

*(We receive enquiries regarding oil and gas production purchases by individuals who may not have a complete knowledge of the process. This letter is a rough outline of the procedure and costs involved)*

## OUTLINE of INDUSTRY TERMS

(Updated) Date: November 13, 2009.

### Between:

ABC Energy Resources Ltd.  
8001, 800-8<sup>th</sup> Ave. SW.,  
Calgary, Alberta T2P 7A4

Attention: Persons Name, Managing Director  
e-mail: allen@ABC.ca  
Tel: 403 256-0659 FAX:

### and

ARRIBA Land & Minerals Corp.  
Suite 195, 132-250 Shawville Blvd. SE,  
Calgary, Alberta, Canada T2Y 2Z7

Attention: Jim Stapleton, President.  
jimstapleton100@hotmail.com

## TERMS of ACQUISITION & DIVESTITURE

ABC Energy Resources Ltd. ("ABC") is a body corporate registered to do business in the Province of Alberta and engages ARRIBA Land & Minerals Corp. to act as agent for the purchase of oil and gas assets on the following basis:

### 1) The Parties

- a) ABC is the acquiring party; acquiring company or is acting as agent for an undisclosed party or interim party to the transaction; (*choose one*)
- b) ABC engages ARRIBA Land & Minerals Corp. ("ARRIBA") to act as agent for the purpose of identifying a company, prospect or titled oil and gas production package for purchase.
- c) The initial dates for the project shall be the date of this Letter of Engagement and the term shall be three (3) months renewable upon consent of both parties or until an initiated purchase and sale is completed.

### 2) Terms and Conditions

- a) Type of production properties to be acquired are: conventional crude production, heavy oil, gas production, coal bed methane production or shut-in gas production. (description of purchase)
- b) Total projected value of properties to be acquired is C\$7,000,000. (anticipated value of purchase)
- c) Core area of operations shall be Western Canadian Domestic oil and gas production.

### 3) Scope of Work

- a) ARRIBA as agent shall identify oil and gas production held by a private company for sale for which all reasonable expenses shall be paid by ABC in accordance with Schedule "C".
- b) ARRIBA shall identify a company, production or titled property, for purchase or Short List of acquisitions, and will give notice to ABC and present properties.
- c) ABC may instruct ARRIBA to proceed with Purchase and Sale on a particular property on an hourly fee for services basis.
- d) Upon Closing of the Purchase and Sale ARRIBA will receive \_% of the purchase price payable at closing plus any outstanding finding and research fees and expenses.

### 4) Procedure

- e) Confidentiality shall be maintained under a separate conditional Confidentiality Agreement specifying the extent and limitations of ARRIBA in representations and transactions.

- f) Initial valuation of properties and or company for purchase and takeover shall be on a net cash flow or value of barrels of production per day, or on a dollar per barrel of reserves estimate basis.
- g) ABC shall identify and retain a Legal Council for the purpose of assisting in the Purchase and Sale transaction as to form of Purchase and Sale Agreement, payment, conveyance, title searches and due diligence.
- h) Conflict of Interest means that ABC has not and will not engage another party to do the same work as ARRIBA in conflict with this letter of engagement.

5) Property and Valuation

- a) ARRIBA shall identify the acquisition and attempt to acquire accurate information on the property, and the description, value and extent of the property for acquisition.
- b) ABC shall engage an engineering firm in absence of being able to acquire adequate information about the acquisition for the purpose of making an offer on the properties.
- c) Purchase and Sale Agreement shall be prepared and offer made.
- d) Legal council for ABC shall prepare Purchase and Sale Agreement, due diligence, conveyance and closing.

6) Closing and Transfer

- a) Conveyance and Closing shall be in at a time and place specified in the Purchase and Sale Agreement.
- b) Transfer Procedure shall be in accordance with the CAPL Transfer Procedure and the PASWAC Accounting Procedures.
- c) Notices and Address for Service are those at the head of this Letter of Engagement.
- d) Acquisition and conveyance shall be at the sole cost of the Purchaser, ABC.

7) Assets for Purchase

- a) The assets for purchase are to include oil and gas, hydrocarbon production, Crown and Freehold mineral title, cash, tax pools, production facilities and tangible assets, and all technical data and information as set out in the Purchase and Sale Agreement.

8) Accessory Items

- |   |  |
|---|--|
| a) financial statements   | k) regulations in province of operations         |
| b) tax pools  | l) environmental liabilities                     |
| c) Crown Leases   | m) Phase I Environmental Assessments             |
| d) Freehold Mineral Leases  | n) Areas of Mutual Interest and joint operations |
| e) mineral producing properties   | o) Rights of First Refusal                       |
| f) mineral non-producing properties   | p) transfer of Operatorship                      |
| g) lease maintenance, surface and mineral rental commitments                | q) Novation into existing agreements             |
| h) tangible equipment and inventories                                       | r) Historical and title opinions                 |
| i) formal incorporation and registration of the acquiring operating company | s) due diligence and fiduciary duties            |
| j) registration in province of operations                                   | t) conveyance of files                           |

Signed on behalf of Purchaser: [ABC] \_\_\_\_\_

Date: \_\_\_\_\_

Signed on behalf of Agent: [ARRIBA] \_\_\_\_\_

Date: \_\_\_\_\_

<http://www.landandminerals.com>

## Schedule “A” Definitions

## Schedule “B” Confidentiality Agreement

## Schedule “C” ARRIBA Fee for Services

### 1) Manner of Acquisition:

- a) Identify Properties for Sale
- b) Identity of Company and Ownership of the Company owning the Properties
- c) List Producing Properties and Minerals Lands
- d) Present, notify and review, proposed purchase with Purchaser, ABC
- e) Valuation of the properties
- f) Reporting and manner of communication
- g) Assist in Purchase and Sale, Closing and Transfer.

### 2) Fee Schedule:

- a) Engagement Retainer: \$ 10,000.00 deductible from commissions upon Closing.
- b) Hourly Rate:
- c) Day Rate:
- d) Expenses at cost:
- e) Commission at Closing:
- f) Mileage:
- g) Travel:
- h) Maximum expenditures without approval are amount C\$\_\_\_\_\_

### 3) Invoicing and Manner of Payment

- a) Form of Invoicing
- b) Approval process for Invoices (parties required):
- c) Payment of Invoices (by and within what period):
- d) Delivery of documentation (by whom and when):
- e) Third Party charges (treatment and handling):
- f) Billing Periods: End of each calendar month.
- g) Payment of Invoices: 14 Day Approval Process.
- h) Interim Invoicing and payment (for extraordinary items such as equipment or trip):
- i) Completion of job and final billing.
- j) Payment of Commissions
- k) Arbitration Process and Dispute Mechanism in and for the Province of Alberta.

### 4) Liability

- a) Liability of ARRIBA is limited to the amount of fees received and
- b) Work by Arriba and its contractors and agents will precede under a detailed the client’s Agent Indemnity Agreement.

### 5) Schedules Attached

- a) Schedules attached name parties included or excluded from the Commission & Fee Schedule
- b) Attached are “B” Confidentiality & Non-Circumvention and “C” Commission & Fee Schedule.