ESPRIT ENERGY TRUST

- and -

ESPRIT EXPLORATION LTD.

ADMINISTRATION AGREEMENT

Effective August 16, 2004
(As amended and restated June 30, 2005)

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ADMINISTRATION AGREEMENT

THIS ADMINISTRATION AGREEMENT, made effective as of August 16, 2004 and amended and restated June 30, 2005, by and between ESPRIT ENERGY TRUST, an open-end unincorporated investment trust established pursuant to the laws of the Province of Alberta (the "**Trust**"), and ESPRIT EXPLORATION LTD., a corporation established pursuant to the laws of Canada (the "**Administrator**").

WHEREAS:

A. the Trust wishes to retain the Administrator to provide certain administrative, advisory and operational services (the "**Administrative Services**") in connection with the Trust and the Trust Units; and

B. the Administrator is willing to render the Administrative Services on the terms and conditions hereinafter set forth.

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

ARTICLE 1 - INTERPRETATION

1.01 Definitions

As used herein, the following terms shall have the meanings set forth below:

(a) "**Administrator**" means Esprit;

(b) "**affiliate**" has the meaning ascribed thereto in the *Securities Act* (Alberta), as amended from time to time;

(c) "**Agreement**" means this Administration Agreement, as amended, restated or modified from time to time;

(d) "**Applicable Laws**" means any applicable law including any statute, regulation, bylaw, treaty, guideline, directive, rule, standard, requirement, policy, order, judgment, injunction, award, decree or resolution of any Governmental Entity, whether or not having the force of law, binding on or applicable to any of the Parties hereto;

(e) "**associate**" has the meaning ascribed thereto in the *Securities Act* (Alberta), as amended from time to time;

(f) "**Business Day**" means any day, other than a Saturday, Sunday or a day on which the principal chartered banks located in Calgary, Alberta are not open for business;

(g) "**Environmental Laws and Regulations**" means all environmental, health and safety laws, regulations, by-laws, resolutions and ordinances applicable to the Trust or its subsidiaries or affiliates, or any of their respective assets or properties, including, without limitation, (i) all regulations, resolutions, ordinances, decrees, guidelines, standards, policies and other similar documents and instruments of all Governmental Entities, and (ii) all laws, by-laws, regulations, resolutions, ordinances, guidelines, standards, policies and decrees relating to natural and human environmental matters (including air, land, surface water, ground water and real and personal property), public or occupational health and safety, and the manufacture, importation, handling, transportation, storage, disposal and treatment of a Hazardous Substance;

(h) "**Esprit**" means Esprit Exploration Ltd. and, as the context requires, its direct and indirect wholly-owned subsidiaries;

(i) "**Force Majeure**" means for the purposes hereof, an event, condition or circumstance (and the effect thereof) which is not within the reasonable control of the Party claiming Force Majeure and which, notwithstanding the exercise of commercially reasonable efforts, the Party claiming the Force Majeure is unable to prevent its occurrence or mitigate its effects, and which thus causes a delay or disruption in the performance of any obligation (other than the obligation to pay money due) imposed on such Party hereunder. Subject to the foregoing, Force Majeure shall include, without limitation, strikes, lock-outs, work stoppages, work slow-downs, industrial disturbance, storm, fire, flood, landslide, snowslide, earthquake, explosion, lightning, tempest, acts of war (whether declared or undeclared), threat of war, actions of terrorists, blockade, riot, insurrection, civil commotion, public demonstrations, revolution, sabotage or vandalism, acts of God, laws, rules, regulations, policies, orders, directives or restraints issued or imposed by any Governmental Entity, and inability to obtain, maintain or renew or delay in obtaining, maintaining or renewing necessary permits or approvals from any Governmental Entity; provided, however, that a Party's own lack of the funds or other financial problems shall not constitute "Force Majeure" in respect of such Party;

(j) "**Governmental Entity**" means any:

(i) multinational, federal, provincial, state, regional, municipal, local or other government, governmental or public department, central bank or Tribunal;

(ii) any subdivision, agent, commission, board or authority of any of the foregoing; or

(iii) any quasi-governmental or private body exercising any regulatory, expropriation or taxing authority under or for the account of any of the foregoing;

(k) "**Hazardous Substance**" means any substance, product, waste, pollutant, material, chemical, contaminant, dangerous good, constituent or other material which is or becomes listed, regulated, or addressed under any Environmental Laws and Regulations, including asbestos, lead, petroleum and polychlorinated biphenyls;

(l) "**Parties**" means the Administrator and the Trust, and their respective permitted successors and assigns and "**Party**" means any one of them;

(m) "**Person**" means and includes individuals, corporations, limited partnerships, general partnerships, joint stock companies, limited liability companies, joint ventures, associations, companies, trusts, banks, trust companies, pension the funds, business trusts or other organizations (including governments, agencies and political subdivisions thereof), whether or not legal entities;

(n) "**subsidiary**" means in respect of any Person (i) any corporation of which at least a majority of the outstanding shares having by the terms thereof ordinary voting power to elect a majority of the board of directors of such corporation (irrespective of whether at the time shares of any other class or classes of such corporation might have voting power by reason of the happening of any contingency, unless the contingency has occurred and then only for as long as it continues) are at the time directly, indirectly or beneficially owned or controlled by such Person or one or more of its subsidiaries or by such Person and one or more of its subsidiaries, and (ii) any partnership of which at least a majority of the outstanding partnership interests, income interests or capital interests are at the time directly, indirectly or beneficially owned or controlled by such person or one or more of its subsidiaries or by such Person and one or more of its subsidiaries;

(o) "**Tax Act**" means the *Income Tax Act*, R.S.C. 1985 (5th Supp.), c. 1 and the regulations promulgated thereunder;

(p) "**Transfer Agent**" means the registrar and transfer agent from time to time for the Trust Units;

(q) "**Tribunal**" means:

(i) any court (including a court of equity);

(ii) any federal, provincial, state, county, municipal or other government or governmental department, ministry, commission, board, bureau, agency or instrumentality;

(iii) any securities commission, stock exchange or other regulatory or self-regulatory body;

(iv) any board of trade, chamber of commerce or other business or professional organization or association;

(v) any arbitrator or arbitration tribunal; and

(vi) any other tribunal.

(r) "**Trust**" means Esprit Energy Trust, a trust constituted by the Trust Indenture;

(s) "**Trustees**" means the trustees of the Trust;

(t) "**Trust Expenses**" means all reasonable out-of-pocket expenses incurred by the Administrator in connection with carrying out its duties and obligations hereunder, including, without limitation, salary, wages and other forms of compensation paid to employees engaged in rendering the services to be performed hereunder and/or management fees paid to management entities which may be engaged to provide such services, together with all expenses assumed pursuant to Section 3.01, and all reasonable third party professional, legal, accounting and administrative costs and expenses;

(u) "**Trust Indenture**" means the Amended and Restated Trust Indenture dated June 30, 2005 by and among Donald R. Gardner, Douglas W. Palmer, John E. Panneton, Stephen J. Savidant, W. Mark Schweitzer, Eric Schwitzer, Stephen B. Soules, D. Michael G. Stewart and Robert A. Lehodey as the same may be amended or amended and restated from time to time;

(v) "**Trust Units**" means, the trust units created, issued and certified under the Trust Indenture; and

(w) "**Unitholders**" means the holders, from time to time, of one or more Trust Units.

1.02 <u>Additional Definitions</u>

Unless the context otherwise requires, capitalized terms used in this Agreement without definition that are defined in the Trust Indenture have the same meanings ascribed thereto in the Trust Indenture.

1.03 <u>Headings for Reference Only</u>

The division of this Agreement into Articles, Sections, subsections, paragraphs and subparagraphs, the provision of a Table of Contents, and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Agreement. The terms "hereof", "herein", "hereunder" and similar expressions refer to this Agreement and not to any particular Article, Section or other portion hereof and include any agreement supplemental hereto. Unless something in the subject matter or context is inconsistent therewith, references herein to Articles and Sections are to Articles and Sections of this Agreement.

1.04 <u>Interpretation</u>

Words importing the singular number only shall include the plural and vice versa, words importing gender shall include all genders. Where the word "including" or "includes" is used in this Agreement it means "including without limitation" or "includes without limitation", respectively. Any reference to any document shall include a reference to any schedule, exhibit, amendment or supplement thereto or any agreement in replacement thereof, all as permitted under the documents.

A reference herein to any statute includes every regulation (and other similar ancillary instrument having the force of law) made pursuant thereto, all amendments to the statute or to any such regulation (or other similar ancillary instrument) in force from time to time, and any statute or regulation (or other similar ancillary instrument) which supplements or supersedes such statute or regulation (or other similar ancillary instrument); and a reference to any section or provision of a statute includes all amendments to such section or provision, as made from time to time, and all sections or provisions which supplement or supersede such section or provision referred to herein.

1.05 Tax Act

Any reference herein to a particular provision of the Tax Act shall include a reference to that provision as it may be renumbered or amended from time to time. Where there are proposals for amendments to the Tax Act which have been publicly announced by the Minister of Finance but which have not been enacted into law or proclaimed into force on or before the date on which such proposals are to become effective, the Administrator may take such proposals into consideration and apply the provisions hereof as if such proposals had been enacted into law and proclaimed into force.

1.06 Accounting Principles

Wherever in this Agreement reference is made to generally accepted accounting principles, such reference shall be deemed to be to the generally accepted accounting principles from time to time approved by the Canadian Institute of Chartered Accountants, or any successor institute, applicable as at the date on which such calculation is made or required to be made in accordance with generally accepted accounting principles. Where the character or amount of any asset or liability or item of revenue or expense is required to be determined, or any consolidation or other accounting computation is required to be made for the purpose of this Agreement or any document, such determination or calculation shall, to the extent applicable and except as otherwise specified herein or as otherwise agreed in writing by the Parties, be made in accordance with generally accepted accounting principles applied on a consistent basis.

1.07 Currency

All dollar amounts referred to in this Agreement are in lawful money of Canada.

1.08 Liability of Administrator

The Administrator shall be liable to the Trust for any loss occasioned by any breach by it of the standard of care and duty prescribed by Section 6.01.

1.09 General Limitation of Liability and Indemnification - Trustees

The Parties hereto acknowledge that the Trustees are entering into this Agreement solely in their capacity as trustees on behalf of the Trust, and that the obligations of the Trust hereunder shall not be personally binding upon any of the Trustees or any registered or beneficial holder of Trust Units or beneficiary under a plan of which a Unitholder is a trustee or carrier (a "**Trust Annuitant**"), and that resort shall not be had to, nor shall recourse be sought from, any of the foregoing or the private property of the foregoing in respect of any indebtedness, obligation or liability of the Trust arising hereunder or arising in connection herewith or from the matters to which this Agreement relates, if any, including without limitation claims based on negligence or otherwise tortious behaviour, and recourse shall be limited to, and satisfied only out of, the Trust Assets (as defined in the Trust Indenture).

ARTICLE 2 - SERVICES

2.01 General Delegation of Authority

Subject to and in accordance with the terms, conditions and limitations of the Trust Indenture and to the other provisions of this Agreement, the Trustees hereby delegate to the Administrator, and the Administrator hereby accepts the delegation of, the authority and responsibility and obligation to perform the Trustees' powers, duties and responsibilities under the Trust Indenture, and agrees to be responsible for the administration and management of all general and administrative affairs of the Trust in accordance with the provisions hereof. The exercise of powers by the Administrator shall not adversely affect the status of the Trust as a "unit trust" and a "mutual fund trust" for the purposes of the Tax Act.

2.02 Administrative and Advisory Services

It is acknowledged and agreed that in furtherance of the obligations under Section 2.01 to perform the Trustee's powers, duties and responsibilities under the Trust Indenture and to administer and manage the general and administrative affairs of the Trust, and not in limitation thereof, the Administrator will, subject to any applicable direction of the Trustees:

(a) keep and maintain at its offices in Calgary, Alberta at all times books, records and accounts which shall contain particulars of operations, receipts, disbursements, and investments relating to the Trust and such books, records and accounts shall be kept pursuant to normal commercial practices that will permit the preparation of financial statements in accordance with Canadian generally accepted accounting principles which, as early as practicable, shall be in accordance with those required to be kept by a distributing corporation (as defined in the *Business Corporations Act* (Alberta)) (except that nothing herein shall be construed as requiring the books, records or documents of the Administrator to be audited) and in each case shall also be in accordance with those required to be kept by a reporting issuer under applicable securities legislation in Canada and those required of the Trust under the Tax Act and the Regulations applicable with respect thereto, all as amended from time to time;

(b) prepare all returns, filings and documents and make all determinations necessary for the discharge of the Trustees' obligations under the Trust Indenture;

(c) provide the Unitholders with annual audited and interim unaudited financial statements of the Trust, as well as relevant tax information;

(d) submit all income tax returns and filings to the Trustees in sufficient time prior to the dates upon which they must be filed so that the Trustees have a reasonable opportunity to review them, execute them and return them to the Administrator, and arrange for their filing within the time required by applicable tax law;

(e) open, operate and close accounts and make other similar credit, deposit and banking arrangements and negotiate and sign banking and financing contracts and agreements;

(f) ensure compliance by the Trust with all Applicable Law and stock exchange requirements including without limitation, continuous disclosure obligations;

(g) provide investor relations services to the Trust;

(h) provide, for performing its obligations hereunder, office space, equipment and personnel including all accounting, clerical, secretarial, corporate and Administrative Services as may be reasonably necessary to perform its obligations hereunder;

(i) provide or cause to be provided such audit, accounting, engineering, legal, insurance and other professional services as are reasonably required or desirable for the purposes of the Trust from time to time and provide or cause to be provided such legal, engineering, financial and other advice and analysis as the Trustees may require or desire to permit any of them to make informed decisions in connection with the discharge by them of their responsibilities as Trustees, to the extent such advice and analysis can be reasonably provided or arranged by the Administrator;

(j) hold all annual and/or special meetings of Unitholders pursuant to Article XII of the Trust Indenture and prepare, approve and arrange for the distribution of all materials (including notices of meetings and information circulars) in respect thereof;

(k) prepare and provide or cause to be provided to Unitholders on a timely basis all information to which Unitholders are entitled under the Trust Indenture and under Applicable Laws and stock exchange requirements, including monthly and annual reports, notices, financial reports and tax information relating to the Trust;

(l) attend to all administrative and other matters arising in connection with any redemptions of Trust Units;

(m) if desirable, establish, implement and amend (when and as required, once established) operating procedures for monitoring non-resident ownership of Trust Units;

(n) monitor the status of the Trust Units as eligible investments for registered retirement savings plans, registered retirement income funds and deferred profit sharing plans (all within the meaning of the Tax Act) and immediately provide the

Trustees with written notice when the Administrator reasonably forsees that such Trust Units may cease to have such status, or, if not reasonably foreseen, when the Trust Units cease to have such status;

(o) ensure that the Trust elects in the prescribed manner and within the prescribed time under subsection 132(6.1) of the Tax Act to be a "mutual fund trust" within the meaning of the Tax Act since inception, assuming the requirements for such election are met, monitor the Trust's status as such a mutual fund trust and providing the Trustees with written notice when the Trust ceases or is at risk of ceasing to have such status;

(p) monitor the investments of the Trust to ensure that the aggregate cost amount of the "foreign property" of the Trust does not exceed the limits prescribed in the Tax Act, the result of which would be to expose the Trust to Part XI tax under the Tax Act;

(q) determine, from time to time, all amounts required to be determined pursuant to Article V of the Trust Indenture, including the amounts available for distribution to Unitholders, and arrange for payment thereof to the Unitholders in accordance with Article V of the Trust Indenture;

(r) establish, implement and amend (when and as required, once established) any distribution reinvestment plans, Trust Unit purchase plans, and incentive option and other compensation plans as may be determined by the Administrator to be desirable for the Trust to establish, and attend to all matters in connection with the operation of such plans;

(s) undertake all matters in connection with any take-over bid, merger, amalgamation, arrangement, reorganization, recapitalization, purchase or repurchase of any securities or assets of any Person, any business combination, or any other similar transaction involving the Trust (the foregoing individually referred to as a "**Transaction**" and collectively as the "**Transactions**"), including all actions reasonably necessary in connection with, or in relation to, a compulsory acquisition in accordance with the Trust Indenture;

(t) approve, execute and deliver, on behalf of the Trust, such agreements, including exchange agreements and exchangeable security support agreements, as may be necessary or desirable to properly provide for the terms of exchangeable securities, including coattail provisions for the Trust Units in the event of a non-exempt take-over bid for the exchangeable securities and the conversion, exercise, redemption or exchange of such exchangeable securities for Trust Units;

(u) provide assistance in negotiating the terms of any financing required by the Trust or otherwise in connection with the Trust Assets;

(v) provide or cause to be provided to the Trustees any services reasonably necessary for the Trustees to be able to consider any future acquisitions or divestitures by the Trustees of Trust Assets;

(w) provide advice to the Trustees with respect to determining the timing and terms of future offerings of Trust Units, if any;

(x) provide advice and, at the request and under the direction of the Trustees, direction to the Transfer Agent;

(y) obtain and maintain appropriate liability insurance for the benefit of the Trustees;

(z) take all actions reasonably necessary in connection with, or in relation to, the Trust providing indemnities for the directors and officers of the Administrator and any affiliates;

(aa) prepare and approve any prospectus or comparable documents of the Trust to qualify the sale of securities from time to time;

(bb) promptly notify the Trust of any event that might reasonably be expected to have a material adverse effect on the affairs of the Trust;

(cc) provide advice and assistance to the Trustees with respect to the performance of the obligations of the Trust and the enforcement of the rights of the Trust under all agreements entered into by the Trust;

(dd) in the event that withholding taxes are exigible on any distributions or redemption amounts distributed under the Trust Indenture or any other agreement, the Administrator shall withhold the withholding taxes required and shall promptly remit such taxes to the appropriate taxing authority. In the event that withholding taxes are exigible on any distributions or redemption amounts distributed under the Trust Indenture or any other agreement and the Administrator is, or was, unable to withhold taxes from a particular distribution to a Unitholder or has not otherwise withheld taxes on past distributions to a Unitholder or has not otherwise withheld taxes on past distributions to a Unitholder, the Administrator shall be permitted to withhold amounts from other distributions to satisfy the Administrator's withholding tax obligations;

(ee) administer all matters relating to the Trust, including: (i) determining the total amounts owing to Unitholders; and (ii) providing Unitholders with periodic reports on the Trust Assets;

(ff) providing management services for the economic and efficient exploitation of the Trust Assets;

(gg) recommend, carry out and monitor property acquisitions and dispositions and exploitation and development programs for the Trust;

(hh) generally provide all other services as may be necessary or as requested by the Trustees of the Trust, for the administration of the Trust; and

(ii) take all actions necessary in connection with, or in relation to, all matters that the Trustees having the power and authority to exercise under the Trust Indenture, may exercise from time to time, including, without limitation, those matters referred to in Section 9.2 of the Trust Indenture.

2.03 Restrictions on Delegation of Authority

Notwithstanding any other provisions of this Agreement, the Trustees shall not and are not hereby delegating to the Administrator any authority to manage the following affairs of the Trust:

(a) the issue, certification, countersigning, transfer, exchange and cancellation of certificates representing Trust Units;

(b) the maintenance of a register of Unitholders;

(c) the delivery of distributions to Unitholders out of funds provided to it, although the calculation of distributions shall be made by the Administrator and approved by the board of directors of the Administrator and submitted by the Administrator to the Trustee their approval and for distribution to the Unitholders;

(d) the provision of a basic list of registered Unitholders (as defined in the Trust Indenture) to Unitholders in accordance with the procedures outlined in the Trust Indenture;

(e) the amendment or waiver of the performance or breach of any term or provision of this Agreement on behalf of the Trust;

(f) the renewal or termination of this Agreement on behalf of the Trust; and

(g) any matter which requires the approval of the Unitholders under the terms of the Trust Indenture.

2.04 Covenants of the Administrator

The Administrator covenants and agrees that in the performance of the services under this Agreement it shall:

(a) perform all services at all times in compliance with Applicable Laws;

(b) comply with all instructions of the Trustees in relation to the performance of its services hereunder; and

(c) observe and perform or cause to be observed and performed on behalf of the Trust in every material respect the provisions of:

(i) the agreements from time to time entered into in connection with the activities of the Trust; and

(ii) all Applicable Laws (including Environmental Laws and Regulations).

2.05 Administrator's Acknowledgment

The Administrator acknowledges that it is a party to and has received a copy of the Trust Indenture and is familiar with and understands the duties of the respective Parties thereto, including those duties of the Trustees which are being delegated to the Administrator under this Agreement.

2.06 Non-Resident Unitholders

The Administrator shall use its best efforts to monitor the residence status of holders of Trust Units. If, at any time, the Administrator is of the opinion that the Trustees should take any action as provided for in the Trust Indenture or otherwise to ensure that the Trust continues to qualify as a "unit trust" and a "mutual fund trust" under the Tax Act, it shall so advise the Trustees and provide the Trustees with an announcement, declaration or notice in a form suitable for use by the Trustees applicable to the circumstance and as required by the Trust Indenture. The Trustees shall provide, or cause to be provided, to the Administrator such information regarding the residence status of holders of Trust Units and the order of acquisition or registration thereof as the Administrator may reasonably request, from time to time, and the Trustees may have in their possession in order to assist the Administrator in fulfilling its obligations under this Section.

2.07 Authority of Administrator

Subject to Section 2.09, any direction of the Trustees from time to time and the terms of the Trust Indenture, the Administrator shall have full right, power and authority to execute and deliver all contracts, leases, licenses, and other documents and agreements, to make applications and filings with Governmental Entities and to take such other actions as the Administrator considers necessary or appropriate in connection with the affairs of the Trust in the name of and on behalf of the Trust and no Person shall be required to determine the authority of the Administrator to give any undertaking or enter into any commitment on behalf of the Trust, provided that the Administrator shall not have the authority to commit to any transaction which would require the approval of the Unitholders in accordance with the Trust Indenture or take any action required to be taken by the Trustees under the Trust Indenture or take any action requiring approval of the Trustees without such approval having been given.

2.08 Powers and Authorities of the Administrator

The Administrator shall have, subject to the provisions of this Agreement and the Trust Indenture, all requisite powers and authorities, during the term of this Agreement, to provide the services hereunder to the Trust.

2.09 Distributions to Unitholders

In connection with determining the amounts payable from time to time to Unitholders and arranging for distributions to them, it is understood and agreed that the Administrator shall determine from time to time the amounts available for distribution to Unitholders and shall provide a written statement thereof to the Trustee prior to the date on which such distribution must be made and shall cause such amount to be paid by the Transfer Agent on behalf of the

Trust following the declaration by the Trustee that such amounts are due and payable by the Trust pursuant to Article V of the Trust Indenture; provided however that the Administrator shall not be obligated to make any such payment unless the Administrator has monies of the Trust available to make such distribution.

2.10 Certificate

The Administrator shall deliver to the Trustee at any time upon the demand of the Trustee but within 10 days of such a demand, a certificate signed by a senior officer of the Administrator stating that:

(a) the Administrator has complied with all of its duties contained in this Agreement and the Trust Indenture, which, if not complied with, would, with the giving of notice, lapse of time or otherwise, constitute a default of the Administrator under this Agreement or the Trust Indenture or, if there has been a failure so to comply, giving particulars thereof;

(b) to the extent the Administrator has assumed powers, duties and responsibilities of the Trustee pursuant to Section 2.01 hereof, it and the Trust are in compliance with the Trust Indenture;

(c) the Trust is a "unit trust" or a "mutual fund trust" for the purposes of the Tax Act; and

(d) as at the end of such time period requested by the Trustee, the Trust Units were eligible investments for registered retirement savings plan, registered retirement income funds and deferred profit sharing plans (all within the meaning of the Tax Act).

2.11 Notice to Trustees

The Administrator shall provide the Trustee prompt notice of any event or circumstance of which the Administrator shall become aware where the Trustee is required by the Trust Indenture to take specific action.

2.12 Execution of Documents

In carrying out the services hereunder, the Administrator may execute, for and on behalf of the Trust any instrument or document which the Administrator considers appropriate, in its sole discretion. Any such instrument or document shall be executed in accordance with, or substantially in accordance with, the following:

(a) ESPRIT ENERGY TRUST
By its Administrator, ESPRIT ACQUISITION CORP.

Per: ________________________________
Authorized Signatory

and

(b) in the case of any document required to be executed on behalf of the Trust in connection with a prospectus as follows:

ESPRIT ENERGY TRUST

By: ESPRIT ACQUISITION CORP., as Administrator of ESPRIT ENERGY TRUST

and provide for such signatures as may be required by Applicable Laws.

All reasonable efforts shall be made to ensure that every contract entered into on behalf of the Trust by the Administrator shall include a provision substantially to the following effect:

> The parties hereby acknowledge that [the Administrator] is entering into this agreement solely in its capacity as agent on behalf of the Trust and the obligations of the Trust hereunder shall not be personally binding upon any of the Trustees, [the Administrator], or any registered or beneficial holder of trust units of the Trust or any beneficiary under a plan of which a holder of trust units acts as a trustee or carrier, and that resort shall not be had to, nor shall recourse be sought from, any of the foregoing or the private property of any of the foregoing in respect of any indebtedness, obligation or liability of the Trust arising hereunder or arising in connection herewith or from the matters to which this agreement relates, if any, including without limitation claims based on negligence or otherwise tortious behavior, and recourse shall be limited to, and satisfied only out of, the "Trust Assets" as defined in the Trust Indenture of the Trust dated as of August 16, 2004, as amended from time to time.

The rights conferred by any such provision shall be enforced by the Administrator for its benefit and the benefit of the Trust, as the case may be, and shall be held in trust and enforced by the Administrator for the benefit of the Trustees, the Trust, the Unitholders and the Trust Annuitants. The omission of such a provision from any such written agreement shall not operate to impose personal liability on the Trustees, the Administrator, any Unitholder, any holder of trust units or any Trust Annuitant.

ARTICLE 3 - PAYMENT OF EXPENSES

3.01 Expense Reimbursement

The Administrator shall be reimbursed for all Trust Expenses incurred by the Administrator in carrying out its obligations or duties under this Agreement. The Administrator shall calculate the Trust Expenses for each month and shall invoice the Trust in respect thereof by setting out the details of the services provided by the Administrator and the Trust Expenses and GST incurred by the Administrator pursuant to this Agreement. Such amounts shall be payable by the Trust not later than 30 days after such month. The Parties agree that the Trust

Expenses shall be treated for tax purposes as costs and expenses of the Party on whose behalf they were incurred, except as otherwise required by Applicable Law.

3.02 Payment of GST

Unless otherwise provided in this Agreement, all amounts payable to the Administrator pursuant to this Agreement shall be exclusive of any goods and services tax required to be paid thereon pursuant to the *Excise Tax Act* (Canada) or otherwise (collectively, the "GST") and the Administrator shall be paid by the Trustees, on behalf of the Trust, in addition to such amounts, all amounts of GST collectible by the Administrator with respect thereto and such amounts shall be included and separately identified by the Administrator in the invoice described in Section 3.01 hereto.

3.03 Failure to Pay When Due

Any amount payable to the Administrator hereunder and which is not remitted to the Administrator when so due shall remain due (whether on demand or otherwise) and interest will accrue on such overdue amounts (both before and after judgment), at a rate per annum equal to the prime rate charged by the Trust's principal banker plus 1% per annum from the date payment is due until the date payment is made.

3.04 No Fee

The Administrator shall not be entitled to the payment of a fee for the services provided by the Administrator to the Trust hereunder.

ARTICLE 4 - RECORDS

4.01 Books and Records

The Administrator shall keep proper books, records and accounts in which full, true and correct entries in conformity with Canadian generally accepted accounting principles and all requirements of Applicable Laws will be made of all dealings and transactions in relation to the activities of the Trust and the performance of the services under this Agreement at the Administrator's head office in the Province of Alberta.

4.02 Examination of Records

The Administrator shall make available to the Trustees and their authorized representatives at any time during normal business hours on a Business Day all records, documents or information related to the activities of the Trust, wherever maintained. The Administrator shall permit the Trustees and their authorized representatives at any time during normal business hours on a Business Day to examine the books, records, drawings, computer-stored data, correspondence, accounting procedures and practices, cost analyses and any other supporting financial data, including invoices, payments or claims and receipts pertaining to the activities of the Trust maintained by the Administrator at its head office. Any examination at the Administrator's head office shall be conducted in a manner which will not unduly interfere with the conduct of the Administrator's business in the ordinary course. The Administrator shall furnish to the Trustees or their authorized representatives such financial and operating data and other information with respect to the activities of the Trust as the Trustees or their authorized representatives shall from time to time reasonably request.

4.03 Compliance

The Administrator shall deliver to the Trustees within 90 days after the end of each fiscal year a certificate signed on behalf of the Administrator by the chief executive officer and the chief financial officer of the Administrator, or such other officers as may be agreed to by the Trust, stating that a review of the activities of the Administrator and the Trust during the preceding fiscal year has been made under the supervision of such officers and that, based on that review and their best knowledge, the Administrator has fulfilled all of its obligations, and complied with all of the terms of, this Agreement in all material respects and that no default hereunder (or event which, with notice or lapse of time or both, could become a default hereunder) occurred during such fiscal year.

4.04 Compliance by Third Parties and Others

Where a third party has been engaged by the Administrator, the Administrator shall exercise commercially reasonable efforts to cause such third party to take such action as is necessary to permit the Administrator to remain in compliance with its obligations, duties and covenants under this Agreement and to cause such third party to refrain from taking any action which would result in the Administrator being in breach of its obligations, duties and covenants under this Agreement and the Administrator shall remain responsible for the actions of such third party.

ARTICLE 5 - OBLIGATIONS AND COVENANTS OF THE TRUST

5.01 Obligations and Covenants of the Trust

The Trust shall:

(a) grant access or cause access to be granted to the Administrator to the information necessary in order for the Administrator to perform its obligations, covenants and responsibilities pursuant to the terms hereof; and

(b) provide, or cause to be provided, all information as may be reasonably requested by the Administrator, and promptly notify the Administrator of any material facts or information of which it is aware, in relation to and which may affect the performance of the obligations, covenants or responsibilities of the Administrator pursuant to this Agreement, including any known pending or threatened suits, actions, claims, proceedings or orders by or against the Trust or any of its affiliates before any court or administrative tribunal.

ARTICLE 6 - ACTIVITIES OF ADMINISTRATOR

6.01 Standard of Care and Delegation

(a) In exercising its powers and discharging its duties under this Agreement, the Administrator shall exercise the powers and discharge the duties conferred hereunder honestly, in good faith and in the best interests of the Trust and in connection therewith shall exercise that degree of care, diligence and skill that a reasonably prudent oil and natural gas industry advisor and administrator having responsibilities of a similar nature would exercise in comparable circumstances. The Administrator's objective in exercising its powers and discharging its duties hereunder shall be to maximize the income distributable to the Unitholders to the extent consistent with long-term growth in the value of the Trust. In pursuing such objective, the Administrator will employ prudent oil and natural gas business practices. All of the Administrator's activities in relation to this Agreement and the Trust will be conducted in accordance with applicable laws with a view to the best interests of the Unitholders and the Trust.

(b) Subject to the prior approval of the Trustees of the delegation of any material obligations, which approval will not be unreasonably withheld, the Administrator may delegate specific aspects of its obligations hereunder to any other Person, provided that such delegation shall not relieve the Administrator of any of its obligations under this Agreement.

(c) Notwithstanding Section 6.01(b), the Administrator shall not in any manner, directly or indirectly, be liable or held to account for the activities or inactivity of any Person to which any such obligations may have been delegated, provided that in making such specific delegation, the Administrator acted in accordance with this Section 6.01. Where possible, the Administrator will structure any delegation in a manner that will permit the Trustees on behalf of the Trust to bring an action directly against the delegatee.

6.02 Reliance

In carrying out its duties hereunder, provided the Administrator has acted in accordance with the standard of care set out in Section 6.01(a) hereof, the Administrator and its delegates shall be entitled to rely on:

(a) statements of fact of other Persons (any of which may be Persons with whom the Administrator is affiliated or associated) who are considered by the Administrator, acting reasonably, to be knowledgeable of such facts; and

(b) statements, the opinion or advice of or information from any solicitor, auditor, valuer, engineer, surveyor, appraiser or other expert selected by the Administrator, provided that the Administrator exercised reasonable care and diligence in selecting such Person to provide such statements, opinion, advice or information; and may employ such experts as may be necessary to the proper discharge of its duties.

The Administrator may rely, and shall be protected in acting, upon any instrument or other documents reasonably believed by it to be genuine and in force.

6.03 No Liability for Advice

The Administrator shall not be liable, answerable or accountable to the Trust, the Trustees or any Unitholder for any loss or damage resulting from, incidental to or relating to the provision of services hereunder by the Administrator, including any exercise or refusal to exercise a discretion, any mistake or error of judgment or any act or omission believed by the Administrator to be within the scope of authority conferred on it by this Agreement, unless such loss or damage resulted from the fraud, wilful default or gross negligence of the Administrator in performing its obligations hereunder.

6.04 Conflict of Interest

(a) To the extent there is a conflict of interest between the Administrator acting in that capacity and the Trust in respect of any matter, the Administrator shall resolve such conflicts, on a basis consistent with the objectives and funds of each group of interested parties and the time limitations on investment of such funds, all consistent with the duty of the Administrator to deal fairly and in good faith with each group or persons.

(b) In the event that the interests of the Administrator are in conflict with those of the Trust or the Unitholders, the Administrator shall make decisions acting in good faith, having regard to the best interests of the Unitholders and the Trust and in a manner that would not contravene its fiduciary obligations to Unitholders.

6.05 Additional Information

The Trustees acknowledge that conducting the activities contemplated herein may have the incidental effect of providing additional information with respect to or augmenting the value of properties or assets in which the Administrator or its affiliates or associates have an interest and the Trustees agree that neither the Administrator nor its affiliates or associates shall be liable to account to the Trustees, the Trust or any Unitholder with respect to such activities or results; provided, however, that the Administrator shall not, in making any use of any such information, do so in any manner that the Administrator knew, or ought reasonably to have known, would cause or result in a breach of any confidentiality provision of agreements to which the Trustees or the Trust are parties or are bound.

6.06 Confidentiality

Subject to Section 6.05, the Administrator shall not, without the prior written consent of the Trust, disclose to any third party any information about the Trust acquired or developed pursuant to the performance of services under this Agreement except that consent shall not be required to the following disclosure:

(a) information disclosed as required by law or the regulations, rules or policies of any stock exchange on which any Trust Units are listed or as may be required by the regulations or policies of any Governmental Entity;

(b) information disclosed as necessary for the purposes of any debt or equity financing undertaken by the Trust; or

(c) information disclosed that the Administrator acting reasonably deems to be necessary to be disclosed on a confidential basis for the proper performance of its duties and obligations under this Agreement, including without limitation, disclosure of information to consultants and other third parties engaged by or assisting the Administrator in accordance with the terms of this Agreement in order to carry out the purposes of this Agreement.

The provisions of this section shall survive the termination of this Agreement.

ARTICLE 7 - INDEMNIFICATION

7.01 Indemnification of the Administrator

The Administrator and any Person who is serving or shall have served as a director, officer or employee of the Administrator shall be indemnified and saved harmless by the Trust from and against all losses, claims, damages, liabilities, obligations, costs and expenses (including judgments, fines, penalties, amounts paid in settlement and counsel and accountants' fees) of whatsoever kind or nature incurred by, borne by or asserted against any of such indemnified parties in any way arising from or related in any manner to this Agreement or the provision of services hereunder, unless such indemnified party is found liable for or guilty of fraud, wilful default or gross negligence. The foregoing right of indemnification shall not be exclusive of any other rights to which the Administrator or any Person referred to in this Section 7.01 may be entitled as a matter of law or equity or which may be lawfully granted to such Person.

7.02 Indemnification of the Trust and the Trustees and Officers of the Trust

The Trust and the Trustees and officers of the Trust shall be indemnified and saved harmless by the Administrator from and against all losses, claims, damages, liabilities, obligations, costs and expenses (including judgments, fines, penalties, amounts paid in settlement and counsel and accountants' fees) of whatsoever kind or nature incurred by, borne by or asserted against any of such indemnified parties in any way arising from or related in any manner to the fraud, wilful default or gross negligence of the Administrator in the performance of its obligations hereunder, unless such losses, claims, damages, liabilities, obligations, costs and expenses (including judgments, fines, penalties, amounts paid in settlement and counsel and accountants' fees) arise from the fraud, wilful default or gross negligence of such indemnified party. The foregoing right of indemnification shall not be exclusive of any other rights to which the Trust, the Trustees or the officers of the Trust may be entitled as a matter of law or equity or which may be lawfully granted to such Person.

ARTICLE 8 - TERM AND TERMINATION

8.01 Term

Subject to Section 8.04, this Agreement shall continue in force for a period of 10 years from the Effective Date unless terminated earlier by the Trust, in its sole discretion, by notice in writing to the Administrator given at least 30 days prior to the effective date of termination which shall be stated in such notice and upon payment to the Administrator of any amounts required to be paid to it as provided for in Section 8.06.

8.02 Automatic Renewal

Subject to Section 8.04 and 8.05 and any earlier termination pursuant to Section 8.01, upon the expiry of the 10 year initial term of this Agreement provided pursuant to Section 8.01, the term of this Agreement shall be automatically renewed for a further term of three years subject to the Trust's right of earlier termination on the same basis as provided in Section 8.01 and subject to Section 8.04 and thereafter automatically for such additional three year renewal terms upon the expiry of each preceding renewal term, all subject to Section 8.01 and subject to Section 8.04.

8.03 Effect of Termination

Upon the effective date of termination of this Agreement, the Administrator shall:

(a) forthwith deliver to the Trust all books, records, accounts, documents, systems and manuals which it has developed and maintained relating to the Trust pursuant to this Agreement;

(b) forthwith pay to the Trust, or to the order of the Trust, all monies collected and held for the Trust pursuant to this Agreement, after deducting any reimbursement of expenses to which it is then entitled pursuant to Sections 3.01 and 8.06;

(c) so soon thereafter as is reasonably practicable, deliver to the Trust, or to the order of the Trust, a complete auditor's report including a statement showing all payments collected by it and a statement of all monies held by it during the period following the date of the last audited statement furnished to the Trust; and

(d) forthwith, to the extent that it is able, subject to any applicable legal and contractual restrictions, deliver to and, where applicable, transfer into the custody of the Trustees all property and documents of the Trust then in the custody of the Administrator.

8.04 Default upon Insolvency or Bankruptcy

This Agreement shall be immediately terminable by written notice from the Administrator or the Trustees to the other, as the case may be, in the event that:

(a) the Trust terminates or a decision of the Unitholders is made to terminate or wind-up the Trust;

(b) the Administrator or the Trust, as the case may be:

(i) institutes proceedings for it to be adjudicated a voluntary bankrupt, or consents to the filing of a bankruptcy proceeding against it;

(ii) files a petition or answer or consent seeking reorganization, readjustment, arrangement, composition or similar relief under any bankruptcy law;

(iii) consents to the appointment of a receiver, liquidator, trustee or assignee in bankruptcy; or

(iv) makes an assignment for the benefit of its creditors generally;

(c) a court having jurisdiction enters a decree or order adjudging the Administrator or the Trust, as the case may be, a bankrupt or insolvent or for the appointment of a receiver, trustee or assignee in bankruptcy;

(d) any proceeding with respect to the Administrator is commenced under the *Bankruptcy and Insolvency Act* (Canada) or the *Companies' Creditors' Arrangement Act* (Canada) or similar legislation relating to a compromise or arrangement with creditors or claimants; or

(e) any proceeding with respect to the Trust is commenced under the *Bankruptcy and Insolvency Act* (Canada) or similar legislation relating to a compromise or arrangement with creditors or claimants.

8.05 Default upon Material Breach

Subject to Article 9, this Agreement shall be immediately terminable by written notice from the Administrator or the Trustees to the other, as the case may be, in the event that the other Party defaults (the "**Defaulting Party**") in the performance of a material obligation under this Agreement, which default is not remedied within 30 days after written notice thereof has been delivered to the Defaulting Party.

8.06 Payment

Upon a written notice to terminate this Agreement being given pursuant to Section 8.01 or 8.04, the Trust shall either pay to the Administrator, before or at the time of the termination of this Agreement, all costs and expenses incurred or required to be incurred by the Administrator in terminating contracts the Administrator has entered into with the approval of the Trust in the performance by the Administrator of its duties under this Agreement (less any amount owing by the Administrator to the Trust) or, at the election of the Trust, assume the obligations of the Administrator under such contracts or any of them. Thereafter, from and after the effective date of termination of this Agreement, the Administrator shall not be entitled to any further reimbursement of out-of-pocket expenses but shall be reimbursed for all expenses incurred by it, prior to the effective date of termination.

8.07 Continuing Obligations

Notwithstanding termination of this Agreement, the Parties hereto shall not be relieved from any obligations or liabilities arising prior to such termination.

ARTICLE 9 - FORCE MAJEURE

9.01 Consequences of Force Majeure

During the occurrence of an event of Force Majeure, the obligations of the Party affected by such event of Force Majeure, to the extent that such obligations cannot be reasonably performed as a result of such event of Force Majeure, shall be suspended, and such Party shall not be considered to be in breach or default hereunder, for the period of such occurrence, except that the occurrence of an event of Force Majeure:

(a) affecting the Trust but not affecting the performance of the Administrator's obligations hereunder, shall not relieve the Trust of its obligation to make payments of the expenses of the Administrator; or

(b) affecting the Administrator but not affecting the performance of the Trust's obligations hereunder, shall not relieve the Trust of its obligation to make payments of the expenses of the Administrator incurred before the event of Force Majeure in respect of services performed by the Administrator prior to such event of Force Majeure.

The suspension of performance shall be of no greater scope and of no longer duration than is required by the event of Force Majeure. No obligation of either Party that arose prior to the event of Force Majeure causing the suspension of performance shall be excused as a result of the event of Force Majeure.

9.02 Notice

Upon the occurrence of an event of Force Majeure, the non-performing Party:

(a) shall give the other Party prompt written notice of the particulars of the event of Force Majeure and its expected duration; and

(b) shall use its best efforts to remedy its inability to perform.

ARTICLE 10 - RESOLUTION OF DISPUTES AND ARBITRATION

10.01 Dispute

If any issue, controversy, dispute, claim, question or disagreement of any kind or nature (a "**Dispute**") between the Parties arises out of or in connection with this Agreement, the Parties shall seek to settle the Dispute.

10.02 <u>Arbitration</u>

Except as is expressly provided in this Agreement, if the applicable Parties do not reach a solution pursuant to Section 10.01 within a period of 60 days following the first notice of the Dispute by any Party to the other, then upon written notice by any Party to the other, the Dispute shall be finally settled by arbitration in accordance with the provisions of the *Arbitration Act* (Alberta), provided that the following rules and provisions shall apply to the arbitration proceeding:

(a) The arbitration tribunal shall consist of one arbitrator appointed by mutual agreement of the Parties, or in the event of failure to agree within 10 Business Days following delivery of the written notice to arbitrate, any Party may apply to a judge of the Court of Queen's Bench of Alberta to appoint an arbitrator. The arbitrator selected by the Court shall be from a list of two individuals independent of each Party which shall be submitted to the court by each Party. The arbitrator shall be qualified by education and training to pass upon the particular matter to be decided.

(b) The arbitrator shall be instructed that time is of the essence in the arbitration proceeding and that in any event, the arbitration award must if at all possible be made within 45 days of the submission of the Dispute to arbitration or as soon thereafter as possible.

(c) After written notice is given to refer any Dispute to arbitration, the Parties will meet within 15 Business Days of delivery of the notice and will negotiate in good faith any changes in these arbitration provisions or the rules of arbitration which are herein adopted or which may be prescribed by the *Arbitration Act* (Alberta), in an effort to expedite the process and otherwise ensure that the process is appropriate given the nature of the Dispute and the values at risk.

(d) The arbitration shall take place in Calgary, Alberta.

(e) The arbitration award shall be given in writing and shall be final and binding on the Parties, not subject to any appeal, and shall deal with the question of costs of arbitration and all related matters.

(f) Judgment upon any award may be entered in any Court having jurisdiction or application may be made to the Court for a judicial recognition of the award or an order of enforcement, as the case may be.

(g) All Disputes referred to arbitration (including the scope of the agreement to arbitrate, any statute of limitations, set-off claims, conflict of laws rules, tort claims and interest claims) shall be governed by the law of Alberta.

(h) The Parties agree that the arbitration shall be kept confidential and that the existence of the proceeding and any element of it (including any pleadings, briefs, or other documents submitted or exchanged, any testimony or other oral submissions and any awards) shall not be disclosed beyond the arbitrator, the

Parties, their counsel and any person necessary to the conduct of the proceeding, except as may lawfully be required in judicial proceedings relating to the arbitration or otherwise as required by law.

(i) The Parties agree that any fees charged by the arbitrator shall be shared equally by the Parties involved in the arbitration subject to any cost orders that the arbitrator may make.

10.03 <u>Continued Performance</u>

During the conduct of Dispute resolution procedures pursuant to this Article 10, the Parties shall continue to perform their respective obligations under this Agreement and neither Party shall exercise any other remedies to resolve such Dispute.

<u>ARTICLE 11 - GENERAL MATTERS</u>

11.01 <u>No Partnership, Joint Venture or Trust</u>

The Parties are not and shall not be deemed to be partners or joint venturers with one another and nothing herein shall be construed so as to impose any liability as such on any of them. The Parties agree that the Administrator shall perform its obligations under this Agreement as an independent contractor and shall not be, and shall not be deemed to be, a trustee for any Person, whether or not a Party, in connection with the discharge by the Administrator of such obligations.

11.02 <u>Trustees Not Liable</u>

The Parties hereto acknowledge that the Trustees are entering into this Agreement solely in their capacity as trustees of the Trust and the obligations of the Trust hereunder shall not be personally binding upon the Trustees or any registered or beneficial holder of Trust Units or any beneficiary under a plan of which a holder of Trust Units acts as a trustee or carrier, and that resort shall not be had to, nor shall recourse be sought from, any of the foregoing or the private property of any of the foregoing in respect of any indebtedness, obligation or liability of the Trust arising hereunder or arising in connection herewith or from the matters to which this Agreement relates, if any, including without limitation claims based on negligence or otherwise tortious behavior, and recourse shall be limited to, and satisfied only out of, the "Trust Assets" as defined in the Trust Indenture of the Trust dated as of August 16, 2004, as amended from time to time.

11.03 <u>Amendments</u>

This Agreement shall not be amended or varied in its terms by oral agreement or by representations or otherwise except by instrument in writing executed by the duly authorized representatives of the Parties hereto or their respective successors or assigns.

11.04 <u>Assignment</u>

This Agreement may be assigned by any Party hereto only with the prior written consent of the other Party.

11.05 Severability

The provisions of this Agreement are severable. In the event of the unenforceability or invalidity of any one or more of the terms, covenants, conditions or provisions of this Agreement under applicable law, such unenforceability or invalidity shall not render any of the other terms, covenants, conditions or provisions hereof unenforceable or invalid; and the Parties agree that this Agreement shall be construed as if such an unenforceable or invalid term, covenant or condition was never contained herein.

11.06 Notices

All notices required or permitted pursuant to the terms of this Agreement shall be in writing and shall be given by personal delivery or facsimile transmittal during normal business hours on any Business Day to the address of the Party, as applicable, as set forth below. Any such notice or other communication given hereunder shall, if personally delivered or sent by facsimile transmittal (with confirmation received), be conclusively deemed to have been given or made and received on the day of delivery or facsimile transmittal (as the case may be) if such delivery or facsimile transmittal occurs during normal business hours of the recipient on a Business Day and if not so delivered or transmitted during normal business hours on a Business Day, then on the next Business Day following the day of delivery or transmittal. The Parties hereto may give from time to time written notice of change of address in the manner aforesaid.

Notices shall be provided:

(a) To the Trust:

Esprit Energy Trust
900, 606 - 4th Street SW
Calgary, AB T2P 1T1

Attention: Chairman of the Board of Trustees
Telephone No. (403) 213-3700
Fax No.: (403) 213-3735

(b) To the Administrator:

Esprit Acquisition Corp.
900, 606 - 4th Street SW
Calgary, AB T2P 1T1

Attention: Chief Financial Officer
Telephone No. (403) 213-3700
Fax No.: (403) 213-3735

11.07 Governing Law and Attornment

The provisions of this Agreement shall be governed by and interpreted in accordance with the laws of the Province of Alberta and the federal laws of Canada applicable therein. Any legal actions or proceedings with respect to this Agreement shall be brought in the courts of the Province of Alberta. Each Party hereby attorns to and accepts the jurisdiction of such courts.

11.08 Enurement

This Agreement shall enure to the benefit of and be binding upon the Parties hereto and their respective successors and permitted assigns.

11.09 Entire Agreement

This Agreement constitutes the entire agreement between the Parties hereto with respect to the subject matter hereof and cancels and supersedes any prior understanding and agreements between the Parties with respect thereto. There are no representations, warranties, terms, conditions, undertakings or collateral agreements, express, implied or statutory with respect to the subject matter hereof between the Parties, other than as expressly set forth in this Agreement.

11.10 Waivers

No waiver of any breach of any term or provision of this Agreement shall be effective or binding unless made in writing and signed by the Party purporting to give the same and, unless otherwise provided, such waiver shall be limited to the specific breach waived.

11.11 Further Assurances

Each of the Parties shall from time to time execute and deliver all such further documents and instruments and do all acts and things as the other Party may reasonably require to effectively carry out or better evidence or perfect the full intent and meaning of this Agreement.

11.12 Time of the Essence

Time shall be of the essence in respect of this Agreement.

11.13 Counterparts

This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

11.14 Facsimile Execution

Execution and delivery of this Agreement may be effected by any Party by facsimile transmission of the execution page hereof to the other Parties. A Party delivering this Agreement by facsimile transmission shall thereafter forthwith deliver to each of the other Parties an original execution page hereof with its original execution located thereon; provided, however, that any failure by a Party to so deliver such original signature page shall not affect the validity or enforceability hereof by or against that Party.

IN WITNESS WHEREOF the Parties hereto have executed this Agreement by their proper officers duly authorized in that behalf as of the day and year first above written.

ESPRIT ENERGY TRUST
by its Trustees

For and on behalf of the Trustees

Per: (signed) "Stephen J. Savidant"

Per: (signed) "Stephen B. Soules"

ESPRIT EXPLORATION LTD.

Per: (signed) "Stephen J. Savidant"

Per: (signed) "Stephen B. Soules"