FIRST AMENDING AGREEMENT

THIS FIRST AMENDING AGREEMENT is made effective as of September 12, 2011

AMONG:

SURGE ENERGY INC.
(as "**Borrower**")

- and -

771129 ALBERTA LTD., 1413942 ALBERTA LTD.,
SURGE ENERGY USA INC. and SURGE GENERAL PARTNERSHIP
(collectively as "**Guarantors**")

- and -

NATIONAL BANK OF CANADA
(as "**Sole Lead Arranger**" and "**Sole Book Runner**")

- and -

NATIONAL BANK OF CANADA
(as "**Operating Lender**", "**Lender**" and "**Administrative Agent**")

- and -

THOSE OTHER FINANCIAL INSTITUTIONS
WHICH HEREAFTER BECOME LENDERS
UNDER THE CREDIT AGREEMENT, AS AMENDED HEREBY

PREAMBLE:

A. Pursuant to an amended and restated credit agreement dated May 5, 2011 among the Borrower, the Guarantors, the Agent, the Operating Lender, the Lenders and those other financial institutions which hereafter may become Lenders (the "**Credit Agreement**"), the Operating Lender and the Lenders agreed to provide to the Borrower, *inter alia*, the Credit Facilities.

B. The parties hereto wish to amend the Credit Agreement on the terms and conditions herein provided.

AGREEMENT:

NOW THEREFORE in consideration of the premises, the covenants and the agreements herein contained and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged between the parties, the parties hereto agree as follows:

1. Interpretation

1.1 Capitalized terms used in this First Amending Agreement will, unless otherwise defined herein, have the meanings attributed to such terms in the Credit Agreement.

1.2 The division of this First Amending Agreement into sections and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this First Amending Agreement. The terms "this First Amending Agreement", "hereof", "hereunder" and similar expression refer to this First Amending Agreement and not to any particular section or other portion thereof and include any agreements supplemental hereto.

1.3 This First Amending Agreement shall be governed by and construed in accordance with the laws of the Province of Alberta and the federal laws of Canada as applicable therein.

2. Amendment Date

The amendments contained herein shall, subject to Section 5.1 below, be effective as of the date of this First Amending Agreement (the "**First Amendment Date**").

3. Amendments and Supplements

3.1 Effective as of the First Amendment Date, the Credit Agreement is amended as follows:

(a) Recital B of the Credit Agreement is amended by deleting the reference to $120,000,000 and replacing it with $150,000,000.

(b) Section 3.11(a) of the Credit Agreement is amended by deleting the refrence to $120,000,000 and replacing it with $150,000,000.

(c) The definition of "**Operating Loan Commitment Amount**" found in Schedule A to the Credit Agreement is deleted in its entirety and replaced with the following:

"**Operating Loan Commitment Amount**" means, $20,000,000, as it may be increased or decreased from time to time in accordance with this Agreement."

(d) The definition of "**Revolving Term Commitment Amount**" found in Schedule A to the Credit Agreement is deleted and replaced with the following:

"**Revolving Term Commitment Amount**" means, $130,000,000, as such amount may be reduced in accordance with this Agreement or as otherwise increased or decreased with the unanimous consent of the Committed Lenders."

(e) The definition of "**Total Commitment**" found in Schedule A to the Credit Agreement is deleted in its entirety and replaced by the following:

"**Total Commitment**" means, $150,000,000, being the aggregate of the Revolving Term Commitment Amount and the Operating Loan Commitment Amount, as such amounts may be reduced in accordance with this Agreement or as otherwise increased or decreased with the unanimous consent of the Lenders."

(f) Schedule B of the Credit Agreement is deleted in its entirety and replaced by Exhibit I attached hereto.

4. Fees

4.1 The Borrower agrees to pay to the Agent, on or before the First Amendment Date, for the account of the Lenders, an amendment fee in the amount of **[REDACTED]**.

5. Conditions Precedent

5.1 The amendments to the Credit Agreement contained herein shall be subject to the satisfaction of the following conditions precedent:

(a) The Borrower shall have paid to the Agent the fee in Section 4 above.

(b) The Borrower shall deliver, or cause to be delivered to the Agent, the following items:

(i) a fully executed copy of this First Amending Agreement;

(ii) a partnership search or a certificate of status, as applicable, in respect of the Borrower and each of the Guarantors issued by the Registrar of Corporations for the Province of Alberta and the equivalent office for Surge Energy USA Inc. in the state of Delaware;

(iii) a fully executed updated Closing Officer's Certificate from each of the Borrower and the Guarantors in respect of general corporate matters in form satisfactory to the Agent, acting reasonably;

(iv) a fully executed updated Oil and Gas Ownership Certificate from the Borrower in form satisfactory to the Agent, acting reasonably; and

(v) an opinion of counsel to the Borrower and each of the Guarantors in form satisfactory to the Agent, acting reasonably.

5.2 The Agent confirms that it has received from the Borrower all the information that it requires for the November 1, 2011 Borrowing Base Date as well as the internally prepared economic and reserve evaluation report pursuant to Section 15.1(s) of the Credit Agreement.

6. Representations And Warranties

6.1 The Borrower represents and warrants to the Agent, the Operating Lender and the Lenders as of the First Amendment Date that:

(a) The Borrower and the Guarantors are each validly existing and in good standing under the laws of their governing jurisdiction; the Borrower and the Guarantors are each duly registered in all other jurisdictions where the nature of their properties or characters of their business requires registrations, except for such jurisdictions where the failure to be so registered or qualified would not reasonably be expected to have a Material Adverse Effect, and each have all necessary power and authority to own their property and carry on their business as presently carried on or as contemplated by this First Amending Agreement.

(b) The Borrower and the Guarantors each have full power, legal right and authority to enter into this First Amending Agreement and to do all such acts and things that are required by this First Amending Agreement to be done, observed or performed in accordance with the terms hereof.

(c) The Borrower and the Guarantors have each taken all necessary corporate or partnership action, as applicable, to authorize the execution, delivery and performance of this First Amending Agreement and to observe and perform the provisions hereof in accordance with the terms and conditions herein contained.

(d) None of the authorization, execution or delivery of this First Amending Agreement by the Borrower and the Guarantors or their performance of any obligations hereunder will require, pursuant to applicable Laws now in effect, any authorization from a Governmental Authority (except such as has already been obtained and are in full force and effect) nor is such authorization, execution, delivery or performance in conflict or contravention of the Borrower's or any of the Guarantors' articles, by-laws, resolutions or partnership agreement, as applicable, or the provisions of any other indenture, instrument, undertaking or other agreement to which it is a party or by which they or their property or assets are bound, the contravention of which would reasonably be expected to have a Material Adverse Effect. This First Amending Agreement constitutes validly and legally binding obligations of the Borrower and each of the Guarantors, enforceable against each of the Borrower and the Guarantors in accordance with its terms subject to applicable bankruptcy, reorganization, winding up, insolvency, moratorium and other laws of general application affecting the enforcement of creditor's rights generally.

(e) The Borrower agrees with and confirms to the Agent, the Operating Lender and the Lenders that as of the First Amendment Date each of the representations and warranties listed in Section 14.1 of the Credit Agreement are true and accurate in all material respects.

6.2 The representations and warranties set out in this First Amending Agreement shall survive the execution and delivery of this First Amending Agreement and the making of each Advance, notwithstanding any investigation or examination which may be made by or on behalf of the Agent, the Operating Lender, the Lenders or the Lenders' counsel. Such representations and warranties in connection with the Credit Agreement shall survive until the Credit Agreement has been terminated in accordance with its terms.

7. Confirmation of Documents

The Credit Agreement, the other Documents and all covenants, terms and provisions thereof, are hereby ratified and confirmed and shall from and after the date hereof continue in full force and effect as herein amended and supplemented, with such amendments and supplements being affected from and as of the date hereof upon satisfaction of the conditions precedent set forth in Section 5 hereof. In particular, the Borrower and each Guarantor acknowledges that the Security previously granted to the Agent by it under or in connection with the Credit Agreement continues in full force and effect without in any way impairing or derogating from any of the mortgages, pledges, charges, assignments, security interests and covenants therein contained or thereby constituted, as continuing security for the payment of Indebtedness in connection with the Credit Agreement, as amended herein, or otherwise.

8. Further Assurances

The Borrower and each Guarantor will from time to time forthwith at the Agent's reasonable request and at the Borrower's and/or each Guarantor's own cost and expense make, execute and deliver, or cause to be done, made, executed and delivered, all such further documents, financing statements, assignments, acts, matters and things which may be reasonably required by the Agent and as are consistent with the intention of the parties as evidenced herein, with respect to all matters arising under this First Amending Agreement.

9. Expenses

The Borrower and each Guarantor will pay for all reasonable expenses of the Agent, the Operating Lender and the Lenders, including, without limitation, reasonable legal fees (on a solicitor and his own client full indemnity basis) and other out-of-pocket expenses in connection with the negotiation, preparation, establishment, operation or enforcement of the Documents and the Credit Agreement as further amended by this First Amending Agreement (whether or not consummated) by the Agent, the Operating Lender and the Lenders.

10. Enurement

This First Amending Agreement shall enure to the benefit of, and shall be binding upon, the parties hereto and their respective successors and permitted assigns.

11. Counterparts

This First Amending Agreement may be executed in any number of counterparts (including by facsimile or electronic PDF transmission), each of which when executed and delivered will be deemed to be an original, but all of which when taken together shall constitute one and the same instrument.

[signature pages follow]

IN WITNESS WHEREOF, the parties hereto have caused this First Amending Agreement to be duly executed by their respective authorized officers as of the date first above written.

SURGE ENERGY INC.,
as Borrower

By: *"signed"*
Name: **[REDACTED]**
Title:

By: ______________________________
Name:
Title:

771129 ALBERTA LTD.,
as Guarantor

By: *"signed"*
Name: **[REDACTED]**
Title:

By: ______________________________
Name:
Title:

1413942 ALBERTA LTD.,
as Guarantor

By: *"signed"*
Name: **[REDACTED]**
Title:

By: ______________________________
Name:
Title:

SURGE ENERGY USA INC.,
as Guarantor

By: *"signed"*
Name: **[REDACTED]**
Title:

By: ______________________________
Name:
Title:

SURGE GENERAL PARTNERSHIP,
by its Managing Partner, Surge Energy Inc.,
as Guarantor

By: *"signed"*
Name: **[REDACTED]**
Title:

By: ______________________________
Name:
Title:

NATIONAL BANK OF CANADA,
as the Agent

By: *"signed"*
Name: **[REDACTED]**
Title:

By: *"signed"*
Name: **[REDACTED]**
Title:

NATIONAL BANK OF CANADA,
as Lender

By: *"signed"*
Name: **[REDACTED]**
Title:

By: *"signed"*
Name: **[REDACTED]**
Title:

NATIONAL BANK OF CANADA,
as Operating Lender

By: *"signed"*
Name: **[REDACTED]**
Title:

By: *"signed"*
Name: **[REDACTED]**
Title:

ALBERTA TREASURY BRANCHES,
as Lender

By: *"signed"*
Name: **[REDACTED]**
Title:

By: *"signed"*
Name: **[REDACTED]**
Title:

CANADIAN IMPERIAL BANK OF COMMERCE, as Lender

By: *"signed"*
Name: **[REDACTED]**
Title:

By: *"signed"*
Name: **[REDACTED]**
Title:

BANK OF NOVA SCOTIA,
as Lender

By: *"signed"*
Name: **[REDACTED]**
Title:

By: *"signed"*
Name: **[REDACTED]**
Title:

EXHIBIT I
TO THE FIRST AMENDING AGREEMENT MADE EFFECTIVE AS OF SEPTEMBER 12, 2011

SCHEDULE B
SURGE ENERGY INC. CREDIT AGREEMENT

COMMITMENTS

Lender	**Operating Loan Facility**	**Committed Revolving Term Facility**	**Total**
National Bank of Canada	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Canadian Imperial Bank of Commerce	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Bank of Nova Scotia	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Alberta Treasury Branches	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Total Commitment:	**$20,000,000**	**$130,000,000**	**$150,000,000**

Address of Lenders:

Canadian Imperial Bank of Commerce
Oil and Gas Group
9th Floor, Bankers Hall East Tower
855 - 2nd Street SW
Calgary, Alberta T2P 2P2
Facsimile: **[REDACTED]**
Attention: **[REDACTED]**

Alberta Treasury Branches
600, 444 - 7th Avenue SW
Calgary, Alberta T2P 0X8
Facsimile: **[REDACTED]**
Attention: **[REDACTED]**

Bank of Nova Scotia
2000, 700 - 2nd Street SW
Calgary, Alberta T2P 2W1
Facsimile: **[REDACTED]**
Attention: **[REDACTED]**

National Bank of Canada
2700, 530 - 8th Avenue SW
Calgary, Alberta T2P 3S8
Facsimile: **[REDACTED]**
Attention: **[REDACTED]**