PRIVATE AND CONFIDENTIAL

Mr. John C. McBean
President
861692 Alberta Ltd.
c/o Emerging Equities
2350, 205 - 5 Avenue SW
Calgary AB T2P 4B9

April 17, 2000

Dear John

Further to our recent discussions the purpose of this letter is to confirm the engagement terms of KPMG Corporate Finance Inc. ("KPMG") by 861692 Alberta Ltd. ("861" or the "Company") as financial advisor with respect to the debt financing requirements of the Company.

More specifically, we understand that 861 has entered into an agreement in respect of the acquisition of 100% of the outstanding shares of Command Drilling Inc., with closing targeted to May 31, 2000. In order to proceed with the contemplated acquisition, the Company will require funding in the order of $40 million. Of this amount, approximately $22 million is expected to be raised by way of an equity issue of 861, and the balance, $18 million, is expected by way of debt financing.

SCOPE

KPMG's role hereunder will be to organize and lead a solicitation of lending institutions with a view to arranging the required debt financing to facilitate closing of the acquisition.

To this end, the steps we will take include the following:

- preparation of Corporate Profile document for use with potential lenders;
- preparation of a solicitation list identifying the lenders targeted for the transaction;
- implementation of lender contact program, solicitation of interest;
- facilitation of meetings and information flow between lenders, Company management and underwriters;
- solicitation, review, evaluation and advice on term sheets;
- assistance with negotiations and deal structuring; and
- assistance in documenting and closing the transaction.

ACKNOWLEDGEMENTS

KPMG and 861 acknowledge the following:

1. The time available between commencement of our engagement, and the target closing date is shorter than we would normally anticipate a transaction of this nature taking. It will be critical for all Company personnel to be available on a timely basis to assist in information collection, meeting with potential lenders, etc. It is important that fixed asset appraisals completed by credible parties be available not less than four weeks prior to the target closing date. We recommend that 861 ensure it has a fall back plan in the event the required debt financing is not available by the target date.

2. The availability of the debt financing will be 100% conditional on the completion of the equity issue. Emerging Equities and the 861 principals will be required to brief potential lenders as to the status of their equity- raising efforts throughout the debt solicitation process.

3. 861 has approached certain “A bank” lenders as to their interest in providing operating facilities. Operating facilities provided by any Canadian Schedule 1 bank shall be considered outside the scope of this engagement. Any term facility, whether provided by a Schedule 1 bank or any other financial institution or other party will be considered within the scope of this engagement.

TERM, FEES & EXPENSES

Term

The term of this agreement will be 12 months from the date of execution of this engagement letter, subject to the following. 861 may terminate the engagement at any time upon 10 days’ written notice and payment in full of any amounts owing to KPMG or billable by KPMG. In the event of a termination of KPMG by 861, success fees will still be payable by 861 on any transaction closed any time within 12 months of this agreement with a party otherwise covered by this agreement.

Work Fees

861 agrees to pay KPMG a work fee of $10,000 per month for a minimum term of two months, extendable thereafter by mutual agreement. The first such payment is due upon execution of this letter agreement.

Invoices for work fees will be submitted monthly thereafter, and are due upon receipt.

Success Fee

861 agrees to pay KPMG a success fee based on a percentage of any funds raise by 861 with the assistance of KPMG. As your advisor with respect to senior debt, a fee of 2.0% of any debt raised by 861 during the term of this agreement will be payable to KPMG.

Administrative Expenses and Disbursements

Routine administrative expenses, including secretarial expenses, will be charged on the basis of a flat rate of $12 for each hour of professional time spent on the engagement (not to exceed 10% of work fees). Other disbursements for items such as travel, accommodation and meals will be charged based on actual costs incurred.

GST is extra in the case of work fees, success fees and expenses. 861 agrees to instruct its counsel to disburse KPMG success fees and any outstanding work fees, expenses and GST directly from closing funds from the first draw under any facility arranged hereunder.

INDEMNIFICATION

Pursuant to the terms of our engagement, 861 agrees to indemnify and hold KPMG harmless against any and all losses, claims, costs, damages or liabilities, joint or several (including our time and the aggregate amount paid in reasonable fees and expenses of counsel that may be incurred in defending any claim that may be made against us), that might arise during this assignment or subsequent to the completion thereof insofar as such losses, claims, costs, damages, liabilities or actions arise out of or are based, directly or indirectly, upon the performance of professional services rendered to you by us and our personnel hereunder, provided however, that this indemnity shall not apply if a court of competent jurisdiction in a final judgment that has become non-appealable shall determine that:

- KPMG has been negligent, dishonest or has committed any fraudulent act in the course of their performance;
- the losses, claims, costs, damages or liabilities as to which indemnification is claimed would not have been suffered or incurred but for the negligence, dishonesty or fraud referred to above; and
- in any case, KPMG's liability is to be limited to the total of all fees paid to them under this engagement.

OTHER

KPMG retains the right to advertise its involvement with these transactions following a successful financial closing involving parties identified by KPMG. All advertisements shall be subject to your review and approval, not to be unreasonably withheld. Any costs of advertising will be solely for the account of KPMG.

If these terms are acceptable, please acknowledge your agreement by signing and returning the enclosed duplicate of this letter.

Yours very truly
KPMG CORPORATE FINANCE INC.

(Signed) David R. Kennedy

David R. Kennedy
Senior Vice President & Director
(403) 691-8308

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The arrangements and terms set out are as agreed:

861692 ALBERTA LTD.

By (Signed) John C. McBean
John C. McBean, President

Date April 17, 2000