

This is the *Standard Oil and Gas Lease* for illustrative purposes only.  
This document will be adapted for each Location.



## Standard Oil and Gas Lease

Updated February 25, 2010

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### *Oil and Gas Act*

### *Oil and Gas Disposition Regulations*

### **Oil and Gas Lease No. \_\_\_\_\_**

This Lease is made in duplicate as of the Issuance Date between the Commissioner of Yukon and the Lessee(s).

Issuance Date: \_\_\_\_\_ 20\_\_

Term Commencement Date: \_\_\_\_\_ 20\_\_

Initial Term: 10 years

Renewal Terms: 5 years each

Lessee(s):

*Examples:*

*One lessee:*

Lessee: Castor Oil and Gas Inc.

*More than one lessee:*

Lessees: ABC Oil and Gas Inc.,  
as to a 50% undivided interest;

LMN Gas Corporation,  
as to a 30% undivided interest;  
and

XYZ Energy Ltd.,  
as to a 20% undivided interest.

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The Commissioner and the Lessee agree as follows:

Subject to the *Oil and Gas Act* and the provisions of this Lease, the Commissioner grants to the Lessee

- (a) the exclusive right to drill for and recover oil and gas within the Location; and
- (b) the right to remove from the Location oil and gas so recovered,

during the Initial Term and, subject to the *Oil and Gas Act* and the provisions of this Lease, during each Renewal Term.

Reserving and paying to the Commissioner the royalty and rentals provided for in this Lease.

This Lease is renewable at the option of the Lessee for further terms of 5 years each, subject to the *Oil and Gas Act* and the provisions of this Lease.

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## Interpretation

1 (1) In this Lease,

“**Act**” means the *Oil and Gas Act*;

“**Commissioner**” means the Commissioner of Yukon, as represented by the Minister;

“**Initial Term**” means the term of 10 years commencing on the Term Commencement Date shown on the first page of this Lease;

“**Location**” means the lands described in the Appendix to this Lease;

“**Minister**” means the Minister appointed to administer the Act;

“**Renewal Term**” means the 5-year term of each renewal of this Lease.

(2) In this Lease, a reference to the Act or to any other Act of the Legislature of Yukon referred to in paragraph 5(1)(b) of this Lease shall be construed as a reference to

(a) that Act, as amended from time to time;

(b) any replacement of all or part of that Act, as amended from time to time; and

(c) any regulations, orders, directives or other subordinate legislation made from time to time under any enactment referred to in paragraph (a) or (b), as amended from time to time.

(3) Except as otherwise provided in this Lease, expressions used in this Lease that are defined in the Act have the same meaning in this Lease.

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## **Royalty**

- 2 The Lessee shall pay to the Commissioner the royalty prescribed by the Act on oil and gas recovered from the Location pursuant to this Lease.

## **Rentals**

- 3 (1) The Lessee shall pay to the Commissioner rentals in respect of each year of the Initial Term and of each year of a Renewal Term at the rate of \$5.00 per hectare in the Location.
  - (2) The rental for each year
    - (a) is due and payable on the first day of that year; and
    - (b) shall be calculated on the basis of the area of the Location as it stood on that date.

## **Compliance with legislation**

- 4 (1) The Lessee shall comply with the provisions of
  - (a) the Act; and
  - (b) any other Acts of the Legislature of Yukon that prescribe, apply to or affect the rights and obligations of a holder of an oil and gas lease under the Act or that relate to, apply to or affect the Lessee in the conduct of operations or activities under this Lease.
- (2) The provisions of the Acts referred to in subsection (1) are deemed to be incorporated in this Lease.
- (3) In the event of a conflict between a provision of this Lease and a provision referred to in subsection (1), the latter provision prevails.

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## Indemnification by Lessee

- 5 (1) The Lessee shall keep the Commissioner indemnified against
- (a) all actions, claims and demands brought or made against the Commissioner, the Government of Yukon or the Minister by reason of anything done or omitted to be done, whether negligently or otherwise, by the Lessee or any other person in the exercise or purported exercise of the rights granted under this Lease or the performance or purported performance of duties imposed by or pursuant to this Lease; and
  - (b) all losses, damages, costs, charges and expenses that the Commissioner, the Government of Yukon or the Minister sustains or incurs in connection with any action, claim or demand referred to in paragraph (a).
- (2) This section shall survive this Lease.

## Renewal of Lease

- 6 (1) A renewal of this Lease is subject to the condition that the Minister shall issue a new Lease for the Renewal Term, with the term commencing immediately following the expiration of the Initial Term or the previous Renewal Term, as the case may be.
- (2) An application for the first renewal of this Lease shall be made to the Minister during the last 60-day period of the Initial Term or the preceding Renewal Term, as the case may be.
- (3) If an application for the renewal of this Lease is not made in accordance with subsection (2), the Minister shall issue a new Lease for the first Renewal Term in accordance with subsection (1) and the Act.

## Execution in counterpart

- 7 This Lease may be executed in counterparts, each of which shall be deemed to be an original and all of which shall constitute one and the same document.

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EXECUTED on behalf of the Commissioner of Yukon at Whitehorse, Yukon, and by the Lessee(s), as of the Issuance Date:

COMMISSIONER OF YUKON:

LESSEE(S):

\_\_\_\_\_  
Minister of Energy, Mines and Resources

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

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## **APPENDIX: LOCATION**

**Oil and Gas Lease No.:** \_\_\_\_\_

**Legal description of Location:**

**Total sections =** \_\_\_\_\_

**Total area =** \_\_\_\_\_ **hectares, more or less**

The map following is a representation of the area of the Location and its boundaries for convenience of reference. In case of any inconsistency between the legal description and the map, the legal description prevails.

[insert map]