

MINUTES OF THE APRIL 20, 2002 ANNUAL GENERAL MEETING OF THE FREEHOLD PETROLEUM & NATURAL GAS OWNERS ASSOCIATION

The annual meeting of the Freehold Petroleum & Natural Gas Owners Association (the "Meeting") was held in the Wildrose Room of the Ramada Inn Conference Centre, Edmonton, Alberta, on April 20, 2002, and was attended by approximately 350 members and guests.

Mrs. Else Pedersen, a director of the Freehold Petroleum & Natural Gas Owners Association ("The Freehold Owners Association", "FHOA" or the "Association") called the meeting to order at 1:05 p.m. Mr. Richard Riggins, current President of the Association, was unable to attend and had asked Mrs. Pedersen to chair the meeting.

Seated at the head table in addition to Mrs. Pedersen were: Mr. Keith Wilson and Mrs. Gloria Delisle, current directors of FHOA; Mr. Jim Harriman & Mr. Deryk Ziegler, nominees as directors of FHOA; Mr. David Spiers, FHOA Technical Committee Chairman; Ms. Carol Makowecki, Assistant to the Farmers' Advocate of Alberta; and Mrs. Marion Raugust, Acting Secretary for the Meeting. Director Mr. Richard Anderson remained at the registration table

Mrs. Pedersen began her remarks by welcoming members and guests to the meeting. She then provided those in attendance with a brief overview of what the Freehold Owners Association is, why FHOA was formed and what FHOA is trying to do.

Mrs. Pedersen advised those present that the Freehold Owners Association is a federally incorporated not-for-profit association currently registered to carry on business in Alberta, Saskatchewan and Manitoba. It was organized in late 1999 with the help of the Alberta Energy Department and, as of April 20, 2002, 1540 freehold owners had joined FHOA. Each member of the Freehold Owners Association has one vote in the election of those individuals who control the affairs of the association - the directors and the president. All of the directors and officers of FHOA are volunteers and the association has no paid staff. Mrs. Pedersen emphasized that it is because of the contribution of volunteers that the Freehold Owners Association has been able to fund all of its activities to date solely from \$25 annual membership fees.

Mrs. Pedersen stated that FHOA exists to promote fairness. She advised that freeholders own the oil and gas beneath approximately 6 million acres in Alberta - 4% of the Province. Freehold mineral rights have an immense potential value. For comparison purposes, the Province of Alberta owns the oil and gas beneath approximately 81% of Alberta and, in the fiscal year which ended March 31, 2001, the Province collected \$10.6 billion in oil and gas lease signing bonuses, annual rentals and production royalties from these non-renewable resources. If all other

things were equal, last year individual freeholders owners would have received more than half a billion dollars in freehold lease bonuses, rentals and royalties. Freeholders received nowhere near this amount.

The Freehold Owners Association was formed in an attempt to level the playing field between individual freehold owners and the oil and gas companies that lease our mineral interests and help freeholders maximize the value of the mineral interests which form part of our heritage.

Mrs. Pedersen stated that the objectives of the Freehold Owners Association are:

1. To provide education and information to freehold owners
2. To research issues of concern to freeholders
3. To promote greater fairness for freehold owners by:
 1. acting as a common voice for all freeholders
 2. communicating our legitimate concerns to the oil and gas industry, the industry regulators, governments and the public
 - c. advocating reasonable solutions to problems

With the approval of those present, Mrs. Pedersen asked Mrs. Pat Anderson to act as Scrutineer and Mrs. Marion Raugust to act as Secretary of the meeting.

Mrs. Pedersen advised that a notice of Meeting, information circular, and a form of proxy had been mailed on April 5, 2002 to all members of the association as of record date of March 29, 2002. Mrs. Pedersen directed the Secretary to keep the Declaration of Mailing with the records of this meeting.

Mrs. Pedersen then stated that the by-laws of the Association provide that a quorum for the transaction of business consists of 2 members present in person and entitled to vote, and that, as the Scrutineer's report indicated there were 270 members present in person and an additional 179 members by proxy, she was satisfied that a quorum was present. Mrs. Pedersen directed the Secretary to keep a copy of the Scrutineer's Report with the records of the Meeting.

Mrs. Pedersen then declared the Meeting to be regularly called and properly constituted for the transaction of business

The first item of business was the report of the directors, the financial statements of the association, and the auditor's report.

Mrs. Pedersen advised the Meeting that during the year FHOA had:

- published and distributed to members two newsletters in August 2001 and February, 2002;
- established a website which had 2500 visitors in its first seven months;
- conducted 4 mineral rights information seminars in Ponoka, Willingdon,

Spruceview and Namao, Alberta;

- acquired a subscription to a technical database used within the oil and gas industry in an attempt to provide knowledge and information to members;
- provided addendums to CAPL leases on its website for the purpose of assisting freeholders in lease negotiations;
- provided substitute wording for certain CAPL lease clauses in newsletters to members;
- had met and corresponded with oil and gas industry associations, industry regulators and government officials;
- had been encouraged by support from the Office of the Farmers' Advocate, Alberta Energy and certain MLA's.

Mrs. Pedersen then asked Mr. David Speirs to review the Association's financial position.

Mr. Speirs first showed a slide comparing FHOA's balance sheet for the period ending March 31, 2001 to the Association's balance sheet at March 31, 2002, and explained that the 2001 numbers had been audited by KPMG LLP, Chartered Accountants, and the 2002 numbers were currently being audited by Deloitte & Touche LLP, Chartered Accountants. Mr. Speirs indicated that Members' Equity, which is essentially the cash which the Association has to work with, had declined from \$33,500 at March 31, 2001 to \$16,300 at March 31, 2002. Mr. Speirs advised the Meeting that most 2002 membership fees had not been received as of March 31, 2002, and that Members' Equity had now increased to approximately \$26,000.

Mr. Speirs then showed a slide comparing FHOA's revenues and expenditures for the 12-month period ending March 31, 2001 to the 12-month period ending March 31, 2002. Mr. Speirs indicated that FHOA had spent approximately \$30,000 in the past year and that these expenditures had allowed the Association to hold 4 information seminars, build and maintain a comprehensive web site, acquire a technical database, make technical information available to members, distribute two membership newsletters, and answer more than 500 queries from freeholders.

Mr. Speirs advised the Meeting that the conclusion to be drawn from the revenue and expenditure statement was that FHOA had a funding problem. Although the Association had been reasonably successful in accomplishing its goals in the past year, its sole source of funding had been membership fees. Even though FHOA had no paid staff and relied entirely on volunteers for all aspects of its operations, the fees generated from members at current membership levels were not sufficient to offset expenses. Mr. Speirs suggested that the Association needed to grow its membership significantly and seek other sources of funding if it was to continue to achieve its objectives.

Mr. Speirs then advised the Meeting that copies of the March 31, 2001 audited financial statements were available at the head table, and that the March 31, 2002

audited financials would be posted on the Association's web site in May, 2002 when the audit was complete.

Mrs. Pedersen then asked the Secretary to read the names of those persons nominated by the current directors to hold office as directors for the coming year. The Secretary read the names of Mr. Richard Anderson, Mr. Don Beddoes, Mrs. Gloria Delisle, Mr. Jim Hampton, Mr. Jim Harriman, Mr. Keith Luft, Mrs. Else Pedersen, Mr. Jack Pearse, Mr. Richard Riggins, Mr. Keith Wilson and Mr. Deryk Ziegler. There being no further nominations, Mrs. Pedersen declared the nominations closed and asked for a motion from the floor electing those nominated as directors for the coming year.

Mr. Adrian Richardson moved, and Mr. Robert Lema seconded, a motion that Mr. Richard Anderson, Mr. Don Beddoes, Mrs. Gloria Delisle, Mr. Jim Hampton, Mr. Jim Harriman, Mr. Keith Luft, Mrs. Else Pedersen, Mr. Jack Pearse, Mr. Richard Riggins, Mr. Keith Wilson and Mr. Deryk Ziegler be elected as directors of the Association for the ensuing year.

Mrs. Pedersen announced that the Scrutineer's Report indicated that the vote by proxy was: For - 176, Withhold Vote - 3; and declared the motion carried and declared Mr. Richard Anderson, Mr. Don Beddoes, Mrs. Gloria Delisle, Mr. Jim Hampton, Mr. Jim Harriman, Mr. Keith Luft, Mrs. Else Pedersen, Mr. Jack Pearse, Mr. Richard Riggins, Mr. Keith Wilson and Mr. Deryk Ziegler to be elected as directors for the coming year.

Mrs. Pedersen then asked Mr. Keith Wilson to chair that portion of the meeting dealing with the election of the Association's president.

Mr. Wilson asked the Secretary to read the name of the person who had been nominated by the current directors. The Secretary read the name of Mrs. Else Pedersen. There being no further nominations, Mr. Wilson declared the nominations closed and asked for a motion from the floor electing Else Pedersen as president of the Association.

Mrs. Gwen Speirs nominated Else Pedersen as President of the Association and Mr. Frank Doucette seconded the motion.

Mr. Wilson advised the Meeting that the Scrutineer's Report indicated that the vote by proxy for President was: For - 175, Withhold Vote - 4. Mr. Wilson declared the motion carried and declared Mrs. Else Pedersen elected as President of the Association to hold office, subject to the Canada Corporations Act, for the next 2 years or until her successor is duly elected.

Mrs. Pedersen then re-occupied the chair

Mr. Frank Doucette then thanked Mr. David Speirs for his contribution to the Association in doing all of the technical database reports. He encouraged members to take advantage of the service.

Mrs. Pedersen then asked for a motion to appoint the auditor.

Mr. Dennis Jones moved, and Mr. Adrian Richardson seconded, a motion that Deloitte & Touche LLP, Chartered Accountants, be appointed as the auditor of the Association at a remuneration to be fixed by the directors.

Mrs. Pedersen advised the Meeting that the Scrutineer's Report indicated that the vote by proxy was: For - 176, Withhold Vote - 3. Mrs. Pedersen declared the motion carried and declared that Deloitte & Touche was duly appointed as the auditor of the Association for the coming year.

Mrs. Pedersen then spoke briefly of the Association's plans for the coming year. She urged all members to assist FHOA by recommending that other family members or friends owning freehold minerals join the Association. Mrs. Pedersen advised that the Association intended to do selected mailings to Alberta freeholders soliciting memberships in the coming year and also intended to conduct further information seminars. Mrs. Pedersen then described the initiative being undertaken by FHOA to assemble a freehold lease and royalty statement database. She encouraged members to send in copies of their lease agreements and representative copies of royalty statements to help with this database. Mrs. Pedersen advised that one of the goals of the lease and royalty statement database was to allow FHOA to develop meaningful statistics to be used in the preparation of position papers on issues of concern to freehold owners. These position papers would form the basis of planned presentations to industry associations, regulators and governments seeking fairer treatment for all freeholders.

Ms. Carol Makowecki, Assistant to the Farmers' Advocate then spoke briefly. She said the Farmers' Advocate Office came into existence in 1973 and indicated that the office receives many inquiries from freeholders regarding mineral rights, leases, etc. Ms. Makowecki indicated that the Office of the Farmers' Advocate values the advice and support of the FHOA and considers it a valuable resource for freeholders.

Mrs. Pedersen then opened the floor for comments:

Mr. Doug Vath thanked the organization for the work done on the website.

Mr. Frank Doucette urged everyone to provide FHOA with copies of their leases and royalty statements so as to give other members access to this information when signing new leases etc.

Mr. Ray Fedoruk wondered about the relevancy of databases if it contained

information from years ago. He would like to see further references on the website and stated that he felt the organization was going in the right direction.

Mr. Cliff Downey felt that the membership is under priced for the services provided. Mr. Keith Wilson responded by stating that the low membership fee was intended to promote accessibility, but that the Association welcomed additional contributions from those who could afford to do so.

Mr. Dennis Jones suggested that one way to increase FHOA's membership would be for members to sign up siblings that are involved in their mineral titles.

At 3:00 p.m. Mr. Robert Lema moved, seconded by Mr. Walter Raugust, that the formal meeting be adjourned.

Signed
Else Pedersen
President



"Director Keith Wilson jokes with members".