

## MINUTES OF THE JUNE 14, 2003 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 Main Gym of the Louis Riel Junior High School, 9632 Oakfield Drive SW, Calgary, Alberta on June 14, 2003, and was attended by approximately 125 members and guests.

Mrs. Else Pedersen, President 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.

Seated at the head table in addition to Mrs. Pedersen were: Mr. Jim Harriman, Mr. Keith Luft, and Mrs. Gloria Delisle, current directors of FHOA; Mr. Frank Russell and Mr. Brad Murray, nominees as directors of FHOA; Mr. David Spiers, FHOA Technical Committee Chairman; and Mr. Glenn Pomeroy of Newfficient Corp. 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, 1950 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 other than university students hired during summer months under a federal government salary sharing program.

Mrs. Pedersen stated that FHOA exists to promote fairness, to level the playing field between individual freehold owners and the oil and gas companies that lease freehold mineral interests and to 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:
  - a. acting as a common voice for all freeholders
  - b. 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. Gloria Delisle 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 May 20, 2003 to all members of the association as of the record date of May 8, 2003. 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 78 members present in person and an additional 222 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, one dealing with estate planning for freehold owners and the other dealing with recent legal decisions and regulatory changes impacting freeholders;
- maintained a website which had between 750 and 1000 visitors per month;
- conducted mineral rights information seminars in Edmonton, Stettler, Innisfail and Lethbridge;
- provided technical service requests to 125 members;
- responded to more than 1000 emails and phone calls from freehold owners;
- researched estate planning issues; and
- initiated a freehold lease and royalty statement database.

Mrs. Pedersen indicated that although she was pleased with the Association's progress in providing education and information to freehold mineral owners in 2002, she was unhappy with FHOA's progress in promoting fairer treatment for freehold owners.

Mrs. Pedersen then reviewed the Association's audited financial statements for the year ending on March 31, 2003. She indicated that revenues had increased to \$31,000 from \$13,000 in 2001 primarily as the result of the timing of membership fee recording and the \$8,000 generated from technical service requests. The Association's expenses also increased from \$31,000 in 2001 to \$36,000 in 2002

mainly due to the relatively high cost of the 2002 annual general meeting. Mrs. Pedersen thanked the Calgary Public School Board for making facilities such as used for this annual meeting available to not for profit groups at a modest fee. She advised the meeting that the Freehold Owners Association had a net loss of \$4,000 in 2002 as compared to a net loss of \$17,000 in 2001. At March 31, 2003, FHOA had \$6,000 in working capital as compared to \$16,000 on March 31, 2002. Mrs. Pedersen also advised the meeting that the Association's working capital had increased to approximately \$13,000 as of the meeting date.

Mrs. Pedersen noted that the Association's main problem continued to be financial, and that even with no full time paid staff, with all legal and technical assistance provided at no cost to the Association by volunteer professionals and with the unpaid efforts of members and directors, FHOA continued to lose money. She expressed disappointment that Alberta Gaming had rejected the Association's request for funding under the Community Initiatives Program and surprise that a Government which expected to collect \$214,000,000 in freehold mineral tax from owners of freehold mineral rights in 2003 did not consider it appropriate to support FHOA's efforts on behalf of the freehold owner community. Mrs. Pedersen indicated that FHOA would continue to pursue funding opportunities.

Mrs. Pedersen then opened the meeting for nominations to the board of directors and 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.

Mr. Harold Krebs then nominated Mr. Brad Murray and Mr. Michael Niven and Mrs. Pedersen asked that the names of those nominated be posted on the projection screen. There being no further nominations, Mrs. Pedersen asked for a motion from the floor that nominations be closed.

Nancy Osadchuk moved, and Mrs. Pat Anderson seconded, a motion that nominations be closed. The motion carried without opposition by a show of hands.

Mrs. Pedersen then advised the meeting that Mr. Niven was a lawyer with the Calgary legal firm of Carscallen Lockwood LLP and the Mr. Murray was a facilities engineer experienced in gas gathering and marketing. She also advised the meeting that both Mr. Niven and Mr. Murray had consented to act as directors.

Mrs. Pedersen then said that the Scrutineer's Report indicated that the vote by proxy for the election 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 as directors of the Association for the ensuing year was: For 222 ; Opposed - Nil.

Mrs. Pedersen asked for a motion from the floor electing those individuals as directors and Mr. Don Zabel moved, and Mrs. Pat Hill 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. The motion carried by a show of hands without opposition and Mrs. Pedersen declared those individuals as directors of the Association to hold office, subject to the Canada Corporations Act, until the next annual meeting or until their successors were duly elected.

Mrs. Pedersen then asked for a motion from the floor calling for a vote by a show of hands for the election of Mr. Michael Niven and Mr. Brad Murray as directors.

Pat Krebs moved and Mrs. Gwen Speirs seconded a motion that the election of Mr. Brad Murray and Mr. Michael Niven as directors be decided by a show of hands. The motion carried by a show of hands without opposition.

Mrs. Pedersen then requested a show of hands for members present in favour of, and opposed to, electing Mr. Michael Niven, as director. All hands raised having been in favour, Mrs. Pedersen then declared Mr. Niven elected as director.

Mrs. Pedersen then requested a show of hands for members present in favour of, and opposed to, electing Mr. Brad Murray, as director. All hands raised having been in favour, Mrs. Pedersen then declared Mr. Murray elected as director.

Mrs. Pedersen then advised the meeting that the next item of business was the election of the Association's auditor for the ensuing year. Mr. Carl Anderson moved, and Nancy Osadchuk 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 - 222, Opposed - Nil. 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 asked for a motion from the floor that the formal part of the meeting be concluded after which general questions from the floor would be taken and an information seminar would be conducted. Mr. Don Zabel moved, and Mrs. Gwen Speirs seconded, a motion that the meeting be concluded. Following a show of hands in favour of concluding the meeting, Mrs. Pedersen declared the motion carried and the meeting concluded.

Signed  
Else Pedersen  
President