



PETROLEUM SOCIETY
CANADIAN INSTITUTE OF MINING, METALLURGY & PETROLEUM
Lloydminster & District Heavy Oil Section

**THE BY-LAWS OF THE PETROLEUM SOCIETY OF CIM
LLOYDMINSTER & DISTRICT HEAVY OIL SECTION**

ARTICLE 1: NAME

This Section shall be known as "The Petroleum Society of CIM, Lloydminster & District Heavy Oil Section."

ARTICLE 2: AIMS AND PURPOSES

The aims and purposes of this Section shall be to promote the arts and sciences connected with the petroleum industry.

All activities of the Lloydminster & District Heavy Oil Section shall recognize the aims and purposes of the Petroleum Society of CIM.

ARTICLE 3: RELATIONSHIP TO THE PETROLEUM SOCIETY OF CIM

The Lloydminster & District Heavy Oil Section shall operate within the Petroleum Society of CIM, which operates within the Canadian Institute of Mining, Metallurgy and Petroleum (the "CIM") as outlined in the November 1, 1995 agreement entitled "AGREEMENT BETWEEN CIM AND PETSOC (A SOCIETY OF CIM)" as amended from time to time.

ARTICLE 4: HEADQUARTERS

The Section shall be headquartered in the City of Lloydminster, SK/AB & will encompass the surrounding area.

ARTICLE 5: MEMBERS

All persons living in the Lloydminster & District Heavy Oil area (which is to be designated and updated from time to time by the Section with the approval of the Board of Directors of the Petroleum Society) who are Petroleum Society Life Members, Members, Junior Members, Student Members, and Corporate Members in good standing, are members of the Lloydminster & District Heavy Oil Section.

ARTICLE 6: BOARD OF DIRECTORS AND OFFICERS OF THE SECTION

Section 1

It is recommended that the Board of Directors shall consist of a minimum of three (3) Directors with a maximum of eight (8) elected in accordance with Article 8. It is recommended that the BOD be comprised of an equal amount of producing company representatives and service company representatives.

Section 2

The Officers of this Section shall consist of the Chairman, the Treasurer, and at least one other director.

Section 3

It is recommended that the Chairman of the Board of Directors shall be elected *no later than* November of each year by the Board of Directors from among those Directors whose term of office extends beyond the end of the current calendar year (which is the fiscal year of the Lloydminster & District Heavy Oil Section, in accordance with Article 11, Section 1). The newly elected Chairman shall serve in such capacity during the immediate next succeeding calendar year.

Section 4

It is recommended that the Section's Secretary shall be hired annually by the Board of Directors and shall serve for one calendar year. The position is served in a non-voting capacity, unless the secretary is a Board member.

ARTICLE 7: ELIGIBILITY FOR OFFICE

Section 1

It is recommended that only Directors with at least one (1) year remaining in their term of office shall be eligible for the office of Chairman.

Section 2

It is recommended that only members of the Society who have been a member of the Society for at least two (2) years shall be eligible for election to the Board of Directors.

ARTICLE 8: ELECTION TO THE BOARD OF DIRECTORS

Section 1

The "voting members of the Society in the Lloydminster & District Heavy Oil area" shall be that portion of the membership of the Section comprised of the Life Members, Members, and Junior Members within the Lloydminster & District Heavy Oil area *and who have paid the current assessment, if any, pursuant to Article 11, Section 3.*

Section 2

It is recommended that at the October dinner meeting of each year, the Board of Directors shall establish the number of candidates for Director of the Section that are required to be elected for the ensuing term of office and shall nominate sufficient candidates to fill these positions, providing such nominees meet the requirements of Article 7.

Section 3

It is recommended that at the October dinner meeting of each year, the membership of the Section may submit additional nominations of candidates for Director of the Section to the Chairman, providing such nominees meet the requirements of Article 7. Each such nomination shall be seconded by an individual belonging to the membership of the Section.

Section 4

It is recommended that the Directors referred to in Sections 2 and 3 shall be elected each year by means of a ballot or a show of hands. Each candidate will have the opportunity to address the membership prior to the election. The Secretary shall count all ballots returned to the Section prior to December 1st in the presence of at least two (2) members of the Board of Directors. In the event of a tie, the Chairman shall cast the deciding vote.

Section 5

It is recommended that subject to Article 9 Section 2, each Director shall serve a three (3) year term of office with at least two (2) members of the Board of Directors elected each year.

It is recommended that the newly elected Directors serve from January 1 immediately following their election until the earlier of the expiry of their term or their resignation from the Board of Directors.

Section 6

It is recommended that in the event there is a vacant position on the Board of Directors resulting from any cause (lack of interest, nominations or the necessary quorum for voting at the general meeting etc.) may be filled by appointment by the Board of Directors from the membership of the Society for the current calendar year, providing such appointee meets the requirements of Article 7. At the end of the current calendar year, an election to fill that portion of the remaining term beyond the end of the current calendar year shall be held in conjunction with the next regularly scheduled election of Directors.

ARTICLE 9: VACANCY

Section 1

It is recommended that a vacancy in the office of Chairman resulting from any cause shall be filled by appointment by the Board of Directors from amongst their number for the unexpired portion of the current calendar year.

Section 2

It is recommended that a vacancy on the Board of Directors resulting from any cause may be filled by appointment by the Board of Directors from the membership of the Society for the unexpired portion of the current calendar year, providing such appointee meets the requirements of Article 7. Should such vacating Director's term of office extend beyond the end

of the current calendar year, an election to fill that portion of the remaining term beyond the end of the current calendar year shall be held in conjunction with the next regularly scheduled election of Directors.

ARTICLE 10: DUTIES OF DIRECTORS

Section 1

The Chairman shall preside at all meetings of the Board of Directors and at the Annual Business Meeting of the Lloydminster & District Heavy Oil Section. In addition, the Chairman shall represent the Lloydminster & District Heavy Oil Section to the Board of Directors of the Petroleum Society. The Chairman shall ensure that all committee chairmen are appointed by the Board of Directors and function in accordance with the requirements set out by the Board of Directors, as amended from time to time. In the temporary absence of the Chairman, the Chairman shall designate an alternate from among the Board of Directors to act in place of the Chairman. Should such designation fail to be made by the Chairman, the Board of Directors shall elect such alternate from among their number.

The Chairman has an obligation to submit an annual report on the state of affairs of the Lloydminster & District Heavy Oil Section to the Petroleum Society. The format and length of this report are left to the discretion of the Chairman of the Lloydminster & District Heavy Oil Section, but it should at least include sufficient detail to portray the past fiscal year's activities and the coming fiscal year's objectives/plans of the Lloydminster & District Heavy Oil Section.

Section 2

The Secretary shall record the proceedings of the meetings of the Board of Directors, attend to all correspondence, and issue all calls for or announcements of meetings.

Section 3

The Treasurer shall report on the financial health of the Section to the Board of Directors at each of its meetings, develop financial policy for consideration by the Board of Directors and be vigilant and ensure that the Section's funds are properly managed.

The Treasurer has an obligation to submit an annual financial report (as part of or separate from the Chairman's annual report) on the state of financial affairs of the Lloydminster & District Heavy Oil Section to the Petroleum Society. The format and length of this report are left to the discretion of the Treasurer of the Lloydminster & District Heavy Oil Section, but it should at least include sufficient detail to portray the past fiscal year's profit & loss statement and assets & liabilities statement, as well as the coming fiscal year's budget for the Lloydminster & District Heavy Oil Section.

Section 4

The Board of Directors shall designate, and confirm from time to time but at least on an annual basis, those individuals who shall be authorized to endorse cheques issued by the Section.

Section 5

The Board of Directors shall establish and maintain a set of policies and procedures (the "Policies and Procedures of the Lloydminster & District Heavy Oil Section of the Petroleum Society"). These shall define the duties of the Directors, who shall normally chair any standing and special committees of the Section. Directors shall also be responsible for other duties as the Chairman may assign.

ARTICLE 11: FINANCES

Section 1

The fiscal year of the Section shall be the period January 1 through December 31 of each calendar year.

Section 2

Expenses of the Section shall be paid from money appropriated from the Treasury, and as authorized by the Board of Directors. Accounts shall be paid by cheque issued by an Officer of the Section and endorsed by any two (2) of the Treasurer, the Chairman, and the Secretary.

Section 3

Dues or assessments in addition to the regular dues of the Petroleum Society may be set by the Board of Directors of the Section to meet the requirements of the Section, as determined from the budget, subject to the approval of the Board of Directors of the Petroleum Society as well as of the Lloydminster & District Heavy Oil Section membership through a

majority general referendum. The assessment shall not be set with the intent to create a profit for the Section, since it would be expected that all operating capital would come from any profits from Section events (it would be expected, however, that most events will be designed to recover costs and therefore be revenue neutral). Different levels of assessment may be established by the Board but no assessment can exceed \$25.00 per member in any year.

Section 4

The annual budget of revenue and expense for the Lloydminster & District Heavy Oil Section shall be approved by the Board of Directors prior to the beginning of the fiscal year.

Section 5

No unsecured funds may be borrowed in the name of the Lloydminster & District Heavy Oil Section.

ARTICLE 12: MEETINGS

Section 1

The "Annual Business Meeting" of the Section shall be held annually at a time and a place as may be determined by the Board of Directors. All motions to be put to a vote at the Annual Business Meeting must be forwarded to the Chairman at least three (3) days prior to this meeting.

The Secretary shall notify by mail, or other convenient means, the membership of the Section of the time and place of the Annual Business Meeting. Such notice shall include the agenda for the meeting and all motions that are to be voted on at the meeting.

A quorum at the Annual Business Meeting shall consist of five (5) members of the Section including the Chairman or the Chairman's alternate.

Approval of any motion at an Annual Business Meeting shall consist of an affirmative vote by simple majority of those casting ballots from the voting members of the Section.

Section 2

Meetings of the Board of Directors shall be held at such times and places as may be determined by the Chairman. The Secretary shall notify by convenient means each member of the Board of the time and place of the coming meetings. At least four (4) meetings of the Board shall be held during a twelve (12) month period.

A quorum at any meeting of the Board of Directors shall consist of three (3) Directors including the Chairman or the Chairman's alternate.

Approval of any motion at a meeting of the Board of Directors shall consist of an affirmative vote by three (3) or more Directors.

ARTICLE 13: FORMATION OF SPECIAL INTEREST GROUPS

Section 1

Subject to the approval of the Board of Directors of the Petroleum Society, special interest groups may form within the Lloydminster & District Heavy Oil Section to provide opportunities for technical discussion. Each group shall elect or appoint a special interest group Chairman who, if not a Director, shall serve as a non-voting member of the Lloydminster & District Heavy Oil Section Board of Directors.

To initiate such special interest groups, the Chairman, with the approval of the Lloydminster & District Heavy Oil Section Board of Directors, may appoint an interim special interest group Chairman, who, if not a Director, shall serve as a non-voting member of the Board of Directors.

Section 2

The activities of the special interest groups must conform to the "Aims and Purposes" as stated in Article 2.

Section 3

The Board of Directors, as well as the Board of Directors of the Petroleum Society, has the right to dissolve special interest groups.

ARTICLE 14: COMMITTEES

Section 1

The Board of Directors may designate from time to time such special or standing committees as it may consider necessary or desirable. Committees shall be held at a minimum in number, their duties *shall be* clearly defined, and *they* shall be discharged as soon as their report is accepted or they become inactive.

Section 2

The Chairman, with the approval of the Board of Directors, shall appoint the Chairman of each committee prior to January 31 for each existing committee and within one (1) month from the creation of each new committee. Each such appointment shall terminate upon the earlier of the appointment of a successor committee chairman or the resignation of such committee chairman.

ARTICLE 15: AMENDMENTS TO BY-LAWS OF THE SECTION

These By-Laws may be rescinded, altered, or added to by a "Special Resolution" approved by the Board of Directors of the Petroleum Society of CIM. Any "Special Resolution" must be approved by a two-thirds majority of those casting a mail ballot within the membership of the Section before being submitted to the Board of Directors of the Petroleum Society. A mail ballot shall be sent to each member at his/her last known address and shall provide at least fifteen (15) days notice of the date of closing of the ballot.

ARTICLE 16: DISSOLUTION OF THE SECTION

Section 1

Unless so directed pursuant to Article 16, Section 2, the Section shall not be broken up or dissolved unless by a two-thirds (2/3) majority of those casting ballots within the voting members of the Section by mail ballot providing at least fifteen (15) days notice of the date of the closing of the ballot has been given in writing to each voting member at their last known address.

Section 2

The Board of Directors of the Petroleum Society has the right to dissolve Sections.

By-Laws as amended in May, 2004