001 Annual Report to shareholders and the interim report for the period ending September 30, 2002, (ii) all prospectuses or other offering documents used by the Offeror in the offering of its securities or filed with Securities Authorities since December 31, 1999 and (iii) the consolidated audited financial statements of the Offeror dated December 31, 2001 and the consolidated interim unaudited financial statements of the Offeror for the period ended September 30, 2002. As of their respective dates, such forms, statements, prospectuses and other offering documents (including all exhibits and schedules thereto and documents incorporated by reference therein) did not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading and complied in all material respects with all applicable requirements of law. The audited financial statements and unaudited interim financial statements of the Offeror and its consolidated subsidiaries publicly issued by the Offeror, previously delivered to the Offeror, or included or incorporated by reference in such forms, statements, prospectuses and other offering documents were prepared in accordance with generally accepted accounting principles in Canada (except (i) as otherwise indicated in such financial statements and the notes thereto or, in the case of audited statements, in the related report of the Offeror's independent accountants or (ii) in the case of unaudited interim financial statements, to the extent they may not include footnotes or may be condensed or summary statements), and fairly present the consolidated financial position, results of operations and changes in financial position of the Offeror and its consolidated subsidiaries as of the dates thereof and for the periods indicated therein (subject, in the case of any unaudited interim financial statements, to normal year-end audit adjustments);

(m) the Offeror will deliver to Del Roca as soon as they become available true and complete copies of any report or statement filed by it with Securities Authorities subsequent to the date hereof. As of their respective dates, all reports and statements (excluding any information therein provided by Del Roca, as to which the Offeror makes no representation) filed with Securities Authorities did not, or will not, as the case may be, contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they are made, not misleading and did, or will, as the case may be, comply in all material respects with all applicable requirements of securities laws. The consolidated financial statements of the Offeror issued by the Offeror, or to be included in such reports and statements (excluding any information therein provided by Del Roca, as to which the Offeror makes no representation) were, or will be, as the case may be, prepared in accordance with generally accepted accounting principles in Canada (except (i) as otherwise indicated in such financial statements and the notes thereto or, in the case of audited statements, in the related report of the Offeror's independent accountants or (ii) in the case of unaudited interim financial statements, to the extent they may not include footnotes or may be condensed or summary statements) and will present fairly the consolidated financial position, results of operations and changes in financial position of the Offeror and its consolidated subsidiaries, as of the dates thereof and for the periods indicated therein (subject, in the case of any unaudited interim financial statements, to normal year- end audit adjustments);

(n) all of the subsidiaries of the Offeror are wholly-owned, whether directly or indirectly, by the Offeror and all securities of the Offeror's subsidiaries owned by the Offeror are beneficially owned, directly or indirectly, with valid and marketable title thereto, free and clear of any and all liens, charges, security interests, adverse claims, encumbrances and demands of any nature or kind whatsoever and there are no options, warrants or other rights, agreements or commitments of any character whatsoever requiring the issuance, sale or transfer by the any of such subsidiaries of any securities convertible into, or exchangeable or exercisable for, or otherwise evidencing a right to acquire, any securities of any of such subsidiaries;

(o) the corporate records and minute books of the Offeror and the its subsidiaries have been maintained in accordance with all applicable statutory requirements and are complete and accurate in all material respects and contains minutes (or drafts thereof) of all meetings of directors and shareholders, as applicable, except for minutes of meetings of board of directors pertaining to the Offer, which minutes will be finalized prior to the mailing of the Offer. The Offeror has provided Del Roca with summaries of all loan and financing documentation or any documentation creating a security or similar interest in or in respect of the Offeror and of all currently relevant notices or correspondence in respect thereof;

(p) there are no actions, suits or proceedings pending, or to the knowledge of the Offeror threatened, affecting the Offeror or any of its subsidiaries before or by any federal, provincial, state, local, foreign, municipal or other governmental department, commission, board, bureau, agency, court or instrumentality , which action, suit or proceeding involves a possibility of any judgment against or liability of the Offeror or any of its subsidiaries or other person which, if successful, would or would reasonably be expected to result in a Material Adverse Change to the Offeror or would have a material adverse effect on the ability of the Offeror to consummate the transactions contemplated hereby;

(q) the Offeror has not received notice of any material violation of or investigation relating to any federal, provincial or local environmental or pollution law, regulation or ordinance with respect to the assets, business or operations of the Offeror and the Offeror holds all permits, licenses and other authorizations which are required under federal, provincial or local laws with respect to pollution or protection of the environment relating to the assets, business or operations of the Offeror. All of the assets of the Offeror operated and maintained by the Offeror or any subsidiary are in compliance with all terms and conditions of such laws, permits, licenses and authorizations in all material respects, and are also in compliance with all other limitations, restrictions, conditions, standards, prohibitions, requirements, obligations, schedules and timetables contained in such laws or contained in any regulation, code, plan, order, decree, judgment, notice or demand letter issued, entered, promulgated or approved thereunder relating to the assets operated by the Offeror or any subsidiary in all material respects;

(r) the Offeror has disclosed in writing to Del Roca the details, in all material respects, of all severance or change of control arrangements involving the Offeror, including the amounts payable and the parties entitled thereto;

(s) the Offeror has not retained any financial advisor, broker, agent or finder, or paid or agreed to pay any financial advisor, broker, agent or finder on account of this Agreement or the Offer, any transaction contemplated hereby or any transaction presently ongoing or contemplated;

(t) the Offeror is not aware of any information regarding any event, circumstance or action taken or failed to be taken which could or could reasonably be expected to result in a Material Adverse Change to Del Roca;

(u) for purposes of this Agreement, the following definitions shall apply; (i) the term "**Taxes**" shall mean all taxes, however denominated, including any interest, penalties or other additions that may become payable in respect thereof, imposed by any federal, provincial, state, local or foreign government or any agency or political subdivision of any such government, which taxes shall include, without limiting the generality of the foregoing, all income or profits taxes (including, but not limited to, federal income taxes and provincial income taxes), capital, payroll and employee withholding taxes, labour taxes, employment insurance, social insurance taxes, sales and use taxes, ad valorem taxes, value added taxes, excise taxes, franchise taxes, gross receipts taxes, business license taxes, occupation taxes, real and personal property taxes, stamp taxes, environmental taxes, transfer taxes, workers' compensation and other governmental charges, and other obligations of the same or of a similar nature to any of the foregoing (together with any penalties, interest or other similar amounts thereon), which the Offeror or any of its subsidiaries is required to pay, withhold or collect and (ii) the term "**Returns**" shall mean all reports, estimates, declarations of estimated tax, information statements and returns relating to, or required to be filed in connection with, any Taxes;

(v) all Returns required to be filed by or on behalf of the Offeror or any its subsidiaries have been duly filed on a timely basis and such Returns are true, complete and correct in all material respects. All Taxes shown to be payable on the Returns or on subsequent assessments with respect thereto have been paid in full on a timely basis, and no other Taxes are payable by the Offeror or any subsidiaries with respect to items or periods covered by such Returns;

(w) the Offeror and each of its subsidiaries has paid or provided adequate accruals in its financial statements for the nine months ended September 30, 2002 for Taxes, including income taxes, labour taxes and related deferred taxes, in conformity with generally accepted accounting principles applicable in Canada;

(x) for all periods ending on and after December 31, 1999, Del Roca has been provided access to true and complete copies of (i) relevant portions of income tax assessment notices, audit reports, statements of deficiencies, closing or other agreements received by the Offeror or any subsidiary or on behalf of the Offeror or any subsidiary relating to Taxes, and (ii) all federal, provincial, state, local or foreign income or franchise tax returns for the Offeror and any its subsidiaries;

(y) no material deficiencies exist or have been asserted with respect to Taxes of the Offeror or any its subsidiaries. Neither the Offeror nor any subsidiary is a party to any action or proceeding for assessment or collection of Taxes, nor has such event been asserted or threatened against the Offeror or any subsidiary or any of their respective assets. No waiver or extension of any statute of limitations is in effect with respect to Taxes or Returns of the Offeror or any subsidiary. The Returns of the Offeror and subsidiary have not been audited by a government or taxing authority within the last three years, nor is any such audit in process, pending or threatened;

(z) the Offeror and each of its subsidiaries has withheld from each payment made to any of its officers, directors, and employees and former officers, directors and employees the amount of all Taxes (including, without limitation, income tax) and other deductions required to be withheld therefrom and has paid the same to the proper tax or other authority within the time required under any applicable tax legislation;

(aa) all filings made by the Offeror and each of its subsidiaries under which it or its subsidiaries has received or is entitled to government incentives have been made in accordance, in all material respects, with all applicable legislation and contain no misrepresentations of a material fact or omit to state any material fact which could cause any amount previously paid or previously accrued on its accounts to be recovered or disallowed;

(bb) the Offeror and each of its subsidiaries is not, and the entering into of this Agreement and the consummation of the transactions contemplated hereby will not result in the Offeror being:

(i) in breach or violation of any term or provision of its articles, by-laws or other governing documents;

(ii) in breach or violation of any term or provision of, or in default under any agreement, instrument, licence, permit or authority to which it is a party or by which it is bound and which is material to it; or

(iii) in violation or contravention of any provision of any law or regulation or any judicial or administrative award, judgment or decree applicable and known to it (after due inquiry), except to the extent that such breach, violation or contravention would not have a material adverse effect on it and its subsidiaries (taken as a whole) or could not reasonably be expected to prevent or hinder the consummation of the transactions contemplated by the Agreement;

(cc) the Offeror and each of its subsidiaries has conducted and is conducting its business in accordance with good oilfield practices and, to its knowledge, in compliance in all material respects with all applicable laws and, in particular, all applicable licensing and environmental legislation, regulations or by-laws or other lawful requirements of any governmental or regulatory bodies applicable to it or its subsidiaries, as the case may be, in each jurisdiction in which it carries on business and, to its knowledge, holds all licences, registrations and qualifications material to its business and assets in all jurisdictions in which it carries on business and where the failure to so conduct business or be in such compliance would have a material adverse effect on it which are necessary or desirable to carry on its business, as now conducted, and, to its knowledge, none of such licences, registrations or qualifications contains any burdensome term, provision, condition or limitation which has or is likely to have any material adverse effect on it and its subsidiaries (taken as a whole);

(dd) the Offeror is not aware of any material defects, failures or impairments in the titles to its or any of its subsidiaries' oil and gas properties or facilities, whether or not an action, suit, proceeding or inquiry is pending or threatened and whether or not discovered by any third party, which in the aggregate could have a material adverse effect on it and its subsidiaries (taken as a whole) or its anticipated cash flow;

(ee) the Offeror is not aware of, and has not received:

(i) any order or directive which relates to environmental matters and which requires any material work, repairs, construction, or capital expenditures; or

(ii) any demand or notice with respect to the material breach of any environmental, health or safety law applicable to its and its subsidiaries or any of their respective business undertakings, including, without limitation, any regulations respecting the use, storage, treatment, transportation, or disposition of environmental contaminants;

the failure to comply with would have a material adverse effect on it;

(ff) the Offeror and its subsidiaries have all material environmental and health and safety permits, licences, approvals, consents, certificates and other authorizations of any kind or nature ("**Environmental Permits**") necessary for the ownership, operation, development, maintenance, or use of any of its respective assets and all such Environmental Permits have been obtained and maintained in effect;

(gg) the Offeror and its subsidiaries' assets and the ownership, operation, development, maintenance and use thereof are in material compliance with all environmental laws and with all material terms and conditions of all Environmental Permits;

(hh) there has not occurred any material spills, emissions or pollution on any property of the Offeror or its subsidiaries, nor has the Offeror or its subsidiaries been subject to any stop orders, control orders, clean-up orders or reclamation orders under applicable environmental laws or regulations;

(ii) as of December 1, 2002, the Offeror's bank debt did not exceed $12.35 million and as at September 30, 2002, its working capital was approximately $452,000;

(jj) there are no material unrecorded liabilities, commitments or contractual arrangements of the Offeror or its subsidiaries;

(kk) all royalties and all *ad valorem*, property, production, delay rentals, shut-in payments, severance and similar taxes and assessments, based on or measured by the ownership of its assets, the production of petroleum substances from its lands or the receipt of proceeds therefrom that are payable by the Offeror have been properly and fully paid and discharged in the manner prescribed by the applicable leases, statutes and regulations;

(ll) in respect of any assets operated by the Offeror, the Offeror holds all valid licenses, permits and similar rights and privileges that are required and necessary under applicable law to operate the assets, except those licenses, permits, and similar rights and privileges the failure of which would not have a material adverse effect on the business, operations or financial condition of the Offeror or on its ability to consummate the transactions contemplated hereby;

(mm) any and all operations of the Offeror and to the best of the knowledge of the Offeror, any and all operations by third parties, on or in respect of the Offeror's assets, have been conducted in accordance with good oil and gas industry practices and in material compliance with all applicable laws, rules, regulations, orders and directions of governmental and other competent authorities except for the failure of which would not have a material adverse effect on the business, operations or financial condition of the Offeror or on its ability to consummate the transactions contemplated hereby;

(nn) since September 30, 2002, the Offeror has:

(i) except for bonuses and salary increases recently approved by the Offeror's board of directors, maintained in effect salary and other compensation levels in accordance with then existing levels;

(ii) not declared, paid or set aside for payment any dividend or distribution of any kind in respect of any of its outstanding securities nor made any repayments of capital;

(iii) not entered into or committed to enter into any material agreement with a non-arm's length person (as such term is defined in the *Income Tax Act* (Canada));

(iv) conducted its business only in the ordinary and normal course; and

(v) not incurred any liability or obligation of any nature (whether absolute, accrued, contingent or otherwise) material to the Offeror which has been incurred other than in the ordinary and normal course;

(oo) no officer, director, employee or any other person not dealing at arm's length with the Offeror, or, to the knowledge of the Offeror, any associate or affiliate of any such person or any party owns, has or is entitled to any royalty, net profits interest, carried interest or other encumbrances or claims of any nature whatsoever which are based on production from the Offeror's properties or assets or any revenue or rights attributed thereto;

(pp) there are no contracts or arrangements to which the Offeror is a party with any director, officer, employee or any other person not dealing at arm's length with the Offeror, or any associate or affiliate of any such director, officer, employee or any other person not dealing at arm's length with the Offeror, nor is there any indebtedness owing by the Offeror to any such parties or by any such parties to the Offeror, other than option agreements in respect of the Offeror option plan and employment agreements disclosed to Offeror prior to the date hereof;

(qq) the policies of insurance in force at the date hereof naming the Offeror as an insured and as disclosed to Offeror prior to the date hereof adequately cover all risks reasonably and prudently foreseeable in the operation and conduct of the business of the Offeror which would be customary in the business carried on by the Offeror and all such policies of insurance remain in force and effect and shall not be cancelled or otherwise terminated as a result of the transactions contemplated hereby or by the Offer;

(rr) the Offeror is a foreign private issuer, as that term is used in Rule 3b-4 promulgated under the Exchange Act, and is not an investment company registered or required to be registered under the U.S. *Investment Company Act* of 1940. The Offeror Shares are not registered under Section 12 of the Exchange Act;

(ss) there have been no actions taken by or on behalf of the Offeror or any of its subsidiaries or any of their affiliates [as that term is defined in the *Business Corporations Act* (Alberta)], that would cause the Offeror or any of its subsidiaries or affiliates to be in violation of the United States *Foreign Corrupt Practices Act* or the *Corruption of Foreign Public Officials Act* (Canada);

(tt) as at the date hereof, there has been no material misrepresentation, breach or non-performance by the Offeror of any representation, warranty, covenant or obligation contained in this Agreement. Immediately prior to the Expiry Time, the Offeror shall provide to the Offeror an officer's certificate certifying that, as at the date of this Agreement, the representations and warranties of the Offeror contained in the Agreement were true in all material respects and that as at the date of the execution of such certificate, any Material Adverse Changes to such representations and warranties of the Offeror have been disclosed to the Offeror.

SCHEDULE "C"

To letter dated December 10, 2002 from

the Offeror to Del Roca

TUSK Energy Inc.
1950, 700 – 4th Avenue S.W.
Calgary, AB
T2P 3J4
Phone: (403) 264-8875
Fax: (403) 263-4247

December ___, 2002

Confidential

____

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____

(the "**Shareholder**")

Dear Sir:

Re: Offer by TUSK Energy Inc. (the "Offeror" or "TUSK") to Purchase all of the outstanding Common Shares of Del Roca Energy Ltd. ("Del Roca")

We understand that you, and anyone on whose behalf you have authority to enter into this Agreement, (the "**Shareholder**") or your affiliates, beneficially own, directly or indirectly, or exercise control or direction over, the number of common shares (the "**Subject Shares**") of Del Roca set forth in Schedule "A" to this Agreement. Any references in this Agreement to Subject Shares owned by the Shareholder shall mean Del Roca Shares registered in your name, of which you are the beneficial owner of or which you have control or direction over, including the power to dispose and, where the context requires, shall include all Del Roca Shares issued to the Shareholder after the date hereof pursuant to the exercise of any options (the "**Options**") or warrants (the "**Warrants**") to purchase Del Roca Shares.

This Agreement sets out the terms and conditions upon which the Shareholder has agreed, among other things, to support the business combination, to be completed in the most effective manner (tax or otherwise) of the parties hereto, which is recognized to occur most likely by way of a take-over bid by TUSK to purchase all of the issued and outstanding Del Roca Shares (the "**Business Combination**"), of TUSK and Del Roca and, in furtherance thereof, the agreement of the Shareholder to deposit under the Offer (as defined hereafter), or cause to be deposited under the Offer, all Subject Shares.

1. The Offer

1.1 Subject to the terms and conditions of this agreement and an agreement to be entered between the Offeror and Del Roca on or about December 9, 2002 (the "**Pre-Acquisition Agreement**"), the Offeror is prepared to make, and following the execution of this letter agreement by the Shareholder (and similar agreements from other Del Roca shareholders, as provided in the Pre-Acquisition Agreement) and the Pre-Acquisition Agreement, shall make, not later than 21 days from the time of the execution of the Pre-Acquisition Agreement, an offer, by way of a take-over bid (the "**Offer**") to all of the holders of the Del Roca Shares, to purchase all of the issued and outstanding Del Roca Shares, subject to the terms and conditions contained in the Pre-Acquisition Agreement, at a price of $0.64 (less withholding taxes where applicable) for each Del Roca Share, in consideration of TUSK paying cash or, at the election of a Shareholder, subject to a maximum of 50% of the total consideration, 0.25 of one common shares of TUSK for each one Del Roca Share.

1.2 Notwithstanding the foregoing, the obligation of the Offeror to make the Offer shall be conditional on satisfaction of the conditions set forth in the Pre-Acquisition Agreement, which conditions shall be for the exclusive benefit of the Offeror, which shall have the right, in its sole discretion, to waive any of the conditions in whole or in part. The Offer shall be made in accordance with all applicable securities laws, rules of applicable stock exchanges and applicable corporation laws (collectively the "**Applicable Laws**"). Subject to the satisfaction or waiver of the conditions set forth in the Offer, Offeror agrees to take-up and pay for Subject Shares validly deposited (and not withdrawn) under the Offer in accordance with the terms and conditions of the Offer and the Pre-Acquisition Agreement.

2. Agreement to Tender

2.1 By the acceptance of this Agreement, the Shareholder hereby agrees, from the date hereof until the earlier of the termination of this Agreement and the time of expiry of the Offer to support the Business Combination and, without limiting the generality of the foregoing, to accept, and to cause any affiliate of the Shareholder to accept, the Offer by depositing or by causing to be deposited under the Offer the Subject Shares as soon as reasonably practicable and, in any event, within 15 days from the time of the mailing of the Offer, and in accordance with the terms and conditions of the Offer.

2.2 The Shareholder further agrees that if the Shareholder is a holder of out-of-the-money options or warrants, the Shareholder agrees to surrender for cancellation and termination all such options and warrants to acquire Option Shares as contemplated by the Acquisition Agreement upon payment of an amount not to exceed $50.

3. Obligation to Purchase the Del Roca Shares

3.1 Upon the terms and subject to the conditions of the Offer, the Offeror will accept for payment, and will take up and pay for, all Subject Shares deposited and not withdrawn under the Offer in accordance with the Pre-Acquisition Agreement.

4. Representation, Warranties and Covenants of the Shareholder

4.1 The Shareholder hereby represents and warrants to the Offeror, and acknowledges that the Offeror is relying upon such representations and warranties in connection with entering into this Agreement and the purchase by the Offeror of the Del Roca Shares, that:

(a) the Shareholder has good and sufficient power, authority and right to enter into this agreement and to complete the transactions contemplated hereby;

(b) this agreement is a legal, valid and binding obligation of the Shareholder enforceable by the Offeror against the Shareholder in accordance with its terms subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and other laws relating to or affecting creditors' rights generally and to general principles of equity, and the consummation by the Shareholder of the transactions contemplated hereby will not constitute a violation of or default under, or conflict with, any contract, commitment, agreement, arrangement, understanding or restriction of any kind to which the Shareholder is a party or by which the Shareholder is bound;

(c) the Shareholder is the direct or indirect beneficial owner of, or exercises control or direction over, the Subject Shares, and will at the time of tendering such shares to the Offer, will be the direct or indirect beneficial owner thereof, free and clear of all liens, charges, encumbrances, security interests and other rights of others whatsoever and has good and sufficient power, authority and right to transfer or cause to be transferred the legal and beneficial title to such Subject Shares with good and marketable title thereto;

(d) the Shareholder has no agreement or option, or right or privilege (whether by law, pre-emptive or contractual) capable of becoming an agreement or option, for the purchase or acquisition by the Shareholder, or transfer to the Shareholder, of additional securities of Del Roca;

(e) except pursuant to this Agreement, no person, firm or corporation has any agreement or option, or any right or privilege (whether by law, pre-emptive or contractual) capable of becoming an agreement or option, for the purchase, acquisition or transfer of any of the Subject Shares or the Options or Warrants owned by the Shareholder or any interest therein or right thereto and, without limiting the generality of the foregoing;

(f) at the time the Subject Shares are taken up pursuant to the Offer, the Subject Shares will not be subject to any shareholders' agreements, voting trust or similar agreements or any right or privilege (whether by law, pre-emptive or contractual) capable of becoming a shareholders' agreement, voting trust or other agreement affecting the Subject Shares or any interest therein or right thereto, including the voting of any such shares;

(g) to the best of its knowledge, no authorization, consent or approval from, or filing, registration, declaration or qualification with, or before, or giving notice to, any person is required to be obtained, given or made for the execution and delivery by the Shareholder of this Agreement or any documents provided for herein, and the performance of the terms hereof and thereof and the consummation of the transactions contemplated hereby or thereby except for those which have been duly and unconditionally obtained and are in full force and effect;

(h) the entering into of this Agreement by the Shareholder and the transactions contemplated hereby will not constitute a violation of or default under, or conflict with, any terms or provisions of the constating documents of the Shareholder, if the Shareholder is a corporation, or any contract, commitment, agreement, understanding or other document, written or oral, to which the Shareholder is or may be a party or by which the Shareholder or any of its property or assets are or may be bound;

(i) to the best of its knowledge, the entering into of this Agreement by the Shareholder and the transactions contemplated hereby will not result in the violation of (i) any laws or regulations of the provinces of Alberta or any law or regulation of Canada applicable therein or (ii) any law, regulation, order, judgment or decree applicable to the Shareholder;

(j) if the Shareholder is a corporation, the Shareholder is a valid and subsisting corporation and has all necessary corporate power and authority to execute and deliver the agreement resulting from its acceptance hereof and to perform its obligations hereunder;

(k) if an officer or director of Del Roca, to the best of the Shareholder's knowledge, information and belief, there has been no material change (as such term is defined in the *Securities Act* (Alberta)) in the business, results of operations, assets, liabilities, condition (financial or otherwise) or affairs of Del Roca and its subsidiaries considered as a whole that has not been generally disclosed and reported in accordance with law to the applicable securities regulatory authorities, nor does the Shareholder have any knowledge of any other undisclosed material adverse information in regard to the current and prospective operations of Del Roca and its subsidiaries considered as a whole;

(l) neither the Shareholder nor any associate or affiliate of the Shareholder owns, has or is entitled to any royalty, net profits interest, carried interest or other encumbrance or claims of any nature whatsoever (except with respect to claims for severance and employment matters) from Del Roca and Del Roca does not have any indebtedness owing to any such person or any such party; and

(m) the foregoing representations and warranties will be true, correct and complete on the date on which the Offer is made;

4.2 The Shareholders shall immediately cease and cause to be terminated all existing discussions and negotiations, if any, with any parties conducted before the date of this letter with respect to any Acquisition Proposal (as defined below) and further covenants and agrees with the Offeror that so long as the Shareholder is subject to the terms of this Agreement, the Shareholder will not, and, subject to the terms of the Acquisition Agreement, will use its best efforts to cause its representatives and advisors not to, directly or indirectly:

(a) solicit, initiate or encourage (including, without limitation, by way of furnishing information) any inquiry or the making of any proposal to Del Roca or its shareholders from any person which constitutes, or may reasonably be expected to lead to (in either case whether in one transaction or a series of transactions): (A) a Take-Over Proposal; or (B) any issuer bid, recapitalization, liquidation, dissolution, reorganization into a royalty trust or income fund or similar transaction involving any of Del Roca or its subsidiaries or any other transaction, the consummation of which would or could reasonably be expected to impede, interfere with, prevent or delay the transactions contemplated by this Agreement or the Offer or which would or could reasonably be expected to reduce the benefits to Offeror under this Agreement or the Offer (any such inquiry or proposal in respect of any of the foregoing being an "**Acquisition Proposal**");

(b) engage in any discussions, negotiations or activity regarding, furnish to any other person any information with respect to the business, properties, operations, prospects or conditions (financial or otherwise) of Del Roca or its subsidiaries or otherwise cooperate in any way with, or assist or participate in, facilitate or encourage, any effort or attempt of any other person to do or seek to do any of the foregoing in connection with an Acquisition Proposal;

(c) furnish or cause to be furnished any non-public information concerning the business, results of operations, assets, liabilities, prospects, financial condition or affairs of Del Roca or any of its subsidiaries to any person, company or other entity other than Offeror and its representatives, other than as disclosed prior to the date hereof, or in accordance with the terms of the Acquisition Agreement;

(d) waive, or otherwise forbear in the enforcement of, or enter into or participate in any discussions, negotiations or agreements to waive or otherwise forbear in respect of, any rights or other benefits of Del Roca or its subsidiaries under confidential information agreements, including, without limitation, any "standstill provisions" thereunder; or

(e) take any action that might reasonably be expected to reduce the likelihood of success of the Offer,

provided however, that notwithstanding any other provision hereof, a Shareholder may;

(i) engage in discussions or negotiations with a third party who (without any solicitation, initiation or encouragement, directly or indirectly, by Del Roca, its financial advisor or other representatives after the date hereof) or by the Shareholders, seeks to initiate such discussions or negotiations and may furnish such third party information concerning Del Roca and its business, properties and assets if, and only to the extent that:

(A) the third party has first made an Acquisition Proposal and has demonstrated that the funds or other consideration necessary for the Acquisition Proposal are reasonably likely to be available (as determined in good faith in each case by Del Roca's board of directors) and Del Roca's board of directors shall conclude in good faith, after considering applicable law and receiving the written advice of outside counsel that such action is necessary for the board of directors to act in a manner consistent with its fiduciary duties under applicable law; and

(B) prior to furnishing such information to or entering into discussions or negotiations with such person or entity, Del Roca provides prompt notice to the Offeror to the effect that it is furnishing information to or entering into discussions or negotiations with such person or entity. The Shareholder shall notify the Offeror verbally and in writing if any inquiries, offers or proposals with respect to an Acquisition Proposal (including without limitation the terms and conditions of any such proposal, the identity of the person making it and all other information reasonably requested by the Offeror), within 24 hours of the receipt thereof, shall keep the Offeror informed of the status and details of any such inquiry, offer or proposal and answer the Offeror's questions with respect thereto; or

(ii) comply with applicable Canadian securities laws relating to the provisions of directors' circulars and make appropriate disclosure with respect thereto to its shareholders.

The Shareholder shall notify the Offeror verbally and in writing of any inquiries, offers or proposals with respect to a *bona fide* Acquisition Proposal (including without limitation the terms and conditions of any such proposal, the identity of the person making it and all other information reasonably requested by the Offeror), within 24 hours of the receipt thereof, shall keep the Offeror informed of the status and details of any such inquiry, offer or proposal and answer the

Offeror's questions with respect thereto, and shall give the Offeror two business days' notice of any agreement to be entered into with, or any information to be supplied to, any person making such inquiry, offer or proposal.

4.3 The Shareholder covenants and agrees with the Offeror (subject to any actions required to be taken in the exercise by a director or officer of Del Roca of his fiduciary duties as such) from the date hereof until the earlier of the termination of this letter agreement and the date the Del Roca Shares are taken up under the Offer, that:

(a) not to sell, assign, convey, encumber or otherwise dispose of or relinquish or modify its right to vote any of the Subject Shares owned by such Shareholder and not to permit any affiliate of such Shareholder to sell, assign, convey, encumber or otherwise dispose of or relinquish or modify its right to vote any of the Subject Shares owned by it, unless, in both cases, the purchaser or assignee of such shares enters an agreement with the Offeror to be bound by the terms of this Agreement as if an original party thereto;

(b) it shall not exercise any shareholder rights or remedies available at common law or pursuant to applicable securities or corporate laws to delay, hinder, upset or challenge the Offer;

(c) it shall exercise all voting rights attached to the Del Roca Shares owned by the Shareholder to vote against any resolution to be considered by the shareholders of Del Roca that, if approved, could reasonably be considered to reduce the likelihood of success of the Offer;

(d) not to take any action, directly or indirectly, which may reasonably be expected to adversely affect the successful completion of the Business Combination, including the completion of the Offer or the purchase of any Del Roca Shares under the Offer;

(e) if the Shareholder is a corporation, to take or cause to be taken all corporate actions necessary in respect of such Shareholder in order to allow the transactions contemplated hereby to be consummated;

(f) if a director or officer of Del Roca, it shall use all reasonable efforts to allow the Offeror reasonable access to information concerning Del Roca and its subsidiaries to enable the Offeror to conduct and complete its due diligence review of Del Roca and its subsidiaries and their business, operations, assets, liabilities, prospects, condition (financial and otherwise), capital and affairs and, upon completion of such review, to enable the Offeror to monitor the business and affairs of Del Roca and its subsidiaries;

(g) it shall exercise all voting rights attached to the Subject Shares and use the Shareholder's reasonable endeavors to cause Del Roca and its subsidiaries to carry on their respective businesses in the regular and ordinary course consistent with past practice;

(h) if the Offeror takes up any Del Roca Shares pursuant to the Offer, it will use its reasonable best efforts to enable the Offeror to elect or appoint all of the directors of Del Roca and to effect an orderly transition of management and control of Del Roca at the time and in the manner requested by the Offeror and, if the Shareholder is a director or officer of Del Roca or any subsidiaries of Del Roca, it will, if requested by the Offeror, resign his position as a director and/or officer of Del Roca and its subsidiaries effective at such time as may be requested by the Offeror, provide a release in favour of Del Roca or any applicable subsidiary and, if such person is an officer of Del Roca, subject to the payment of or placement into trust of all Severance Amounts due to such Shareholder;

(i) in the event that it, or any of its affiliates or associates, holds any options, warrants or other rights to acquire Option Shares, it will comply with the provisions of Section 2.2 hereof and surrender, and cause its affiliates and associates to surrender all such options, warrants and other rights to Del Roca for termination and will execute such further documentation as may be requested by the Offeror or Del Roca, acting reasonably, to evidence such termination; and

(j) the Shareholder shall use its reasonable best efforts to cause Del Roca to perform its obligations under the Pre-Acquisition Agreement, to the extent within its power.

5. Representations, Warranties and Covenants of the Offeror

5.1 The Offeror represents and warrants to the Shareholder, and acknowledges that the Shareholder is relying upon such representations and warranties in entering into this agreement, that:

(a) it has good and sufficient power, authority and right to enter into this agreement and to complete the transactions contemplated hereby;

(b) upon the due execution and delivery of this agreement by the Shareholder, this agreement shall be a legal, valid and binding obligation of Offeror enforceable by the Shareholder against the Offeror in accordance with its terms, and the consummation by it of the transactions contemplated hereby will not constitute a violation of or default under, or conflict with, any contract, commitment, agreement, arrangement, understanding or restriction of any kind to which it is a party or by which it is bound; and

(c) the foregoing representations and warranties will be true, correct and complete on the date on which the Offer is made and on the date on which the Offeror purchases the Subject Shares or the Option Shares.

6. Termination

6.1 It is understood and agreed that the respective rights and obligations hereunder of the Offeror and the Shareholder shall cease and this letter shall terminate:

(a) at 12:01 a.m. on the day immediately following the date upon which the Offeror is obligated to mail the Offer in accordance with the terms of the Pre-Acquisition Agreement, or such later date (not to exceed an additional 14 days) as may be agreed to by Del Roca and the Offeror;

(b) at 12:01 a.m. on the day immediately following the date upon which the Offeror is obligated to take up and pay for its Del Roca Shares pursuant to the Offer in accordance with the terms of the Pre-Acquisition Agreement;

(c) concurrently at the time the Pre-Acquisition Agreement is terminated in accordance with its terms; or

(d) upon the payment to the Offeror of the Non-Completion Fee (as described in Pre-Acquisition Agreement).

6.2 In addition, the obligations hereunder of the Offeror shall terminate at the option of the Offeror upon written notice given by the Offeror to the Shareholder if the Shareholder has breached or failed to perform and satisfy any of its covenants or agreements herein contained in a material respect or any of the representations and warranties of the Shareholder contained herein is not true and correct in a material respect.

6.3 In the event of the termination of this agreement as provided in sections 6.1 and 6.2 above, this agreement shall forthwith become of no further force or effect and there shall be no liability on the part of any party hereto, provided that the foregoing shall not relieve any party from any liability for any breach of this agreement.

7. General

7.1 No disclosure of the subject matter of this agreement shall be made by the Shareholder or by the Offeror, except to their respective counsel or to any other professional advisor engaged by them or to their respective counsel or as may be required by applicable law or regulatory authorities; provided, however, that the foregoing shall not prevent Offeror from disclosing the terms of this agreement in the Offer or a press release relating to the Offer, in such manner as the Offeror or its counsel, acting reasonably, considers appropriate after consultation with counsel to Del Roca.

7.2 This agreement shall not be assignable by any party hereto. Subject to the foregoing, this agreement shall be binding upon and shall enure to the benefit of and be enforceable by the Shareholder and Offeror and their respective successors and permitted assigns.

7.3 Time shall be of the essence of this agreement.

7.4 Any notice or other communication required or permitted to be given hereunder shall be sufficiently given if personally delivered during normal business hours:

(a) in the case of the Shareholder to the address appearing on the first page of this letter; and

(b) in the case of the Offeror, to the address appearing on the first page of this letter, Attention: President,

or at such other address as the party to which such notice or other communication is to be given has last notified the party giving the same in the manner provided in this paragraph.

7.5 All references to Del Roca Shares herein shall include any shares into which the Del Roca Shares may be reclassified, subdivided, redivided, consolidated or converted by amendment to the articles of Del Roca and the prices per share referred to herein shall be amended accordingly.

7.6 Words signifying the singular number shall include, whenever appropriate, the plural and vice versa and words signifying the masculine gender shall include, whenever appropriate, the feminine or neuter gender.

7.7 Subject to the terms and conditions herein, the Shareholder and TUSK agree to use commercially reasonable efforts to take, or cause to be taken, all action and to do, or cause to be done, all things necessary, proper or advisable under applicable laws and regulations, to consummate the transactions contemplated by this Agreement.

7.8 If any provision of this Agreement is determined to be void or unenforceable, in whole or in part, it shall be severable from all other provisions hereof and shall be deemed not to affect or impair the validity of any other provision hereof and each such provision is deemed to be separate and distinct.

7.9 This agreement and the rights and obligations of the parties hereto shall be governed by and construed in accordance with the laws of the Province of Alberta and the federal laws of Canada applicable therein.

7.10 The representations and warranties set forth in Section 4 shall survive until December 31, 2003.

7.11 Time shall be of the essence of this Agreement.

7.12 This Agreement may be signed in counterparts which together shall be deemed to constitute one valid and binding agreement and delivery of such counterparts may be effected by means of telecopier.

7.13 The parties hereto shall be entitled to rely upon delivery of an executed facsimile copy of this Agreement and such facsimile copy shall be legally effective to create a valid and binding agreement among the parties hereto.

7.14 The parties hereto agree that irreparable damage would occur in the event that any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached. It is accordingly agreed that the parties shall be entitled to an injunction or injunctions to prevent breaches of this Agreement and to enforce specifically the terms and provisions hereof in any court of the Province of Alberta having jurisdiction, this being in addition to any other remedy to which they are entitled at law or in equity.

7.15 Offeror and the Shareholder agree to pay their own respective expenses incurred in connection with this agreement.

8. Acceptance

8.1 If you are in agreement with the foregoing, kindly signify your acceptance by signing the second copy of this letter and delivering it to Offeror.

Yours very truly,

TUSK Energy Inc.

Per: ________________________________

In consideration of your agreement to make the Offer as described above and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Shareholder hereby irrevocably accepts the foregoing as of December ____, 2002.

____

(Name of Shareholder, if not an individual)

Per: ________________________________

Authorized Signing Officer

________________________________ Witness

________________________________ (Signature of Shareholder, if an individual)

________________________________ (Name of Shareholder, if an individual)

SCHEDULE "A"

Name of Del Roca Shares	Number of Del Roca Options	Number of Del Roca Warrants

SCHEDULE "D"
To letter dated December 10, 2002 from
the Offeror to Del Roca

Press Release

SCHEDULE "E"
To letter dated December 10, 2002 from
the Offeror to Del Roca

Capital Budget

	Property	Action	DRQ WI%	Gross $	Net $	Initial Rate (gross) bopd	mcfpd	Gross boepd (10:1)	Net boepd (10:1)
	AFE's in progress	(committed, but not incurred)							
	Ft Assiniboine	Seismic	30.3	$ 46,000	$ 13,915			0	-
	Bassano	Drill 6-14-21-20w4 (move to 8-14)	50.0	$ 216,100	$ 108,050		250	25	12.5
	Pembina - Rinky Dink	Refrac 11-13-51-10w5	22.0	$ 134,200	$ 29,524	30		30	6.6
				$ 396,300	**$ 151,489**	30	250	55	**19.1**
	Committed	(not yet AFE'd)							
	Buck Creek	4-30-47-6w5 tubing repair	75.0	$ 50,000	$ 37,500	10		10	7.5
	Siksika	6-26-21-20w4 pipeline tie-in	50.0	$ 100,000	$ 50,000		500	50	25.0
AFE 10102	Siksika	3 sections convert to lease re 6-26	50.0	$ 107,900	$ 53,950	0		0	-
	Cranberry	Range debt settlement	100.0	$ 93,800	$ 93,800	0		0	-
	Inga	new water tanks	17.7	$ 85,975	$ 15,218	0		0	-
	Nixon GORR	takeover 7-30-72-15w4	100.0	$ 40,000	$ 40,000		250	25	25.0
				$ 477,675	**$ 290,468**	10	750	85	**57.5**
	CONTINGENCY				**$ 17,143**				
	SUB-TOTAL - PROJECTS IN PROGRESS				**$ 459,100**				

Pending AFEs	(likely to be cancelled)								
Bassano	Drill 2-25-21-20w4	50.0	$ 248,100	$ 124,050			0	-
Bassano	Drill 12-30-21-19w4	50.0	$ 248,100	$ 124,050			0	-
Bassano	Drill 3-24-21-20w4	50.0	$ 188,600	$ 94,300			0	-
			$ 684,800	$ 342,400	0	0	0	-
Prior AFEs	(work completed, costs not in)							
PCU#13	Workover 4-19-49-8w5	70.6	$ 47,500	$ 33,535	13		13	9.2
Pembina	Workover 8-6-49-5w5	66.9	$ 40,950	$ 27,385	15		15	10.0
Pembina	Workover 14-13-49-9w5	77.5	$ 150,800	$ 116,870	13		13	10.1
Lobstick 11-25 bty	pump replacem (PennWest AFE280167)	54.0	$ 33,000	$ 17,820				
Lobstick 11-25 bty	site cleanup (PennW AFE280176)	54.0	$ 18,931	$ 10,221				
			$ 291,181	**$ 205,831**	41	0	41	**29.3**
Potential								
Frog Lake	drill one well	50.0	$ 250,000	$ 125,000	100		100	50.0
Nixon	drill three wells	100.0	$ 450,000	$ 450,000		750	75	75.0
Nixon	3 recompletions	100.0	$ 120,000	$ 120,000		750	75	75.0
Cranberry	2 acid frac	33.0	$ 270,000	$ 89,100		300	30	9.9
Cranberry	Unity debt settlement - cost unknown	100.0		$ -		0	0	-
Ft Assiniboine	drill one well	30.0	$ 400,000	$ 120,000		500	50	15.0
Westlock	drill one well	100.0	$ 825,000	$ 825,000		500	50	50.0
Pembina	2 Belly River gas wells @ PCU#13	36.0	$ 600,000	$ 216,000		2000	200	72.0
Siksika	Land - convert to permit	50.0	$ 284,160	$ 142,080		0	0	-
Siksika	2 wells (1 Glauc /14-12, 1 Med Hat / 8-14)	50.0	$ 625,000	$ 312,500	50		50	25.0
			$ 3,824,160	**$ 2,399,680**	150	4800	630	**371.9**

SCHEDULE "F"
To letter dated December 10, 2002 from
the Offeror to Del Roca

Form Of Resignation And Release

RESIGNATION AND RELEASE

1. RESIGNATION AND RELEASE

I, ?, of the City of Calgary in the Province of Alberta, hereby resign as an officer, director and/or employee of Del Roca Energy Ltd., and its subsidiaries and affiliates, effective as of ?, 2003, at such time on that date as may please the Board of Directors of the Company.

In consideration of the payment of the sum of ?-----------------?100 ($?) Dollars less applicable tax and other statutory withholdings, and other good and valuable consideration, the receipt of which payment is hereby acknowledged, I, ?, do for myself and my heirs, executors, administrators and assigns, (hereinafter collectively referred to as "I"), forever release, remise and discharge **Del Roca Energy Ltd.** and its subsidiaries and affiliates and all their respective officers, directors, employees, agents, insurers, successors and assigns (hereinafter collectively referred to as the "Employer"), jointly and severally from any and all actions, causes of action, contracts, (whether express or implied), claims and demands for damages, loss or injury, suits, debts, sums of money, indemnity, expenses, interest, costs and claims of any and every kind and nature whatsoever, at law or in equity, which against the Employer I ever had, now have, or can hereafter have by reasons of or existing out of any causes whatsoever existing up to and inclusive of the date of this Release, including but without limiting the generality of the foregoing:

a) my employment with the Employer;

b) the termination of my employment with the Employer; and

c) any and all claims for damages, salary, wages, termination pay, severance pay, vacation pay, commissions, bonuses, expenses, allowances, incentive payments, stock options, insurance or any other benefits arising out of my employment with the Employer.

2. INDEMNIFICATION OF DIRECTORS/OFFICERS

Notwithstanding the provisions of section 1 (Resignation and Release), this release shall not extend to or affect, or constitute a release of, my right to sue, claim against or recover from the Employer and shall not constitute an agreement to refrain from bringing, taking or maintaining ay action against the Employer in respect of:

(a) any statutory or contractual or corporate obligation to indemnify me in respect of any claims against me arising out of my having acted at any time as a director or officer of the Employer (except in respect of actions by the employer against me); or

(b) my entitlement to any insurance coverage maintained by the Employer with respect to the acts referred to in subparagraph (a) above;

subject to any terms, conditions, exclusions and other provisions of the said statutes, contracts, corporate by-laws and insurance policies.

3. PENSION

It is agreed that in executing this release it does not affect my entitlement to my vested pension rights (if any) which are governed by the provisions of the pension plan documents and the applicable federal and provincial legislation.

4. NO ADMISSION

I acknowledge that the payment given to me pursuant to the first paragraph does not constitute any admission of liability by or on behalf of the Employer.

5. INDEMNITY FOR TAXES, ETC.

I further agree that, in consideration of the aforesaid payment, I will save harmless and indemnify the Employer from and against all claims, charges, taxes, penalties or demands, which may be made under the *Income Tax Act (Canada)* requiring the Employer to pay any income tax, penalties, interest, charges or withholdings in respect of income tax payable by myself in excess of the income tax previously withheld. I further agree that, in consideration of the aforesaid payment, I will save harmless and indemnify the Employer from and against all claims, including claims for repayment or overpayment of benefits, charges, taxes, penalties or demands which may be made on behalf of or related to the Employment Insurance Commission or the Canada Pension Commission under the applicable statutes and regulations, with respect to any amount which may, in the future, be found to be payable by the Employer in respect of myself.

6. HUMAN RIGHTS

I acknowledge and agree that the aforesaid payment includes the settlement of any and all claims I may have against the Employer under any applicable human rights laws and legislation, and I hereby covenant and agree that I shall not make any claim or take any proceedings against the Employer under the said laws and legislation.

7. EMPLOYMENT STANDARDS

I acknowledge receipt of all wages, overtime pay, vacation pay, general holiday pay, severance pay, pregnancy and parental leave and benefits, and pay in lieu of notice of termination of employment that I am entitled to by virtue of the Alberta *Employment Standards Code* or pursuant to any other labour standards legislation and I further confirm that there are no such entitlements that are due and owing to myself by the Employer.

8. BENEFITS AND INSURANCE CLAIMS

I acknowledge and agree, without in any way restricting the generality of the foregoing, that any and all of my employee benefits, including any and all insurance benefits, pertaining to me cease and terminate effective ?, with the sole exception of disability benefits which terminate as at ? and that the payment to me referred to above includes full settlement with respect to the said benefits and their termination and I hereby release the Employer of and from any and all claims whatsoever that I ever had, now have or may have in the future relating to or arising out of the said employee benefits and their termination. I fully accept sole responsibility to replace those benefits that I deem necessary or appropriate and to exercise any conversion privileges, if applicable, with respect to the benefits. I hereby covenant and agree that I shall not make any claim or take any proceedings against the Employer relating to any employee benefits, including any and all insurance benefits, or their termination, if I become disabled in the future or for any reason whatsoever.

9. NON-DISCLOSURE

I agree that I will not divulge or disclose, directly or indirectly, the contents of this Release or the terms of settlement relating to the termination of my employment with the Employer to any person, including but without limiting the generality of the foregoing, to employees or former employees of the Employer, except my legal and financial advisors on the condition that they maintain the confidentiality thereof, or as required by law.

10. CONFIDENTIALITY

I hereby acknowledge and agree that, as a consequence of my employment as ? with the Employer I acquired, received, had access to or was entrusted with information which is strictly confidential or proprietary and I further acknowledge and agree that the use or disclosure of this information by me to anyone could be highly detrimental to the Employer. I shall not disclose any of the said information to any other person, firm or corporation, nor shall I use such information for any purpose whatsoever.

11. FURTHER CLAIMS

I agree not to make any claim or take any proceedings in respect of any matter contemplated by this Release against any other person or corporation that might claim contribution or indemnity under the provisions of any statute or otherwise against the Employer.

12. UNDERSTANDING

I hereby declare that I have had the opportunity to seek independent legal advice with respect to the matters addressed in this Release and the terms of settlement which have been agreed to by myself and the Employer and that I fully understand this Release and the terms of settlement. I have not been influenced by any representations or statements made by or on behalf of the Employer. I hereby voluntarily accept the said terms for the purpose of making full and final compromise, adjustment and settlement of all claims as aforesaid.

13. COMPLETE AGREEMENT

I understand and agree that this Release contains the entire agreement between the Employer and me and that the terms of this Release are contractual and not a mere recital.

DATED at the City of Calgary, in the Province of Alberta, this __ day of ______________, 2003.

____
Name of Witness

____

____
Address of Witness

______________________________ ____

Signature of Witness Signature of ?