

### ELECTION ON DISPOSITION OF PROPERTY BY A PARTNERSHIP TO A TAXABLE CANADIAN CORPORATION

- For use by a taxable Canadian corporation and all the members of a partnership, to jointly elect under subsection 85(2) where the partnership has disposed of property to the corporation and has received as consideration shares of any class of the capital stock of the corporation.
- File one completed copy of the election and related schedules (if any) as follows:
  - by a partner designated for the purpose by the partnership;
  - on or before the earlier date on which any party to the election has to file an income tax return for the tax year in which the transaction occurred (due date);
  - at the tax centre serving the area where the transferee is located; and
  - separately from any tax returns. You may put it in the same envelope with a return, but do not insert it in or attach it to the return.
- Sections and subsections referred to on this form are from the *Income Tax Act*.

Do not use this area

Name of partnership (transferor) (print)						Partnership identification number					
Address						Postal code					
Tax year of partnership	from	Year	Month	Day	to	Year	Month	Day	Tax services office		

Name of corporation (transferee) (print)						Business Number					
ARC Resources Ltd.						8   9   5   9   7   4   2   3   6					
Address						Postal code					
1200, 308 - 4 Avenue SW, Calgary, AB						T2P 0H7					
Tax year of corporation	from	Year	Month	Day	to	Year	Month	Day	Tax services office		
		2   0   1   0	0   1	0   1		2   0   1   0	0   8	1   7	Winnipeg		
Name of person to contact for more information						Area code		Telephone number			
Lanny Watkins						403		503-8734			

#### Penalty for late-filed and amended elections

An election that is filed after its due date is subject to a late-filing penalty. Form T2058 can be filed within 3 years after its due date if an estimate of the penalty is paid at the time of filing. Form T2058 can also be amended or filed after the 3-year period, but in these situations, a written explanation of the reason the election is amended or late-filed must be attached for consideration by the Minister and an estimate of the applicable penalty must be paid at the time of filing.

Calculation of late-filing penalty:

Fair market value of property transferred .....	_____	
Less: agreed amount .....	_____	
Difference .....	=====	A
Amount A _____ x 1/4 x 1% x N* .....	= _____	B
\$100 x N* .....	= _____	C

\* N represents the sum of each month or each part of a month in the period from the due date to the actual filing date. Amount C cannot exceed \$8,000.

Late-filing penalty is the lesser of B and C above .....

Make cheque or money order payable to the Receiver General. Specify "T2058" on the remittance and, to ensure proper credit, indicate the name and social insurance number of the taxpayer, or Business Number if a corporation.

Amount enclosed \_\_\_\_\_

Unpaid amounts, including late-filing penalties, are subject to daily compound interest at a prescribed rate.

Do not use this area

**Information required**

On the following page, list, describe, and state the fair market value of properties transferred. The description and fair market value of the consideration received has to be shown opposite the related property transferred. Where the transferred property is a partnership interest, attach a schedule of the calculation of the adjusted cost base. If space on the form is insufficient, attach schedules giving similar details. You have to designate the order of disposition of each depreciable property. With this election, you do not have to file the following materials: schedules supporting this designation; documentation relating to the responses to the questions below; and a brief summary of the method of evaluating the fair market value of each property transferred. However, you have to keep them as Canada Revenue Agency may ask to see them at a later date.

1. Is there a written agreement relating to this transfer?  Yes  No
2. Does a price adjustment clause apply to any of the properties? (See Interpretation Bulletin IT-169 for details.)  Yes  No
3. Do any persons other than the members of the partnership own or control, directly or indirectly, any shares of any class of the transferee?  Yes  No
4. Does a non-arm's length rollover exist between the partnership(s) and the transferee corporation?  Yes  No
  - a) Have all or substantially all (90% or more) of all properties of the partnership been transferred to the corporation?  Yes  No
  5. Are any partners non-residents of Canada?  Yes  No
  6. Are any of the properties transferred capital properties?  Yes  No
    - If yes,
      - a) have they been owned continuously since Valuation Day (V-Day)?  Yes  No
      - b) have they been acquired after V-Day in a transaction considered not to be at arm's length?  Yes  No
      - c) since V-Day, has the partnership or any person from whom shares were acquired in a non-arm's length transaction received any subsection 83(1) dividends for transferred shares? (If yes, provide details of amounts and dates received, and attach a schedule.)  Yes  No
  7. Is the agreed amount of any of the transferred properties based on an estimate of fair market value on V-Day?  Yes  No
    - a) If yes, does a formal documented V-Day value report exist?  Yes  No
  8. Has an election under subsection 26(7) of the *Income Tax Application Rules* (Form T2076) been filed by or on behalf of the transferor?  Yes  No

Where shares of the capital stock of a private corporation are included in the property disposed of, provide the following:

Name of corporation N/A	Business Number N/A	Paid-up capital of shares transferred N/A
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**Description of shares received**

Number of shares transferor received	Class of shares	Redemption value per share	Paid-up capital	Voting or non-voting	Are shares retractable?*
	Series B Exchangeable	[ See Note 1 ]	[ See Note 2 ]	Non-voting	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
	Shares of ARC Resources Ltd.				<input type="checkbox"/> Yes <input type="checkbox"/> No
					<input type="checkbox"/> Yes <input type="checkbox"/> No
					<input type="checkbox"/> Yes <input type="checkbox"/> No
					<input type="checkbox"/> Yes <input type="checkbox"/> No

\* Retractable means redeemable at the option of the holder.

**Informative notes**

- The rules for section 85 elections are complex. Essential information is contained in Information Circular 76-19 and Interpretation Bulletins IT-169, IT-291, and IT-378.
- Complete all the information areas and answer all questions. If this form is incomplete, the Canada Revenue Agency may consider the election invalid, and subsequent submissions may be subject to a late-filing penalty.
- If the agreed amount exceeds the adjusted cost base of the property in the election, you must report the difference as a capital gain, as income or a combination of both, whichever applies.

**Particulars of property disposed of and consideration received**

Date of sale or transfer of all properties listed below:		Year	Month	Day	Note: For properties sold or transferred on different dates, use separate Form T2058.			
Property disposed of	Description	Elected amount limits*		Agreed amount (cannot be zero) B	Amount to be reported B-A (if greater than 0, see note 4)	Consideration received		Fair market value
		Fair market value	A			Non-share Description	Share Number and class	
Capital property excluding depreciable property	(Brief legal) Shares of Storm Exploration Inc.		(see note 1)			Ancillary Rights	Series B Exchangeable Shares	
	(Description and prescribed class)		(see note 2)					
Depreciable property			(see note 2)					
Eligible capital property	(Kind)		(see note 3)					
Inventory excluding real property	(Kind)		(cost amount)					
Resource property	(Brief legal)		nil					
			nil					
			nil					
Security or debt obligation property	(Description)		(cost amount)					
Specified Debt Obligation (For financial institutions only)			(cost amount)					

**Notes**

- Adjusted cost base (subject to adjustment per section 53.)
  - The lesser of undepreciated capital cost of all property of the class and the cost of the property.
  - The lesser of 4/3 x cumulative eligible capital and the cost of the property. (Under proposed changes, new rules will apply on subsequent dispositions of eligible capital property occurring after December 20, 2002).
  - This amount is to be reported either as a capital gain or as income, whichever applies. Also, in the case of depreciable property and eligible capital property, a portion of the amount may have to be reported as a capital gain while another portion of the amount may have to be reported as income.
- \* See Interpretation Bulletin IT-291 for an explanation of the limits.

**Election and certification**

The corporation and all members of the partnership hereby jointly elect under subsection 85(2) in respect of the property specified, and certify that the information given in this election, and in any documents attached, is true, correct and complete to the best of their knowledge.

Date	Signature of authorized officer of corporation	Position or office
1	Social insurance number or Business Number	Partner's tax services office
	Signature of partner, authorized person or authorized officer	Date
2	Social insurance number or Business Number	Partner's tax services office
	Signature of partner or authorized officer	Date
3	Social insurance number or Business Number	Partner's tax services office
	Signature of partner or authorized officer	Date

The election form must be signed by all partners, or by a person authorized in writing by all partners to sign for them, and by an authorized officer of the transferee. A person who is authorized to sign for all the partners should complete area 1 above, and attach a copy of the authorizing agreement. If space is insufficient, attach "Election and Certification" giving similar details. Attach a list containing the name, Social insurance number, or Business Number of each partner. If a member of the partnership is in itself a partnership, attach a list showing the name, Social insurance number, or Business Number of each member of that partnership. Also, indicate the fiscal period of the partnership.

Note 1 – The redemption value of a Series B Exchangeable Share of ARC Resources Ltd. is based on the Exchange Ratio (as defined in the share terms), which was 2.82551, multiplied by the Current Market Price (as defined in the share terms) of a trust unit of ARC Energy Trust.

Note 2 – The paid-up capital of the Series B Exchangeable Shares of ARC Resources Ltd. cannot be determined at this time as the amount will be dependent on the number of public shareholders of Storm Exploration Inc. who elected to exchange their shares of Storm Exploration Inc. for Series B Exchangeable Shares and what, if any, election such shareholders may have filed or will file under section 85 of the *Income Tax Act* (Canada).