

2017 Updates To 2000 CAPL Property Transfer Procedure (December 5, 2017)

This document provides an overview of the conceptual changes in the 2017 CAPL Property Transfer Procedure (“PTP”) relative to the 2000 document. The modifications to the text and related annotations are generally of two types.

The primary focus in the update is to modify the PTP scope to align it more closely to the low to modest value, more straightforward sale and asset exchange Transactions for which it is most likely to be used and to make the document more user friendly for those Transactions. Changes of this type include:

- (i) a shift from “Transferor” and “Transferee” references to the more typical “Vendor” and “Purchaser” references, while accommodating Asset Exchange Agreements through provisos whereby the Vendor and Purchaser references are to be interpreted as Transferor and Transferee references for any Transaction that is an “Asset Exchange”;
- (ii) a shift of some content from the Head Agreement to the PTP to simplify the preparation of the Head Agreement, with the onus on users to modify the PTP if the applicable provision is not suitable for their particular Transaction;
- (iii) a reduction in the number of potential elections from 21 data elements to 14, ignoring the selection of the applicable Vendor representations in Clause 6.02, GST/HST registration numbers and the completion of the Parties’ addresses for service and notwithstanding that several of the 2017 elections address topics that were not covered in the 2000 document;
- (iv) various edits to make the presentation less legalistic for readers through the subdivision of longer provisions into Subclauses, the use of a list format, the inclusion of descriptive headings for every Subclause, several words of context for the vast majority of cross-references and aggressive editing of the document to modernize it;
- (v) the expansion of the annotations to provide additional insights about: (a) A&D agreements and processes in the general sense for users without material experience with the subject matter; (b) the rationale for the provisions; (c) the evolution of the provisions from the 2000 document; (d) items for which the PTP approach is different than the traditional industry approach; (e) the identification of issues that would require a depth of coverage beyond that (if any) provided in the PTP; and (f) modifications that might be considered in certain circumstances;
- (vi) a sample election sheet in both annotated and unannotated formats that is available in a downloadable form from the CAPL and CAPLA websites;
- (vii) Addendums III and IV that include a sample sale and a sample swap Transaction that demonstrate the potential application of the PTP to the simple “vanilla” low to modest value Transactions for which it is designed, with access to those case studies in a downloadable form from the CAPL and CAPLA websites; and
- (viii) Addendums V-VII that demonstrate the potential application of the PTP for a sale or swap of undeveloped lands, with access to those case studies in a downloadable form from the CAPL and CAPLA websites.

The document was also compared to more modern precedent agreements to assess the degree to which further changes were required to the 2000 document. The thought and effort invested in the 2017 PTP are apparent by looking at the redline of the 2017 PTP relative to the 2000 document.

The net effect is that there are many enhancements in the updated document, as shown in the matrix of changes that follows. Overall, we believe that users who review the PTP will conclude that the 2017 PTP will help them “make simple transactions simple again.”

Clause	Change And Rationale
General	Change Themes
General-Document Scope	<p>Structured the Introduction and the document to be clear that it is designed primarily for more straightforward low to modest value Transactions and for sales and swaps involving only undeveloped lands.</p> <p>Rationale: <i>Although the 2000 document has often been used by smaller companies for low to modest value Transactions, it did not receive the level of acceptance that had been anticipated when the document was completed. Similarly, the major potential benefits from the use of the PTP for sale and swaps of undeveloped lands Transactions appear not to have been widely understood.</i></p> <p><i>While the updated PTP is unlikely ever to be the “document of choice” for larger companies, the update was structured to facilitate its use for Transactions at the lower end of the value range to offer all users a simple, sound and efficient way to address those types of Transactions. The updated PTP will also be a reference that can be used to assess potential improvement opportunities in existing internal precedents or to comment on a draft agreement presented by another Party.</i></p> <p><i>The Addendums presenting the use of the document for a straightforward sale and swap and as a platform for several undeveloped lands only Transactions demonstrate the potential efficiencies to be obtained by use of the PTP for Transactions within its design parameters.</i></p> <p><i>The potential use of the PTP for these more straightforward Transactions is one of the major themes that has been emphasized to industry throughout the project and in the ongoing education effort in the transition to use and “after care” phase.</i></p> <p><i>This more modest expectation about the potential application of the document will also make it easier for larger companies to use the PTP as an efficiency vehicle for straightforward, lower value Transactions, while continuing to use their own preferred document for more complex or higher value Transactions.</i></p> <p><i>Making the election sheet for the PTP and those examples available in a downloadable format from the CAPL and CAPLA websites will also facilitate use of the document by all users for low to modest value Transactions and for undeveloped lands only Transactions.</i></p> <p><i>It is important for users to remember that the PTP exists within a regulatory framework that may include approval processes for the transfer of regulatory licences and approvals on a basis that is different than contemplated in the PTP (e.g., AER Bulletin 2017-13). This may require business and legal advisors to customize the document for then current regulatory requirements in the applicable jurisdiction.</i></p>
Shift of Content from Head Agreement	<p>Shifted content about the essence of the Transaction (i.e., value), tax allocations and any Deposit from the contemplated Head Agreement to the PTP.</p> <p>Rationale: <i>This change is consistent with the foundation of the other major CAPL documents by shifting as much procedural content as is feasible to the Procedure. The typical sale would include both P&NG Rights and Tangibles, with use of an 80-20 tax allocation between P&NG Rights and Tangibles. If there were a Deposit for the Transaction, it would typically be 10% of the Base Purchase Price.</i></p> <p><i>The update requires completion of a blank for the Base Purchase Price and the identification of whether there is a Deposit. The Article 2.00 provisions in the PTP flow naturally from those decisions.</i></p> <p><i>Parties using the PTP for an Asset Exchange or using different tax allocations would need to make the modifications that were required for their Transaction. Similarly, the Parties would need to override the 10% Deposit if they included a Deposit requirement with a different threshold. The introductory portion of the annotations, the miscellaneous annotations at the end of the PTP and the bolded note to users on the election sheet remind users of the need to consider if these types of changes are required.</i></p>

Clause	Change And Rationale
Shift from Transferor and Transferee references	<p>The 2000 document used as a foundation references to Transferor and Transferee instead of the more typical Vendor and Purchaser references. This was done because of the possibility that the PTP was being used for an Asset Exchange.</p> <p>The updated document replaces the Transferor and Transferee references throughout the operative provisions with Vendor and Purchaser references.</p> <p>However, definitions of Asset Exchange, Transferor and Transferee were included in the updated document. Provisos were also included in the definitions of Vendor and Purchaser so that the Vendor and Purchaser references in the PTP are to be interpreted as Transferor and Transferee references if the Transaction were an Asset Exchange.</p> <p>Rationale: <i>There were two reasons for this change. The first was that the vast majority of Transactions for which the PTP will be used will be sales, such that the structure of addressing sales while accommodating an Asset Exchange will be more intuitive to users. The second was that the choice of terminology in the 2000 document had a negative impact on industry's willingness to use the document widely.</i></p>
Reduction in number of elections	<p>One of the areas of emphasis in the update process was to eliminate unnecessary elections in provisions in which there was a widely accepted industry approach. Ignoring the need to select applicable Vendor representations under Clause 6.02, the identification of GST/HST registration numbers and the addresses for service, the number of data fields required to be completed has been reduced from 21 to 14, two of which pertain to provisions formerly expected to be handled in the Head Agreement.</p> <p>The reduction of the number of elections allowed for a single page election sheet that includes a bolded instruction for users to assess if they wish to override certain listed time periods or thresholds, including some 2000 elections that are no longer elections in the 2017 PTP, as shown in annotated and unannotated formats as Addendums I and II. Those former elections are also identified in the general annotations at the beginning of the document, the miscellaneous annotations at the end of the PTP and in the applicable provisions.</p> <p>Rationale: <i>Make it easier for Parties to use the PTP, while providing them with flexibility to modify the document to meet the needs of their particular Transaction.</i></p>
Likely modifications of timing and financial thresholds	<p>There are a number of provisions in which timing or financial thresholds have been specified that some Parties will choose to modify for Transactions or as corporate preference changes. Those for which this is more likely have been identified in the general annotations at the beginning of the document, in the applicable provisions, the miscellaneous annotations at the end of the PTP and on Addendum I and Addendums III-VII.</p> <p>Rationale: <i>Make it easier for Parties to use the PTP, while providing them with flexibility to modify the document to meet the needs of their particular Transaction.</i></p>
Flexibility in use of Schedules	<p>The Property Transfer Procedure does not prescribe the list of Schedules that Parties are required to use in their Agreements, notwithstanding that it does specify that certain information must be included in a <u>Schedule</u>. This is addressed in one of the general annotations at the beginning of the document, in the applicable provisions and the miscellaneous annotations at the end of the PTP.</p> <p>Rationale: <i>The Parties retain flexibility to use their own preferred Schedule formats. A Vendor's preferred approach will be apparent to users quickly in the Head Agreement Clause that identifies the Schedules included in the particular Agreement.</i></p>
General Text and Annotations	<p>Major editing and use of increased font size for the Clauses.</p> <p>Rationale: <i>Increased industry application of plainer language drafting principles. Greater alignment of format to subsequent CAPL documents, particularly the 2015 CAPL Operating Procedure and the 2015 CAPL Farmout & Royalty Procedure.</i></p> <p>Greater sub-division of provisions.</p>

Clause	Change And Rationale
	<p>Rationale: Break up longer provisions for ease of reading.</p> <p>Inclusion of a few words of context for the vast majority of cross-references.</p> <p>Rationale: Simplifies document for users who are not familiar with the Clause references.</p> <p>Addition of headings for Subclauses.</p> <p>Rationale: Provides high level context of content for users of what they will see. Also makes it easier to find the applicable provision.</p> <p>Eliminated numbering for individual Clause 1.01 definitions.</p> <p>Rationale: Clause references added no value and made use more difficult for users wishing to add additional definitions.</p> <p>Generally expanded breadth and depth of coverage relative to the 2000 document for both Clauses and the annotations.</p> <p>Rationale: To reflect experiences with the 2000 PTP and learnings from subsequent CAPL documents. To increase clarity and context for users. To add functionality to accommodate reasonably foreseeable circumstances that otherwise would require significant drafting customization in the Head Agreement and modifications to the PTP. To recognize that some depth of coverage had been sacrificed when preparing the 2000 document because of the need to create a simpler document that industry might accept as the first such document to attain widespread use.</p> <p>Annotations expanded significantly: (a) to offer additional insights on existing and new provisions; (b) to emphasize the evolution of certain provisions in the two versions of the document; (c) to provide an introduction to other issues relating to issues that are beyond the design scope of the PTP; and (d) to offer greater context about the subject matter for diverse functional users with varying levels of experience.</p> <p>Rationale: Increase value to users as a reference document and provide users with greater knowledge and confidence as they consider using the PTP for their Transactions. The inclusion of information about topics beyond the scope of the PTP also provides greater context for users about topics they may wish to consider in the context of their other agreements.</p> <p>The annotations offer a valuable reference tool for all personnel who work with A&D agreements, even if they do not intend to use the PTP for their own deals.</p>
Article 1.00	Definitions And Interpretation
1.01-Def'n of Abandonment and Reclamation Obligations	<p>Replaced definition with a more modern definition.</p> <p>Rationale: Updated with content based on more modern precedents to reflect the increased emphasis on the areas of abandonment and other Environmental Liabilities.</p>
1.01-Def'n of AFE	<p>Added annotations. Modest edit.</p> <p>Rationale: Provide context for how the definition is used.</p>
1.01-Def'n of Affiliate	<p>Added definition based on 2015 CAPL Operating Procedure definition, which, in turn, was based on the definition used in the CAPL Assignment Procedure. Associated annotations.</p> <p>Rationale: Inclusion of a definition for a term that was used in the document. Linkage to an established standard.</p>
1.01-Def'n of Asset Exchange	<p>Inclusion of a definition of Asset Exchange and related annotation.</p> <p>Rationale: Included to facilitate a shift from Transferor and Transferee terminology to the more traditional Vendor-Purchaser references. The PTP is able to accommodate</p>

Clause	Change And Rationale
	<i>Asset Exchanges because of the addition of this definition, updated definitions of Transferor and Transferee and the definitions of Vendor and Purchaser.</i>
1.01-Def'n of Assets	Modified to be more transparent about the interrelationship of the definition to other provisions of the PTP. Rationale: <i>Additional context for users.</i>
1.01-Def'n of Base Purchase Price	Included a definition for the base value before the application of the adjustment and modification provisions of the PTP. Associated annotations. Rationale: <i>To reflect the shift of the value and tax allocation Clause from the Head Agreement to Clause 2.02 of the PTP.</i>
1.01-Def'n of Business Day	Added annotation. Rationale: <i>Provide context for users that preferred to apply the laws of a different jurisdiction because of their location and that of the Assets (i.e., companies based in Saskatchewan using the PTP for a Transaction involving Assets located there). In that circumstance, the Parties would typically prefer to change the references that contemplate a linkage to Alberta be modified to their preferred jurisdiction.</i>
1.01-Def'n of Closing	Modest edits. Rationale: <i>Greater context for users.</i>
1.01-Def'n of Closing Time	Changed title from Closing Date, shifted the definition from the Head Agreement and enhanced the flexibility within the provision. Associated annotations. Rationale: <i>Align more closely to the approach currently used. Provide context for users, including the rationale for selection of a 10:00 am Closing.</i>
1.01-Def'n of Deposit	Modifications resulting from the shift of the Deposit provision from the Head Agreement to the PTP, various edits and an expansion of the annotation. Rationale: <i>Consequential changes resulting from the shift of the definition to the PTP. Greater context for users.</i>
1.01-Def'n of Effective Date	Expanded annotation reminding users of the greater flexibility they will typically have in choosing an Effective Date for the low to modest value Transactions for which the PTP has been designed. Rationale: <i>To remind users of potential efficiency uplifts by choosing an Effective Date that results in a shorter Interim Period.</i>
1.01-Def'n of Environmental Liabilities	Various edits to the definition. Significant expansion to the annotations. Rationale: <i>Updated with content based on more modern precedents to reflect the increased emphasis on the areas of abandonment and other Environmental Liabilities. Inclusion of an annotation offering insights on "white map" deals, even though it is unlikely that the PTP would often be used for a large scale area deal that is typically the subject of a "white map" agreement.</i> <i>The annotations also explain why a multi-page threshold approach similar to Alternate 8.02B(2) was not included in the PTP.</i>
1.01-Def'n of Excluded Assets	Shifted some of the content from the exclusions at the end of the definition of Miscellaneous Interests to this new definition. Expanded the list of items significantly. Associated annotations. Consequential modifications elsewhere in the PTP. Rationale: <i>Inclusion of a more robust provision that more closely reflects modern industry precedents. Facilitates handling of the topic elsewhere in the PTP.</i>
1.01-Def'n of Excluded P&NG Rights	A new definition. Associated annotations, including a reference to the <u>Nexstep</u> case. Rationale: <i>Allows the Parties to address more easily the circumstance in which the Vendor is retaining certain areal and stratigraphic rights held under the Leases, including a residual interest in the formations being sold. This is likely to occur much more frequently in the future for the smaller Transactions for which the PTP is likely to be used. Consequential changes elsewhere in the document.</i>

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1.01-Def'n of Excluded Tangibles	<p>A new definition. Associated annotation.</p> <p>Rationale: <i>Allows the Parties to address more easily the circumstance in which the Vendor is retaining an interest in certain Tangibles, such as would occur if it were selling only 50% of its interest.</i></p>
1.01-Definition of Extraordinary Damages	<p>A new definition that addresses indirect and consequential damage restrictions. Consequential changes in the definition of Losses and Liabilities. Associated annotations.</p> <p>Rationale: <i>Addresses an important evolving issue in a way that recognizes the need to differentiate between the Losses and Liabilities suffered by the Parties due to their own loss and those for which they are required to be indemnified due to losses of third parties.</i></p>
1.01-Def'n of Facilities	<p>Modified the definition to offer the Parties greater flexibility with respect to certain scheduling requirements that applied in the 2000 document. Associated expansion of the annotations.</p> <p>Rationale: <i>The strict scheduling requirements in the 2000 document were a barrier to acceptance of the document, particularly for larger value or more regional Transactions.</i></p>
1.01-Def'n of General Conveyance	<p>Expansion of the annotation with respect to use of the PTP for undeveloped lands Transactions.</p> <p>Rationale: <i>A reminder to users that the PTP can be used to simplify greatly the documentation and associated administrative effort to process simple undeveloped lands only sales and swaps. (See also Addendums V-VII of the annotations.)</i></p>
1.01-Def'n of Gross Negligence or Wilful Misconduct	<p>Inclusion of a definition substantially the same as that in the 2015 CAPL Operating Procedure. Associated annotations.</p> <p>Rationale: <i>The term has historically been used in A&D agreements without any definition. The court's review in <u>Bernum</u> effectively "road tested" the 2007 CAPL Operating Procedure version of the definition. The exception in (ii) in the last paragraph that links approval to outcomes inherent in the approval that was granted offers greater protection to the impacted Party than the more traditional industry exception for the reasons outlined in the annotations.</i></p>
1.01-Def'n of GST/HST	<p>Modified the definition and the GST references in the document to recognize that some provinces have a harmonized HST.</p> <p>Rationale: <i>To reflect that some provinces have a harmonized HST.</i></p> <p>Added an annotation about the handling of GST/HST under \$1 with respect to undeveloped lands only Transactions.</p> <p>Rationale: <i>Provide context for users about the handling in practice.</i></p>
1.01-Def'n of Interest Amount	<p>A new definition included to support the inclusion of an interest adjustment for the Interim Period under Alternate 1 of Clause 2.06. Associated annotations.</p> <p>Rationale: <i>Align more fully to the approaches in modern industry precedents.</i></p>
1.01-Def'n of Interim Period	-
1.01-Def'n of Lands	<p>Modified to make subject to the Excluded Assets exception.</p> <p>Rationale: <i>Consequential change.</i></p>
1.01-Def'n of Land Schedule	<p>Modified the annotation to note that the PTP is not prescriptive about the Schedules that the Parties are to use for their Agreement.</p> <p>Rationale: <i>Being prescriptive about the use of Schedules beyond a Land Schedule would have been a barrier to acceptance of the document.</i></p>
1.01-Def'n of Leases	<p>Expansion of the annotations about the potential handling of fee simple interests and ORR interests for which the Vendor is the recipient.</p> <p>Rationale: <i>Provide additional context for users.</i></p>

Clause	Change And Rationale
1.01- Def'n of Licencee Rating	<p>Inclusion of a definition designed to apply generically across jurisdictions and over time. Associated annotations.</p> <p>Rationale: Provides base content on the issue. That being said, the PTP is designed for the circumstance in which the Parties have the capacity to effect any required licence transfers for Wells and any Tangibles. There may be regulatory restrictions at any given time in a jurisdiction that restrict the ability to transfer a regulatory licence (e.g., AER Bulletin 2017-13). The negotiation of the handling if that assumption is not accurate is a major business term for which the Parties will need to address their preferred resolution.</p> <p>Although Parties might prefer that the PTP include language to include that possibility, the choice was made not to do that because of the potential application of the PTP across jurisdictions and over time. Any attempt to include provisions addressing that particular issue would potentially offer users a false sense of security about the issue and push the document beyond its inherent design limitations.</p> <p>While the PTP could still accommodate that type of circumstance, it would ultimately be because the Parties had supplemented the PTP with respect to Transaction specific content to address that particular issue as appropriate for their situation.</p>
1.01- Def'n of Losses and Liabilities	<p>Modified to align more closely to the corresponding definition in the 2015 CAPL Operating Procedure and the def'n of Extraordinary Damages. Associated modifications to the annotations.</p> <p>Rationale: Updated to reflect more recent thinking with respect to this type of provision.</p>
1.01- Def'n of Market Price	<p>Inclusion of a definition based on the 2015 CAPL Operating Procedure definition, with suitable protections for a Vendor with a pre-existing sales contract. Associated annotations.</p> <p>Rationale: Industry's traditional agreements do not offer transparency or protection with respect to the pricing to be used for Interim Period adjustments. This is of particular concern during a period of volatility in pricing.</p>
1.01- Def'n of Miscellaneous Interests	<p>Shift of some former content to a definition of Excluded Assets. Associated annotations. Inclusion of seismic data or microseismic data acquired under a unit agreement as an Asset.</p> <p>Rationale: 1. Better alignment with handling in more modern industry agreements. 2. Belief that ownership of seismic data or microseismic data acquired under a unit agreement should flow with the unit interests.</p>
1.01- Def'n of Permitted Encumbrances	<p>Shift of exclusions from Miscellaneous Interests and the related annotations to a new definition of Excluded Assets.</p> <p>Rationale: Inclusion of a more robust provision that more closely reflects modern industry precedents. Facilitates handling of the topic elsewhere in the PTP.</p> <p>Added a specific reference to lessor royalties payable under the Leases, with a corresponding expansion of the annotations.</p> <p>Rationale: Clarity for users, while using the annotation to remind users of the need to disclose and check for any unusual royalty obligations (e.g., royalty free/reduced royalty periods). A prudent Vendor would provide information about any such unusual royalty obligation in the information made available to a Purchaser, and a prudent Purchaser would make inquiries if warranted by the nature of the Wells.</p> <p>Modified the introduction to be clearer about the impact of intervening expiries and elections between the Effective Date and Closing, such as the consequence of a non-participation election made on behalf of the Purchaser in accordance with the Proposal process outlined in Subclause 5.03B.</p> <p>Rationale: Enhanced clarity about outcomes.</p>

Clause	Change And Rationale
	<p>Expansion of the annotations to remind users of the care that must be taken in modifying the descriptions of the items in this definition because of their impact on the Vendor's representations and warranties.</p> <p>Rationale: <i>Provide context for users.</i></p> <p>Modification to Subparagraph (a)(iv) to address cost recoveries that are "pending". Associated annotation.</p> <p>Rationale: <i>Modification recognizes that the cost recovery does not actually apply until the operation is conducted.</i></p> <p>Added an annotation about Paragraph (b) with respect to a qualification about materiality that Purchasers sometimes request.</p> <p>Rationale: <i>Provide context for users.</i></p> <p>Modification to Paragraph (c) to refer expressly to rentals or other payments and fees.</p> <p>Rationale: <i>Clarity for users.</i></p> <p>Modification to Paragraph (e) to expand the reference to address specifically production handling costs.</p> <p>Rationale: <i>Clarification to reflect what would be assumed to be inherent in the "operation" reference.</i></p> <p>Modification to the annotations on Paragraph (h) to remind users that certain contested liens may need to be identified on a Schedule under Paragraph 6.02(b) respecting law suits and claims.</p> <p>Rationale: <i>Provide context for users.</i></p> <p>Addition of new content in Paragraphs (i), (j) and (l) to reflect Security Interests and other adverse claims. Associated annotation for (l).</p> <p>Rationale: <i>Align the PTP more closely with the corresponding definition in modern agreements. Paragraph (l) is a "catch all" that captures all disclosures in the Agreement.</i></p>
1.01-Def'n of Petroleum and Natural Gas Rights	<p>Qualified so that the definition is subject to the exclusion of the Excluded Assets.</p> <p>Rationale: <i>Because of the new definition of Excluded Assets and the related definition of Excluded P&NG Rights. The latter will be increasingly important as Vendors more often enter into Agreements in which they are retaining mineral rights in the Leases.</i></p> <p>Added an annotation about the importance of addressing clearly the inclusion or exclusion of ORRs accruing to the Vendor and any fee simple mineral interest of the Vendor.</p> <p>Rationale: <i>Provide context for users.</i></p>
1.01-Def'n of Petroleum Substances	<p>Modified the definition to refer to sulphur and bitumen.</p> <p>Rationale: <i>Completeness and context for users. Although it is unlikely that the PTP would be used for bitumen sales, the reference recognizes the degree to which the PTP will often be reviewed as a reference when reviewing an agreement for which the PTP is not used.</i></p>
1.01-Def'n of Pipeline Records	<p>Added a definition.</p> <p>Rationale: <i>Providing a platform for an emerging issue.</i></p>
1.01-Def'n of Prime Rate	<p>Added an annotation noting that some Vendors might make a standard corporate amendment referring specifically to their bank, instead of the more generic reference in the definition.</p>

Clause	Change And Rationale
	Rationale: Context for users.
1.01-Def'n of Property Transfer Procedure	<p>Although a General Conveyance Exhibit was created as part of the project to update the PTP for potential use with the PTP, it is not part of the PTP <i>per se</i>.</p> <p>Rationale: This structure provides users with the flexibility to use the PTP type General Conveyance or to use their own preferred form of General Conveyance. This is particularly relevant with respect to the obligation in Clause 1.15 to identify all changes from the CAPL form of PTP.</p>
1.01-Def'n of Purchase Price	<p>Modified to reflect the shift of the consideration provision from the Head Agreement to Article 2.00. Expanded annotations respecting the interrelationship between the new definition of Base Purchase Price and this definition.</p> <p>Rationale: Reflect change in structure. Provide context for users.</p>
1.01-Def'n of Purchaser	<p>Included a definition of Purchaser with a qualification so that the reference will be interpreted as a reference to the Transferee if the Transaction is an Asset Exchange. Related annotation.</p> <p>Rationale: Included to facilitate a shift from Transferor and Transferee terminology to the more traditional Vendor-Purchaser references. The PTP is able to accommodate Asset Exchanges because of the addition of this definition, the definition of Asset Exchange, updated definitions of Transferor and Transferee and the definition of Vendor.</p>
1.01-Def'n of Regulations	<p>Modified to recognize that the Regulations include stock exchange requirements for purposes of Articles 16.00 (confidential information) and 17.00 (public announcements).</p> <p>Rationale: Reflect the reality for publicly traded entities for which a particular Transaction could be a "material event".</p>
1.01-Def'n of Regulatory Authority	<p>Added a definition.</p> <p>Rationale: Because of the number of references in the PTP that contemplate notices from regulatory authorities and agencies.</p>
1.01-Def'n of Representations and Warranties Certificate	<p>Clear that the certificate is executed on behalf of the Party, not in a personal capacity.</p> <p>Rationale: Clarification for users.</p>
1.01-Def'n of Required Approvals	<p>Added a def'n to address any required approvals under the <i>Investment Canada Act</i> and the <i>Competition Act</i>. Associated annotation.</p> <p>Rationale: Provide context for users, notwithstanding that it is unlikely that these approvals would actually be required for a Transaction for which the PTP is likely to be used. In practice, this is more useful to users when reviewing an agreement that does not use the Property Transfer Procedure.</p>
1.01-Def'n of Right of First Refusal	<p>Expanded annotation to remind users that they may also wish to review the annotations on ROFRs included in the 2015 CAPL Operating Procedure.</p> <p>Rationale: Provide context for users.</p>
1.01-Def'n of Schedule	-
1.01-Def'n of Scheduled Closing Date	<p>Included a new definition that links to the anticipated Closing contemplated in the Head Agreement. Related annotation.</p> <p>Rationale: Relates to the updated definition of Closing Time, which, unless otherwise agreed, is the latest of the Scheduled Closing Date and certain other times that are a function of decisions made by the Parties over the course of the Transaction.</p>
1.01-Def'n of Security Interest	<p>Expanded scope to include Affiliates.</p> <p>Rationale: Completeness.</p>

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1.01-Def'n of Specific Conveyances	<p>Modified to link to documents reasonably required or desirable in accordance with normal oil and gas industry practices.</p> <p>Rationale: <i>To include greater objectivity to the determination if there were disagreement. Alignment with modern industry standards.</i></p> <p>Statement that there is no Specific Conveyance with respect to Surface Rights subject to a “master agreement”. Associated annotation. Consequential changes in the definition of Surface Rights and Paragraph 3.03A(e).</p> <p>Rationale: <i>The nature of a “master agreement” with respect to road use or crossings is that the Vendor will remain subject to the master agreement with respect to certain other assets. The Purchaser will need to enter into a new master agreement or modify its own existing master agreement to address the acquired assets.</i></p> <p>Added annotation reminding users of the need to consider very carefully if a “4A” or “4B” election is being made with respect to a CAPL Notice of Assignment because of potential Environmental Liabilities that may have existed with respect to former mineral rights held under the applicable agreement on which a well had been abandoned.</p> <p>Rationale: <i>To reflect increasing sensitivity with respect to Environmental Liabilities and to address an issue that is typically not considered as fully as it should be.</i></p>
1.01-Def'n of Surface Rights	<p>Modified to address more specifically the Vendor’s retention of Surface Rights serving wells other than the Wells and that the Vendor’s obligations to the Purchaser to provide access are only insofar as the Vendor has the right to provide that access (i.e., not joint property with third parties) and that the right relates to access roads (i.e., not sharing of a well site). Associated annotations, including comments about a Vendor that is retaining an operated interest in the property and pending locations and alerting readers to the potential issues associated with the sharing of well pads.</p> <p>Rationale: <i>Provide context for users.</i></p>
1.01-Def'n of Tangibles	<p>Qualified so that the definition is subject to the exclusion of the Excluded Assets.</p> <p>Rationale: <i>Because of the new definition of Excluded Assets and the related definition of Excluded P&NG Rights. The latter will be increasingly important as Vendors more often enter into Agreements in which they are retaining mineral rights in the Leases.</i></p> <p>Modified to reduce the emphasis on scheduling of physical Assets in the definition of Facilities and this definition. Associated modifications to the annotations.</p> <p>Rationale: <i>While Parties may choose to use the Schedules to offer greater insights about the Facilities and Tangibles, the document is not as prescriptive as the 2000 document. That being case, it is the better practice to be as specific as feasible to offer the greatest degree of transparency about the Assets. This is unlikely to be a significant burden with respect to the typical operated property for which the PTP is likely to be used.</i></p> <p>Clearer that this includes other equipment on site for the handling or measurement of Petroleum Substances, including SCADA and other field measurement systems. Except insofar as are specifically included, the Tangibles will exclude all tangible depreciable property beyond the point of entry into a gathering system, all depreciable property on site serving wells other than the Wells and all motorized vehicles. Related annotations, including comments about surplus items owned solely by the Vendor and temporarily being stored on site as being Excluded Assets.</p> <p>Rationale: <i>Greater clarity for users. Alignment with more modern agreements.</i></p>
1.01-Def'n of Thirteenth Month Adjustment	<p>Various edits.</p> <p>Rationale: <i>Greater clarity for users. Better alignment with more modern agreements.</i></p>

Clause	Change And Rationale
1.01-Def'n of Title and Operating Documents	<p>Qualified so that the definition is subject to the exclusion of the Excluded Assets.</p> <p>Rationale: <i>Because of the new definition of Excluded Assets and the related definition of Excluded P&NG Rights. The latter will be increasingly important as Vendors more often enter into Agreements in which they are retaining mineral rights in the Leases.</i></p> <p>Modified Paragraph (b) to refer expressly to production allocation unit agreements.</p> <p>Rationale: <i>Provide context for users.</i></p> <p>Modified Paragraph (c) to address production sales agreements that apply to production from the Lands and other retained rights that the Vendor is unable to segregate between the different production sources. Modified annotations on the Paragraph about the manner in which marketing agreements are handled.</p> <p>Rationale: <i>Provide context for users, particularly for the situation in which the marketing arrangement applies to other of the Vendor's properties.</i></p> <p>Modified Paragraph (g) to be less prescriptive about the scheduling of J.V. service agreements that have a termination period of not more than 31 days. Associated annotation about the handling of those J.V. service agreements.</p> <p>Rationale: <i>While it is preferable to provide this information if feasible, the 2000 document was regarded by many Vendors as overly prescriptive about the requirement to include information in Schedules. Associated annotation that encourages users to identify their J.V. agreements clearly for the Purchaser to facilitate the transition and records integration following Closing.</i></p> <p>Expanded annotation about the importance of J.V. agreements. Also added an annotation about the need to be aware of well pad sharing agreements.</p> <p>Rationale: <i>Provide context for users. It will be particularly important to understand any pad site sharing agreements because of the extent of the potential liabilities thereunder and the likelihood that they will modify, to at least some extent, the rights under any applicable Land agreements for wells at the shared location (e.g., single Site Operator, permitted use restrictions).</i></p>
1.01-Def'n of Title Defect	<p>Modified the definition to include two Alternates. Alternate 1 is very similar to the 2000 definition, and would tend to be used primarily (but not necessarily) with the selection of Alternate 8.02B(1). Alternate 2 is much more detailed, and addresses specific items that are and are not Title Defects. Associated annotations. It is more likely to be used if the more complex Alternate 8.02B(2) were selected.</p> <p>Rationale: <i>To recognize the major differences in perspective of users on this issue, and to provide them with greater flexibility.</i></p>
1.01-Def'n of Transaction	<p>Introduced in this document. Associated annotation.</p> <p>Rationale: <i>Simplifies the drafting throughout the PTP.</i></p>
1.01-Def'ns of Transferor and Transferee	<p>Modified these definitions to link them to an Asset Exchange and to reflect a shift in terminology to Vendor and Purchaser. Included a qualification so that the Vendor and Purchaser references will be interpreted as a reference to the Transferor and Transferee if the Transaction is an Asset Exchange. Related annotation.</p> <p>Rationale: <i>Included to facilitate a shift from Transferor and Transferee terminology to the more traditional Vendor-Purchaser references. The PTP is able to accommodate Asset Exchanges because of the addition of the definition of Asset Exchange, updated definitions of Transferor and Transferee and the definitions of Vendor and Purchaser.</i></p>
1.01-Def'n of Vendor	<p>Included a definition of Vendor with a qualification so that the reference will be interpreted as a reference to the Transferor if the Transaction is an Asset Exchange. Related annotation.</p> <p>Rationale: <i>Included to facilitate a shift from Transferor and Transferee terminology to</i></p>

Clause	Change And Rationale
	<p><i>the more traditional Vendor-Purchaser references. The PTP is able to accommodate Asset Exchanges because of the addition of the definition of Asset Exchange, updated definitions of Transferor and Transferee and the definitions of Vendor and Purchaser.</i></p>
1.01-Def'n of Wells	<p>Replaced the 2000 PTP definition with a definition that includes three Alternates that can be used on a singular basis or in combination. Associated annotations about the use of the Alternates and the rationale for this approach.</p> <p>Rationale: <i>Provide greater flexibility to include wells not located on the active Lands if the Parties agree that they are included in the Transaction. Provide greater flexibility to the Parties with respect to the scheduling approach and the potential exclusion of certain non-unit Wells specifically if that is the negotiated outcome (e.g., abandoned wells, service wells serving other assets, etc.).</i></p> <p>Modified annotations.</p> <p>Rationale: <i>Provide greater context for users in light of the increasing sensitivity about Environmental Liabilities. Of particular importance is the context that the ability to assign a wellbore is not a prerequisite for the allocation of an indemnification responsibility to a Purchaser.</i></p>
1.02-Exclusion Of Assets	<p>Various modifications to the text and annotations to reflect the changes in Article 2.00 of this document. Updated the document to require an amending agreement prior to Closing if Assets are being excluded.</p> <p>Rationale: <i>Consequential changes and additional insights that provide greater context for users.</i></p>
1.03-References And Interpretation	<p>Various modifications to the text and annotations respecting Paragraphs comparable to those in the 2015 CAPL Operating Procedure.</p> <p>Rationale: <i>Optimize alignment to corresponding CAPL Operating Procedure provisions for the benefit of the landmen who will be the principal users of the PTP in practice.</i></p> <p>Modifications to Paragraph (k) and the related annotations.</p> <p>Rationale: <i>Provide greater context for users that the primary purpose of the Paragraph is to address the situation in which the Vendor is selling only a portion of its interest while retaining the remainder. This mitigates the potential need for a number of consequential changes to the document for that situation.</i></p> <p>Added Paragraph (l) to address the use of the Property Transfer Procedure for an Asset Exchange. References to Assets or any subset thereof are in the context of the relevant interest of the applicable Transferor.</p> <p>Rationale: <i>Provide context for users.</i></p>
1.04-Optional And Alternate Provisions	<p>Edits.</p> <p>Rationale: <i>Enhance clarity for users.</i></p> <p>Reversed the default outcomes to “will not” for the selection of a Deposit under Clause 2.03.</p> <p>Rationale: <i>To reflect the likely preference of users if the selection were inadvertently missed when the document were being prepared.</i></p>
1.05-Interpretation If Types Of Assets Limited	<p>Expansion of the annotation with respect to use of the PTP for undeveloped lands Transactions.</p> <p>Rationale: <i>A reminder to users that the PTP can be used to simplify greatly the documentation and associated administrative effort to process simple undeveloped lands sales and swaps. (See also Addendums V-VII of the annotations.)</i></p>
1.06-Interpretation If Closing Does Not Occur	-

Clause	Change And Rationale
1.07-Conflicts And Enforceability	<p>Various modifications to the text and annotations comparable to those in the 2015 CAPL Operating Procedure, other than for the subdivision of the CAPL Operating Procedure Subclause A into a Subclause A (conflicts within Agreement) and B (conflicts with Regulations and Leases).</p> <p>Rationale: <i>Optimize alignment to corresponding CAPL Operating Procedure provisions for the benefit of the landmen who will be the principal users of the PTP in practice. Enhance presentation of the content.</i></p> <p>Expanded the annotations to recognize that there may be regulatory restrictions at any given time in a jurisdiction that restrict the ability to transfer a regulatory licence (e.g., AER Bulletin 2017-13).</p> <p>Rationale: <i>Provide context for users. The negotiation of the handling if that assumption is not accurate is a major business term for which the Parties will need to address their preferred resolution.</i></p> <p><i>Although Parties might prefer that the PTP include language to include that possibility, the choice was made not to do that because of the potential application of the PTP across jurisdictions and over time. Any attempt to include provisions addressing that particular issue would potentially offer users a false sense of security about the issue and push the document beyond its inherent design limitations.</i></p> <p><i>While the PTP could still accommodate that type of circumstance, it would ultimately be because the Parties had supplemented the PTP with respect to Transaction specific content to address that particular issue as appropriate for their situation.</i></p>
1.08-Vendor's Knowledge	<p>Knowledge has been limited to the officers of the Vendor and the applicable employees with management or supervisory responsibility for the applicable matter. There is no obligation to review any files. Updated annotations.</p> <p>Rationale: <i>The 2000 provision was often regarded as overly "Purchaser friendly".</i></p>
1.09-Governing Law (Former 18.04)	<p>Moved the Clause from Article 18.00 of the 2000 document.</p> <p>Rationale: <i>Shift miscellaneous interpretation type provisions from a Miscellaneous Article at the end of the document to the Interpretation Article for consistency with the handling in the 2015 CAPL Operating Procedure.</i></p> <p>Various edits to the text and annotations comparable to those in the 2015 CAPL Operating Procedure.</p> <p>Rationale: <i>Optimize alignment to corresponding CAPL Operating Procedure provisions for the benefit of the landmen who will be the principal users of the PTP in practice.</i></p> <p>Added a reference to the Judicial District of Calgary.</p> <p>Rationale: <i>To reflect the expectation of most users.</i></p>
1.10-Time Of Essence (Former 18.05)	<p>Moved the Clause from Article 18.00 of the 2000 document.</p> <p>Rationale: <i>Shift miscellaneous interpretation type provisions from a Miscellaneous Article at the end of the document to the Interpretation Article for consistency with the handling in the 2015 CAPL Operating Procedure.</i></p>
1.11-No Amendment Except In Writing (Former 18.06)	<p>Moved the Clause from Article 18.00 of the 2000 document.</p> <p>Rationale: <i>Shift miscellaneous interpretation type provisions from a Miscellaneous Article at the end of the document to the Interpretation Article for consistency with the handling in the 2015 CAPL Operating Procedure.</i></p> <p>Various edits to the text and annotations comparable to those in the 2015 CAPL Operating Procedure.</p> <p>Rationale: <i>Optimize alignment to corresponding CAPL Operating Procedure provisions</i></p>

Clause	Change And Rationale
1.12-Waiver (Former 18.03)	<p><i>for the benefit of the landmen who will be the principal users of the PTP in practice.</i></p> <p>Moved the Clause from Article 18.00 of the 2000 document.</p> <p>Rationale: <i>Shift miscellaneous interpretation type provisions from a Miscellaneous Article at the end of the document to the Interpretation Article for consistency with the handling in the 2015 CAPL Operating Procedure.</i></p> <p>Subclause A added. Addition of annotations.</p> <p>Rationale: <i>Optimize alignment to corresponding CAPL Operating Procedure provisions for the benefit of the landmen who will be the principal users of the PTP in practice.</i></p>
1.13-Supersedes Previous Agreements	<p>Moved the Clause from Article 18.00 of the 2000 document.</p> <p>Rationale: <i>Shift miscellaneous interpretation type provisions from a Miscellaneous Article at the end of the document to the Interpretation Article for consistency with the handling in the 2015 CAPL Operating Procedure.</i></p> <p>Various edits to the text comparable to those in the 2015 CAPL Operating Procedure.</p> <p>Rationale: <i>Optimize alignment to corresponding CAPL Operating Procedure provisions for the benefit of the landmen who will be the principal users of the PTP in practice.</i></p> <p>Modified the construction so that any separate confidentiality agreement has been superseded unless the Parties have expressly modified this Clause so that the confidentiality agreement has not been superseded. Associated annotation.</p> <p>Rationale: <i>Parties will sometimes state in a large value agreement that any confidentiality agreement is not superseded by their sale agreement. This would be much less likely to be the case for the low to modest value Transactions for which the PTP would most likely be used. Subclause 16.01B has been designed to provide the required protection if certain assets were excluded from Closing because of the application of Clause 1.02.</i></p> <p>Added an annotation about the “factual matrix” relative to the “entire agreement” language in the Clause in the context of the <u>Nexstep</u> case.</p> <p>Rationale: <i>Provide context for users by referring to a relevant case.</i></p>
1.14-Legal Rules Of Construction	<p>Addition of Clause and related annotation.</p> <p>Rationale: <i>The doctrine of contra proferentem (i.e., document being interpreted against the drafting party) should not apply when the foundation of the document is a CAPL form of agreement created by commercially sophisticated Parties. This concept is also addressed a different way in Subclause 1.02B of the 2015 CAPL Operating Procedure.</i></p>
1.15-Modifications To 2017 CAPL Property Transfer Procedure	<p>Various edits to the text and annotations comparable to those in the 2015 CAPL Operating Procedure.</p> <p>Rationale: <i>Optimize alignment to corresponding CAPL Operating Procedure provisions for the benefit of the landmen who will be the principal users of the PTP in practice.</i></p> <p>Inclusion of an annotation reminding users that the sample General Conveyance prepared as part of the project to update the PTP is not actually part of the PTP, such that this Clause does not apply to changes to the General Conveyance relative to the CAPL sample form.</p> <p>Rationale: <i>This Clause would otherwise have applied to require the Parties to identify any changes relative to the sample CAPL General Conveyance form.</i></p>
Article 2.00	Acquisition And Disposition
2.01-Disposition And Acquisition	<p>The Clause has been rewritten in the context of the major revisions to the structure of the PTP. Consequential changes to the annotations.</p> <p>Rationale: <i>The content about the Base Purchase Price and tax allocations has been</i></p>

Clause	Change And Rationale
<p>2.02-Base Purchase Price And Tax Allocation</p>	<p><i>shifted to the PTP. The last sentence has been shifted to become Subclause 2.04C.</i></p> <p>The former content respecting the form of payment and the handling of the Deposit has been shifted to Subclause 2.04C and Clause 2.03.</p> <p>The new Clause 2.02 addresses the tax allocations that were to be addressed in the Head Agreement under the 2000 PTP. Consequential changes to the annotations.</p> <p>Rationale: <i>To reflect the shift of former contemplated Head Agreement content to the PTP. This reflected the conclusion that most Transactions for which the PTP will be used will be sales and that the inclusion of this content in the PTP will allow users to simplify the preparation of their Head Agreement. Parties that are using the PTP for an Asset Exchange will often want to override this Clause with a Clause in their Head Agreement, as shown in Addendum IV at the end of the document.</i></p> <p>An expansion of the annotations if seismic data is included in the Assets.</p> <p>Rationale: <i>To provide context for users.</i></p>
<p>2.03-Receipt And Handling Of Deposit</p>	<p>This Clause has been modified significantly so that it is an optional Clause that addresses the requirement to submit a Deposit, if any. It includes some content from the former Subclause 2.02B. If selected, the Deposit threshold has been specified at 10%, to reflect the typical handling in industry agreements. The Parties would need to modify the provision if they wished to use a different Deposit threshold after selecting that this Clause will apply. Consequential changes to the annotations.</p> <p>Rationale: <i>To reflect the shift of former contemplated Head Agreement content to the PTP. Most Transactions for which the PTP will be used will be sales, and the inclusion of this content in the PTP will allow users to simplify the preparation of their Head Agreement. The inclusion of a 10% Deposit, rather than a blank reflects the belief that this is the threshold that would typically be used if there were a Deposit. The Parties would need to modify the document accordingly if they used a different threshold.</i></p> <p>Added an annotation about the manner in which the Deposit is typically delivered in the context of the statement acknowledging receipt of the Deposit.</p> <p>Rationale: <i>Provide context for users.</i></p>
<p>2.04A-Adjustments To Base Purchase Price</p>	<p>This is new in the 2017 PTP. Associated annotations.</p> <p>Rationale: <i>This provides a better context for users about the difference between the Base Purchase Price and the Purchase Price.</i></p>
<p>2.04B-Environmental Liabilities Taken Into Account (Moved from former Clause 2.01)</p>	<p>The content in this Subclause had been included in Clause 2.01 of the 2000 PTP. Moved the associated annotation as well.</p> <p>Rationale: <i>Moved to reflect the shift of former Head Agreement content to Article 2.00 of the 2017 PTP.</i></p>
<p>2.04C-Form Of Payment (Was addressed in former Clause 2.01)</p>	<p>This is a modified version of Subclause 2.02A of the 2000 PTP. It has been expanded to address the potential use of a wire transfer on more significant Transactions. Associated annotations.</p> <p>Rationale: <i>Moved to reflect the shift of former Head Agreement content to Article 2.00 of the 2017 PTP. The content on wire transfers was included to address changes in banking requirements.</i></p>
<p>2.05A-Handling Of GST/HST (Former Subclause 2.03A)</p>	<p>Modified to address HST, with updates to the annotations to reflect intervening changes.</p> <p>Rationale: <i>Required updates.</i></p>
<p>2.05B-Handling Of Sales Taxes (Former Subclause 2.03B)</p>	<p>-</p>

Clause	Change And Rationale
2.05C- Reassessment (Former Subclause 2.03C)	Modified the annotation to explain why the Purchaser is indemnifying the Vendor with respect to any contemplated reassessment. Rationale: <i>Provide context for users.</i>
2.05D- GST/HST Amounts Payable Under Section 182 Of ETA	Added new Subclause, with associated annotation. Rationale: <i>Addresses the possibility that there could be an accrual of GST/HST on a forfeited Deposit. Consequential change in Paragraph 12.01(c).</i>
2.06-Interest Accrual, Alt 1 (Former Clause 2.06, Alt 1)	Modified the applicable interest to Prime Rate, plus 1% per annum. Rationale: <i>A presentation that balances the spectrum of approaches.</i>
2.06-Interest Accrual, Alt 2 (Former Clause 2.06, Alt 2)	Modified the applicable interest to Prime Rate, plus 1% per annum. Rationale: <i>Consistency.</i>
2.06-Interest Accrual-General	Modified, so that there is no interest accrual under the Clause insofar as the Vendor waives the accrual of interest or Closing is delayed due to the Vendor's need to address title deficiencies or the conduct an arbitration under Article 9.00. Associated annotation. Rationale: <i>An express recognition of some circumstances in which interest might not accrue.</i>
Article 3.00	Closing
3.01-Place Of Closing	The location of Closing has been updated from a blank to be the office of the Vendor. A modification will be required for an Asset Exchange. Associated annotations. Rationale: <i>To reflect that most Transactions will be sales. This change has the benefit of eliminating an election. The annotations and the bolded instruction to users on the sample annotated Schedule of Elections included as Addendum I remind users of the need to modify this Clause if the Transaction is an Asset Exchange.</i>
3.02-Effective Date Of Transfer	Modified the Clause by noting that the Clause is also subject to the Vendor's obligations to the Purchaser for the maintenance of the Assets on the basis set forth in Article 5.00. Various other edits. Rationale: <i>Provide additional context and clarity for users.</i> Expanded the annotation on the use of the Effective Date as the date at which risk passes, assuming Closing occurs. Rationale: <i>To add additional context for users.</i>
3.03A-Deliveries At Closing	Expanded the annotations to provide a context for users about: (i) the process that is likely to be used in practice with respect to drafts of Specific Conveyances; (ii) the care that must be taken when choosing whether a 4A or 4B election will be used in a notice of assignment in light of potential Environmental Liabilities; (iii) the handling of master agreements respecting crossing agreements and road use agreements; and (iv) required corrections of Specific Conveyances or electronic approvals. Rationale: <i>To provide context for users.</i> Modified Paragraph (e) to include a discharge of a Security Interest or a "no interest" letter if required under Paragraph 10.02(c). Rationale: <i>To reflect the potential Paragraph 10.02(c) requirement.</i>
3.04A-Vendor's Delivery Of Files	Clear that the delivery of files is at the Vendor's expense. Rationale: <i>Reflect typical industry practice.</i>
3.04B-Vendor's Right Of Access To File Materials	Replaced the blank with 72 months with respect to ongoing access by the Vendor to the files delivered to the Purchaser. Modifications to the annotations. Rationale: <i>To replace an election with a period that will typically be acceptable. Recognition in annotation that the Parties will sometimes modify this requirement.</i>

Clause	Change And Rationale
	<p>Added an annotation with respect to the provision of an electronic copy of land information from the Vendor's land information system.</p> <p>Rationale: <i>To provide a context for users.</i></p> <p>Added an annotation explaining why the PTP does not address in detail the circumstance in which one of the Parties has a Licencee Rating that does not allow a transfer of a well licence. (See also the annotations on the definition of Licencee Rating, Paragraph 6.02(q) and Paragraph 6.04(d).) This recognizes that there may be regulatory restrictions at any given time in a jurisdiction that restrict the ability to transfer a regulatory licence (e.g., AER Bulletin 2017-13).</p> <p>Rationale: <i>Provide context for users. The negotiation of the handling if that assumption is not accurate is a major business term for which the Parties will need to address their preferred resolution.</i></p> <p><i>Although Parties might prefer that the PTP include language to include that possibility, the choice was made not to do that because of the potential application of the PTP across jurisdictions and over time. Any attempt to include provisions addressing that particular issue would potentially offer users a false sense of security about the issue and push the document beyond its inherent design limitations.</i></p> <p><i>While the PTP could still accommodate that type of circumstance, it would ultimately be because the Parties had supplemented the PTP with respect to Transaction specific content to address that particular issue as appropriate for their situation.</i></p>
3.05-Distribution Of Specific Conveyances, Alt 1	<p>Some expansion of the annotations, including consequential changes resulting from the inclusion of Clause 3.06.</p> <p>Rationale: <i>To provide context for users.</i></p>
3.05-Distribution Of Specific Conveyances, Alt 2	-
3.06-Electronic Transfers And Rentals	<p>To address the possibility of electronic transfers and a potential deferral in processing transfers with respect to mineral and surface documents with a near-term rental date if requested by the Purchaser. Associated annotations. (See also Clause 5.05.)</p> <p>Rationale: <i>To address work processes associated with electronic transfers.</i></p> <p>Included an annotation explaining why the PTP does not address in detail the circumstance in which one of the Parties has a Licencee Rating that does not allow a transfer of a well licence. (See also the annotations on the definition of Licencee Rating, Paragraph 6.02(q) and Paragraph 6.04(d).) This recognizes that there may be regulatory restrictions at any given time in a jurisdiction that restrict the ability to transfer a regulatory licence (e.g., AER Bulletin 2017-13).</p> <p>Rationale: <i>Provide context for users. The negotiation of the handling if that assumption is not accurate is a major business term for which the Parties will need to address their preferred resolution.</i></p> <p><i>Although Parties might prefer that the PTP include language to include that possibility, the choice was made not to do that because of the potential application of the PTP across jurisdictions and over time. Any attempt to include provisions addressing that particular issue would potentially offer users a false sense of security about the issue and push the document beyond its inherent design limitations.</i></p> <p><i>While the PTP could still accommodate that type of circumstance, it would ultimately be because the Parties had supplemented the PTP with respect to Transaction specific content to address that particular issue as appropriate for their situation.</i></p>
3.07-Pipeline Records And Associated Licence	<p>A new Clause to address the handling of transfers for Assets for which Pipeline Records are required by the Purchaser. Associated annotations. (See also the def'n of Pipeline Records and Paragraph 6.02(r).)</p>

Clause	Change And Rationale
Transfers	Rationale: <i>Providing a platform for an emerging issue under the Alberta Regulations.</i>
Article 4.00	Adjustments
4.01-Benefits And Obligations To Be Apportioned, Intro, Paragraphs (a)-(d)	<p>Replaced the generally accepted accounting practices reference.</p> <p>Rationale: <i>Inclusion of a more accurate current reference because of changes in accounting standards.</i></p> <p>Updated the annotations about the importance of coordination between the Parties' respective accounting groups.</p> <p>Rationale: <i>To update the annotations and to offer greater context for users.</i></p> <p>Restructured Paragraphs (b) and (c) to differentiate between advances and cash calls that had been made by the Vendor and those that had been received by the Vendor from third parties. Associated annotation.</p> <p>Rationale: <i>To provide greater context for users.</i></p> <p>Made Paragraph (d) optional. Associated annotations.</p> <p>Rationale: <i>To reflect the frequency with which per diem rentals adjustments are not done for many small scale Transactions and undeveloped lands only Transactions.</i></p>
4.01-Benefits And Obligations To Be Apportioned, Paragraphs (e)-(g)	<p>Added an annotation that the Parties might choose to modify the adjustment for freehold mineral tax contemplated in Paragraph (e) if it is immaterial.</p> <p>Rationale: <i>Add context for users. The effort to address this could be significant relative to the amount in question.</i></p> <p>Modified Paragraph (f) to require a Market Price to be used when calculating proceeds that will accrue to the Purchaser during the Interim Period. Associated annotations.</p> <p>Rationale: <i>Provide greater protection to the Purchaser with respect to the pricing to be used for the disposition of production for the benefit of the Purchaser during the Interim Period. In the absence of this type of protection, the Purchaser is potentially vulnerable to the notional allocation of volumes to an unfavourable hedging arrangement.</i></p> <p>Added an annotation about a potential amendment to address oil in tanks as being part of the Asset, rather than an adjustment item. Measurement and the associated adjustment can be complex relative to the amount in question in many cases. (Associated annotation on the definition of Excluded Assets.)</p> <p>Rationale: <i>Provide context for users.</i></p> <p>Modified Paragraph (g) to refer to tank bottoms. Associated modification to the annotations.</p> <p>Rationale: <i>Reflect industry practice.</i></p> <p>Modified the text and annotation about sulphur inventory in Paragraph (g) to reflect the assumption that the value of that inventory would typically be expected to be low. Included reference to the <u>Talisman</u> case in the annotations to remind users of the care that must be taken if there is a sulphur pad associated with a plant. (See also Paragraph (b) of the definition of Excluded Assets.)</p> <p>Rationale: <i>To provide greater context for users.</i></p> <p>Modify Paragraph (g) so that any sales by the Purchaser on behalf of the Vendor are to be at a Market Price.</p> <p>Rationale: <i>To be consistent with the expectations for a Vendor handling production being sold on behalf of the Purchaser.</i></p>

Clause	Change And Rationale
4.01-Benefits And Obligations To Be Apportioned, Paragraphs (h)-(l)	<p>Added Paragraph (h) and the associated annotations. It allows the Vendor to retain third party overhead charges received by it from the working interest owners for the period from the Effective Date until the Purchaser begins to operate any operated properties. (Consequential change in Subparagraph 5.04(c)(i).)</p> <p>Rationale: <i>It is not appropriate to have the Vendor have to turn over overhead recoveries to the Purchaser received from the working interest owners for work provided at the expense of the Vendor for which the Purchaser is not compensating the Vendor for its internal labour.</i></p> <p>Various edits to Paragraph (j).</p> <p>Rationale: <i>Greater clarity.</i></p>
4.02A-Adjustment Statements	<p>Modified Paragraph (a) to clarify that the statement is to be in reasonable detail and that the statement will reflect other relevant information available to the Vendor at the time.</p> <p>Rationale: <i>Clarification for users.</i></p> <p>Modified Paragraph (b) to replace the blank in the 2000 PTP with a six month period for the “final statement of adjustments”. Associated annotation.</p> <p>Rationale: <i>To reflect the typical handling and to eliminate an election.</i></p>
4.02B-Audit Rights	<p>Modified, so that the right to audit applies from Closing to six months after the delivery of the final statement of adjustments.</p> <p>Rationale: <i>The 2000 construction created an audit period that was potentially too long for the typical Transaction for which the PTP would be likely to be used.</i></p> <p>Modified to be clear that the audit rights continue to apply insofar as reasonably required to address any further adjustments contemplated in Subclause 4.02C. Associated annotation.</p> <p>Rationale: <i>Inherent with the inclusion of a Subclause providing for longer adjustment periods due to royalty or J.V. audits.</i></p> <p>Limited the application of the deficiencies mechanism to claims with a potential adjustment of at least \$10,000. Associated annotation about the possibility the Parties might choose to modify that threshold for particular Transactions.</p> <p>Rationale: <i>To mitigate the possibility that immaterial claims could divert resources.</i></p> <p>Added an annotation that the Parties should consider referring certain disputes about the adjustment process to a nationally recognized firm of chartered accountants, vs an arbitrator without that functional background.</p> <p>Rationale: <i>Provide context for users.</i></p>
4.02C-Possible Further Adjustments	<p>Modified to be clear that the adjustments contemplated in this Subclause due to royalty or J.V. audits are required as ongoing contractual obligations, notwithstanding the limited survival of the Vendor’s reps and warranties and its indemnification obligations with respect to those reps and warranties. Associated annotation. (Corresponding changes in Subclause 6.05B and in the annotations on Clause 13.01.)</p> <p>Rationale: <i>Clarification.</i></p>
4.02D-Audit Periods Before Effective Date	<p>This Subclause and the related annotation are introduced in the 2017 document.</p> <p>Rationale: <i>Clarification for users.</i></p>
4.02E-Extension Under Limitations Act (Former Subclause 4.02D)	<p>Modified presentation.</p> <p>Rationale: <i>Edits for greater clarity for users.</i></p>

Clause	Change And Rationale
4.03-Adjustment For Income Tax-Interim Period Income	<p>Modified to reflect CRA feedback, with associated modifications to the annotations.</p> <p>Rationale: <i>Modified to reflect changes in CRA policies since the 2000 PTP.</i></p>
4.04-Notification Of Receipt Of Funds Accruing To Vendor	<p>This Subclause and the related annotation are introduced in the 2017 document.</p> <p>Rationale: <i>Provides context that addresses expressly what users would have expected to occur if the situation were to arise.</i></p>
Article 5.00	Maintenance Of Business
5.01-Assets To Be Maintained In Proper Manner	<p>Modified the Clause to: (i) be clear that it is subject to the other provisions of the Agreement, the Leases and the other Title and Operating Documents; (ii) qualify the reference to the Regulations to “material” requirements; and (iii) address payment obligations during the Interim Period. Corresponding modifications to the annotations.</p> <p>Rationale: <i>Clarifications for users.</i></p> <p>Modified the Clause to provide the Vendor with the authority to make a new expenditure for which the Vendor’s share of that expenditure is reasonably expected not to exceed \$50,000, even if that share of costs ultimately exceeds that amount in due course. Associated modifications to the annotations, including the general annotation, the miscellaneous annotations at the end of the PTP and in the annotated Schedule of Elections and Modifications included as Addendum I.</p> <p>Rationale: <i>The Vendor’s authority to make smaller expenditures was not addressed specifically in Subclause 5.03A. The typical construction used in industry agreements potentially created confusion if an expenditure estimated to be within the Vendor’s discretion ultimately had a cost greater than that threshold. The annotations included on other provisions remind users that they should confirm the acceptability of the \$50,000 threshold for their individual Transaction.</i></p> <p><i>This puts the Vendor in a similar position as the Operator under Subclause 3.01B of the 2015 CAPL Operating Procedure.</i></p>
5.02A-Vendor’s Insurance Obligations (Some coverage in former Clause 5.01)	<p>Shifted insurance content from a reference within Clause 5.01 of the 2000 PTP to Subclause 5.02A of the 2017 PTP.</p> <p>Rationale: <i>The introduction of Subclauses B and C required the creation of a new Clause addressing Insurance matters.</i></p>
5.02B-Insurable Event Occurs	<p>This Subclause was introduced in the 2017 PTP to address the circumstance in which an insurable event occurs during the Interim Period. Its application is contingent on Closing having occurred. Associated annotation.</p> <p>Rationale: <i>Address a gap in the 2000 PTP.</i></p>
5.02C-Obligations After Closing	<p>This Subclause was introduced in the 2017 PTP to address expressly the nature of the Purchaser’s obligation for insurance after Closing.</p> <p>Rationale: <i>Clarification for users.</i></p>
5.03A-Vendor Notifications, Paragraphs (a)-(c) (Former Subclause 5.02A)	<p>Modified: (i) the financial threshold at which the Purchaser’s consent may be required from \$25K to reasonably estimated to exceed \$50K; (ii) Paragraph (c) to recognize that Lands may revert to the grantor in the normal course under the terms of the Leases, subject to the general obligation of the Vendor to maintain the Lands in good standing and to consult with the Purchaser; and (iii) the annotations, including a reminder about the possibility that the Parties might choose to modify that threshold for particular Transactions. Updates to the annotations. (See also the modification to Clause 5.01 and the related annotations.)</p> <p>Rationale: <i>A financial threshold that is more reasonable for this point in time and the near to mid-term. Clarifications for users.</i></p>

Clause	Change And Rationale
5.03A-Vendor Notifications, Paragraphs (d)-(f) (Former Subclause 5.02A)	<p>Modified: (i) the annotations with respect to the importance of educating the Vendor's personnel about the importance of continuing to monitor obligations associated with the property during the transition period following Closing and prior to recognition that the Purchaser has acquired the interest; and (ii) the end of the Subclause with respect to amounts owing with respect to any expenditure identified in a Schedule, as contemplated in Paragraph 6.02(h).</p> <p>Rationale: <i>Clarifications for users.</i></p>
5.03B-Elections During Interim Period (Former Subclause 5.02B)	<p>Modified Paragraph (a) to be clearer that the Vendor is to provide sufficient supporting information to enable the Purchaser to have a reasonable understanding of the nature, schedule and cost of the applicable proposal. This is subject to qualifications about any prohibition about the disclosure of information under the applicable Title and Operating Documents and that there is no requirement on the Vendor to share its interpretations about the Proposal.</p> <p>Rationale: <i>Clarification for users.</i></p> <p>Expanded the annotation to note some other potential approaches if the Vendor were to find itself in this situation in circumstances in which the Purchaser wanted to participate in an operation in which the Vendor would not have participated and for the potential deferral of execution of the Agreement.</p> <p>Rationale: <i>Provide context for users.</i></p>
5.03C-Vendor Not Obligated To Propose Operations	-
5.03D-Vendor May Refuse To Follow Certain Instructions	<p>Based on the proviso that had been included in Paragraph 5.04(b) of the 2000 document. Structuring it as a Subclause in Clause 5.03 ultimately sees this principle apply to both Clauses 5.03 and 5.04.</p> <p>Rationale: <i>Apply the prior logic to both Clauses. The Vendor also requires this protection for the transitional period following Closing.</i></p>
5.04-Post-Closing Transitional Maintenance Of Assets	<p>Modified the introduction of the Clause to be clear that interests held by the Vendor during the transition period for recognition after Closing will be as a bare trustee. Added an annotation about the nature of a bare trust.</p> <p>Rationale: <i>1. Address expressly the assumption of the Parties. 2. Provide context for users.</i></p> <p>Modify the annotations to reflect: (i) the likelihood that the Vendor will not attempt to negotiate a special fee for managing the property on behalf of the Purchaser during the Interim Period for the Transactions for which the PTP is most likely to be used; (ii) the fact that the coordination of Crown rentals will be easier for the Parties than used to be the case because of the use of electronic transfers and the monthly statement process; and (iii) that the Parties should consider choosing an Effective Date that will not result in a long Interim Period to minimize the administrative burden respecting the Transaction.</p> <p>Rationale: <i>Context for users.</i></p> <p>Modify Paragraph (c) to qualify it to reflect the addition of Paragraph 4.01(h) and the handling of overhead accruing to the Vendor as operator under the Title and Operating Documents. Associated annotation.</p> <p>Rationale: <i>A consequential change to reflect the inclusion of Paragraph 4.01(h).</i></p> <p>Added a new Paragraph (d) addressing the management of any amounts being held on behalf of third parties under the Title and Operating Documents.</p> <p>Rationale: <i>Clarification for users.</i></p>

Clause	Change And Rationale
	<p>Added an annotation about Paragraph (e) to note that this obligation would presumably fall within the scope of the Further Assurances Clause obligation if it were not included.</p> <p>Rationale: <i>Added because of the possibility that users might not understand the full range of obligations included in the PTP.</i></p>
5.05-Payment Of Rentals By Vendor	<p>This is a new Clause in the 2017 PTP that addresses the coordination of rental payments that are payable by the Vendor for Leases with a rental date shortly following Closing. In essence, the Purchaser may, by notice, require the Vendor to handle rental type payments for which the Vendor had been the payor for the month in which Closing occurs and up to the subsequent two months. Associated annotations addressing this Clause and Clause 3.06.</p> <p>Rationale: <i>Provide a platform to address an important transitional matter during the period in which the Purchaser may still be setting up records for the acquired interests in its land information system. In practice, the use of the PTP for low to modest value Transactions is likely to see Purchasers often choosing not to make this request for at least some of that period.</i></p>
5.06-Production Accounting During Month In Which Closing Occurs	<p>This is a new Clause in the 2017 PTP that addresses the coordination of production accounting for the month in which Closing occurs.</p> <p>Rationale: <i>To address an important transitional matter clearly.</i></p>
5.07-Transfer Of Incidental Obligations To Third Parties	<p>This is a new Clause in the 2017 PTP that addresses the circumstance in which the Vendor had been managing certain third party interests, such as “silent partners”. Related annotation.</p> <p>Rationale: <i>Clarification for users.</i></p>
5.08A-Purchaser’s Ratification Of Actions (Former Subclause 5.04A)	<p>Edits with respect to the related Vendor entities that had demonstrated Gross Negligence or Wilful Misconduct.</p> <p>Rationale: <i>More appropriate handling than the simple Vendor (Transferor) reference that had been included in the 2000 PTP.</i></p>
5.08B- Indemnification Obligations Of Purchaser (Former Subclause 5.04B)	<p>Edits with respect to the related Vendor entities that had demonstrated Gross Negligence or Wilful Misconduct.</p> <p>Rationale: <i>More appropriate handling than the simple Vendor (Transferor) reference that had been included in the 2000 PTP.</i></p>
Article 6.00	Representations And Warranties Of Parties
6.01-Mutual Representations And Warranties	<p>Modified the introduction to the Clause to state that the Clause is subject to the consents, approvals and waivers contemplated in the Agreement.</p> <p>Rationale: <i>Clarity for users.</i></p> <p>Modified the annotations to mention that it is unlikely that the PTP would be used in a circumstance in which shareholder approval would be required.</p> <p>Rationale: <i>Context for users.</i></p> <p>Qualified Paragraph (c) to material breaches or conflicts.</p> <p>Rationale: <i>Reflect expectations of users and be consistent with the “all material respects” qualifications on reps in the Paragraph 10.01(d) condition to Closing.</i></p> <p>Modified Paragraph (d) because enforceability may be subject to Regulations relating to creditor rights and general principles of equity. Related annotation.</p> <p>Rationale: <i>Reflect the typical industry practice.</i></p> <p>Added annotation addressing the situation in which a receiver is disposing of a property.</p> <p>Rationale: <i>Provide context for the Parties that the PTP does not include any specific content addressing that circumstance. The Parties would need to confirm the handling</i></p>

Clause	Change And Rationale
	<p><i>of the matter with their legal advisors in the context of their particular situation.</i></p> <p>Added a new Paragraph (f) and the related annotation with respect to an intention to remain in existence.</p> <p>Rationale: <i>To mitigate the risk that there is no entity responsible for the breach of any reps.</i></p>
<p>6.02-Vendor's Representations And Warranties, Paragraphs (a)-(f)</p>	<p>Modified the introduction of the Clause with respect to the instruction to users in how to complete.</p> <p>Rationale: <i>Be more transparent to users about the selection mechanics.</i></p> <p>Expanded the reference in Paragraph (b) to include administrative proceedings.</p> <p>Rationale: <i>Reflects what is inherent in the Paragraph.</i></p> <p>Modified Paragraph (d) to qualify the reference to the Regulations to those in effect at the relevant time.</p> <p>Rationale: <i>Required edit.</i></p>
<p>6.02-Vendor's Representations And Warranties, Paragraphs (g)-(j)</p>	<p>Paragraph (h) is an edited version of former Paragraph (j). The \$25K threshold that had been included in the 2000 PTP has been modified to a reasonably expected to exceed \$50K threshold. Associated annotation, including a reminder about the possibility that the Parties might choose to modify that threshold for particular Transactions. Expanded annotations.</p> <p>Rationale: <i>Better placement. A financial threshold that is more reasonable for this point in time and the near to mid-term.</i></p> <p>Paragraph (j) is new in the 2017 PTP. It addresses production handling arrangements. It is similar to the production sale rep, in that the Vendor is representing that the only arrangements that cannot be terminated on a relatively short-term notice are those identified in a Schedule. Associated annotations, including a reminder about the possibility that the Parties might choose to modify the 31-day period in Paragraphs (i) and (j) for particular Transactions.</p> <p>Rationale: <i>Address a gap in the 2000 PTP.</i></p>
<p>6.02-Vendor's Representations And Warranties, Paragraphs (k)-(o)</p>	<p>An annotation has been added explaining why Paragraph (k) was not qualified to properties operated by the Vendor when that type of qualification was included on other of the more operational reps.</p> <p>Rationale: <i>Provide context for users.</i></p> <p>Updated the annotation on Paragraph 6.02(k) respecting the conduct of environmental searches for properties in Alberta.</p> <p>Rationale: <i>Provide an updated context for users.</i></p> <p>Paragraph (l) is new in the 2017 PTP. It addresses material violations of the Regulations. Associated annotations, including a reminder about the possibility that the Parties might choose to modify the reasonably expected to exceed \$100K repair threshold for particular Transactions.</p> <p>Rationale: <i>To reflect the increasing importance of regulatory compliance.</i></p> <p>Paragraphs (m), (n) and (o) have been qualified to limit the reps to Assets operated by the Vendor at the relevant time. Modification to the annotations.</p> <p>Rationale: <i>To recognize the typical expectations for those reps.</i></p> <p>Expanded Paragraph (n) by adding Subparagraph (ii) to address notices issued under</p>

Clause	Change And Rationale
	<p>the Regulations to abandon a well.</p> <p>Rationale: <i>To reflect the increasing emphasis on Abandonment and Reclamation Obligations and other Environmental Liabilities.</i></p> <p>Expanded the annotations on Paragraph (n) to explain the rationale for including a representation about a “Well” that had already been abandoned.</p> <p>Rationale: <i>To provide context for users about the difference between a “well” and a “Well” based on the manner in which the Parties negotiated the definition of Wells and the Well Schedule.</i></p>
<p>6.02-Vendor’s Representations And Warranties, Paragraphs (p)-(v)</p>	<p>Paragraph (p) was moved down in the list of reps from being former Paragraph (i). Modified the representation and the annotations in the context of the potential application of this rep in circumstances in which the Parties had elected not to include optional Article 8.00.</p> <p>Rationale: <i>1. Better placement in the context of the flow of the Clause. 2. Provide context for users for an Agreement in which Article 8.00 was not selected to apply.</i></p> <p>Modified Paragraph (q) to recognize that a Vendor may have to make a deposit for licences being transferred by it in circumstances in which its ratio of active to inactive wells would fall below regulatory requirements as a consequence of the Transaction.</p> <p>Rationale: <i>To reflect a potential regulatory requirement.</i></p> <p>The annotations for Paragraph (q) have been materially expanded, and the Paragraph has been modified to reflect the 2017 Licencee Rating definition.</p> <p>Rationale: <i>The PTP is premised on the assumption that the Vendor is able to transfer Well licences held by it and that the Purchaser is able to accept those transfers. It will be important in the context of each individual Transaction that the Parties confirm that this assumption is correct and that they supplement the PTP with the required content to address the situation in which that assumption is not correct. This recognizes that there may be regulatory restrictions at any given time in a jurisdiction that restrict the ability to transfer a regulatory licence (e.g., AER Bulletin 2017-13).</i></p> <p><i>Although the PTP could have been structured to include language addressing the situation in which the transferability of a licence is problematic, any such provision would have been a snapshot in time that would not suitably address the needs of an individual jurisdiction or changes in the Regulations that could occur over time.</i></p> <p><i>This would have also created a risk of undue reliance on the PTP when we determined that the preferred approach was to require the Parties to customize their response based on their particular circumstances and the applicable regulatory regime as it then existed. Simplifying the review of the other procedural aspects of the overall Transaction through use of the PTP facilitates a more focused examination of this issue by the Parties’ representatives relative to what would be the case without the PTP. (See also the corresponding rep in Clause 6.04.)</i></p> <p>Paragraph (r) has been added with respect to records for operated Tangibles, with a particular focus on Pipeline Records. Associated annotation.</p> <p>Rationale: <i>To reflect an emerging issue.</i></p> <p>Paragraph (u) has been expanded to capture an Area of Exclusion. Associated modification to the annotations.</p> <p>Rationale: <i>Address a deficiency in the 2000 PTP.</i></p> <p>Added an annotation with respect to Paragraph (v).</p>

Clause	Change And Rationale
	<p>Rationale: A Vendor should be very cautious about expanding the scope of a representation about the existence of any offset obligation.</p>
<p>6.02-Vendor's Representations And Warranties, Paragraphs (w)-(bb)</p>	<p>Modified the introduction to be clearer that the rep relates to any commitment to deliver, other than the incidental commitment to deliver found in Clause 1401 of the 1990 CAPL Operating Procedure with respect to any "production facility" within the scope of that document. Associated annotation.</p> <p>Rationale: Addresses the exception more directly in a way that provides greater context for users.</p> <p>Expanded the scope of Paragraph (w) to address the delivery of production to any third party facilities and any take or pay type obligation. Associated annotation.</p> <p>Rationale: Address a deficiency in the 2000 PTP.</p> <p>Paragraph (x) is new in the 2017 PTP. Associated annotation.</p> <p>Rationale: A reminder to users that shareholder approval may be required if a Party were selling substantially all of its Assets.</p> <p>Paragraph (y) is new in the 2017 PTP. Associated annotation.</p> <p>Rationale: Address a deficiency in the 2000 PTP. It is important for a Purchaser that is becoming Operator to understand the Tangibles and personal property that are owned by it and the Tangibles and personal property that are only leased.</p> <p>Paragraph (z) is new in the 2017 PTP. Associated annotation.</p> <p>Rationale: Address a deficiency in the 2000 PTP. Other than for excess inventory belonging solely to it (and preferably identified by it to the Purchaser), the Vendor should not be removing anything from the location of the Assets.</p> <p>Modified the annotation respecting the miscellaneous reps that might be requested by Purchasers.</p> <p>Rationale: Provide context for users.</p>
<p>6.03A- Qualifications to Vendor's Representations</p>	<p>This Subclause is new in the 2017 PTP. Associated annotations.</p> <p>Rationale: Clarification for users with respect to qualifications to reps for which there has been disclosure.</p>
<p>6.03B-Assets Acquired On "As Is, Where Is" Basis (Substantive rewrite of former Subclause 6.05A)</p>	<p>A greatly expanded emphasis on the "as is, where is" aspect of Subclause 6.05A of the 2000 PTP. Associated annotation.</p> <p>Rationale: A much better articulation of the principles in the 2000 PTP on this point.</p>
<p>6.03C- Responsibility For Due Diligence (Substantive rewrite of former Subclause 6.05A)</p>	<p>A greatly expanded emphasis on the expectations for the Purchaser's due diligence aspect of Subclause 6.05A of the 2000 PTP. Associated annotations.</p> <p>Rationale: A much better articulation of the principles in the 2000 PTP on this point.</p>
<p>6.03D-Discharge By Purchaser (Former 6.05B)</p>	<p>Modified to address the possibility that the communications may have been with an Affiliate of the Vendor.</p> <p>Rationale: Required edit.</p>
<p>6.04-Purchaser's Representations And Warranties</p>	<p>Added an annotation about the <i>Investment Canada Act</i> and the <i>Competition Act</i>. While they are referred to in the PTP, the likelihood that they would apply to a Transaction for which the PTP would be used is low. The information is included mostly for context to users who may not otherwise be familiar with those requirements.</p> <p>Rationale: Provide reference context for users.</p>

Clause	Change And Rationale
	<p>Paragraph (b) is new in the 2017 PTP. Associated annotation.</p> <p>Rationale: <i>Provide similar protection as that offered to a Purchaser under Clause 6.02.</i></p> <p>Paragraph (c) is new in the 2017 PTP. Associated annotation.</p> <p>Rationale: <i>To reflect the Vendor's preference to be able to enforce the obligations hereunder against the Purchaser.</i></p> <p>The annotations for Paragraph (d) have been materially expanded, and the Paragraph has been modified to reflect the 2017 Licencee Rating definition.</p> <p>Rationale: <i>The PTP is premised on the assumption that the Vendor is able to transfer Well licences held by it and that the Purchaser is able to accept those transfers. It will be important in the context of each individual Transaction that the Parties confirm that this assumption is correct and that they supplement the PTP with the required content to address the situation in which that assumption is not correct. This recognizes that there may be regulatory restrictions at any given time in a jurisdiction that restrict the ability to transfer a regulatory licence (e.g., AER Bulletin 2017-13).</i></p> <p><i>Although the PTP could have been structured to include language addressing the situation in which the transferability of a licence is problematic, any such provision would have been a snapshot in time that would not suitably address the needs of an individual jurisdiction or changes in the Regulations that could occur over time.</i></p> <p><i>This would have also created a risk of undue reliance on the PTP when we determined that the preferred approach was to require the Parties to customize their response based on their particular circumstances and the applicable regulatory regime as it then existed. Simplifying the review of the other procedural aspects of the overall Transaction through use of the PTP facilitates a more focused examination of this issue by the Parties' representatives relative to what would be the case without the PTP. (See also the corresponding rep in Clause 6.02.)</i></p> <p>Paragraph (e) is new in the 2017 PTP. Associated annotation.</p> <p>Rationale: <i>It is a red flag to a Vendor if a Purchaser is not willing to make this representation.</i></p>
<p>6.05A- Representations And Warranties To Survive Closing (Part of former Clause 6.04)</p>	<p>The survival period for reps was modified to one year from a blank in the 2000 PTP. Associated annotations.</p> <p>Rationale: <i>To reflect industry's typical practice and to eliminate an election. Parties that prefer a different survival period are free to negotiate a different outcome in their particular Agreement. The general annotation at the beginning of the annotations, the miscellaneous annotations at the end of the PTP and the bolded instruction to users on the sample annotated Schedule of Elections included as Addendum I remind users of this.</i></p>
<p>6.05B-Claims For Breach (Part of former Clause 6.04)</p>	<p>Modified to be clear that the contractual obligation for the Vendor to retain responsibility for royalty and J.V. audits on the basis prescribed by Subclause 4.02C is independent of the survival period of the reps under this Clause and Clause 13.01. Associated annotation in the context of Subclause 6.05A.</p> <p>Rationale: <i>Clarity and context for users.</i></p> <p>Modified to be clearer that a Party that has given notice of an alleged breach of a representation or warranty in reasonable detail prior to expiration of the survival period may pursue its claim. It may not do so, though, if it fails to give such a notice before expiry of the survival period.</p> <p>Rationale: <i>Clarity and context for users.</i></p>

Clause	Change And Rationale
6.05C-Reliance (Part of former Clause 6.04)	<p>Edits. Expanded annotation, including a reference to an Ontario case (French Family Funeral Home) about the circumstance in which a buyer proceeded to closing and then attempted to seek damages for breach of a rep that was readily discoverable prior to closing.</p> <p>Rationale: <i>Clarity and context for users.</i></p>
6.05D-Parties Confirm Intention To Limit Liability	<p>This Subclause is new in the 2017 PTP. Associated annotation about the 2015 NOV Enerflow case.</p> <p>Rationale: <i>To provide context for survival periods relative to the requirements of the Limitations Act (Alberta).</i></p>
Article 7.00	Third Party Rights And Consents
7.00-General	<p>Expanded the annotations to: (i) alert users that they may wish to review the text and annotations on the 2015 CAPL Operating Procedure for a context on ROFRs and how they have evolved over time; and (ii) address potential approaches when there are outstanding ROFRs at the preferred Closing Time.</p> <p>Rationale: <i>Context for users.</i></p>
7.01A-Service Of Required Notices	<p>Narrowed the Subclause to all required notices in the context of the addition of Subclause E respecting consents, with a shift of some of the content and annotations to that Subclause. Expanded the annotations to provide context to users about why the document does not prescribe in any detail the iterative process to be used by the Parties in issuing any required notices to third parties.</p> <p>Rationale: <i>Context for users.</i></p>
7.01B-Right Of First Refusal Values	<p>Added a requirement that ROFR values are to be provided to the Vendor within three Business Days following the later of delivery of an execution copy of the Agreement to the Purchaser or a list of the applicable ROFRs and the Assets to which they pertain. Added an annotation noting that some Agreements include a process through which the Vendor uses the Purchaser's ROFR values, subject to an indemnification obligation from the Purchaser, and why that structure was not used in the PTP. Added an annotation about the potential reference to arbitration under Article 9.00 if the Parties disagree on a ROFR value and how that possibility actually reinforces to the Parties that they should negotiate a resolution of any disputed ROFR value.</p> <p>Rationale: <i>Provide context for users.</i></p> <p>Modified the annotation to remind users that they might consider deferring execution of the Agreement until resolution of any dispute about a ROFR value.</p> <p>Rationale: <i>Consistent with the possibility that the Parties may prefer to defer execution of the Agreement until completion of the due diligence process, so that there is greater deal certainty when the Agreement is executed.</i></p> <p>Added an optional sentence requiring the Purchaser to indemnify the Vendor if the Vendor suffered Losses and Liabilities as a consequence of using the ROFR values supplied by the Purchaser and a third party challenged the allocation. Associated adjustment to the annotations.</p> <p>Rationale: <i>To address the matter in a manner in which it is often covered.</i></p>
7.01C-Challenge By Third Parties	<p>Expanded this Subclause to address the potential challenge of the validity of a ROFR notice, the value specified therein, the election period or any purported application of an exemption to the ROFR obligation without being prescriptive about the process they will use beyond notification of the challenge and consultation.</p> <p>Rationale: <i>Provide additional depth in the provision while recognizing that the appropriate handling will be situation specific.</i></p>
7.01D-Exercise Of Right Of First Refusal	<p>Modified the annotations to add additional annotations about the circumstance in which the Purchaser also holds a ROFR in any of the Lands under any of the Title and Operating Documents. One of the annotations was moved from the miscellaneous annotations on ROFRs at the end of the annotations.</p>

Clause	Change And Rationale
	<p>Rationale: Provide context for users about a circumstance that the Parties might not appreciate fully.</p>
7.01E-Termination	<p>This Subclause was modified in the 2017 document so that: (i) it is an optional Subclause with a value threshold of 50% or more of the Base Purchase Price; and (ii) the Subclause is entirely independent of the Title Defect mechanism in Alternate 2 of Subclause 8.02B. Modifications to the annotations.</p> <p>Rationale: Significant concerns had been expressed about the appropriateness of the linkage of this Subclause and Alternate 2 of Subclause 8.02B of the 2000 PTP.</p>
7.01F-Consents	<p>Included a new Subclause to address consent requirements. The Subclause recognizes that consent not to be unreasonably withheld type notices will often not be served until after Closing. However, there will be other circumstances in which a different consent process applies that will need to be honoured. There may also be circumstances in which the Parties are sufficiently concerned about the possibility of an objection by one or more third parties that they request consents in a consent not to be unreasonably withheld situation prior to Closing. Associated annotations.</p> <p>Rationale: Provide a more appropriate handling. Offer additional context for users.</p> <p>Added a reference to the IFP case about consents that is addressed at the beginning of the Miscellaneous Annotations at the end of the document.</p> <p>Rationale: A reminder for users to look at the Miscellaneous Annotations at the end of the document for additional insights about consents and ROFRs.</p>
Article 8.00	Purchaser's Review
Article 8.00-General	<p>The Article was modified to be an optional Article with various consequential changes in the PTP. If the Article is not selected to apply, certain of the provisions of the document will have applied to the due diligence program conducted by the Purchaser in contemplation of the Agreement. Associated annotations.</p> <p>Rationale: To reflect an increasing trend for Parties not to execute their Agreement until completion of the Purchaser's due diligence review. This allows each Party to understand any issues before execution of the Agreement. This structure also simplifies significantly the process for handling undeveloped lands only Transactions.</p> <p>Protections have been included to ensure that some of the duties respecting access to the relevant materials and locations still apply to whatever access had been provided. Otherwise, a Purchaser would be vulnerable if the Vendor did not provide appropriate access to documents, for example, during the Purchaser's due diligence process. Similarly, the Purchaser should be subject to the same liability and indemnification obligations under a pre-execution review as it would have been under Clause 8.01 had Article 8.00 been selected to apply.</p> <p>Except to the limited extent provided in Paragraphs (a) and (b) of the introduction to Article 8.00, Article 8.00 will not otherwise apply to the Agreement if the Parties have selected that Article 8.00 will not apply in their Agreement.</p>
8.01-Vendor To Provide Access	<p>Modified the introduction to include an "upon reasonable notice" qualification, with a modified annotation.</p> <p>Modified Paragraph (a) to be clear that the Purchaser may not copy or photograph any of the Vendor's records without the consent of the Vendor and that the Vendor may also exclude from the scope of the review documents subject to legal privilege.</p> <p>Modified Paragraph (b) to be clear that the Purchaser's reps visiting a site are to be accompanied by a Vendor rep. reasonably designated for that purpose, with related annotation. Also included a restriction that the Purchaser may not take samples (e.g., water or soil) without the Vendor's consent.</p> <p>Added a paragraph at the end of the Clause to be clear that the Purchaser's reps visiting the Vendor's office or a site are to comply with reasonable requirements of the Vendor, including those relating to HSE and that the liability and indemnification</p>

Clause	Change And Rationale
	<p>provisions of Clause 13.02 will apply, <i>mutatis mutandis</i>, to any losses suffered by the Vendor due to acts or omissions of the Purchaser's reps during any such visit. Modified the annotations to note that the logistics of site visits are such that a Purchaser should be cautious about acquiring Assets during the winter and that a Vendor needs to consider internal confidentiality carefully if the Transaction is material to it.</p> <p>Rationale: <i>To address expectations that were not stated in the 2000 provision.</i></p>
<p>8.02A-Notification Of Any Title Defects</p>	<p>Modified the time period at which a notice of Title Defects is to be provided to seven Business Days (or such other time as the Parties may agree) prior to the Closing Time, rather than a blank to be negotiated.</p> <p>Rationale: <i>Reflect a common outcome that is easily modified and eliminate an election.</i></p> <p>Modified item (i) to require the Purchaser to identify the relative priority for rectification of its Title Defects.</p> <p>Rationale: <i>Although the Purchaser is ultimately only required to identify values at a subsequent phase of the process if Alternate B(2) is selected, identifying relative priority at the time the Title Defects are initially identified provides guidance to the Vendor about the Title Defects that are more important to the Purchaser without requiring the Purchaser to go so far as to identify a value at that stage.</i></p> <p>Modified the annotations to: (i) recognize that the PTP is unlikely to be used for a large scale, high value sale in practice; (ii) note that it may be prudent to review files more carefully if they had been acquired through another acquisition in case the record keeping standards of the former owner were not consistent with the Vendor's own standards; and (iii) remind users of the potential benefits of discussing the title review process and expectations about materiality before the title review is commenced.</p> <p>Rationale: <i>Provide context for users.</i></p>
<p>8.02B-Election Respecting Title Defects, Alt 1</p>	<p>Modified to require the Purchaser's election not later than two Business Days prior to the Scheduled Closing Date.</p> <p>Rationale: <i>To avoid a last minute surprise at Closing and to provide the Parties with additional flexibility for discussions.</i></p> <p>Expanded the annotation to note the binary nature of this Alternate. The Purchaser wants to proceed with the Transaction or it doesn't.</p> <p>Rationale: <i>Provide context for users for an Alternate that is most likely to be used in only low value Transactions or for undeveloped lands only deals.</i></p>
<p>8.02B-Election Respecting Title Defects, Alt 2</p>	<p>Modified to require the Purchaser's election not later than two Business Days prior to the Scheduled Closing Date.</p> <p>Rationale: <i>To avoid a last minute surprise at Closing and to provide the Parties with additional flexibility for discussions.</i></p> <p>Modified the introduction of the Alternate to note that the Purchaser is to consider such factors as the likelihood that the applicable Title Defect will manifest itself and the Purchaser's reasonable requirements for its remedy when putting a value on the affected interest.</p> <p>Rationale: <i>Provide context for users.</i></p> <p>Included a minimum value threshold of 10% of the Base Purchase Price, rather than a blank dollar amount in the introduction to the Alternate. Annotations reminding users of the rationale for this deductible type approach, that some Vendors prefer to include a minimum value per Title Defect used to calculate the value thresholds and that this threshold will not always be appropriate, with an additional reminder in the general annotation at the beginning of the PTP, the miscellaneous annotations at the end of the PTP and on the annotated template election sheet included as Addendum I.</p>

Clause	Change And Rationale
	<p>Rationale: Reflect a typical election in order to eliminate need for an election, while reminding users that they will need to consider the appropriateness of this handling in the context of their own Transaction.</p> <p>Modified the thresholds in Paragraphs (c) and (d) to 25% from a blank in the 2000 PTP. Associated annotations, including an annotation about an alternative approach some Vendors use that requires the Purchaser to acquire all of the Assets, but for a reduced Purchase Price.</p> <p>Rationale: Reflect a common outcome while eliminating elections.</p> <p>Modified Paragraph (d) so that the threshold is linked solely to Title Defects, rather than a possible combination of Title Defects and ROFR exercises as under the 2000 PTP. Associated annotation. (Related changes in Subclause 7.01E.)</p> <p>Rationale: The 2000 provision was not intuitive, such that it adversely impacted comfort with the 2000 PTP. This change facilitates acceptance of the 2017 PTP.</p>
8.02C-Deemed Election	-
8.02D-Title Defects And Closing (Had been part of former Subclause 8.02C)	<p>Reflects a subdivision of the former Subclause 8.02C.</p> <p>Rationale: Was a distinct concept that warranted its own Subclause.</p>
8.02E-Exclusion Of Affected Assets And Closing (Former Subclause 8.02D)	-
8.02F-Title Defects Remedied After Closing (Former Subclause 8.02E)	<p>Modified to provide greater clarity about the potential obligation to re-issue ROFR notices because of the expiry of the period within which to complete the Transaction and the preparation of a separate agreement. Expanded the annotations.</p> <p>Rationale: Provide greater context for users.</p>
8.02G-Termination Election If Vendor Disputes Value (Former Subclause 8.02F)	<p>Recognition of the potential obligation to re-issue ROFR notices because of the expiry of the period within which to complete the Transaction.</p> <p>Rationale: Provide greater context for users.</p>
Article 9.00	Dispute Resolution
9.01-Consultation And Negotiation In Good Faith	<p>Eliminated the mandatory mediation step. Modified annotations accordingly. Also modified the annotations to address the possibility of voluntary mediation and the additional alternative of negotiations by senior management.</p> <p>Rationale: The 2017 PTP is most likely to be used for low to modest value Transactions for which it is unlikely that significant disputes will arise. Given that fact, industry's negative response to mandatory mediation processes and the need to build industry support for the 2017 PTP, the requirement was deleted. Parties that disagree with that handling can either negotiate a custom modification or propose mediation at the time in the context of any particular dispute in which they are involved. The additional references remind the Parties of additional alternatives that might be considered if their negotiations are at an impasse.</p>
9.02-Arbitration Proceedings	<p>Modified the annotations to note that the Parties should consider referring certain disputes about the adjustment process to a nationally recognized firm of chartered accountants, vs an arbitrator without that functional background.</p> <p>Rationale: Provide context for users.</p> <p>Modified the annotations to remind users that the primary purpose of the arbitration mechanism is to provide reinforcement to the Parties to negotiate a resolution to their dispute, rather than to subject themselves to the uncertainty of an arbitration award over which they do not have control. Noted that arbitration has been the required dispute</p>

Clause	Change And Rationale
	<p>resolution vehicle under the CAPL Operating Procedure with respect to such critical matters as ROFR values (since the 1971 document), title preserving well issues (since the 1990 document) and production facility issues (since the 1990 document) without either any apparent issues or any proliferation of arbitrations.</p> <p>Rationale: <i>To help users understand that there is no intention in the PTP or any of the other CAPL documents to encourage arbitration. A potential reference to arbitration is actually designed to encourage the Parties to resolve their dispute through negotiation.</i></p> <p>Modified the items for which arbitration is required to exclude “the degree to which Closing is delayed for reasons solely attributable to the Transferor under Clause 2.04.”</p> <p>Rationale: <i>The other items in the list relate primarily to a determination of fact based items. That item, on the other hand, related to a question of performance of the contractual obligations that is best left to a court for determination.</i></p> <p>Modified the last portion of the Clause.</p> <p>Rationale: <i>Aligned more closely to the 2015 CAPL Operating Procedure.</i></p> <p>Added an annotation about the appointment of an arbitrator and the possibility that there may be circumstances in which Parties prefer a three member panel, instead of a single arbitrator.</p> <p>Rationale: <i>Provide context for users.</i></p> <p>Added an annotation about the limited circumstances in which the <i>Arbitration Act</i> provides a Party with an opportunity to appeal or overturn an arbitration award.</p> <p>Rationale: <i>Provide context for users.</i></p>
9.03-Limitation Periods And Interim Relief	<p>Modified the text and annotations to align with the comparable content in the 2015 CAPL Operating Procedure.</p> <p>Rationale: <i>Consistency for comparable content.</i></p>
10.00	Conditions To Closing
10.01-Conditions For Benefit Of Each Party	<p>Updates to the annotations on miscellaneous regulatory approval requirements, as qualified with the general statement that the PTP is unlikely to be used for sales in which the <i>Investment Canada Act</i> or the <i>Competition Act</i> would actually apply. Added additional annotations noting that the linkage of the thresholds in those Acts to book values could potentially see them applying in a circumstance that one might not expect.</p> <p>Rationale: <i>Context for users and likely use of the PTP as a reference document in other agreements.</i></p> <p>Added an annotation on Paragraph (d) addressing the interrelationship between this Paragraph and optional representation 6.02(q) about the Vendor’s ability to transfer regulatory licences.</p> <p>Rationale: <i>Provide context for users.</i></p> <p>Added a new Paragraph 10.01(e) addressing any required deposit that must be submitted by a Party, typically in order to accept a transfer of a licence under the Regulations. Associated annotation.</p> <p>Rationale: <i>Provide users with a platform that they can use to address the issue, recognizing that there will be circumstances in which the Parties would need to customize the handling of the issue in their Agreement to reflect their particular circumstances and the then applicable requirements of the Regulations.</i></p> <p>Included an annotation explaining why the PTP does not address in detail the circumstance in which one of the Parties has a Licence Rating that does not allow a</p>

Clause	Change And Rationale
	<p>transfer of a well licence. (See also the annotations on the definition of Licence Rating, Paragraph 6.02(q) and Paragraph 6.04(d).) This recognizes that there may be regulatory restrictions at any given time in a jurisdiction that restrict the ability to transfer a regulatory licence (e.g., AER Bulletin 2017-13).</p> <p>Rationale: <i>Provide context for users. The negotiation of the handling if that assumption is not accurate is a major business term for which the Parties will need to address their preferred resolution.</i></p> <p><i>Although Parties might prefer that the PTP include language to include that possibility, the choice was made not to do that because of the potential application of the PTP across jurisdictions and over time. Any attempt to include provisions addressing that particular issue would potentially offer users a false sense of security about the issue and push the document beyond its inherent design limitations.</i></p> <p><i>While the PTP could still accommodate that type of circumstance, it would ultimately be because the Parties had supplemented the PTP with respect to Transaction specific content to address that particular issue as appropriate for their situation.</i></p> <p>Added Paragraph (f) that there were no actions or proceedings seeking to restrain or prohibit the Transaction or otherwise materially affecting it.</p> <p>Rationale: <i>Add depth of coverage that reflects the mutual expectations of the Parties.</i></p>
10.02-Conditions For Benefit Of Purchaser	<p>Modified the annotations on Paragraph (a) to address the potential impact of insurance proceeds. Consequential modification to the annotation.</p> <p>Rationale: <i>Provide context for users.</i></p> <p>Adjusted Paragraph (c) to require a request from the Purchaser with respect to the delivery of a no interest letter or a discharge of a Security Interest for Closing.</p> <p>Rationale: <i>To provide greater flexibility if the nature of the encumbrance is that the Purchaser has not indicated any concern about it.</i></p> <p>Added an annotation about the change to Article 8.00 in the 2017 document to make that Article optional and the impact that might have on Clause 10.02. An election not to select Article 8.00 would limit the Vendor's willingness to accept additional Purchaser conditions under this Clause.</p> <p>Rationale: <i>Provide context for users.</i></p> <p>Expanded the annotation on Paragraph 10.02(d) to note that some Purchasers will choose to attempt to negotiate an environmental defects provision comparable to the Title Defects threshold based process in Alternate 8.02B(2) in conjunction with an environmental review condition.</p> <p>Rationale: <i>Provide context for users, while noting that that type of provision is much more commonly used in large sales for which the PTP would be unlikely to be used.</i></p>
10.03-Conditions For Benefit Of Vendor	<p>Modified slightly to link the condition only to those Specific Conveyances provided to the Purchaser for execution.</p> <p>Rationale: <i>Fine-tuning.</i></p>
10.04-Waiver Of Conditions Precedent	-
10.05A-Right To Terminate Agreement	<p>Added a sentence at the end of the Subclause clarifying that the Parties would be free of all obligations other than with respect to: (i) the handling of the Deposit; (ii) any confidentiality obligations; and (iii) any liability for breach of the duty to exercise reasonable diligence in satisfaction of conditions. Associated annotation.</p> <p>Rationale: <i>Clarification for users.</i></p>

Clause	Change And Rationale
10.05B-No Right To Terminate Agreement After Closing (Part of former Subclause 10.05A)	-
10.05C-Deemed Satisfaction Of Certain Conditions (Former Subclause 10.05B)	-
10.06-Parties To Exercise Diligence With Respect To Conditions	-
Article 11.00	Operatorship
11.01-Operatorship And Third Parties	<p>Added the last sentence to require the Vendor to take such steps with third parties as would be reasonably appropriate to enable the Purchaser to be substituted for the Vendor as Operator. Modification to the annotation.</p> <p>Rationale: <i>To reflect the typical handling in industry agreements. A Vendor that would be uncomfortable with that outcome in any given Transaction would need to modify the provision accordingly, as identified on the updated annotations.</i></p> <p>Included an annotation explaining why the PTP does not address in detail the circumstance in which one of the Parties has a Licencee Rating that does not allow a transfer of a well licence. (See also the annotations on the definition of Licencee Rating, Paragraph 6.02(q) and Paragraph 6.04(d).) This recognizes that there may be regulatory restrictions at any given time in a jurisdiction that restrict the ability to transfer a regulatory licence (e.g., AER Bulletin 2017-13).</p> <p>Rationale: <i>Provide context for users. The negotiation of the handling if that assumption is not accurate is a major business term for which the Parties will need to address their preferred resolution.</i></p> <p><i>Although Parties might prefer that the PTP include language to include that possibility, the choice was made not to do that because of the potential application of the PTP across jurisdictions and over time. Any attempt to include provisions addressing that particular issue would potentially offer users a false sense of security about the issue and push the document beyond its inherent design limitations.</i></p> <p><i>While the PTP could still accommodate that type of circumstance, it would ultimately be because the Parties had supplemented the PTP with respect to Transaction specific content to address that particular issue as appropriate for their situation.</i></p>
11.02-Signs And Notifications	<p>Noted in the annotation that there may be circumstances in which they choose to add some incremental flexibility in the context of site logistics and seasonality insofar as permitted under the Regulations. Added an annotation about the possibility that the Purchaser's interim approach might be to add stickers over the Vendor's existing signs.</p> <p>Rationale: <i>To provide context for users.</i></p>
11.03-Identification And Removal Of Vendor's Excess Inventory	<p>A Clause addressing the handling of any excess inventory of materials of the Vendor temporarily stored onsite that is not part of the Assets. Associated annotations, including a reminder that Parties might choose to delete this Clause or to modify the timing for any particular Transaction or as part of its general corporate modifications to the document.</p> <p>Rationale: <i>To provide context for users.</i></p>
Article 12.00	Failure To Close And Default
12.01-Remedies Of Injured Party	Modified Paragraph (c) to add a "having regard to" phrase to qualify the liquidated damages reference. Associated annotation.

Clause	Change And Rationale
	<p>Rationale: To optimize the probability that the proposed handling of the Deposit would be regarded as liquidated damages, rather than as a penalty.</p> <p>Modified Paragraph (c) to reflect the possibility that GST/HST could apply to the Vendor's retention of a Deposit as a consequence of the Purchaser's default. (See Subclause 2.05D.)</p> <p>Rationale: A subtle application of the GST/HST requirements that is not well understood.</p>
12.02-Interest Accrues On Amounts Owing	<p>Added an annotation about the handling of the trust funds in the circumstance in which the Vendor has not previously involved lawyers in the Transaction.</p> <p>Rationale: Provide context for users.</p>
Article 13.00	Liability And Indemnification
13.01A-Vendor's Responsibility	<p>Deleted the general liability and indemnification obligation included as Alternate 2 of the 2000 PTP. Modified annotations accordingly. Other consequential changes.</p> <p>Rationale: To reflect the fact that the reps and warranties approach in Alternate 1 is very widely used by industry.</p> <p>Expanded annotation (i) about the persons that can benefit from an indemnification.</p> <p>Rationale: To reflect intervening legal developments.</p> <p>Updated handling of Affiliates.</p> <p>Rationale: Fine-tuning.</p> <p>Expanded the annotation addressing the interrelationship to Clause 5.06 in the context of the definition of Gross Negligence or Wilful Misconduct introduced in the 2017 PTP.</p> <p>Rationale: Provide context for users.</p>
13.01B-No Extension Of Remedies	<p>Expanded the annotations to provide greater context about this Article and Article 6.00 and to address the duty to notify the Purchaser of any substantial damage to the Tangibles prior to Closing under Clause 5.01 and the Vendor's rep under Clause 6.02 with respect to any lawsuits that arise during the Interim Period.</p> <p>Rationale: Provide context for users.</p>
13.01C-Period To Initiate Claim (Part of former Subclause 13.01B)	<p>The survival period for reps was modified to one year from a blank in the 2000 PTP. Associated annotations. (See also Subclauses 6.05A and D and the related annotations.)</p> <p>Rationale: To reflect industry's typical practice and to eliminate an election. Parties that prefer a different survival period are free to negotiate a different outcome in their particular Agreement. The general annotation at the beginning of the annotations, the miscellaneous annotations at the end of the PTP and the bolded instruction to users on the sample annotated Schedule of Elections included as Addendum I remind users of this.</p>
13.01-Misc	<p>Added an annotation about the potential circumstance in which the nature of the Excluded P&NG Rights and the Vendor's interest therein warrants a liability and indemnity obligation from the Vendor that is analogous to the industry Reserved Formations Clause.</p> <p>Rationale: While this is something that may warrant consideration in certain cases, the potential layers associated with the issue were such that we concluded that a Clause addressing this matter in the PTP would be an impediment to industry's willingness to accept the 2017 PTP.</p>
13.02-Responsibility Of Purchaser	<p>Expanded the annotations to offer a context for the Clause. Modified to address Affiliates more clearly.</p> <p>Rationale: Context and clarification for users.</p>

Clause	Change And Rationale
13.03A-Limitation On Vendor's Responsibility	<p>Modified so that this Subclause is not optional. Associated annotation.</p> <p>Rationale: <i>To reflect the typical industry handling and to eliminate an election. The general annotation at the beginning of the annotations, the miscellaneous annotations at the end of the PTP and the annotated Schedule of Elections included as Addendum I remind users of the need to review this outcome in the context of their Transaction.</i></p>
13.03B-Minimum Claim Amount	<p>Modified so that this Subclause is not optional and that a \$25K value is used. Associated annotations, including an annotation about the rationale for use of the modest \$25K threshold and the "deductible" approach to the issue.</p> <p>Rationale: <i>To reflect the typical industry handling and to eliminate two elections. As noted in the annotations, the \$25K default will not be appropriate for all cases, such that users would need to amend the document in certain cases. The general annotation at the beginning of the annotations, the miscellaneous annotations at the end of the PTP and the annotated Schedule of Elections included as Addendum I remind users of the need to review this threshold in the context of their Transaction.</i></p>
13.04-General	<p>Subdivided the 2000 Clause into Subclauses.</p> <p>Rationale: <i>Simplify presentation for users.</i></p>
13.04A-Acknowledgements By Purchaser	<p>Modified the Subclause to recognize the possibility that there may not be a title review process because of a selection not to apply Article 8.00.</p> <p>Rationale: <i>Consequential change resulting from the modifications to Article 8.00.</i></p> <p>Expanded annotations (at the end of the annotations on the Clause) with respect to the logistics of trying to review the environmental condition of a property during the winter and the care that must be taken with respect to "white map" Transactions.</p> <p>Rationale: <i>Provide context for users.</i></p>
13.04B-Purchaser's Assumption Of Environmental Liabilities (Part of 2000 Clause 13.04)	<p>Updated handling of Affiliates. Qualified to be clearer that the obligation is assumed "without regard to their cause or causes".</p> <p>Rationale: <i>Fine-tuning.</i></p>
13.04C-Purchaser's Release Of Vendor (Part of 2000 Clause 13.04)	-
13.04D-Vendor Responsibility For Representations And Fraud (Part of 2000 Clause 13.04)	-
13.05-Notice Of Claims	<p>Added an annotation reminding the indemnified Party of the importance of remembering the indemnifying Party's perspective when assessing any potential settlement.</p> <p>Rationale: <i>Provide context for users.</i></p>
13.06-Substitution And Subrogation	<p>Added an annotation.</p> <p>Rationale: <i>Provide context for users.</i></p>
Article 14.00	Assignment
14.01-Assignments Before Closing	<p>Qualified the reference to any pending earning or payout recovery under the Title and Operating Documents by linking it to the Permitted Encumbrances. Provided the Vendor with the additional authority to make changes as required to address Title Defects.</p> <p>Rationale: <i>Required adjustments.</i></p>
14.02-Assignments By Purchaser After Closing	<p>Added a proviso that this Clause does not preclude the Vendor from pursuing an assignee of the Purchaser for performance of the obligations.</p> <p>Rationale: <i>To reflect user expectations that this Clause would not limit the Vendor's</i></p>

Clause	Change And Rationale
	<i>ability to pursue any remedies available to it at law relative to a Purchaser's assignee.</i>
Article 15.00	Notices
15.01-Service Of Notice	<p>Various edits to the Clause and the related annotations to align the content to the comparable provision in the 2015 CAPL Operating Procedure.</p> <p>Rationale: <i>To align to the most modern CAPL standard.</i></p>
15.02-Addresses For Service	<p>Various edits to the Clause and the related annotations to align the content to the comparable provision in the 2015 CAPL Operating Procedure.</p> <p>Rationale: <i>To align to the most modern CAPL standard.</i></p> <p>Modified the Clause to allow a Party to change its address for service by mail, even though service of mail is otherwise not regarded as an accepted method of service under Clause 15.01. Annotation. Consequential change to Clause 15.01.</p> <p>Rationale: <i>Because any notice to change address would typically be handled by a general change of address mailed to a Party's business associates.</i></p>
Article 16.00	Confidentiality And Use Of Information
16.01-Purchaser's Obligation To Maintain Confidential Information	<p>Deleted the former Clauses 16.01 and 16.02 and included a Clause with several Subclauses based on similar content in the 2015 CAPL Operating Procedure that would apply in an A&D context. Corresponding modifications to the annotations.</p> <p>Rationale: <i>To provide better coverage while aligning more closely to the corresponding 2015 CAPL Operating Procedure provisions.</i></p>
16.02-Vendor's Confidentiality Obligation To Purchaser	<p>Introduced a new Clause to address the Vendor's confidentiality obligations to the Purchaser. Associated annotation.</p> <p>Rationale: <i>To address the Vendor's confidentiality obligations more directly.</i></p>
Former 16.03-Confidentiality Agreement	<p>Deleted this Clause. Any separate confidentiality agreement will only remain in effect after Closing if the Parties have agreed to do so and modified Clause 1.13 accordingly. A miscellaneous annotation on Article 16.00 and a related annotation on Clause 1.13.</p> <p>Rationale: <i>To reflect a more appropriate handling for the low to modest value Transactions for which the PTP is most likely to be used.</i></p>
Article 17.00	Public Announcements
17.01-Parties To Discuss Public Announcements	<p>Replaced the 2000 version with an updated Clause based on the corresponding CAPL Operating Procedure Clause. Associated annotations.</p> <p>Rationale: <i>To align more closely with modern industry standards.</i></p>
Article 18.00	Miscellaneous Provisions
18.00-General	<p>Several Clauses in the former Article 18.00 were moved to Article 1.00 in the 2017 PTP.</p> <p>Rationale: <i>For consistency with the placement in the CAPL Operating Procedure.</i></p>
18.01-No Merger	<p>Modified the first sentence to be clearer about the qualifications to this provision in the Agreement.</p> <p>Rationale: <i>Context for users.</i></p>
18.02-Further Assurances	<p>Modified Clause and annotations to align more closely to the 2015 CAPL Operating Procedure.</p> <p>Rationale: <i>To align to the most modern CAPL standard.</i></p>
18.03-Use Of Name	<p>Included a use of name Clause based on the provision in the 2015 CAPL Operating Procedure. Associated annotation.</p> <p>Rationale: <i>To reflect sensitivities associated with use of another Party's name in an A&D context. To align to the most modern CAPL standard.</i></p>
18.04-Protection Of Personal Information	<p>Introduced this Clause and the related annotation.</p> <p>Rationale: <i>To address intervening regulatory requirements respecting use of personal information. As the PTP would be unlikely to be addressing employee transfers, the</i></p>

Clause	Change And Rationale
	<p><i>Clause assumes that the typical information being shared would relate to lessors. This provision would need to be reviewed and potentially customized if there were employees associated with the Transaction, as noted in the annotations.</i></p>
18.05-Results Of Termination	<p>Subdivided into two Subclauses. Modified the handling of documents and information if the Transaction were terminated before Closing to address both return and possible destruction. Associated modification to the annotations.</p> <p>Rationale: <i>Additional breadth and depth of coverage that reflects industry practices.</i></p>
18.06-Enurement	-
18.07-Electronic Signatures And Specific Conveyances	<p>Introduced this Clause and the related annotations.</p> <p>Rationale: <i>As noted in the annotations, it is unlikely that the PTP would be used in a Transaction in which the volume of Specific Conveyances warranted use of electronic signatures. This Clause was included mostly as a potential frame of reference for a Transaction in which electronic signatures would be beneficial under a larger scale Agreement that would be unlikely to include the PTP.</i></p>
18.08-Waivers For Saskatchewan	<p>Added two Subclauses waiving the potential application of <i>The Land Contracts (Actions) Act</i> and <i>The Limitation of Civil Rights Act</i> of Saskatchewan. Associated annotations.</p> <p>Rationale: <i>Required for Transactions involving Saskatchewan Assets. As this Clause only applies if there are Assets located in Saskatchewan, it otherwise has no application. As a consequence, the Clause is effectively an event based option that does not need to be identified as an optional Clause.</i></p>
Miscellaneous Annotations	<p>Added annotations about potential modifications to the PTP, use of the PTP for undeveloped lands only Transactions and securities legislation reporting requirements.</p> <p>Rationale: <i>Provide additional context for users.</i></p> <p>Expanded the annotations about Consents and ROFRs, largely by adding some of the annotations from the 2015 CAPL Operating Procedure.</p> <p>Rationale: <i>Provide additional context for users.</i></p>
General Conveyance	<p>Modified Transferor-Transferee references to Vendor-Purchaser references. As noted in the bold note on the document, changes will be required for an Asset Exchange.</p> <p>Rationale: <i>For consistency with the handling in the remainder of the PTP. The bolded note reminds users of the need to modify the document for an Asset Exchange.</i></p> <p>Significant expansion of Clause 2.</p> <p>Rationale: <i>Align more closely to typical industry language.</i></p> <p>Updated Clause 3 to align it more closely to the structure of Clause 3.02 and the differentiation between the Effective Date and the date on which the Purchaser obtains possession of the Assets.</p> <p>Rationale: <i>Required alignment for transparency to users.</i></p> <p>Significant expansion of Clause 4.</p> <p>Rationale: <i>Align more closely to typical industry language.</i></p> <p>Added a Governing Law Clause (5).</p> <p>Rationale: <i>Align more closely to typical industry approach.</i></p> <p>Updated Clause 6 to refer to trustees, receivers and receiver-managers. Updated Clause 7 to align more closely to the updated Further Assurances Clause.</p> <p>Rationale: <i>Fine-tuning.</i></p>

Clause	Change And Rationale
	<p>Added counterpart execution provision.</p> <p>Rationale: <i>Counterpart execution would often be used for the General Conveyance.</i></p> <p>Added several annotations about the purpose of the General Conveyance and its interrelationship to the Agreement.</p> <p>Rationale: <i>Provide context for users.</i></p>
	<p>Addendums</p>
Addendums I & II	<p>Included a Schedule of Elections that will be available in a downloadable format from the CAPL and CAPLA websites. The annotated Schedule included as Addendum I identifies in a bolded note a number of provisions for which the Parties will wish to confirm the default choices included in the document in the context of their particular Transaction. The Addendums will be available in a downloadable format on the CAPL and CAPLA websites.</p> <p>Rationale: <i>To facilitate use and understanding of the PTP. Other than for the continued requirements to identify GST/HST registration numbers, to select Vendor reps under Clause 6.02 and to add an address for service, the Schedule shows the major reduction in the number of optional provisions and elections relative to the 2000 PTP.</i></p>
Addendum III	<p>A sample of the use of the PTP for a straightforward \$10MM sale that shows two scenarios-the sale of a non-operated interest and the sale of an operated interest. The Addendum will be available in a downloadable format on the CAPL and CAPLA websites.</p> <p>Rationale: <i>Being able to complete that Transaction in two pages and a single page of elections shows the efficiency opportunity associated with use of the Property Transfer Procedure. The simpler case (Scenario A) could have been addressed on a single page if an Arial 10 font size had been used.</i></p>
Addendum IV	<p>A sample showing use of the PTP for a straightforward \$5MM Asset Exchange of non-operated interests with the applicable Operator when a cash payment is required by one Party because of a difference in relative values. The Addendum will be available in a downloadable format on the CAPL and CAPLA websites.</p> <p>Rationale: <i>Being able to complete that Transaction in two pages and a single page of elections shows the efficiency opportunity associated with use of the PTP.</i></p>
Addendum V	<p>This shows a simple sale Transaction in which the Vendor is selling its entire interest in certain undeveloped lands for a modest sale price.</p> <p>By using the PTP as a platform, this Transaction can be completed in a one page Head Agreement and a one page Schedule of Elections to the PTP, with the addition of the property specific Land Schedule and the General Conveyance.</p> <p>This Addendum will be available in a downloadable format on the CAPL and CAPLA websites.</p> <p>Rationale: <i>This Addendum has been included to demonstrate the potential efficiency gains that are available by using the PTP as a platform for the typical undeveloped lands only sale.</i></p>
Addendum VI	<p>This shows a much more complex sale Transaction relating to undeveloped lands than Addendum V. In this example, the Vendor is retaining shallow rights, is reserving a 3% ORR with respect to the Lands being disposed and the trust arrangement is unusual, in that the Purchaser is subsequently transferred the legal interest and gives back a trust agreement to the Vendor if the Purchaser drills on the Lands it acquired.</p> <p>By using the PTP as a platform, this Transaction can be completed in a two page Head Agreement and a one page Schedule of Elections to the PTP, together with the property specific Land Schedule, the form of the Royalty Agreement, the form of the Trust Agreement and the General Conveyance.</p> <p>This Addendum will be available in a downloadable format on the CAPL and CAPLA</p>

Clause	Change And Rationale
	<p>websites.</p> <p>Rationale: <i>This Addendum has been included to demonstrate the potential efficiency gains that are available by using the PTP as a platform for even a relatively complex undeveloped lands only sale.</i></p>
Addendum VII	<p>This shows a simple swap in which the Parties are swapping all of their respective interests in certain undeveloped lands in a situation in which a cash payment is required from one party to reflect the differences in relative values.</p> <p>By using the PTP as a platform, this Transaction can be completed in a 1.33 page Head Agreement and a one page Schedule of Elections to the PTP, together with the property specific Land Schedules and the General Conveyance.</p> <p>This Addendum will be available in a downloadable format on the CAPL and CAPLA websites.</p> <p>Rationale: <i>This Addendum has been included to demonstrate the potential efficiency gains that are available by using the PTP as a platform for the typical undeveloped lands only swap.</i></p>