

COURT FILE NUMBER

1901- *09591*

COURT

COURT OF QUEEN'S BENCH OF ALBERTA

JUDICIAL CENTRE

CALGARY

PLAINTIFF

PRICEWATERHOUSECOOPERS INC., LIT, in its capacity as the TRUSTEE IN BANKRUPTCY OF SEQUOIA RESOURCES CORP. and not in its personal capacity

DEFENDANTS

ALPHABOW ENERGY LTD., 1986114 ALBERTA INC., HAO WANG and WENTAO YANG

DOCUMENT

**AFFIDAVIT**

ADDRESS FOR SERVICE AND  
CONTACT INFORMATION OF PARTY  
FILING THIS DOCUMENT

DE WAAL LAW  
1010, 505 – 3<sup>RD</sup> Street SW  
Calgary, AB T2P 3E6  
Phone: (403) 266-0012

Attention: Rinus de Waal/Luke Rasmussen  
Direct: (403) 266-0013  
Facsimile: (403) 266-2632  
E-mail: [rdewaal@dewaallaw.com](mailto:rdewaal@dewaallaw.com)

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**AFFIDAVIT OF PAUL J. DARBY**  
SWORN ON JULY A, 2019

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I, Paul J. Darby, of Calgary, Alberta, SWEAR AND SAY THAT:

1. I am a Senior Vice President of PricewaterhouseCoopers Inc., LIT ("PwC"), the Applicant in this matter. I am a Chartered Accountant and a licensed insolvency trustee.

2. I have personal knowledge of the facts and matters in this affidavit, except where the context indicates otherwise. Where I have stated something on the basis of information provided to me, I believe that information to be true.
3. PwC is a licensed insolvency trustee and the trustee in bankruptcy (the “**Trustee**”) of the estate of Sequoia Resources Corp. (“**SRC**”). SRC assigned itself into bankruptcy on March 23, 2018.
4. I swear this affidavit in support of an application by PwC, in its capacity as Trustee of SRC, to set aside the transfer of certain assets to SRC in January 2017 and for related or alternative relief.

### **The Parties**

5. AlphaBow Energy Ltd. (“**AlphaBow**”) is an Alberta corporation. It was previously known as 1994450 Alberta Inc. and later as Sequoia Operating Corp.
6. 1986114 Alberta Inc. (“**198**”) is an Alberta corporation. At all times after October 1, 2016, AlphaBow and SRC were wholly-owned subsidiaries of 198.
7. Hao Wang (“**Wang**”) and Wentao Yang (“**Yang**”) were the sole directors of 198 and of SRC from October 1, 2016 until SRC’s assignment into bankruptcy.
8. Wang was also a director of AlphaBow from September 2016 until SRC’s assignment into bankruptcy. Yang was AlphaBow’s other director from August 2017 until SRC’s assignment into bankruptcy.

### **Background**

9. On or about March 2, 2018, SRC filed a Notice of Intention to Make a Proposal pursuant to the *Bankruptcy and Insolvency Act*, RSC 1985 c B-3, as amended (the “**BIA**”). SRC then assigned itself into bankruptcy on March 23, 2018.
10. After its appointment, the Trustee reviewed various transfers and transactions involving SRC and leading up to its bankruptcy, including two separate transactions relating to the same assets:
  - 10.1. a transaction in September 2016 between Endurance Energy Ltd. (“**Endurance**”) and AlphaBow (the “**Endurance Transaction**”) and the transfer of assets (the “**Endurance Assets**”) from Endurance to AlphaBow (the “**Endurance Transfer**”); and

- 10.2. a subsequent transaction in January 2017 between AlphaBow and SRC (the “**AlphaBow Transaction**”) and the transfer of the same Endurance Assets from AlphaBow to SRC (the “**AlphaBow Transfer**”).
11. The Trustee concluded that the AlphaBow Transfer may be void as against the Trustee as a transfer at undervalue or on other grounds and that some or all of the Respondents may be liable to SRC for the difference between the value of the consideration received by SRC and the value of the consideration given by SRC in the AlphaBow Transaction.
12. In May 2018 and on various occasions since then, the Trustee has invited AlphaBow to provide any records in its possession relating to these issues to the Trustee for consideration. Copies of communications between the Trustee and AlphaBow are attached as **Exhibit A**, collectively.
13. In response to the Trustee’s requests for information and records, AlphaBow provided certain records on June 29, 2018 by way of an email which is included in Exhibit A (the “**AlphaBow Production**”).

#### **The Endurance Transaction and Transfer**

14. I attach a copy of the September 21, 2016 Asset Purchase Agreement between Endurance and AlphaBow, without schedules, as **Exhibit B**. Pursuant to this Agreement, AlphaBow acquired the Endurance Assets from Endurance, which was subject to an order pursuant to the *Companies’ Creditors Arrangement Act* (the “**CCAA**”) at the time, for one dollar.
15. The AlphaBow Production included Notices of Assignment of the Endurance Assets from Endurance to AlphaBow, dated October 26, 2016 (the “**Endurance NOAs**”). The Endurance NOAs are all in the same form. I only attach a copy of the first Endurance NOA as **Exhibit C**, but will make all of them available, if required.
16. The preamble to each of the Endurance NOAs refers to the agreement between Endurance and AlphaBow dated September 21, 2016 (Exhibit B) and confirms the transfer and conveyance of the property described in the notice by Endurance to AlphaBow, effective September 1, 2016:

WHEREAS, by agreement (“Transfer Agreement”) dated September 21, 2016, Endurance Energy Ltd., as Assignor, transferred and conveyed effective September 1, 2016 (“Transfer Date”) an interest in property as more fully described below to 1994450 Alberta Inc., as Assignee; [...].

17. Each of the Endurance NOAs also includes, in paragraph 5, an acknowledgment that:
- the Assignor has transferred and conveyed the Assigned Interest to the Assignee as of the Transfer Date.

## **The AlphaBow Transaction and Transfer**

18. I attach a copy of the January 1, 2017 “Transfer Agreement” between AlphaBow and SRC, without Schedule “A”, as **Exhibit D**. It was executed by the same individual on behalf of AlphaBow and SRC and provided to the Trustee by AlphaBow on October 13, 2018.
19. The AlphaBow Production also included a set of Notices of Assignment of the Endurance Assets, this time from AlphaBow to SRC, dated January 31, 2017 (the “**AlphaBow NOAs**”). The AlphaBow NOAs are also all in the same form. I only attach a copy of the first AlphaBow NOA as **Exhibit E**, but will make all of them available, if required.
20. The preamble to each of the AlphaBow NOAs refers to an agreement between AlphaBow and SRC dated January 1, 2017 and confirms the transfer and conveyance of the property described in the notice by AlphaBow to SRC, effective January 1, 2017:

WHEREAS, by agreement (“Transfer Agreement”) dated January 1, 2017, 1994450 ALBERTA INC., as Assignor, transferred and conveyed effective January 1, 2017 (“Transfer Date”) an interest in property as more fully described below to SEQUOIA RESOURCES CORP., as Assignee; [...].

21. Like the AlphaBow Transfer Agreement, the AlphaBow NOAs are executed by the same individual as Chief Operating Officer of both AlphaBow and SRC.
22. Each of the AlphaBow NOAs also includes, in paragraph 5, an acknowledgment that:

Assignor has transferred and conveyed the Assignment Interest to the Assignee as of the Transfer Date.

## **The Basis of the Transfer of the Endurance Assets to SRC**

23. The records in the possession of the Trustee, including those provided by AlphaBow, show that:
  - 23.1. SRC was not a party to the Endurance Transaction in September 2016, or to the Endurance NOAs and that Endurance transferred and conveyed its interests in the Endurance Assets to AlphaBow; and that
  - 23.2. SRC was a party only to the subsequent AlphaBow Transaction in January 2017, several months later, and to the AlphaBow NOAs.
24. The AlphaBow Transaction was a non-arm’s length transaction between related entities. At the time of the AlphaBow Transaction, AlphaBow and SRC were both wholly-owned subsidiaries of 198 and Wang and Yang were the sole directors of both SRC and 198. I am informed that copies of corporate search results for AlphaBow, SRC and 198 are attached as **Exhibit F**.

## **The Value of the Consideration Given and Received by SRC**

25. From a review of the records in the Trustee's possession, the Trustee believes that the consideration received by SRC from AlphaBow in the AlphaBow Transaction was conspicuously less than the fair market value of the consideration given by SRC in the same transaction.

## **The ValNav Reports**

26. AlphaBow provided the Trustee with an internal valuation of the Endurance Assets, which had been prepared by AlphaBow using a software program called "ValNav".
27. AlphaBow provided two reports generated with ValNav, one named "Alberta" (valuing certain assets in Alberta) and the other named "Stonepoint" (which values certain assets in Saskatchewan and assets in four specific locations in Alberta - Evi, Harmattan, Pembina and Valhalla). I will refer to these reports as the "**Alberta ValNav Report**" and the "**Stonepoint ValNav Report**" respectively and to both reports collectively as the "**ValNav Reports**".
28. I attach, as **Exhibit G**, copies of the ValNav Reports.
  - 28.1. The ValNav Reports provide reserve evaluation estimates for approximately 44% of the Endurance Assets (the "**ValNav Assets**"). The remainder of the Endurance Assets (the "**Excluded Assets**") did not have reserves attributed to them and were not included in the ValNav Reports.
  - 28.2. The ValNav Reports calculate the estimated net present values of the net cash flows of the oil and gas reserves ("**NPV**") relating to the ValNav Assets, for "Total Proved" ("**1P**") and "Total Proved + Probable" ("**2P**") reserves on a before tax and after-tax basis, calculated at different discount rates.
  - 28.3. Significant asset retirement obligations ("**ARO**") are associated with the Endurance Assets. The costs associated with ARO constitute an inherent part of the value of the Endurance Assets. The ValNav Reports incorporate estimated costs to abandon the ValNav Assets and the estimated recoveries from salvage, but do not include the estimated costs of reclamation.
29. The Trustee believes that the NPV estimates in the ValNav Reports are overly optimistic and not reflective of the actual value of the assets.
  - 29.1. Almost all of the positive value in the Stonepoint ValNav Report is attributed to the assets situated in Valhalla (the "**Valhalla Assets**"). This report attributes an NPV of \$2.76 million (for Total Proved at a 10% discount rate) to the Valhalla Assets.

- 29.2. However, in a letter to the Trustee dated August 23, 2018 and attached as **Exhibit H** (the “**August 23 Letter**”), AlphaBow confirmed that the Valhalla Assets were sold by SRC on May 1, 2017 for net proceeds of approximately \$316,000, which reflects the actual market value of the Valhalla Assets as only 11% of the NPV in the Stonepoint ValNav Report.
- 29.3. Accordingly, the Trustee deducted the NPV attributed to the Valhalla Assets in the Stonepoint ValNav Report to obtain the net ValNav Stonepoint IP value for each discount rate. The Trustee then added the actual fair market value of the Valhalla Assets, \$316,000, to each of these figures, as reflected in the table in paragraph 42 below. The calculation of the net ValNav Stonepoint IP value at each discount rate is reflected in the table below.

| \$ 000's  | Discount Rate |         |         |
|---|---------------|---------|---------|
|   | 15%           | 10%     | 0%      |
| ValNav Stonepoint 1P                                  | 1,395         | 2,794   | 10,221  |
| less: disposed Valhalla Assets from ValNav Stonepoint | (1,110)       | (2,463) | (9,010) |
| Net ValNav Stonepoint 1P                              | 285           | 331     | 1,211   |

30. The records in the Trustee’s possession do not include any independent reserve evaluations for the ValNav Assets. Despite the Trustee’s concerns about the reliability of the reserve evaluations provided by AlphaBow, the Trustee has not otherwise investigated or assessed the reasonableness of the assumptions underlying the calculations in the ValNav Reports.
31. For the purposes only of considering the value of the consideration given and received by SRC with respect to the Endurance Assets, the Trustee has therefore accepted the data from the ValNav Reports at face value, on the following basis:
- 31.1. The Trustee has only taken into account IP reserves, which are reserves with a 90% or greater likelihood of commercial extraction. Over the past few years, Alberta oil and gas assets of similar quality have commonly sold for less than their IP valuation at a 10% discount rate.
- 31.2. Although after-tax cash flows would be more reflective of actual value, the Trustee does not have sufficient data to estimate the present and future tax position of AlphaBow. For this reason, the Trustee has used before tax cash flows in its analysis.
- 31.3. Although a 10% discount rate typically applies and should apply in this case, the Trustee has presented NPV calculations at discount rates of 15%, 10% and 0%, for purposes of comparison only.

31.4. ARO costs for the ValNav Assets (the “ValNav ARO Costs”) have been discounted in accordance with the timing of scheduled spend reflected in the ValNav Reports. The Trustee has assumed that the total ARO remaining after 2030 would be paid in equal payments over the next three years. In order to evaluate the estimated consideration received by SRC with respect to the ValNav Assets, the ValNav ARO costs (both discounted and undiscounted) were then added back to be able to compare consideration received before AlphaBow’s estimates of ARO for the ValNav Assets.

#### ARO

32. The records in the possession of the Trustee, including those provided by AlphaBow, show that \$3.0 million of deposits with the Alberta Energy Regulator were included with the Endurance Assets and were subsequently released to SRC. Those deposits have been taken into account as part of the value received by SRC.
33. AlphaBow estimated the ARO for the Excluded Assets at \$7.5 million (undiscounted) based on what it described in the August 23 Letter as “conservative historic achieved costs to obtain reclamation certification”.
34. By its nature, the amount of future ARO costs will depend on many variable factors and can only be estimated for present purposes. XI Technologies Inc. has developed a software model which, based on historic information and data, provides an estimate of the future abandonment and reclamation cost for wells and facilities. The Trustee understands that the model has been tested against actual operations and provides a reasonably objective and accurate estimate of future ARO costs.
35. According to the XI Technologies Inc. ARO Cost Model, the ARO of the wells and facilities included within the Endurance Transaction is estimated at \$31.8 million on a gross basis.
36. As the Endurance Assets were acquired from an insolvent entity, the Trustee was concerned about the accuracy and comprehensiveness of the records. To obtain a more reliable estimate of the expected ARO costs relating to the Endurance Assets, the Trustee engaged 360 Energy Liability Management (“360”) to conduct an independent assessment of the ARO associated with the Endurance Assets located in Alberta. It prepared a report (the “360 Report”), which is attached as **Exhibit I**.
37. The 360 Report includes 285 well licenses, 38 licensed facilities, 185 non-licensed facilities and 277 pipeline segments. The ARO relating to the Stonepoint ValNav Assets other than the Valhalla Assets were not material to the analysis and were not included in the scope of the 360 Report.

38. The 360 Report is based on file reviews of 197 wells and 38 facilities, searches of public databases, the review of aerial photos and 33 site visits to collect data. The methodology utilized by 360 is described in Appendix A to the 360 Report, Exhibit I.
39. The 360 Report estimates the total net ARO of the Alberta Endurance Assets (the “**360 Gross ARO**”) at approximately \$43.3 million (undiscounted).
40. To enable comparison of the results of the 360 Report to that of the Alberta ValNav Report, the Trustee cross-referenced the ValNav Assets and Excluded Assets to the well-specific ARO data in 360 Report. The 360 ARO data for facilities and pipelines was then apportioned between the ValNav Assets and the Excluded Assets. Based on this, the 360 Gross ARO can be split into approximately \$22.8 million for the ValNav Assets (“**360 ValNav ARO**”) and \$20.5 million for the Excluded Assets (“**360 Excluded ARO**”).
41. For the purpose of discounting, the Trustee assumes that the abandonment and reclamation process would commence immediately following the cessation of production.
  - 41.1. As the Excluded Assets did not have any associated production or economic reserves as at the date of the AlphaBow Transfer, the Trustee’s analysis assumes that the abandonment and reclamation process would be completed over a three-year period starting January 1, 2017 and discounts the ARO costs accordingly.
  - 41.2. The Trustee’s analysis then assumes that abandonment and reclamation work on the Alberta ValNav Assets would proceed as scheduled in the Alberta ValNav Report. For the purpose of discounting, the 360 ValNav ARO costs have been proportionally mapped to the scheduled ValNav ARO Costs. The lump sum of the 360 ValNav ARO costs remaining at January 1, 2031, are then spread evenly for the three years starting January 1, 2031 and are discounted back to January 1, 2017.

#### Conclusion

42. Taking all these facts and assumptions into account, the Trustee’s analysis of the AlphaBow Transaction is illustrated in the following table:



| \$ 000's  | Discount Rate |             |             |
|---|---------------|-------------|-------------|
|   | 15%           | 10%         | 0%          |
| ValNav Alberta IP, before tax                             | 6,294         | 7,953       | 14,016      |
| add back estimated ARO included in ValNav Alberta report  | 1,943         | 2,784       | 6,377       |
| ValNav Stonepoint IP, before tax (net of Valhalla Assets) | 285           | 331         | 1,211       |
| Actual proceeds of Valhalla Assets sale                   | 316           | 316         | 316         |
| Alberta Energy Regulator deposit                          | 3,000         | 3,000       | 3,000       |
| Estimated Consideration Received before ARO               | \$ 11,838     | \$ 14,385   | 24,921      |
| 360 ARO - ValNav Alberta Assets                           | (6,944)       | (9,949)     | (22,789)    |
| 360 ARO - Excluded Assets                                 | (15,630)      | (17,024)    | (20,537)    |
| Total 360 ARO   | \$ (22,574)   | \$ (26,973) | (43,326)    |
| Estimated Net Consideration Received                      | \$ (10,736)   | \$ (12,588) | \$ (18,405) |

43. The table shows that, in fact, regardless of the discount rate used, the economic result of the transaction was significantly negative for SRC.
44. In the opinion of the Trustee, the consideration received by SRC in the transfer of the Endurance Assets from AlphaBow pursuant to the AlphaBow Transaction was conspicuously less than the fair market value of the consideration given by SRC:
- 44.1. The value of the actual consideration given by SRC in the AlphaBow Transaction was no less than \$ **\$26,973,000**; and
- 44.2. The value of the actual consideration received by SRC in the AlphaBow Transaction was no more than \$ **\$14,385,000**.
45. In the result, the AlphaBow Transfer Agreement benefited AlphaBow and 198 at the expense of SRC.

#### **Insolvency of SRC**

46. From a review of the records in the Trustee's possession, it appears that SRC was unable to meet the ARO and other financial obligations associated with the Endurance Assets following the transfer of the Endurance Assets to SRC in January 2017 and that, if SRC had not been insolvent prior to the AlphaBow Transaction, it was rendered insolvent by the transaction.

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**PAUL J. DARBY**

**LUKE RASMUSSEN**  
Barrister & Solicitor

# EXHIBIT “A”

## Luke Rasmussen

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**From:** paul.j.darby@ca.pwc.com  
**Sent:** Monday, May 28, 2018 2:26 PM  
**To:** Kevin Richmond  
**Cc:** Dean Kaiser  
**Subject:** Letter to SOC  
**Attachments:** Letter to Sequoia Operating Corp.pdf

Please see the attached

Thank you  
Paul

Paul J. Darby, CPA, CA, CIRP, LIT  
PwC | Partner, Deals  
T: +1 403 509 6677 | C: +1 403 605 3744  
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This is Exhibit " 4 " referred to in the  
Affidavit of

Sworn before me this 28<sup>th</sup> day  
of July A.D. 2019

A Notary Public, A Commissioner for Oaths  
In and for the Province of Alberta

**LUKE RASMUSSEN**  
Barrister & Solicitor



**Strictly Private & Confidential**

May 28, 2018

Sequoia Operating Corp.  
1700, 222 – 3rd Avenue SW  
Calgary, AB T2P 0B4

**Attention:** Kevin Richmond

PricewaterhouseCoopers Inc. LIT (the “**Trustee**”) is the Trustee in Bankruptcy of Sequoia Resources Corp. (“**SRC**”).

Prior to the filing by SRC of a Notice of Intention to Make a Proposal pursuant to s.50.4(1) of the *Bankruptcy and Insolvency Act* (the “**BIA**”) on March 2, 2018, various oil and gas assets and associated liabilities were transferred to SRC. The Trustee is currently reviewing these transfers.

Although the Trustee’s investigation has not been completed, it appears that some of these transfers directly or indirectly involved Sequoia Operating Corp. (“**SOC**”), formerly 1994450 Alberta Inc., and may be void as against the Trustee, as transfers at undervalue or on other grounds. SOC may also be indebted to SRC for the difference between the value of the consideration received by SRC and the value of the consideration given by SRC, including the value of the liabilities assumed by SRC as part of the transfers.

The Trustee believes that SOC has in its possession or power books, documents and papers relating in whole or in part to SRC, its dealings or property, and/or showing that SOC is indebted to SRC (the “**Records**”). Pursuant to s.164 of the *BIA*, SOC is required to produce all the Records for the information of the Trustee, including (but not limited to) the following:

- records relating to the transfer of any wells or other assets to SRC by or at the direction of SOC since the incorporation of SOC in September 2016 (the “**Transfers**”), including:
  - all Records relating to the fair market value of any assets or liability transferred to and from SRC;
  - all Records relating to the actual consideration given and received by SRC with respect to the Transfers; and
  - all Records relating to any communications by SOC in relation to the Transfers, including communications within SOC and communications with other, related entities; and
- records relating to any other transactions between SRC and SOC since the incorporation of SOC.



Insofar as SOC and SRC shared a joint records and email system, some of these records may already be in the possession of the Trustee and we only require that you confirm in writing that we may access those SOC records already in the Trustee's possession.

The Trustee has been taking steps and incurring costs to secure the wells and other assets transferred to SRC and will continue to do so. Any delay will prejudice the Trustee and complicate matters practically, so we request your written response to this request by noon on Friday, June 8, 2018. If you require additional time to respond, let us know immediately, please.

In addition to this s.164 request, we propose a without prejudice meeting with you at the earliest mutually convenient opportunity to discuss the Transfers and related matters. Please let us know if and when you will be available to meet with us.

Yours very truly,

**PricewaterhouseCoopers Inc., LIT  
As Trustee in Bankruptcy of Sequoia  
Resources Corp.**



Paul Darby, LIT  
Senior Vice President

cc: Dean Kaiser



June 6, 2018

PricewaterhouseCoopers Inc., LIT  
As Trustee in Bankruptcy of Sequoia Resources Corp  
111 5 Avenue SW, Suite 3100  
Calgary, Alberta  
T2P 5L3

Attention: Paul Darby, LIT

Please be advised that Sequoia Operating Corp ("SOC") changed its name to AlphaBow Energy Ltd ("AlphaBow") effective June 1, 2018.

AlphaBow is in receipt of your letter dated May 28, 2018 requesting confirmation in writing that PricewaterhouseCoopers Inc. LIT (the "Trustee"), as Trustee in Bankruptcy of Sequoia Resources Corp ("SRC"), may access AlphaBow records insofar as AlphaBow and SRC shared a joint records and email system that may already be in the Trustee's possession.

It is the intention of AlphaBow to continue co-operating with the Trustee pursuant to s.164 of the Business and Insolvency Act and confirms that the Trustee may access records as requested.

Yours truly,

AlphaBow Energy Ltd.

Marshall Shi  
Chief Executive Officer

**AlphaBow Energy Ltd.**

1700, 222 – 3rd Avenue SW, Calgary, AB T2P 0B4  
Main Phone: 587-393-5059  
Fax: 587-393-5060

## Luke Rasmussen

---

**From:** rick.f.osuna@ca.pwc.com  
**Sent:** Thursday, June 14, 2018 2:03 PM  
**To:** Marshall Shi; Dean Kaiser  
**Cc:** paul.j.darby@ca.pwc.com  
**Subject:** Letter from PwC  
**Attachments:** Letter to Alpha Bow re Sequoia Operating Corp June 14 2018 FINAL.pdf

Hi Marshall and Dean,

Please see the attached correspondence from Paul Darby.

Thanks

Rick

---

**Rick F. Osuna BSc, CPA, CA, CIRP, CIRA**  
PwC | Senior Vice President, Deals  
T: +1 403 509 7386  
Email: rick.f.osuna@ca.pwc.com  
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**Strictly Private & Confidential**

delivered via email

June 14, 2018

AlphaBow Energy Ltd.  
1700, 222 – 3rd Avenue SW  
Calgary, AB T2P 0B4

**Attention:** Marshall Shi and Dean Kaiser

As you are aware, PricewaterhouseCoopers Inc. LIT (the “**Trustee**”) is the Trustee in Bankruptcy of Sequoia Resources Corp. (“**SRC**”).

We understand that effective June 1, 2018, Sequoia Operating Corp. (“**SOC**”) changed its name to AlphaBow Energy Ltd. (“**AlphaBow**”).

Thank you for your letter of June 6, 2018 with respect to review of the AlphaBow records in our possession.

In addition to the requests made in our May 28, 2018 letter and with respect to the transaction in which AlphaBow purchased assets from Endurance Energy Ltd. (the “**Endurance Transaction**”) which were subsequently transferred to SRC (the “**SRC Transfer**”), the Trustee requests, pursuant to s.164 of the *Bankruptcy and Insolvency Act* (the “**BIA**”), that AlphaBow identify and provide to the Trustee copies of all records in the possession or power of AlphaBow relating in whole or in part to:

- The Endurance Transaction:
  - the decision (including the rationale for the decision) to enter into the Endurance Transaction, including (but not limited to) all communications, presentations and other material considered by the AlphaBow board of directors and others within AlphaBow to recommend or approve the Endurance transaction;
  - the directors’ resolution and any other internal authorizations for the Endurance Transaction;
  - the agreements relating to the Endurance Transaction, such as the purchase and sale agreement;
  - the valuation of consideration given and received by AlphaBow with respect to the Endurance Transaction;
  - payment of the purchase price and any other consideration by AlphaBow;
  - the steps in the process for AlphaBow entering into the Endurance Transaction; and



- all communications by AlphaBow in relation to the Endurance Transaction, including but not limited to internal communications within AlphaBow and communications with SRC, any other entities and with government regulatory bodies.
- The SRC Transfer:
  - the decision (including the rationale for the decision) to transfer the purchased assets to SRC, including (but not limited to) all communications, presentations and other material considered by the AlphaBow board of directors and others to recommend or approve the SRC Transfer;
  - the directors' resolution and any other internal authorizations for the SRC Transfer;
  - the agreements, transfers and other records relating to the SRC Transfer, including any agreements between AlphaBow and SRC;
  - the valuation of consideration given and received by AlphaBow with respect to the SRC Transfer;
  - payment of the purchase price and any other consideration by SRC;
  - the steps in the process for the SRC Transfer; and
  - all communications by AlphaBow in relation to the SRC Transfer, including but not limited to internal communications within AlphaBow and communications with Endurance, SRC, any other entities and with government regulatory bodies.

Yours very truly,

**PricewaterhouseCoopers Inc., LIT**  
**Trustee of the Bankrupt Estate of Sequoia Resources Corp.**



Paul Darby LIT  
Senior Vice President

From: Harold Wang <haroldwang84@yahoo.com>  
To: Paul J. Darby/CA/FAS/PwC@Americas-CA, Rick F. Osuna/CA/FAS/PwC@Americas-CA  
Cc: Marshall Shi <MarshallShi@alphabowenergy.com>, "Jin, Xiaodi" <XJin@blg.com>  
Date: 06/18/2018 10:09 AM  
Subject: Re: Letter from PwC

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Dear Paul and Rick,

Marshall has been recently appointed to SOC/AlphaBow so he is not aware of the legacy issued, while the previous officers familiar with these issues have resigned. Therefore I (Harold Wang) am providing information to the Trustee as a former director of Sequoia Resources Corp and Sequoia Operating Corp to the best of my knowledge.

## Endurance Acquisition

- AlphaBow (previously SOC, previously 1994450) entered into the PSA with Endurance to acquire certain assets from Endurance for negative consideration in September 21, 2016.

- The rationale of the purchase of the Alberta assets of Endurance Corp was that 1) it is cash flow positive in the last 12 months as provided to us in the lease operating statement by BMO, the financial advisor acting as the seller of the transaction, and 2) the assets are synthetic to the SRC assets as they are located in close geographical proximity. The transaction was done at \$1 because the LMR of the Alberta assets of Endurance fell slightly below 1, and the PDP value as per the Endurance internal reserve report is \$8.7mm. At the very last minute of signing, BMO approached SRC and mentioned there were 6 wells in Saskatchewan (2 of which were still producing oil) which have been ignored and if SRC was also willing to take them. We have agreed to take them if the Receiver pays SRC and SRC gets to inherit all deposit posted to the Saskatchewan government. We believe this should be more than enough to do ARO on all 6 wells if we want to.

- Closing involved a payment from Endurance to AlphaBow (which actually went to SRC) of approximately \$3m.

- The communication were mostly done between FTI (the monitor), BMO (Seller's financial advisor), and myself. Because a lot of the communications were done in August - September 2016 and 1986114 Alberta Ltd's purchase of SRC was not even done until Oct 1, 2016, part of the communication was done in Harold Wang's private email account and part of the communication was done in SRC's email account. If needed, provide an email account and I am happy to forward all email correspondence I can find with FTI and BMO on the Endurance Alberta & Saskatchewan transaction.

- I've attached for you the closing book of the Endurance transaction and the resolution approving the transaction.

## Transfer of asset to SRC

- At the time of closing, AlphaBow was a numbered company without any assets and a decision was made that the transaction should be completed by SRC instead since AlphaBow did not have an operator's license and this asset was determined not to be a separate asset from SRC because of its synergies with SRC acquired Perpetual assets.

- As such, the entire asset, including all consideration (including the \$3m of closing consideration as you see in the closing documents) was paid directly to SRC and AlphaBow did not retain any interest in the asset.

- While AlphaBow is a party to the original agreement, we think of it as a stand in for SRC while the investment decisions for AlphaBow were being made.

- AlphaBow eventually closed the asset of a different oil weighted asset in its own name in late December 2016 but did not have any operations until that date. It only obtained its operator license in January 2017.

- As all benefits, costs, expenses, consideration flowed directly through AlphaBow at the time to SRC and AlphaBow did not retain any interest in this asset, we do not view AlphaBow as part of the transaction other than being the party that entered into the transaction agreement at the front end while the investment decision of splitting the asset was being considered.

With your permission, Xiaodi from BLG can provide you with some of the additional information you have requested, but other information (especially email correspondence) have been stored in SRC's email server, which currently is under the ownership of PWC (I believe?) after the server was terminated in March 2018. We will help to procure those information but will probably need time and your support in order to procure those information.

Best,

Harold

---

**From:** Marshall Shi <MarshallShi@alphabowenergy.com>  
**To:** "Jin, Xiaodi" <XJin@blg.com>; Harold Wang <haroldwang84@yahoo.com>  
**Sent:** Friday, 15 June 2018, 5:13  
**Subject:** FW: Letter from PwC

Xiaodi:

Please look the letter from PWC regarding his requirement, I have no idea how to answer him any and all of his list.

Marshall Shi, Chief Executive Officer



AlphaBow Energy Ltd.  
Suite 1700, 222-3<sup>rd</sup> Ave, SW  
Calgary AB. T2P 0B4  
Tel: 587 393 9758  
Cell: 403 836 8833

**From:** rick.f.osuna@ca.pwc.com <rick.f.osuna@ca.pwc.com>  
**Sent:** Thursday, June 14, 2018 2:03 PM  
**To:** Marshall Shi <MarshallShi@alphabowenergy.com>; Dean Kaiser <DeanKaiser@alphabowenergy.com>  
**Cc:** paul.j.darby@ca.pwc.com  
**Subject:** Letter from PwC

Hi Marshall and Dean,

Please see the attached correspondence from Paul Darby.

Thanks

Rick

Rick F. Osuna BSc, CPA, CA, CIRP, CIRA  
PwC | Senior Vice President, Deals  
T: +1 403 509 7386  
Email: [rick.f.osuna@ca.pwc.com](mailto:rick.f.osuna@ca.pwc.com)  
Assistant: Hester Watson | T: +1 403 509 7555 ext. 3305  
PricewaterhouseCoopers LLP  
111-5th Avenue SW, Suite 3100, Calgary AB T2P 5L3  
<http://www.pwc.com/ca>

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[attachment "Electronic Closing Book (AB SK Assets).pdf" deleted by Liam D. Murphy/CA/FAS/PwC]

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-----

## Luke Rasmussen

---

**From:** paul.j.darby@ca.pwc.com  
**Sent:** Tuesday, June 26, 2018 1:37 PM  
**To:** Marshall Shi  
**Cc:** Dean Kaiser  
**Subject:** letter June 26  
**Attachments:** Letter to AlphaBow June 26.pdf

Please see the attached

Thank you  
Paul

---

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**Paul J. Darby, CPA, CA, CIRP, LIT**  
**PwC | Partner, Deals**  
**T: [+1 403 509 6677](tel:+14035096677) | C: [+1 403 605 3744](tel:+14036053744)**  
**Email: [paul.j.darby@ca.pwc.com](mailto:paul.j.darby@ca.pwc.com)**  
**Assistant: Maggie Sotelo | T: [+1 403 509 7555](tel:+14035097555) ext. 3067**  
**PricewaterhouseCoopers Inc.**  
**[111-5th Avenue SW, Suite 3100, Calgary AB T2P 5L3](http://www.pwc.com/ca)**  
**<http://www.pwc.com/ca>**



**Strictly Private & Confidential**

June 26, 2018

AlphaBow Energy Ltd.  
1700, 222 – 3rd Avenue SW  
Calgary AB T2P 0B4

**Attention:** Marshall Shi

The Trustee has considered Harold Wang's email reply of June 18, 2018 ("**June 18 Email**"), to the letter from the Trustee on June 14, 2018, specifically with respect to the transaction in which AlphaBow purchased certain assets (the "**Endurance Assets**") from Endurance Energy Ltd.

Please provide the Trustee with all emails regarding the transaction, including those from Harold Wang's private email account.

The September 27, 2016 Approval and Vesting Order approved the sale by Endurance and vested all right, title and interest in the Endurance Assets in 1994450 Alberta Ltd. ("**199**") or its nominee. The Trustee understands from the June 18 Email that 199 nominated Sequoia Resources Corporation ("**SRC**") to purchase the Endurance Assets, that SRC accepted the nomination and that the Endurance Assets were accordingly transferred to SRC. If this is not correct, please advise how and on what basis the Endurance Assets were transferred to SRC.

If the Trustee's understanding is correct, please provide any records of:

- the nomination of SRC by 199 Alberta Ltd. to purchase and accept transfer of the Endurance Assets;
- acceptance by SRC of this nomination; and
- the transfer to SRC, including payment of the \$3 million.

To be clear, from the limited information which has been provided, it appears to the Trustee that if SRC was properly nominated to purchase the Endurance Assets, the nomination of SRC may have been a non-arm's length transfer at undervalue and that SRC was insolvent at the time or was rendered insolvent by the transaction.

If there is an additional information that you want the Trustee to consider with respect to these aspects:

- the apparent non-arm's length nature of the transaction between 199 and SRC;





- the fact that the consideration received by SRC from the transaction appears to have been conspicuously less than the consideration given by SRC, particularly taking into account the liabilities associated with the Endurance Assets;
- the timing of the transaction;
- the financial position of SRC immediately before and immediately after the transaction; and
- the benefit of the transaction for SRC;

or any other aspect you consider relevant to our review, please let us know so that the Trustee can consider the additional information.

Yours very truly,

**PricewaterhouseCoopers Inc., LIT**  
**As Trustee in Bankruptcy of Sequoia**  
**Resources Corp.**



Paul Darby, LIT  
Senior Vice President

cc: Dean Kaiser

From: Marshall Shi <MarshallShi@alphabowenergy.com>  
To: Paul J. Darby/CA/FAS/PwC@Americas-CA  
Cc: Dean Kaiser <DeanKaiser@alphabowenergy.com>  
Date: 06/26/2018 01:59 PM  
Subject: RE: letter June 26

---

Paul:

Looks like there is noting to do with AlphaBow Energy Ltd. In your letter. Is this correct?

Marshall Shi, Chief Exective Officer



AlphaBow Energy Ltd.  
Suite 1700, 222-3<sup>rd</sup> Ave, SW  
Calgary AB. T2P 0B4  
Tel: 587 393 9758  
Cell: 403 836 8833

From: paul.j.darby@ca.pwc.com <paul.j.darby@ca.pwc.com>  
Sent: Tuesday, June 26, 2018 1:37 PM  
To: Marshall Shi <MarshallShi@alphabowenergy.com>  
Cc: Dean Kaiser <DeanKaiser@alphabowenergy.com>  
Subject: letter June 26

Please see the attached

Thank you  
Paul

---

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**Paul J. Darby, CPA, CA, CIRP, LIT**

**PwC | Partner, Deals**

**T: +1 403 509 6677 | C: +1 403 605 3744**

**Email: [paul.j.darby@ca.pwc.com](mailto:paul.j.darby@ca.pwc.com)**

**Assistant: Maggie Sotelo | T: +1 403 509 7555 ext. 3067**

**PricewaterhouseCoopers Inc.**

**111-5th Avenue SW, Suite 3100, Calgary AB T2P 5L3**

**<http://www.pwc.com/ca>**

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## Luke Rasmussen

---

**From:** paul.j.darby@ca.pwc.com  
**Sent:** Wednesday, June 27, 2018 12:09 PM  
**To:** Marshall Shi  
**Cc:** Dean Kaiser  
**Subject:** RE: letter June 26

Mr. Shi,

The Trustee's letter of June 26, 2018 relates directly to AlphaBow Energy Ltd. (formerly Sequoia Operating Corp., formerly 1994450 Alberta Ltd.).

If there are no records to show how and why the Endurance Assets were transferred to SRC, the Trustee will be forced to conclude that the transfer was void and require that the Endurance Assets be transferred back to AlphaBow immediately.

I look forward to a response to the letter by noon on Friday, June 29, 2018.

Thank you  
Paul

**Paul J. Darby, CPA, CA, CIRP, LIT**  
PwC | Partner, Deals  
T: +1 403 509 6677 | C: +1 403 605 3744  
Email: paul.j.darby@ca.pwc.com  
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PricewaterhouseCoopers Inc.  
111-5th Avenue SW, Suite 3100, Calgary AB T2P 5L3  
<http://www.pwc.com/ca>

**From:** Marshall Shi <MarshallShi@alphabowenergy.com>  
**To:** Paul J. Darby/CA/FAS/PwC@Americas-CA  
**Cc:** Dean Kaiser <DeanKaiser@alphabowenergy.com>  
**Date:** 06/26/2018 01:59 PM  
**Subject:** RE: letter June 26

---

Paul:  
Looks like there is noting to do with AlphaBow Energy Ltd. In your letter. Is this correct?

Marshall Shi, Chief Exective Officer



AlphaBow Energy Ltd.  
Suite 1700, 222-3<sup>rd</sup> Ave, SW  
Calgary AB. T2P 0B4  
Tel: 587 393 9758  
Cell: 403 836 8833

**From:** paul.j.darby@ca.pwc.com <paul.j.darby@ca.pwc.com>  
**Sent:** Tuesday, June 26, 2018 1:37 PM  
**To:** Marshall Shi <MarshallShi@alphabowenergy.com>  
**Cc:** Dean Kaiser <DeanKaiser@alphabowenergy.com>  
**Subject:** letter June 26

Please see the attached

Thank you  
Paul

---

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Email: [paul.j.darby@ca.pwc.com](mailto:paul.j.darby@ca.pwc.com)  
Assistant: Maggie Sotelo | T: [+1 403 509 7555](tel:+14035097555) ext. 3067  
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Begin forwarded message:

**From:** "Marshall Shi" <MarshallShi@alphabowenergy.com>  
**Date:** June 29, 2018 at 6:37:37 AM MDT  
**To:** "Paul J. Darby" <paul.j.darby@ca.pwc.com>  
**Subject:** letter June 26

From Shuo Shi

Begin forwarded message:

**From:** Kevin Klimuk <KevinKlimuk@alphabowenergy.com>  
**Date:** June 29, 2018 at 6:27:30 AM GMT+8  
**To:** Marshall Shi <MarshallShi@alphabowenergy.com>, Harold Wang <haroldwang84@yahoo.com>  
**Cc:** Dean Kaiser <DeanKaiser@alphabowenergy.com>, "Jin, Xiaodi" <XJin@blg.com>  
**Subject:** RE: letter June 26

Paul,

Thanks for your emails and letter dated June 14, 2018.

As previously noted there have been significant changes at the director and officer levels of Alphasow Energy Ltd. so we appreciate your understanding in working with us to clarify any outstanding items you may have with regards to this matter.

As per our inquiry and initial investigation into the matter you will note that we have obtained some examples of the conveyance documents that you have requested along with proof of beneficial ownership of the assets in question. Please note that Sequoia Resources or its Trustee should have in its possession the complete original documents as they were always to be retained with the land files and with the owner's records.

Attached you will find that following;

- Example of and signed conveyance documents from Endurance to 1994450 Alberta Inc (NOAs – Final.doc)

- Example of and signed conveyance documents from 1994450 Alberta Inc to Sequoia Resources Corp (NOAs.doc)
- Sequoia Resources Corp bank statement receiving approximately \$3 million on October 26, 2016

It is important to note that the initial deposit noted above and all the positive cashflows from this asset since its acquisition were always to the to the beneficial interest of Sequoia Resources Ltd.

Note that although we have signed electronic versions of these conveyances (attached) that all original land documentation would have been sent to Sequoia Resources Corp. and that you should have in your possession all the documents required to prove that every lease, license, contract, etc. was properly conveyed in accordance with industry best practices as it relates to chain of title documentation and records retention practices.

I hope that this clears up the matter with regards to legal and beneficial ownership as it related to these assets.

Regards,  
Marshall Shi  
CEO & Director  
Alphabow Energy Ltd.

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**Attachments:**

ABE Letter to PwC.pdf; Attachment #1 Evidence of \$3.0 Million Payment to Sequoia Resources Corp\_.pdf; Attachment #2 Endurance Alberta Assets Reserves Valuation Effective January 1 2016.pdf; Attachment #3 Endurance Alberta Assets Reserves Valuation By Insite Petroleum Effective December 31 2013.pdf; Attachment #4 Endurance Alberta Assets Lease Operating Statements For April 2015 Through March 2016.pdf; Attachment #5 Endurance Alberta Assets Lease Operating Statements For Calendar 2017.pdf; Attachment #6 Receipt for Sequoia Resources Corp. Disposition To Advantage Oil Gas Ltd\_.pdf; Attachment #7 Cabin Creek Reserves Valuation By McDaniel Effective December 31 2017.pdf; Attachment #8 Cabin Creek Lease Operating Statements For Year Ended December 31 2017.pdf

**Paul J. Darby, CPA, CA, CIRP, LIT**

PwC | Partner, Deals

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Email: [paul.j.darby@ca.pwc.com](mailto:paul.j.darby@ca.pwc.com)

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PricewaterhouseCoopers Inc.

111-5th Avenue SW, Suite 3100, Calgary AB T2P 5L3

<http://www.pwc.com/ca>

----- Forwarded by Paul J. Darby CA/FAS/PwC on 08/23/2018 08:13 PM -----

From: Marshall Shi <[MarshallShi@alphabowenergy.com](mailto:MarshallShi@alphabowenergy.com)>

To: Paul J. Darby/CA/FAS/PwC@Americas-CA

Date: 08/23/2018 05:15 PM

Subject: reply letter

Paul:

Attached are the reply for your requirement regarding the Endurance deal. The original signed letter is couriered to you as well. Please let me know if there is any concern about the information or any others.

Happy to talk to you at your convenient time.

Marshall Shi

Chief Executive Officer

Alphabow Energy Ltd.

Suite 1800, 222 - 3<sup>rd</sup> Ave. SW

Calgary, AB T2P 0B4

Direct: 587 393 9758

Cell: 403 836 8833

[MarshallShi@alphabowenergy.com](mailto:MarshallShi@alphabowenergy.com)





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August 23, 2018

PricewaterhouseCoopers Inc., LIT  
Suite 3100, 111 - 5<sup>th</sup> Avenue SW  
Calgary, Alberta  
T2P 5L3

Attention: Paul Darby  
Partner

Dear Mr. Darby:

AlphaBow Energy Ltd. ("Alphabow") has reviewed the history of the transaction of the 287 wells acquired by Sequoia Resources Corp. ("SRC") from Endurance Energy Ltd. ("Endurance") as well as the Cabin Creek 9 wells AlphaBow transferred to SRC. Each of these two transactions is discussed in turn as follows:

#### Transaction 1: Endurance Wells

Based on our review, the Endurance wells were properly and fairly transferred to SRC. What follows is our discussion of the factual information available at the time and attached are backup materials to support the facts outlined and the value attributed and received by SRC.

Closing Price. SRC received the entire benefit of the \$3.0m of closing payments on this asset made by Endurance (?) to SRC as you have seen through your review of SRC's bank records. Please see attached the records evidencing payment to SRC of the \$3.0 million plus a small interest adjustment (attachment #1).

Reserve Value vs ARO. At the time of acquisition, approximately 125 of wells had reserves attributed to them. Based on vendor's ValNAV analysis with an effective date of January 1, 2016, and provided to SRC in the data room, each based on GLJ's Q1 2016 price deck: (i) the Viking-Kinsella assets had 2P Undiscounted BT Cash Flow of \$24.3m (1P \$14.0m) (attachment #2); and (ii) the Valhalla/Whitebear assets had 2P Undiscounted BT Cash Flow of \$27.3m (1P \$10.2m) (attachment #2). We also attach the most recent reserve reports available on the Viking-Kinsella assets, being that of Insite Petroleum with an effective date of December 31, 2013, which shows 2P NPV BT10 at \$37.9m (1P \$30.3m) for Viking-Kinsella alone (attachment #3).

It is ABE's view that the additional ~150 wells (being substantially all shallow gas wells) without reserves and thus not accounted for in the reserves evaluations had a negative ARO value of \$7.5 million based on conservative historic achieved costs to obtain reclamation certification. We believe this conservative estimate does not fully account for the fact that many of these wells are already halfway through the reclamation process and actual costs to abandon and reclaim are likely lower.

**AlphaBow Energy Ltd.**

1700, 222 – 3rd Avenue SW, Calgary, AB T2P 0B4  
Main Phone: 587-393-5059  
Fax: 587-393-5060



Page 2 of 3      Letter to PricewaterhouseCoopers Inc., dated August 23, 2018  
Attention: Mr. Paul Darby

Reserve value (\$15m-\$30m), net of unaccounted for ARO on the 150 wells without attributed reserves (-\$7.5m), plus the closing payment in favour of SRC (\$3.0m), is substantially positive in any scenario. At the time of closing, this was a favourable deal for SRC.

**LMR Basis.** At the time of acquisition, the assets had deemed asset value of \$20.7m against deemed liability value of \$22.2m, for a net LLR of 0.93 and shortfall of \$1.5m, which is more than made up for with the closing payment in favour of SRC. It was not possible for AlphaBow to acquire this asset as it was not an operating company and did not have an operator's license with Alberta Energy and this is one of the reasons why the acquisition was completed by SRC and not AlphaBow.

**Cash Flow Basis.** Based on materials provided by Endurance, the most updated 2016 cash flow history for the assets on a standalone basis was positive \$1.2 million for the 12 month period (April 2015 to March 2016) (Attachment #4). Based on the lease operating statements the cash flow on these assets from acquisition for calendar 2017 net of prior period balance and a positive accrual for future was positive but only \$139,920<sup>1</sup> (attachment #5), in part due to the lower gas prices. Positive cash flow despite the low 2017 gas price is an indicator of a favorable transaction. We believe you have a copy of the historical lease operating statements within your own records.

**Disposition.** We understand that SRC sold a portion of the Valhalla non-operated assets to Advantage Oil and Gas, including non-operated interests in 7 wells, for \$315k cash (attachment #6). Please find the associated documents attached. This cash accrued to SRC.

It is clear from the intention and action of the parties, that the Endurance assets were in fact acquired by SRC and all benefits from the Endurance assets have been received by SRC and therefore AlphaBow does not have any intention nor obligation to obtain any interest in the Endurance assets owned by SRC.

#### **Transaction 2: Cabin Creek Wells**

We understand that during the time these wells were transferred, the principals of SRC were in negotiations with a number of financing parties and believed that there was a way to allow SRC to survive the gas price collapse. In order to preserve cash, AlphaBow was asked to transfer these positive cash flow high LMR assets to SRC in order to allow SRC to continue to operate without placing an LMR deposit and depleting valuable liquidity and capital resources while these pending refinancing negotiations were proceeding. For various reasons and goodwill, AlphaBow elected to transfer the Cabin Creek assets to SRC.

---

<sup>1</sup> We ran our lease ops based on cost centres generated from Qbyte as well as from our Land group as the assets are not themselves easily segregated for just these wells, but we believe these two redundant checks on operating costs are relatively accurate.



Page 3 of 3      Letter to PricewaterhouseCoopers Inc., dated August 23, 2018  
Attention: Mr. Paul Darby

The reserve value of the Cabin Creek Assets at December 31, 2017 based on the McDaniel reserve report at evaluator price deck shows 2P NPV10 BT at \$3.9m (1P \$3.3m) (attachment #7). LLR at the time of transfer showed positive deemed assets of \$19.4m against deemed liabilities of \$3.3m for a LLR of 4.91. Twelve month trailing lease operating statements show positive \$613k for period ending December 31, 2017 (attachment #8). We believe these wells are valuable and were provided to assist in avoiding a collapse of SRC and the corollary effects such collapse may have on AlphaBow. Subject to further review and acceptable terms being agreed to, AlphaBow may be willing to accept the return of these Cabin Creek assets if PwC desires to do so.

We hope the above clarifies the history of these transactions and are available to discuss or provide further information as may be required.

Yours Sincerely,

AlphaBow Energy Ltd.

Marshall Shi  
Chief Executive Officer

**AlphaBow Energy Ltd.**

1700, 222 – 3rd Avenue SW, Calgary, AB T2P 0B4  
Main Phone: 587-393-5059  
Fax: 587-393-5060

## Luke Rasmussen

---

**From:** paul.j.darby@ca.pwc.com  
**Sent:** Friday, September 07, 2018 8:00 AM  
**To:** MarshallShi@alphabowenergy.com  
**Cc:** Rinus de Waal; Luke Rasmussen; RGurofsky@blg.com; XJin@blg.com  
**Subject:** AlphaBow Follow-Up  
**Attachments:** Draft LT AlphaBow Re Follow-Up on Records (00029033).pdf

Please see the attached

Thank you  
Paul

**Paul J. Darby, CPA, CA, CIRP, LIT**  
PwC | Partner, Deals  
T: +1 403 509 6677 | C: +1 403 605 3744  
Email: paul.j.darby@ca.pwc.com  
Assistant: Maggie Sotelo | T: +1 403 509 7555 ext. 3067  
PricewaterhouseCoopers Inc.  
111-5th Avenue SW, Suite 3100, Calgary AB T2P 5L3  
<http://www.pwc.com/ca>

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**Strictly Private & Confidential**

September 7, 2018

AlphaBow Energy Ltd.  
1700, 222 – 3rd Avenue SW  
Calgary AB T2P 0B4

**Attention:** Marshall Shi

Dear Mr. Shi:

The Trustee has requested, on more than one occasion, that AlphaBow consent to Husky providing its records regarding the transaction between Husky and AlphaBow (then known as Sequoia Operating Corp.) for consideration by the Trustee.

On August 27, 2018, the Trustee met with you specifically to discuss its request. It was pointed out to you that the information sought had either been provided already (by AlphaBow, not by Husky), or are Husky internal records, in which AlphaBow has no direct interest.

Although you undertook to respond after you had had time to consider the request, there has been no response yet.

If AlphaBow does not consent to Husky providing the requested records to the Trustee, as requested, by the close of business on Tuesday, September 11, the Trustee will regard that as a refusal by AlphaBow. The Trustee will then take such steps against Husky and AlphaBow as it deems necessary to obtain the information and to recover the costs of such steps.

Yours very truly,

**PricewaterhouseCoopers Inc., LIT**  
**Trustee of the Bankrupt Estate of Sequoia Resources Corp.**



Paul Darby LIT  
Senior Vice President

cc: Rinus de Waal, De Waal Law

cc: Rick Osuna, PricewaterhouseCoopers Inc. LIT

cc: Robyn Gurofsky, BLG

---

(00029033-1/283.001) PricewaterhouseCoopers Inc., LIT  
111 5 Avenue SW, Suite 3100, Calgary, Alberta, Canada T2P 5L3  
T: +1 403 509 7500, F: +1 403 781 1825, [www.pwc.com/ca](http://www.pwc.com/ca)

**Attachments:** Letter-to-Paul-Darby.pdf

Begin forwarded message:

**From:** "Marshall Shi" <[MarshallShi@alphabowenergy.com](mailto:MarshallShi@alphabowenergy.com)>  
**Date:** September 7, 2018 at 11:50:40 AM MDT  
**To:** "Paul J. Darby" <[paul.j.darby@ca.pwc.com](mailto:paul.j.darby@ca.pwc.com)>  
**Cc:** "[RGurofsky@blg.com](mailto:RGurofsky@blg.com)" <[RGurofsky@blg.com](mailto:RGurofsky@blg.com)>, "[XJin@blg.com](mailto:XJin@blg.com)" <[XJin@blg.com](mailto:XJin@blg.com)>, "Rick Ironside" <[RickIronside@alphabowenergy.com](mailto:RickIronside@alphabowenergy.com)>  
**Subject:** Re: AlphaBow Follow-Up

Please see the attached.

Marshall

---

**From:** [paul.j.darby@ca.pwc.com](mailto:paul.j.darby@ca.pwc.com) <[paul.j.darby@ca.pwc.com](mailto:paul.j.darby@ca.pwc.com)>  
**Sent:** Friday, September 7, 2018 8:00:04 AM  
**To:** Marshall Shi  
**Cc:** [rdewaal@dewaallaw.com](mailto:rdewaal@dewaallaw.com); [lrasmussen@dewaallaw.com](mailto:lrasmussen@dewaallaw.com); [RGurofsky@blg.com](mailto:RGurofsky@blg.com); [XJin@blg.com](mailto:XJin@blg.com)  
**Subject:** AlphaBow Follow-Up

Please see the attached

Thank you  
Paul

**Paul J. Darby, CPA, CA, CIRP, LIT**  
PwC | Partner, Deals  
T: +1 403 509 6677 | C: +1 403 605 3744  
Email: [paul.j.darby@ca.pwc.com](mailto:paul.j.darby@ca.pwc.com)  
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September 7, 2018

PricewaterhouseCoopers Inc., LIT  
3100, 111 – 5th Avenue SW  
Calgary, AB T2P 5L3

**Attention:** Paul Darby

Dear Mr. Darby:

AlphaBow Energy Ltd. ("AlphaBow") intends to consent to Husky's disclosure of its records regarding the transactions between Husky and AlphaBow (then "Sequoia Operating Corp.").

However, AlphaBow has also requested that PricewaterhouseCoopers Inc. ("PwC") provide AlphaBow with an update regarding the Endurance and Cabin Creek assets. AlphaBow has been cooperating and acting in good faith by providing the Trustee ("PwC") all the relevant data pertinent to the Endurance and Cabin Creek assets. Therefore, AlphaBow would also appreciate PwC's reply regarding the Endurance and Cabin Creek assets before AlphaBow formally consents to the release of the Husky records.

Yours sincerely,

**AlphaBow Energy Ltd.**

Marshall Shi  
Chief Executive Officer

## Luke Rasmussen

---

**From:** paul.j.darby@ca.pwc.com  
**Sent:** Tuesday, September 11, 2018 10:27 AM  
**To:** Marshall Shi  
**Cc:** RGurofsky@blg.com; Rick Ironside; XJin@blg.com; Rinus de Waal; Luke Rasmussen; rick.f.osuna@ca.pwc.com  
**Subject:** Re: AlphaBow Follow-Up  
**Attachments:** Letter to AlphaBow Re Follow-Up on Records.pdf

Please see the attached

Thank you,  
Paul

**Paul J. Darby, CPA, CA, CIRP, LIT**  
PwC | Partner, Deals  
T: +1 403 509 6677 | C: +1 403 605 3744  
Email: paul.j.darby@ca.pwc.com  
Assistant: Maggie Sotelo | T: +1 403 509 7555 ext. 3067  
PricewaterhouseCoopers Inc.  
111-5th Avenue SW, Suite 3100, Calgary AB T2P 5L3  
<http://www.pwc.com/ca>

**From:** Marshall Shi <MarshallShi@alphabowenergy.com>  
**To:** Paul J. Darby/CA/FAS/PwC@Americas-CA  
**Cc:** "RGurofsky@blg.com" <RGurofsky@blg.com>, "XJin@blg.com" <XJin@blg.com>, Rick Ironside <RickIronside@alphabowenergy.com>  
**Date:** 09/07/2018 11:50 AM  
**Subject:** Re: AlphaBow Follow-Up

---

Please see the attached.

Marshall

---

**From:** paul.j.darby@ca.pwc.com <paul.j.darby@ca.pwc.com>  
**Sent:** Friday, September 7, 2018 8:00:04 AM  
**To:** Marshall Shi  
**Cc:** rdewaal@dewaallaw.com; lrasmussen@dewaallaw.com; RGurofsky@blg.com; XJin@blg.com  
**Subject:** AlphaBow Follow-Up

Please see the attached

Thank you  
Paul

**Paul J. Darby, CPA, CA, CIRP, LIT**  
PwC | Partner, Deals  
T: +1 403 509 6677 | C: +1 403 605 3744

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September 10, 2018

**AlphaBow Energy Ltd.**  
1700, 222 – 3rd Avenue SW  
Calgary AB T2P 0B4

**Attention:** Marshall Shi

Dear Mr. Shi:

I have your letter of September 7, 2018, advising that AlphaBow refuses to consent to the disclosure by Husky of its records regarding the transactions between Husky and AlphaBow, as requested by the Trustee, unless the Trustee complies with the condition set out in your letter.

Accordingly, as I advised you in my letter on September 7, the Trustee will take such steps against Husky and AlphaBow as it deems necessary to obtain the requested information and to recover the costs of such steps, without further demand or notice.

As a separate matter and in response to the earlier request for an update regarding the Endurance and Cabin Creek transactions, I can advise you that the Trustee expects to complete its preliminary analysis of these transactions later this week. The Trustee will communicate with AlphaBow regarding these transactions when it has completed its review.

To be clear, the Trustee does not accept that AlphaBow is justified in withholding its consent to the release by Husky of information and records AlphaBow has already provided to the Trustee, unconditionally, or that AlphaBow has in fact been cooperating and acting in good faith in responding to the Trustee's request for consent, which was first made on July 19, 2018, almost two months ago.

Yours very truly,

**PricewaterhouseCoopers Inc., LIT**  
**Trustee of the Bankrupt Estate of Sequoia Resources Corp.**

A handwritten signature in black ink, appearing to read "Paul Darby".

Paul Darby LIT  
Senior Vice President

cc: Rinus de Waal, De Waal Law

cc: Rick Osuna, PricewaterhouseCoopers Inc. LIT

## Luke Rasmussen

---

**From:** paul.j.darby@ca.pwc.com  
**Sent:** Tuesday, September 25, 2018 3:27 PM  
**To:** MarshallShi@alphabowenergy.com  
**Cc:** RGurofsky@blg.com; Rinus de Waal; rick.f.osuna@ca.pwc.com  
**Subject:** Letter to AlphaBow Re review of Records September 25, 2018  
**Attachments:** Letter to AlphaBow Re review of Records September 25, 2018.pdf

Please see the attached.

Thank you

**Paul J. Darby, CPA, CA, CIRP, LIT**  
PwC | Partner, Deals  
T: +1 403 509 6677 | C: +1 403 605 3744  
Email: paul.j.darby@ca.pwc.com  
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**Strictly Private & Confidential**

September 25, 2018

AlphaBow Energy Ltd.  
1700, 222 – 3rd Avenue SW  
Calgary AB T2P 0B4

**Attention:** Marshall Shi

Dear Mr. Shi:

The Trustee has now completed its review of the records and information AlphaBow Energy Ltd. ("**AlphaBow**", formerly Sequoia Operating Corp.) provided with respect to the transfer of wells and assets from AlphaBow to Sequoia Resources Corp. ("**SRC**", formerly Perpetual Energy Operating Corp.).

The Trustee has concluded that the Cabin Creek wells and assets were not transferred at a value that was conspicuously less than the fair market value of the consideration given by SRC ("Transaction 2" in your letter of August 23, 2018). As such, the Trustee will be immediately commencing a public sales process to market the Cabin Creek wells.

The Trustee would like to meet with you and your legal counsel to discuss the transfer of the Endurance wells and related assets ("Transaction 1" in your letter dated August 23, 2018). Please provide us with your availability for a meeting on October 3, 4 or 5, 2018. The Trustee will provide you with a letter outlining some of its questions prior to this meeting.

Yours very truly,

**PricewaterhouseCoopers Inc., LIT**  
**Trustee of the Bankrupt Estate of Sequoia Resources Corp.**



Paul Darby LIT  
Senior Vice President

cc: Rinus de Waal, De Waal Law

cc: Robyn Gurofsky, Borden Ladner Gervais LLP

cc: Rick Osuna, PricewaterhouseCoopers Inc. LIT

## Luke Rasmussen

---

**From:** paul.j.darby@ca.pwc.com  
**Sent:** Friday, September 28, 2018 2:14 PM  
**To:** MarshallShi@alphabowenergy.com  
**Cc:** Rinus de Waal; rick.f.osuna@ca.pwc.com; RGurofsky@blg.com  
**Subject:** Letter to AlphaBow September 28, 2018 Final  
**Attachments:** Letter to AlphaBow September 28, 2018 Final.pdf

Please see the attached.

Thank you

**Paul J. Darby, CPA, CA, CIRP, LIT**  
PwC | Partner, Deals  
T: +1 403 509 6677 | C: +1 403 605 3744  
Email: paul.j.darby@ca.pwc.com  
Assistant: Maggie Sotelo | T: +1 403 509 7555 ext. 3067  
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<http://www.pwc.com/ca>

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**Strictly Private & Confidential**

September 28, 2018

AlphaBow Energy Ltd.  
1700, 222 – 3rd Avenue SW  
Calgary AB T2P 0B4

**Attention:** Marshall Shi

Dear Mr. Shi:

Further to the Trustee's letter to you dated September 25, 2018 and in order to have a productive discussion at the meeting we have proposed, I am providing you with some of the Trustee's comments and questions regarding your letter of August 23, 2018 and the attachments to your email of the same date, specific to the valuation of the Endurance wells and related assets ("**Endurance Assets**").

1. Discount Rate

AlphaBow used undiscounted cash flow values for the assets. This approach does not account for the risk of producing the forecasted volumes (and associated cash flows) and the time value of money. It is not considered by prudent market participants to be a fair or reasonable measure of market value.

There are a number of significant factors to consider in determining a reasonable discount rate to be applied to the ValNav reserve analysis in this case. This is not a list of all those factors, but a prudent market participant would have, at minimum, considered the following:

- The assets are shallow gas weighted reserves and there has been a sustained depression in natural gas prices in western Canada;
- The forecasted natural gas pricing used in the cash flow calculation was overly optimistic given the significant variance from strip pricing at the time of the valuation and at the date of the transaction;
- The future abandonment costs are significant and there is a substantial risk that these costs are understated in the forecast; and





- Significant, front loaded, capital expenditures would be required to generate the forecasted cash flows.

Based on the above, the Trustee believes that a prudent market participant would have applied a significant discount rate to determine the value of these assets and would require a significant rate of return on investment.

Accordingly, the Trustee will want to discuss with you why AlphaBow believes projected undiscounted cash flow numbers are an appropriate basis for the valuation of the Endurance assets or, if AlphaBow does agree that some discount rate should apply, what a reasonable rate would be in the circumstances of this case.

## 2. Before Tax Cash Flow

AlphaBow has used before-tax numbers in its valuation, which does not account for this significant non-discretionary expense that impacts the profitability and overall value of the Endurance Assets.

The Trustee believes the analysis should be based on after-tax cash flows and will want to discuss AlphaBow's justification for using before-tax cash flows.

## 3. No Third-Party Assurances

The report provided to support AlphaBow's valuation is a ValNav report. The Trustee understands the report to represent an internal valuation of the Endurance Assets by Endurance Energy Ltd., the seller of the assets, rather than an objective valuation prepared by an independent third party.

In addition, the assumptions used in the report are not supported by an independent third party, have not been validated or reviewed for reasonableness and therefore cannot be relied on without questions.

The Trustee will want to discuss if AlphaBow has any independent third-party data or evidence to support the valuation, or if AlphaBow conducted an independent due diligence process prior to the transaction.

## 4. Required Capital

A critical assumption underlying the ValNav valuation is that \$15.9 million of capital expenditures will be required in the first two to four years in order to achieve the forecasted volumes and cash flows of the Endurance Assets. Without this capital expenditure, the forecasted volumes and the associated cash flows are not possible and AlphaBow's valuation of the Endurance Assets would not be valid.



The Trustee will want to discuss if or how the risk of this significant up-front cash outlay was considered in AlphaBow's due diligence process.

5. Reclamation Costs

It does not appear that the ValNav report includes any reclamation costs within its cash flow valuation. The Trustee estimates reclamation costs for the wells included in the ValNav report at no less than \$30,000 per well.

The Trustee will want to discuss why AlphaBow has not considered the reclamation costs for these wells and what the impact of these costs will be on the value of the Endurance Assets.

6. ARO

AlphaBow indicated that the wells not included in the ValNav report had associated abandonment liabilities of approximately \$7.5 million. The Trustee has reviewed this on a well-by-well basis and estimates the abandonment and reclamation costs to be significantly higher.

The Trustee will want to understand what support AlphaBow has for the \$7.5 million valuation of the ARO.

7. Pipeline abandonment costs

The Endurance Transaction included approximately 277 segments of pipe. AlphaBow did not make any allowance for the abandonment and reclamation of these segments in its valuation of the Endurance Assets.

Please respond to the Trustee by no later than October 3, 2018 and provide us with your earliest availability to meet with the Trustee and legal counsel. In order to facilitate an efficient and productive meeting, if you have any questions with respect to the comments contained in this letter, please let us know immediately.

Yours very truly,

**PricewaterhouseCoopers Inc., LIT**  
**Trustee of the Bankrupt Estate of Sequoia Resources Corp.**

A handwritten signature in black ink, appearing to read "Paul Darby", written over a large, stylized, light-colored circular mark.

Paul Darby LIT  
Senior Vice President

cc: Rinus de Waal, De Waal Law  
cc: Robyn Gurofsky, Borden Ladner Gervais LLP  
cc: Rick Osuna, PricewaterhouseCoopers Inc. LIT

**Attachments:**

1994450 Alberta Inc. to SRC signed Conveyance.pdf; 1994450 to SRC Mineral Property Schedule A.pdf

**Paul J. Darby, CPA, CA, CIRP, LIT**

PwC | Partner, Deals

T: +1 403 509 6677 | C: +1 403 605 3744

Email: paul.j.darby@ca.pwc.com

Assistant: Maggie Sotelo | T: +1 403 509 7555 ext. 3067

PricewaterhouseCoopers Inc.

111-5th Avenue SW, Suite 3100, Calgary AB T2P 5L3

<http://www.pwc.ca/en/c3>

----- Forwarded by Paul J. Darby/CA/FAS PwC on 10/14/2018 10:58 AM -----

From: Marshall Shi <MarshallShi@alphabowenergy.com>

To: Paul J. Darby/CA/FAS/PwC@Americas-CA

Cc: "Bidyk, Brian" <brian.bidyk@dlapiper.com>, "Hunter, Carole" <carole.hunter@dlapiper.com>

Date: 10/13/2018 12:27 PM

Subject: 1994450-SRC

Hi Paul:

Thanks come for the meeting at Thursday.

Attached is the copy of signed Conveyance between 1994450 and SRC, with the Schedule A.

ABE is on progress with a third party Evaluation on the Endurance property regarding the time period of the transaction happened. It take 3 weeks to finish.

By then we should provide you the final evaluation on the property.

Please let me know if this fit to your schedule.

Marshall Shi

Chief Executive Officer

Alphabow Energy Ltd.

Suite 1800, 222 - 3<sup>rd</sup> Ave. SW

Calgary, AB T2P 0B4

Direct: 587 393 9758

Cell: 403 836 8833

[MarshallShi@alphabowenergy.com](mailto:MarshallShi@alphabowenergy.com)



**ABE**

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## Luke Rasmussen

---

**From:** paul.j.darby@ca.pwc.com  
**Sent:** Wednesday, February 06, 2019 4:58 PM  
**To:** MarshallShi@alphabowenergy.com  
**Subject:** Letter to AlphaBow  
**Attachments:** Letter to AlphaBow February 6.pdf

Marshall,

Please see the attached letter.

Thank you,  
Paul

**Paul J. Darby, CPA, CA, CIRP, LIT**  
PwC | Partner, Deals  
T: +1 403 509 6677 | C: +1 403 605 3744  
Email: paul.j.darby@ca.pwc.com  
Assistant: Maggie Sotelo | T: +1 403 509 7555 ext. 3067  
PricewaterhouseCoopers Inc.  
111-5th Avenue SW, Suite 3100, Calgary AB T2P 5L3  
<http://www.pwc.com/ca>

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**Strictly Private & Confidential**

February 6, 2019

AlphaBow Energy Ltd.  
1700, 222 – 3rd Avenue SW  
Calgary AB T2P 0B4

**Attention:** Marshall Shi

Dear Mr. Shi:

PricewaterhouseCoopers Inc. LIT (the “**Trustee**”) as the Trustee in Bankruptcy of Sequoia Resources Corp. (“**SRC**”) has reviewed the material provided by AlphaBow Energy Ltd. (“**AlphaBow**”) in response to the Trustee’s various requests for information regarding certain oil and gas assets (the “**Endurance Assets**”), which were originally acquired from Endurance Energy Ltd. (“**Endurance**”) in an October 2016 transaction (the “**Endurance Transaction**”) and which were subsequently transferred to SRC in January 2017 (the “**199/SRC Transaction**”)(collectively, the “**Transactions**”).

The Trustee has now completed its investigation of the Transactions and has concluded that:

- i. SRC was not a party to the Endurance Transaction, which was entered into between Endurance and 1994450 Alberta Inc. (“**199**”) (subsequently renamed Sequoia Operating Corp. and then AlphaBow). In the Endurance Transaction, the Endurance Assets, including the associated liabilities, were conveyed from Endurance to 199, not SRC.
- ii. 199 subsequently transferred the Endurance Assets to SRC in the 199/SRC Transaction, which took place in January 2017 when SRC was insolvent, as a result of an earlier transaction, and both entities were wholly-owned subsidiaries of 1986114 Alberta Inc. not dealing with each other at arm’s length.
- iii. The consideration given by SRC in the 199/SRC Transaction was conspicuously less than the consideration it received from 199, meaning that the 199/SRC Transaction was a transfer at undervalue and should be set aside pursuant to s.96 of the *Bankruptcy and Insolvency Act* (the “**BIA**”).

Accordingly, the Trustee respectfully requests that AlphaBow consent to the return of the Endurance Assets by February 20, 2019 failing which the Trustee will file an application seeking, among other things, a declaration that the 199/Transaction is void as against the Trustee.



Yours very truly,

**PricewaterhouseCoopers Inc., LIT**  
**As Trustee in Bankruptcy of Sequoia**  
**Resources Corp.**

A large, stylized handwritten signature in black ink, which appears to be "Paul Darby", written over the typed name and title.

Paul Darby  
Senior Vice President

**Attachments:**

ABE reply PwC feb15.pdf

Begin forwarded message:

**From:** "Marshall Shi" <MarshallShi@alphabowenergy.com>

**Date:** February 15, 2019 at 3:51:27 PM MST

**To:** "Paul J. Darby" <paul.j.darby@ca.pwc.com>

**Subject:** reply

Hi Paul:

Please look the attached reply letter to your letter which is sent to me by 6<sup>th</sup> Feb., 2019.

Have a good weekend

Marshall Shi  
Chief Executive Officer

---

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Alphabow Energy Ltd.  
Suite 1800, 222-3<sup>rd</sup> Ave, SW  
Calgary AB, T2P 0B4  
Direct: 587 3939758  
Cell: 403 8368833







**February 15, 2019**

**Pricewaterhouse Coopers Inc. LIT**  
**As Trustee in Bankruptcy of Sequoia Resources Corp.**  
**111 – 5<sup>th</sup> Avenue SW, Suite 3100**  
**Calgary, Alberta**  
**T2P 5L3**

**Attention: Paul Darby, Senior Vice President**

Dear Mr. Darby,

AlphaBow Energy Ltd. ("AlphaBow") has received your letter dated February 6, 2019. As stated in your letter Pricewaterhouse Coopers Inc. (the "Trustee") has completed its investigation of the Endurance Transaction (the "Endurance Transaction") and the subsequent transfer (the "199/SRC Transaction") (collectively the "Transactions") and has concluded their findings. You additionally note by yourself in this letter, AlphaBow has been compliant in trying to assist your investigation by responding to your various request for information regarding certain oil and gas assets (the "Endurance Assets") and the Transactions.

Based on your completed investigation of the Transactions you have made several conclusions. AlphaBow feels that it does not have a full understanding of how the Trustee came to its conclusions as a result of the investigation. AlphaBow respectfully asks that you return the same courtesy we showed to the Trustee in providing information and assist our understanding of the Trustee's conclusions by providing the following information.

- i. You state that SRC was not party to the Endurance Transaction and that the Endurance Assets, including the associated liabilities were conveyed from Endurance to 199, not SRC. Can you please provide the conveyance information which shows that all well, facility, surface and mineral licenses were indeed transferred to AlphaBow as our records indicate differently and SRC is in custody of all the original well, facility and land files?
- ii. You state that SRC was insolvent, as a result of an earlier transaction. It is our understanding that there may have been one or more prior transactions, not to be confused with your definition of the Transactions as noted above. Can you please provide information as to which prior transactions you are referring to, the timing and details of those transactions and a calculation supporting your claim of insolvency?

**AlphaBow Energy Ltd.**

**1800, 222 – 3rd Avenue SW, Calgary, AB T2P 0B4**  
**Main Phone: 587-393-5059**  
**Fax: 587-393-5060**



- iii. You state that consideration given by SRC in the 199/SRC Transaction was conspicuously less than the consideration it received from 199, additionally stating that it was undervalued. Can you please provide information as to your calculation of your term "undervalued" and your context evidence for using the term "conspicuously"?

In an effort to continue our cooperative relationship to assist the Trustee with its duties, AlphaBow respectfully requests that the Trustee be able provide the above requested information for our review.

Alphabow takes the Trustee's comment regarding potential legal proceedings relating to the Transactions as noted in your letter dated February 6, 2019 very seriously. Although Alphabow provided you with specifically requested documentation relating to the Transactions, please note that Alphabow continues to review its internal records for additional evidence to the contrary of the conclusions and allegations that were set out in your letter.

Yours very truly,

Marshall Shi  
CEO and Director  
Alphabow Energy Ltd.

## Luke Rasmussen

---

**From:** paul.j.darby@ca.pwc.com  
**Sent:** Wednesday, February 20, 2019 10:56 AM  
**To:** MarshallShi@alphabowenergy.com  
**Subject:** Letter to AlphaBow February 20  
**Attachments:** Letter to AlphaBow February 20.pdf

Marshall

Please see the attached.

Thanks  
Paul

**Paul J. Darby, CPA, CA, CIRP, LIT**  
PwC | Partner, Deals  
T: +1 403 509 6677 | C: +1 403 605 3744  
Email: paul.j.darby@ca.pwc.com  
Assistant: Maggie Sotelo | T: +1 403 509 7555 ext. 3067  
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111-5th Avenue SW, Suite 3100, Calgary AB T2P 5L3  
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**Strictly Private & Confidential**

February 20, 2019

AlphaBow Energy Ltd.  
1700, 222 – 3rd Avenue SW  
Calgary AB T2P 0B4

**Attention:** Marshall Shi

Dear Mr. Shi:

I have your letter of February 15, 2019, in response to my letter of February 6, 2019.

Over the last 8 months, the Trustee has had extensive discussions with AlphaBow Energy Ltd. (“**AlphaBow**”), directly in meetings at which you were present, through correspondence and through legal counsel. There can be no suggestion that the Trustee has not provided information or explained its conclusions to AlphaBow.

To respond to your specific questions:

- i. On June 29, 2018, you personally provided us with copies of the Notices of Assignment of various interests from Endurance Energy Ltd. to 1994450 Alberta Inc. (“**199**”) (subsequently renamed Sequoia Operating Corp. and then AlphaBow), dated October 26, 2016 pursuant to an agreement dated September 21, 2016 between Endurance as Assignor and 199 as Assignee, effective September 1, 2016. The Trustee is surprised that your records would now indicate something different.
- ii. AlphaBow does not require information regarding any earlier transaction involving Sequoia Resources Corp. (“**SRC**”) to understand the Trustee’s conclusions. If AlphaBow does not agree to take back the Endurance Assets (as those are defined in my letter of February 6, 2019), the Trustee will provide evidence of the financial position of SRC to the Court. That evidence will likely include the facts referred to in my affidavit filed August 2, 2018 which is available in the “Court Materials” section of the Trustee’s SRC website at: [www.pwc.com/ca/sequoiareources](http://www.pwc.com/ca/sequoiareources).
- iii. In referring to a “transfer at undervalue”, the Trustee means a disposition of property for which the consideration received by SRC was conspicuously less than the fair market value of the consideration given by SRC. The Trustee has concluded that, having particular regard to the abandonment and reclamation obligations associated with the Endurance Assets, there was a significant difference between the consideration given and the consideration received by SRC in the transfer of the Endurance Assets from 199/SOC/AlphaBow to SRC.

The Trustee first requested information from AlphaBow (then called Sequoia Operating Corp.) on May 28, 2018. You have assured the Trustee on various occasions that AlphaBow has been conducting a diligent search for the requested or other information relevant to the transfer of the Endurance Assets.



Accordingly, the Trustee will extend the deadline for AlphaBow to accept the return of the Endurance Assets to AlphaBow and to avoid legal proceedings to Friday, March 1, 2019. After that date, the Trustee will assume (and will ask the Court to assume) that AlphaBow has no other relevant information it should consider.

Yours very truly,

**PricewaterhouseCoopers Inc., LIT**

A large, stylized handwritten signature in black ink, appearing to read "Paul Darby".

Paul Darby, LIT  
Senior Vice President

**Attachments:**

PWC-ResponseFebruary26,2019[5976].pdf

**From:** "Marshall Shi" <[MarshallShi@alphabowenergy.com](mailto:MarshallShi@alphabowenergy.com)>  
**Date:** February 26, 2019 at 5:23:18 PM MST  
**To:** "Paul J. Darby" <[paul.j.darby@ca.pwc.com](mailto:paul.j.darby@ca.pwc.com)>  
**Cc:** "[carole.hunter@dlapiper.com](mailto:carole.hunter@dlapiper.com)" <[carole.hunter@dlapiper.com](mailto:carole.hunter@dlapiper.com)>  
**Subject:** Feb 20 letter

Dear Mr. Darby:

Please see attached reply letter regarding your Feb., 20<sup>th</sup> 2019 letter.

Marshall Shi  
Chief Executive Officer

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**ABE**

Alphabow Energy Ltd.  
Suite 1800, 222-3<sup>rd</sup> Ave, SW  
Calgary AB. T2P 0B4  
Direct: 587 3939758  
Cell: 403 8368833







February 26, 2019

**Pricewaterhouse Coopers Inc. LIT**  
As Trustee in Bankruptcy of Sequoia Resources Corp.  
111 – 5<sup>th</sup> Avenue SW, Suite 3100  
Calgary, Alberta  
T2P 5L3

**Attention:** Paul Darby, Senior Vice President

Dear Mr. Darby,

In response to your letter dated February 20, 2019, AlphaBow agrees there has been conversations with the Trustee over the last 8 months. During this time, AlphaBow has been forthcoming and compliant in assisting the Trustee in providing documentation for your specific requests in respect to the Endurance Transaction (the “Endurance Transaction”) and the subsequent transfer (the “199/SRC Transaction”) (collectively the “Transactions”).

In our letter dated February 15, 2019 (the “February 15 Letter”), AlphaBow was not accusing the Trustee of not providing information or explaining its conclusions, however we don’t believe the Trustee has provided the specific evidentiary details with respect to its conclusions. As mentioned previously in the February 15 Letter and above, AlphaBow provided you with specifically requested documentation relating to your questions about the Transactions that you were investigating. However, we will continue to review our internal records still in our possession for evidence that is relevant to the issues you have raised, and to the conclusions and allegations that were set out in your letters dated February 6, 2019 and February 20, 2019.

AlphaBow takes the position that the specific questions outlined in our February 15 Letter have not been addressed to our satisfaction in your letter dated February 20, 2019. AlphaBow requests all relevant information from the Trustee given that we have started a more thorough analysis of information that may be available to us upon an additional review of the limited historical records and discussions with personnel with recollections of the Transactions.

**Information relating to the Transfers**

AlphaBow has provided the Notice of the Assignments in respect to the mineral transfers as previously requested by the Trustee. In further investigation, the well, facilities and pipeline license transfers are believed to have been directly requested by Sequoia Resources Corporation (“SRC”) and were transferred by the AER directly from Endurance Energy Ltd. (“Endurance”) to SRC with the full understanding and knowledge of the transferring regulatory body. There are specific documents that

**AlphaBow Energy Ltd.**

1800, 222 – 3rd Avenue SW, Calgary, AB T2P 0B4  
Main Phone: 587-393-5059  
Fax: 587-393-5060



show that well, facility and pipeline licenses were not transferred to AlphaBow. (See extract of document below)

| Licence Transfer Details   |                            |                            |                            |
|----------------------------|----------------------------|----------------------------|----------------------------|
| Wells:                     | 0                          | Pipelines:                 | 0                          |
| Facilities:                | 18                         |                            |                            |
| Transferor Contact Details |                            | Transferee Contact Details |                            |
| BA Code:                   | A58C                       | BA Code:                   | 0Z5F                       |
| BA Name:                   | Endurance Energy Ltd.      | BA Name:                   | Sequoia Resources Corp.    |
| Licence Eligibility Type:  | Facility, Well or Pipeline | Licence Eligibility Type:  | Facility, Well or Pipeline |

Our intention was not to surprise or withhold information from the Trustee as you seemed to have implied in your letter. Rather, what you had originally asked for was evidence of the transfers that occurred in the 199/SRC Transaction which we diligently recovered a sample as part of some historical documentation and provided to you in June 2018 with no other requests since this time. If there is specific information that the Trustee would like to review prior to completing its analysis, please advise.

AlphaBow believes that upon completing a more comprehensive investigation that your conclusion in your February 6, 2019 letter that "SRC was not a party to the Endurance Transaction" will be found to be simply inaccurate as shown by the extract noted above as it evidences a direct transfer from Endurance to SRC. In addition, we have previously provided you with correspondence that was accepted by the AER in terms of the transfer of wells and facilities directly to SRC.

#### **Allegations based on Prior Transactions**

The Trustee stated in the February 20, 2019 letter that "AlphaBow does not require information regarding any earlier transaction involving SRC to understand the Trustee's conclusions" later stating "the Trustee will provide evidence of the financial position of SRC to the Court". You then indicate that the evidence will likely include the "facts" referred to in your affidavit filed August 2, 2018 which we can only assume relate to SRC's solvency. We note that this affidavit was filed in relation to legal proceedings to which AlphaBow is not a party and which were commenced by the Trustee against Perpetual Energy Inc., Perpetual Energy Operating Corp, Perpetual Operating Trust, Perpetual Operating Corp. and Susan Riddell Rose (collectively referred to as the "Perpetual Group") in August 2018 wherein the Trustee advanced, among other claims, that SRC was insolvent or rendered insolvent by a transaction with the Perpetual Group. We also note that the Perpetual Group has specifically denied that SRC was insolvent at the time of the transaction or rendered insolvent by that transaction. It seems



quite clear that the “facts” set out in your Affidavit have not been proven in Court and the legal proceedings with the Perpetual Group are far from resolved.

#### **Requests for Information**

As stated previously in the February 15 Letter, AlphaBow takes the Trustee’s comments regarding potential legal proceedings in relation to the Transactions very seriously. In an effort to continue our cooperative relationship, AlphaBow made a request for you to “respectfully” provide the information that the Trustee has in their possession for our review, including (i) the timing and details of those prior Transactions, the reason they had an effect on the Transactions and a calculation supporting your claim of insolvency as it specifically relates to the Endurance Transaction or the 199/SRC Transaction; (ii) a copy of the XI Technologies report relating to the ARO liability calculation; (iii) the calculation that the Trustee claims proves that the Transactions comprise a disposition of property where the value received by SRC was “conspicuously” less than the fair market value of the consideration given by SRC, together with any adjustments of working capital, if any and benefits, if any received by SRC from the Endurance Assets as it relates to the 199/SRC Transaction.

As a Director and Officer of AlphaBow, I have a fiduciary responsibility to my shareholders and all other third-party stakeholders that AlphaBow has dealings with to understand a matter of such serious consequence to AlphaBow as reversing the Transactions or the Endurance Transaction or the 199/SOC Transaction. I imagine that this professional responsibility is not that different than that which you have as a “Trustee to be honest and impartial and provide to interested parties full and accurate information as required by the Act with respect to the professional engagements of the trustees the Court”.

AlphaBow takes the Trustee’s letters, statements, comments and/or potential legal proceedings very seriously and your recent letter in all respects seem to imply accusations even though AlphaBow has done nothing but try to accommodate the Trustee’s investigations. Therefore, AlphaBow requires specific information to understand your conclusions which may directly affect AlphaBow’s future. AlphaBow continues to express our intention to cooperate with the Trustee, assuming the Trustee is acting in good faith to complete a comprehensive investigation. Although, we have been providing you information for your investigation since May 28, 2018, we never stated that all the information given to the Trustee was the only information that was available as we have been continuing to search through the limited historical information that may still be in our possession. The Trustee is the party in possession and has physical custody of all the records of SRC whether complete or not. You must also acknowledge that you requested only certain and specific information such as reserve values, which we re-completed at our own expense, a document showing only those transfers under the 199/SRC Transaction, which we provided a sample of, some abandonment and reclamation lists, etc. and that in no form did this constitute a diligent examination of our records but rather responses to the Trustee’s very specific questions.

***AlphaBow Energy Ltd.***

1800, 222 – 3rd Avenue SW, Calgary, AB T2P 0B4  
Main Phone: 587-393-5059  
Fax: 587-393-5060



Our intention is not to escalate this situation but rather request for the second time all information be provided to us, as an interested "party", which should warrant your respectful response of full and accurate information. Now that you have raised the threat of legal action in your February 20, 2019 letter and on conclusions reached per your February 6, 2019 letter, which you openly said in your most recent letter that you are unwilling to share with no justification, AlphaBow takes these allegations very seriously and is willing to defend our rights available to us within this process.

Yours very Truly,

Marshall Shi  
CEO and Director  
AlphaBow Energy Ltd.

## Luke Rasmussen

---

**From:** paul.j.darby@ca.pwc.com  
**Sent:** Monday, March 04, 2019 5:04 PM  
**To:** MarshallShi@alphabowenergy.com  
**Subject:** Letters to AlphaBow  
**Attachments:** Letter to AlphaBow (With Prejudice) Mar 4.pdf; Letter AlphaBow March 4.pdf

Marshall

Please see the attached letters.

Thanks  
Paul

**Paul J. Darby, CPA, CA, CIRP, LIT**  
PwC | Partner, Deals  
T: +1 403 509 6677 | C: +1 403 605 3744  
Email: paul.j.darby@ca.pwc.com  
Assistant: Maggie Sotelo | T: +1 403 509 7555 ext. 3067  
PricewaterhouseCoopers Inc.  
111-5th Avenue SW, Suite 3100, Calgary AB T2P 5L3  
<http://www.pwc.com/ca>

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**Strictly Private & Confidential**

March 4, 2019

AlphaBow Energy Ltd.  
1700, 222 – 3rd Avenue SW  
Calgary AB T2P 0B4

**Attention:** Marshall Shi

Dear Mr. Shi:

Insofar as there is a possibility that some aspects of my response to your without prejudice letter of February 28, 2019 may similarly be regarded as without prejudice communications, I want to state the position of the Trustee separately and *with prejudice*, for the record.

- The Trustee will provide AlphaBow with a list of all the Endurance Assets which it says should be returned to AlphaBow.
- The Trustee invites AlphaBow to examine the records relating to the Endurance Assets in the possession of the Trustee at any mutually convenient time.
- As set out in my letter of February 20, 2019, the Trustee now understands that AlphaBow has no other relevant information regarding the transfer of the Endurance Assets the Trustee should consider.
- AlphaBow had not accepted the return of the Endurance Assets by close of business on Friday, March 1, 2019. The Trustee will therefore take steps to have the transfer of the Endurance Assets to SRC declared void as against the Trustee and to obtain such other relief from the Court as may be required.

The Trustee will bring this letter to the attention of the Court, if necessary.

Please let me know when you wish to examine these records, so that we can make the necessary arrangements.

Yours very truly,

**PricewaterhouseCoopers Inc., LIT**



Paul Darby, LIT  
Senior Vice President

# **EXHIBIT “B”**

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**ASSET PURCHASE AGREEMENT**  
**DATED AS OF SEPTEMBER 21, 2016**  
**BETWEEN**  
**ENDURANCE ENERGY LTD.,**  
**AS SELLER,**  
**AND**  
**1994450 ALBERTA INC.,**  
**AS BUYER**

---

This is Exhibit "B" referred to in the  
Affidavit of  
Paul Darcy  
Sworn before me this 42 day  
of August A.D. 2019  
A Notary Public A Commissioner for Oaths  
In and for the Province of Alberta

**LUKE RASMUSSEN**  
Barrister & Solicitor



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## ASSET PURCHASE AGREEMENT

**THIS ASSET PURCHASE AGREEMENT** (this "**Agreement**") is made as of September 21, 2016 between Endurance Energy Ltd. ("**Endurance**"), an Alberta corporation ("**Seller**"), and 1994450 Alberta Inc., an Alberta corporation ("**Buyer**"). Capitalized terms used but not otherwise defined herein have the meanings set forth in Article 1. Seller and Buyer are sometimes referred to collectively herein as the "**Parties**" and individually as a "**Party**".

### RECITALS

**WHEREAS** Seller is engaged in the business of oil and natural gas exploration, development and production in the Province of Alberta and in the Province of Saskatchewan, and owns certain oil and gas leases and associated assets more particularly described in Schedule A;

**WHEREAS** on May 30, 2016, Seller commenced proceedings under the CCAA, and pursuant to the order of the Honourable Madam Justice Horner of the Court granted May 30, 2016, Seller has been operating under CCAA protection since that time;

**WHEREAS** Seller desires to sell to Buyer all of the Oil and Gas Assets, and Buyer desires to purchase from Seller all of the Oil and Gas Assets and assume all of the Assumed Liabilities, upon the terms and conditions hereinafter set forth;

**WHEREAS** Seller's ability to consummate the Transaction is subject to, among other things, the entry of the Approval and Vesting Order by the Court;

**NOW THEREFORE**, in consideration of the premises, the mutual promises herein made, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

### ARTICLE 1 DEFINITIONS

#### 1.1 Definitions

For purposes of this Agreement, the following terms have the meanings specified or referenced below.

- (a) "**Abandonment and Reclamation Liabilities**" means all past, present and future obligations and liabilities to:
- (i) abandon the Wells and close, decommission, dismantle and remove all structures, foundations, buildings, pipelines, seismic lines, equipment, tanks and other facilities and Tangibles that are or were located in or on the Lands or lands used or previously used in connection with the Lands; and
  - (ii) restore, remediate and reclaim any surface and subsurface locations of the Lands on which the Wells, structures, foundations, buildings, pipelines, seismic lines, equipment, tanks and other facilities described in Section 1.1(a)(i) (including Wells, structures, foundations, buildings, pipelines, seismic lines, equipment, tanks and other facilities which were abandoned or decommissioned prior to the date hereof) are or were located and all lands used to gain access to any of them;

all in accordance with generally accepted industry practices in the province where the Assets are located and in compliance with all Legal Requirements and the Title and Documents.

- (b) **"Action"** means any legal action, suit or arbitration, or any inquiry, proceeding or investigation, by or before any Governmental Authority.
- (c) **"Adjustment Escrow Agent"** means Burnet, Duckworth & Palmer LLP, or such other person as may be determined pursuant to the Adjustment Escrow Agreement.
- (d) **"Adjustment Escrow Agreement"** means the escrow agreement means among Seller, Buyer and the Adjustment Escrow Agent relating to the Adjustment Escrow Amount, substantially in the form attached hereto as Schedule F.
- (e) **"Adjustment Escrow Amount"** means \$2,500,000.
- (f) **"AER"** means Alberta Energy Regulator.
- (g) **"AFE"** means authorization for expenditure.
- (h) **"Affiliate"** means with respect to a Person, any other Person directly or indirectly controlling, controlled by or under direct or indirect common control of such Person where, for the purposes of this definition only, "control", "controlling" or "controlled" means the possession, direct or indirect, of the power to direct the management and policies of such other Person, whether through the ownership of voting securities or by contract, partnership agreement, trust arrangement or other means.
- (i) **"Agreement"** has the meaning set forth in the introductory paragraph.
- (j) **"Approval and Vesting Order"** means an order of the Court approving the sale by Seller to Buyer of the Oil and Gas Assets in accordance with the provisions of this Agreement, and vesting all of Seller's right, title and interest in and to the Oil and Gas Assets in Buyer, in such form satisfactory to each of the Parties, acting reasonably.
- (k) **"Assigned Contracts"** means all Contracts, including sales and purchase contracts, operating agreements, exploration agreements, development agreements, seismic licences, balancing agreements, farmout agreements, service agreements, transportation agreements, surface use agreements and other surface or subsurface rights agreements, processing, treatment and gathering agreements, equipment leases and other contracts, agreements and instruments, insofar as they relate to the Oil and Gas Assets (other than the Excluded Assets), including the Material Contracts, the Material Lease Agreements and the Title Documents other than the Leases.
- (l) **"Assumed Liabilities"** has the meaning set forth in Section 2.2.
- (m) **"Base Purchase Price"** has the meaning set forth in Section 3.1.
- (n) **"Business Day"** means a day, other than a Saturday or Sunday, on which Canadian chartered banks are open for the transaction of domestic business in Calgary, Alberta.
- (o) **"CCAA"** means the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36.

- (p) **"CCAA Proceedings"** means the proceedings commenced by Seller under the CCAA in the Court having Court file number 1601-06765 and styled *In The Matter Of a Plan of Compromise Or Arrangement Of Endurance Energy Ltd.*, which is currently pending before the Court as of the date hereof.
- (q) **"Closing"** has the meaning set forth in Section 4.1.
- (r) **"Closing Date"** means the date as of which the Closing occurs as set forth in Section 4.1.
- (s) **"Commissioner"** means the Commissioner of Competition appointed under the Competition Act or any Person authorized to exercise the powers and perform the duties of the Commissioner of Competition and includes the Commissioner's representatives, where the context requires.
- (t) **"Competition Act"** means the *Competition Act*, R.S.C. 1985, c. C 34, as amended.
- (u) **"Competition Act Approval"** means the occurrence of one or more of the following:
  - (i) an advance ruling certificate (an **"ARC"**) pursuant to Section 102 of the Competition Act shall have been issued by the Commissioner in respect of the Transaction on terms satisfactory to the Parties acting reasonably;
  - (ii) the Commissioner shall have waived the obligation to notify and supply information under Part IX of the Competition Act pursuant to Subsection 113(c) of the Competition Act (**"Waiver"**) in respect of the Transaction and confirmed in writing that the Commissioner does not, at that time, intend to file an application under Section 92 of the Competition Act (a **"No-Action Letter"**) in connection with the Transaction, on terms satisfactory to the Parties acting reasonably, and such Waiver and No-Action Letter remain in full force and effect; or
  - (iii) the Parties shall have notified the Commissioner of the Transaction under Section 114 of the Competition Act and the waiting period under Section 123 of the Competition Act shall have expired or been terminated and the Commissioner shall have issued a No-Action Letter in connection with the Transaction, on terms satisfactory to the Parties acting reasonably, and such No-Action Letter remains in full force and effect.
- (v) **"Confidentiality Agreement"** has the meaning set forth in Section 15.2.
- (w) **"Contract"** means any agreement, contract, obligation, promise or undertaking (in each case, whether written or oral), other than a Lease, that is legally binding.
- (x) **"Court"** means the Court of Queen's Bench of Alberta.
- (y) **"Cure Costs"** means in accordance with section 11.3(4) of the CCAA, any and all cure and reinstatement costs or expenses relating to the assignment and assumption of the Assigned Contracts to which Seller is party and that are included in the Oil and Gas Assets.
- (z) **"Deposit"** means \$50,000.
- (aa) **"Deposit Escrow Agreement"** means the escrow agreement among Seller, Buyer and the Escrow Agent relating to the Deposit referenced in Section 3.2.

- (bb) **"Disclosure Schedule"** means Schedule B.
- (cc) **"Effective Date"** means September 1, 2016.
- (dd) **"Employee Disclosure Letter"** means the letter prepared by Seller for Buyer setting out certain information relating to the Seller Employees, as described in Section 9.1(c).
- (ee) **"ECON"** means the Ministry of the Economy of the Saskatchewan Government.
- (ff) **"ECON Approval"** means approval by ECON of the transfer of the Oil and Gas Assets in the Province of Saskatchewan to the Buyer pursuant to this Agreement.
- (gg) **"Encumbrance"** means any charge, lien, claim, mortgage, lease, sublease, hypothecation, deed of trust, pledge, security interest, option, right of use or possession, right of first offer or first refusal, easement, servitude, restrictive covenant, encroachment, encumbrance, third party interest or other restriction or limitation of any kind.
- (hh) **"Environmental Laws"** means all common law and Legal Requirements relating to the protection of the environment and related employee and public health and safety, and without restricting the generality of the foregoing, includes those Legal Requirements relating to the discovery, development, production, gathering, use, storage, transmission, transportation, treatment and disposal of Petroleum Substances, the emission, discharge, release or threatened release of substances into or onto the air, water or land and the clean-up and remediation of contaminated sites, in each case insofar as the protection of the environment and related employee and public health and safety is concerned.
- (ii) **"Environmental Liabilities"** means, excluding the Existing Work Orders, all past, present and future obligations and liabilities of whatsoever nature or kind arising from or relating to, directly or indirectly:
  - (i) Environmental Matters;
  - (ii) past, present and future non-compliance with, violation of or liability under Environmental Laws relating to or arising in connection with the ownership or control of the Assets; or
  - (iii) Abandonment and Reclamation Liabilities,
    - whenever occurring or arising.
- (jj) **"Environmental Matters"** means any activity, event or circumstance in respect of or relating to:
  - (i) the storage, use, holding, collection, accumulation, assessment, generation, manufacture, construction, processing, treatment, stabilization, disposition, handling, transportation or Release of Hazardous Substances;
  - (ii) the protection of the environment; or
  - (iii) pollution, reclamation, remediation or restoration of the environment;

in each case relating to or arising in connection with the ownership or control of the Lands or the Assets or that has or have arisen or hereafter arise from or in respect of past, present or future operations, activities or omissions in or on the Lands or in respect of the Assets, including obligations to compensate Third Parties for Losses and Liabilities.

- (kk) **"Excluded Assets"** means those assets set forth in Schedule C.
- (ll) **"Escrow Agent"** means FTI Consulting Canada Inc.
- (mm) **"ETA"** means Part IX of the *Excise Tax Act* (Canada).
- (nn) **"Excluded Liabilities"** has the meaning set forth in Section 2.3.
- (oo) **"Existing Work Orders"** means:
  - (i) all orders, including any well abandonment orders, or directives under (including notices of such by its operating counterparties) that requires any work, repairs, construction or capital expenditures with respect to the Oil and Natural Gas Assets, where such orders or directives have not been complied with in all material respects, including the payment of all amounts owing thereunder; and
  - (ii) any demand or notice issued under Environmental Laws with respect to the breach of such Environmental Law relating to the Oil and Natural Gas Assets,

which demand or notice, notice or work, including the payment of all amounts owing thereunder, remains outstanding on the date hereof.
- (pp) **"Facilities"** means the facilities identified in Schedule A.2.
- (qq) **"Final Statement of Adjustments"** has the meaning set forth in Section 10.4(a).
- (rr) **"General Conveyance"** means the general conveyance agreement in the form attached hereto as Schedule E.
- (ss) **"Governmental Authority"** means any federal, provincial, municipal, county or regional government or government authority or other law, regulation or rule making entity, including any court, department, commission, bureau, board, tribunal, administrative agency or regulatory body of any of the foregoing, that exercises jurisdiction over the Oil and Gas Assets or the Parties.
- (tt) **"Governmental Authorization"** means any approval, consent, licence, permit, waiver or other authorization issued, granted or otherwise made available by or under the authority of any Governmental Authority.
- (uu) **"Hazardous Substance"** means any "pollutant," "contaminant," "hazardous waste," "hazardous material," or "hazardous substance" that is or becomes identified, listed, published, or defined under any of the Environmental Laws.
- (vv) **"Interim Period"** means the period commencing on the date of this Agreement and ending on and including the Closing Date.
- (ww) **"Interim Statement of Adjustments"** has the meaning set forth in Section 10.2.



- (xx) **"Knowledge"** means (i) with respect to Seller, the actual knowledge (without any duty of inquiry) of any of the senior officers of Seller, and (ii) with respect to Buyer, the actual knowledge (without any duty of inquiry) of any of the senior officers of Buyer.
- (yy) **"Lands"** means all lands in the Whitemap Areas and any lands pooled or unitized therewith, as described in Schedule A.1 (subject to the restrictions and exceptions as to geological formations and Petroleum Substances as set forth in Schedule A.1).
- (zz) **"Leased Substances"** means Seller's Interest in all Petroleum Substances or rights to Petroleum Substances that are granted, reserved or otherwise conferred by or under the Title Documents.
- (aaa) **"Leases"** means the leases and licences of Petroleum Substances (or any of them) that are described in Schedule A.1, insofar as they relate to the Lands.
- (bbb) **"Legal Requirement"** means all laws, orders, statutes, rules, by-laws, decrees, regulations, directives, judgments, declarations and similar pronouncements made by the Crown or other Governmental Authority.
- (ccc) **"Liabilities"** means, in relation to a matter, any and all liabilities and obligations (whether under common law, in equity, under Legal Requirements or otherwise; whether tortious, contractual, vicarious, statutory or otherwise; whether absolute or contingent; and whether based on fault, strict liability or otherwise) which the Seller suffers, sustains, pays or incurs as a result of or in connection with such matter; but excluding indirect, incidental, consequential, exemplary, special or punitive losses or damages or loss of profits suffered, sustained, paid or incurred by the Seller, but including any such indirect, incidental, consequential, exemplary, special or punitive losses or damages or loss of profits suffered, sustained, paid or incurred by a Third Party entitled to recovery or indemnification from the Seller.
- (ddd) **"Licence Transfers"** means, other than the Specific Conveyances, any transfers or assignments of Licences.
- (eee) **"Licences"** means all governmental (whether federal, provincial or local) permits, licences, authorizations, franchises, grants, easements, variances, exceptions, consents, certificates, approvals and related instruments or rights of any Governmental Authority or other third party, and any writ, judgment, decree, award, order, injunction or similar order, writ, ruling, directive or other requirement of any Governmental Authority (in each such case whether preliminary or final) required of Seller pertaining to or used in connection with, the Petroleum and Natural Gas Rights or the Tangibles, excluding the Excluded Assets.
- (fff) **"Losses and Liabilities"** means, in relation to a matter, any and all:
  - (i) losses, costs, damages, expenses and charges (including all penalties, assessments and fines) which the Seller suffers, sustains, pays or incurs, directly or indirectly, in connection with such matter and includes reasonable costs of legal counsel (on a full indemnity basis) and other professional advisors and reasonable costs of investigating and defending Actions arising from the matter, regardless of whether such Actions are sustained and includes taxes payable on any settlement payment or damage award in respect of such matter; and
  - (ii) liabilities and obligations (whether under common law, in equity, under Legal Requirements or otherwise; whether tortious, contractual, vicarious, statutory or

otherwise; whether absolute or contingent; and whether based on fault, strict liability or otherwise) which the Seller suffers, sustains, pays or incurs as a result of or in connection with such matter;

but excluding indirect, incidental, consequential, exemplary, special or punitive losses or damages or loss of profits suffered, sustained, paid or incurred by the Seller, but including any such indirect, incidental, consequential, exemplary, special or punitive losses or damages or loss of profits suffered, sustained, paid or incurred by a Third Party entitled to recovery or indemnification from the Seller.

(ggg) **"Material Adverse Effect"** means any change, event or occurrence that individually or in the aggregate (taking into account all other such changes, events or occurrences) has had, or would be reasonably likely to have, a material adverse change in or material adverse effect on the Oil and Gas Assets or Seller's business (excluding the Excluded Assets and the Excluded Liabilities) on the one hand, and Buyer's ability to consummate the Transaction on the other hand, in each case taken as a whole, but excluding:

- (i) any change or effect to the extent that it results from or arises out of the pendency of the CCAA Proceedings;
- (ii) the execution and delivery of this Agreement or the announcement thereof or consummation of the Transaction;
- (iii) changes in (or proposals to change) Legal Requirements, generally accepted accounting principles or other accounting regulations or principles;
- (iv) acts of God, including hurricanes, storms and other natural disasters;
- (v) any action contemplated by this Agreement or taken at the request of Buyer;
- (vi) any change or effect generally applicable to (A) the industries and markets in which Seller operates or (B) economic or political conditions or the securities or financial markets in any country or region; and
- (vii) any outbreak or escalation of hostilities or war or any act of terrorism.

(hhh) **"Material Contracts"** means agreements in respect of:

- (i) the purchase or sale of gas, oil or other Petroleum Substances;
- (ii) gas balancing, hedging or other derivatives;
- (iii) the dedication, transportation, processing, compression, treatment, gathering, disposal or storage of Petroleum Substances; and
- (iv) other like agreements;

described in Schedule A.3.

(iii) **"Material Lease Agreements"** means those agreements set forth in Schedule A.6 providing for the lease or rental of Tangibles and Miscellaneous Interests.

- (jjj) **"Miscellaneous Interests"** means Seller's Interest in and to all property, assets and rights (other than the Petroleum and Natural Gas Rights, the Tangibles, and the Excluded Assets) pertaining to or used in connection with, the Petroleum and Natural Gas Rights or the Tangibles to which Seller is entitled on the Closing Date including the following property, assets and rights:
- (i) the Assigned Contracts;
  - (ii) to the extent transferable pursuant to applicable Legal Requirements, all Licences;
  - (iii) the Surface Rights;
  - (iv) the Wells, including the related wellbores and casing;
  - (v) rig mats;
  - (vi) all records, books, files, reports, data, plotters, furniture, computers, servers, documents and information, including seismic data, well files, lease files, agreement files, previous AFE invoices and production records;
  - (vii) phone lines, satellite services, cellular modems, cell phones, computer hardware, printers, routers, software, copiers and other office machines, all as may be located at or attached to the Facilities; and
  - (viii) all Suspense Funds;
- but only to the extent that the above pertain to or are used in connection with the Petroleum and Natural Gas Rights or the Tangibles.
- (kkk) **"Oil and Gas Assets"** means the Petroleum and Natural Gas Rights, the Tangible Property and the Miscellaneous Interests.
- (lll) **"Order"** means any award, writ, injunction, judgment, order or decree entered, issued, made, or rendered by any Governmental Authority.
- (mmm) **"Outside Date"** means October 31, 2016, subject to the right of either Party to postpone the Outside Date for an additional 30 days if the Regulatory Approvals have not been obtained and have not been denied by a non-appealable decision of a Governmental Authority; provided that notwithstanding the foregoing, a Party shall not be permitted to postpone the Outside Date if the failure to obtain a Regulatory Approval is materially the result of such Party failing to cooperate in good faith in obtaining such Regulatory Approval.
- (nnn) **"Party" or "Parties"** means, individually or collectively, Buyer and Seller.
- (ooo) **"Permitted Encumbrances"** means any of the following:
- (i) any rights, obligations, or duties reserved to or vested in any municipality or other Governmental Authority to:
    - (A) control or regulate any Oil and Gas Asset in any manner including all applicable Legal Requirements;
    - (B) purchase, condemn, expropriate, or recapture any Oil and Gas Asset;

- (C) designate a purchaser of any Oil and Gas Asset; or
- (D) use any Oil and Gas Asset in any manner or increase the applicable Working Interest in a Lease below that shown in Schedule A.1;
- (ii) the terms and conditions of all of the Assigned Contracts;
- (iii) any consent applicable to the Transaction;
- (iv) easements, rights-of-way, servitudes, permits, surface leases, and other similar rights on, over, or in respect of any of the Oil and Gas Assets, as long as any such encumbrances, individually or in the aggregate, do not interfere in any material respect with Seller's use or operation of the Oil and Gas Assets (as currently used or operated) burdened thereby;
- (v) all royalties, overriding royalties, production payments, net profits interests, reversionary interests, carried interests, and other burdens shown in Schedule A.1;
- (vi) defects or irregularities of title:
  - (A) as to which the relevant statute(s) of limitations or prescription would bar any attack or claim against Seller's title; or
  - (B) arising out of lack of corporate authorization or a variation in corporate name;
- (vii) liens or other Encumbrances for Taxes not yet due and payable or that are being contested in good faith;
- (viii) abandonment, plugging and surface restoration obligations;
- (ix) all requirements to obtain the consent or approval of, or to submit notices or filings with, or other actions by, Governmental Authorities in connection with the conveyance of the Leases, if the same are customarily sought and received after the Closing;
- (x) calls on production of Petroleum Substances under any Assigned Contracts;
- (xi) the terms and conditions of the Leases, including any depth limitations or similar limitations that may be set forth therein and any liens or security interests reserved in the Leases for royalty, bonus, or rental, or for compliance with the terms of the Leases;
- (xii) liens incurred or created in the ordinary course of business as security in favour of a Person that is conducting the development or operation of the property to which such liens relate and that are not due and payable or delinquent;
- (xiii) mortgages on the lessor's interest under an Assigned Lease and Interest;
- (xiv) liens or trusts arising in connection with workers' compensation, unemployment insurance, or pension;
- (xv) conventional rights of reassignment obligating Seller to reassign its interest in any portion of the Leases to a third party, if such right is only triggered when Buyer expressly indicates its intention to release or abandon such interest prior to the expiration of the primary term or other termination of such interest; and

- (xvi) any Encumbrances that will not be released by the Approval and Vesting Order.
- (ppp) **"Person"** means any individual, corporation (including any non-profit corporation), partnership, limited liability company, joint venture, estate, trust, association, organization or other entity or Governmental Authority.
- (qqq) **"Petroleum and Natural Gas Rights"** means, other than the Excluded Assets, Seller's Interest in and to the Lands, the Leases and the Petroleum Substances in the Province of Alberta and in the Province of Saskatchewan, excluding the Excluded Assets.
- (rrr) **"Petroleum Substances"** means any and all of crude oil, crude bitumen and products derived therefrom, synthetic crude oil, petroleum, natural gas and all related hydrocarbons (including liquid hydrocarbons) and all other substances relating to any of the foregoing, whether liquid, gaseous or solid, and whether hydrocarbons or not, and all products derived from any of the foregoing (except coal but including sulphur).
- (sss) **"Proceeding"** means any Action, arbitration, audit, hearing, investigation, litigation, or suit (whether civil, criminal, administrative or investigative) commenced, brought, conducted, or heard by or before, or otherwise involving, any Governmental Authority.
- (ttt) **"Purchase Price"** has the meaning set forth in Section 3.1.
- (uuu) **"Regulatory Approvals"** means the Competition Act Approval, if required, the approval of the AER of the transactions hereunder, including the Licence Transfers and such other approvals and licences as may be required to be obtained from the AER in order to complete the transactions contemplated hereby.
- (vvv) **"Release"** means any past or present spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, dumping or disposing of a Hazardous Substance into the environment (including the abandonment or discharging of barrels, containers and other closed receptacles containing any Hazardous Substance).
- (www) **"Representative"** means, with respect to a particular Person, any director, officer, employee, agent, consultant, advisor or other representative of such Person, including legal counsel, accountants and financial advisors.
- (xxx) **"Right of First Refusal" or "ROFR"** means a right of first refusal, pre-emptive right of purchase or similar right whereby any Third Party has the right to acquire or purchase any of the Oil and Gas Assets as a consequence of the Parties entering into this Agreement or the Transaction.
- (yyy) **"Security Arrangements"** has the meaning set forth in Section 2.6(c).
- (zzz) **"Seller"** has the meaning set forth in the introductory paragraph.
- (aaaa) **"Seller Employees"** means employees and consultants identified by Seller whose employment or consulting obligations relate to the Oil and Gas Assets.
- (bbbb) **"Seller Party"** means Seller, its Affiliates and Representatives of each of the foregoing.
- (cccc) **"Seller's Interest"** means all of Seller's right, interest, title and estate, whether absolute or contingent, legal or beneficial.

- (dddd) **"Seller's Obligations"** has the meaning set forth in Section 2.6(c).
- (eeee) **"Specific Conveyances"** means all conveyances, assignments, transfers, novations and other documents or instruments that are reasonably required or desirable, in accordance with normal oil and gas industry practices, to convey, assign and transfer the Oil and Gas Assets to Buyer and to novate Buyer in the place and stead of Seller and/or its Affiliates with respect to the Oil and Gas Assets, including without limitation, change of operator forms, change of operator notices required under applicable operating agreements, and any other applicable forms and declarations required by federal and provincial agencies relative to Buyer's assumption of operations and plugging and abandonment Liabilities with respect to all of the Oil and Gas Assets; provided however, that no Specific Conveyance shall confer or impose upon a Party any greater right or obligation than contemplated in this Agreement.
- (ffff) **"Subsidiary"** means any entity with respect to which a specified Person directly or indirectly (through one or more intermediaries) has the power, through the direct or indirect ownership of securities or otherwise, to elect a majority of the directors or similar managing body.
- (gggg) **"Surface Rights"** means all rights of Seller or its Affiliates to use the surface of land in connection with the Oil and Gas Assets and the operations thereon, including rights to enter upon, use, occupy and enjoy the surface of lands upon which the Tangibles and the Wells are located or any lands which are or may be used to gain access to or otherwise use the Petroleum and Natural Gas Rights and the Tangibles, or either of them, including such rights Seller reasonably requires for its other operations on the Lands, provided that in all such instances, Buyer shall, insofar as it has the right to do so and on such terms that are reasonable, provide Seller with such rights of use as Seller may reasonably require for such operations.
- (hhhh) **"Suspense Funds"** means proceeds of production and interest in respect of any of the Oil and Gas Assets that are payable to third parties and are being held in suspense by Seller as the operator of such Oil and Gas Assets.
- (iiii) **"Tangible Property"** means Seller's Interest in the Tangibles.
- (jjjj) **"Tangibles"** means the Facilities, and any and all tangible depreciable equipment and facilities that are located within, upon, or in the immediate vicinity of the Lands, or that are used or intended to be used in producing, gathering, processing, treating, dehydrating, measuring, transporting, making marketable or storing Petroleum Substances, excluding the Excluded Assets but including:
- (i) facilities for water injection or removal operations in respect of such Petroleum Substances;
  - (ii) the tangibles listed in Schedule A.7 and also including all equipment, machinery, fixtures and other tangible personal property and improvements located on, used or held for use or obtained in connection with the ownership or operation of the Lands, including tanks, boilers, plants, buildings, field offices and other structures, fixtures, injection facilities, saltwater disposal facilities, compressors and other compression facilities (whether installed or not), pumping units, flow lines, pipelines, gathering systems, treating or processing systems or facilities, meters, machinery, power and other utility lines, roads, computer and automation equipment, telecommunications equipment, field radio telemetry and associated frequencies and licences, pressure transmitters, central processing equipment, tools, spare parts, major warehouse inventory, and the vehicles

identified in Schedule A.6 (and all equipment used in connection with such rolling stock, including safety equipment, special tools, dynamometers, hand tools and fluid level equipment), and other appurtenances, improvements and facilities; and

- (iii) all pipes, casing, tubulars, fittings, and other spare parts, supplies, tools, and materials located on, used or held for use on or held as inventory in connection with the ownership or operation of the Lands and other Tangibles.
- (kkkk) **"Tax" or "Taxes"** (and with correlative meaning, "Taxable" and "Taxing") means any federal, state, provincial, local, foreign or other income, alternative, minimum, add-on minimum, accumulated earnings, personal holding company, franchise, capital stock, net worth, capital, profits, intangibles, windfall profits, gross receipts, value added, sales, use, goods and services, excise, customs duties, transfer, conveyance, mortgage, registration, stamp, documentary, recording, premium, severance, environmental, natural resources, real property, personal property, ad valorem, intangibles, rent, occupancy, licence, occupational, employment, unemployment insurance, social security, disability, workers' compensation, payroll, health care, withholding, estimated or other tax of any kind whatsoever, whether computed on a separate or consolidated, unitary or combined basis, or in any other manner, including any interest, penalty or addition thereto, whether disputed or not.
- (llll) **"Tax Act"** means the *Income Tax Act* (Canada).
- (mmmm) **"Tax Return"** means any return, declaration, report, claim for refund, information return or other document (including any related or supporting estimates, elections, schedules, statements, or information) filed or required to be filed in connection with the determination, assessment or collection of any Tax or the administration of any laws, regulations or administrative requirements relating to any Tax.
- (nnnn) **"Third Parties"** means any Person other than Seller, Buyer and their Affiliates.
- (oooo) **"Thirteenth Month Adjustment"** means a reconciliation pursuant to an agreement that provides that during a period (usually a calendar year) revenues and expenses (or either of them) will be distributed to or paid by one or more parties to the agreement on the basis of estimates thereof and that following the end of the period (usually the first calendar month after the end of the period), the actual amount of the revenues or costs will be determined and a reconciliation between the estimated amounts and the actual amounts will be made.
- (pppp) **"Title Documents"** means, except in respect of the Excluded Assets, any and all Leases, unit agreements, assignments, trust declarations, operating agreements, royalty agreements, gross overriding royalty agreements, agreements for the construction, ownership and operation of facilities, contract operating agreements, participation agreements, farm-in agreements, sale and purchase agreements, pooling agreements and any other documents and agreements granting, reserving or otherwise conferring Working Interests and other rights to and in respect of:
  - (i) explore for, drill for, produce, take, use or market Petroleum Substances;
  - (ii) share in the production of Petroleum Substances;
  - (iii) share in the proceeds from, or measured or calculated by reference to the value or quantity of, Petroleum Substances that are produced; and

- (iv) acquire any of the rights described in subparagraphs (i) to (iii) above;  
including those, if any, set out in Schedule A.1, but only to the extent that the foregoing subparagraphs (i) through (iv) pertain to Petroleum Substances within, upon or under the Lands.
- (qqqq) "**Transaction**" means the sale and purchase of the Oil and Gas Assets by Seller to Buyer as contemplated by this Agreement.
- (rrrr) "**Transaction Documents**" means this Agreement, the Specific Conveyances and any other agreements, instruments or documents entered into pursuant to this Agreement.
- (ssss) "**Transfer Taxes**" has the meaning set forth in Section 8.1(a).
- (tttt) "**Unscheduled Assets**" has the meaning set forth in Section 2.7(a).
- (uuuu) "**Wells**" means all producing, non-producing, shut-in, water source, observation, disposal, injection, abandoned, suspended and similar wells located on or within the Lands, whether or not completed, including oil, gas, water, disposal, observation and injection wells located on the Lands, as described or identified in Schedule A.
- (vvvv) "**Whitemap Areas**" means the area outlined in bold on the maps attached as Schedule A.9.
- (wwww) "**Working Interest**" means an undivided percentage ownership interest, under a Lease, in the rights to explore and drill for, produce, take, win and remove the Petroleum Substances that are subject to the Lease, together with the associated liability for the said percentage of the costs and expenses of the said activities.

## 1.2 Other Definitions and Interpretive Matters

- (a) Unless otherwise expressly provided, for purposes of this Agreement, the following rules of interpretation shall apply:
  - (i) Calculation of Time Period. When calculating the period of time before which, within which or following which any act is to be done or step taken pursuant to this Agreement, the date that is the reference date in calculating such period shall be excluded. If the last day of such period is a day other than a Business Day, the period in question shall end on the next succeeding Business Day.
  - (ii) Dollars. Any reference in this Agreement to \$ means Canadian dollars.
  - (iii) Schedules. All Schedules attached or annexed hereto or referred to herein are hereby incorporated in and made a part of this Agreement as if set forth in full herein. Any capitalized terms used in any Schedule but not otherwise defined therein shall be defined as set forth in this Agreement.
  - (iv) Gender and Number. Any reference in this Agreement to gender includes all genders, and words importing only the singular number include the plural and vice versa.
  - (v) Headings. The provision of a table of contents, the division of this Agreement into Articles, Sections and other subdivisions and the insertion of headings are for convenience of reference only and shall not affect or be utilized in the construction or



interpretation of this Agreement. All references in this Agreement to any "Section" or "Article" are to the corresponding Section or Article of this Agreement unless otherwise specified.

- (vi) Herein. Words such as "herein," "hereof" and "hereunder" refer to this Agreement as a whole and not merely to a subdivision in which such words appear, unless the context otherwise requires.
- (vii) Monetary References. Any reference in this Agreement to a monetary amount, including the use of the term "dollar" or the symbol "\$", shall mean the lawful currency of Canada unless the contrary is specified or provided for elsewhere in this Agreement.
- (viii) Including. The word "including" or any variation thereof means "including, without limitation," and shall not be construed to limit any general statement that it follows to the specific or similar items or matters immediately following it.
- (ix) No Strict Construction. Buyer, on the one hand, and Seller, on the other hand, participated jointly in the negotiation and drafting of this Agreement. In the event that an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as jointly drafted by Buyer, on the one hand, and Seller, on the other hand, and no presumption or burden of proof shall arise favoring or disfavoring any Party by virtue of the authorship of any provision of this Agreement. Without limitation as to the foregoing, no rule of strict construction construing ambiguities against the draftsman shall be applied against any Person with respect to this Agreement.

## ARTICLE 2 PURCHASE AND SALE

### 2.1 Purchase and Sale

Upon the terms and subject to the conditions of this Agreement, on the Closing Date, Seller shall sell, transfer, assign, convey and deliver, or cause to be sold, transferred, assigned, conveyed and delivered, the Oil and Gas Assets to Buyer, and Buyer shall purchase the Oil and Gas Assets from Seller pursuant to the Approval and Vesting Order.

### 2.2 Assumed Liabilities

Upon the terms and subject to the conditions of this Agreement, if Closing occurs, on the Closing Date, Buyer hereby assumes and agrees to discharge, when due (in accordance with their respective terms and subject to the respective conditions thereof), only the following Liabilities (collectively, the "Assumed Liabilities") and no others:

- (a) subject to Section 2.2(b):
  - (i) all Liabilities for debts and other liquidated amounts under the Assigned Contracts; and
  - (ii) all other Liabilities (excluding Environmental Liabilities) in respect of the Oil and Gas Assets or the operation, use or ownership thereto;

in each case to the extent that such Liabilities arise or accrue on or after the Closing Date; provided that, for greater certainty, nothing in this Section 2.2(a) shall affect the adjustments provided for under Sections 10.1 and 10.2 inclusive;

- (b) all Environmental Liabilities regardless when they arise or accrue;
- (c) all Permitted Encumbrances;
- (d) all Taxes with respect to the Oil and Gas Assets; and
- (e) all of Seller's Liabilities in connection with the Suspense Funds.

### **2.3 Excluded Liabilities**

Notwithstanding any provision in this Agreement to the contrary, Buyer shall not assume and shall not be obligated to assume or be obliged to pay, perform or otherwise discharge any Liability of Seller, and Seller shall be solely and exclusively liable with respect to all Liabilities of Seller, other than the Assumed Liabilities (such Liabilities other than Assumed Liabilities, collectively, the "**Excluded Liabilities**"). For purposes of clarity, and without limitation of the generality of the foregoing, the Excluded Liabilities shall include, without limitation, each of the following Liabilities of Seller, other than the Assumed Liabilities:

- (a) all indebtedness for borrowed money of Seller;
- (b) all guarantees of third party obligations by Seller and reimbursement obligations to guarantors of Seller's obligations or under letters of credit;
- (c) all accrued expenses and accounts payables;
- (d) those Actions and Proceedings set forth in the Disclosure Schedule;
- (e) all Liabilities of Seller to any owner or former owner of capital stock or warrants, or holder of indebtedness for borrowed money;
- (f) drafts or checks outstanding at the Closing;
- (g) all Cure Costs;
- (h) the Existing Work Orders;
- (i) all Transfer Taxes; and
- (j) any claims to the extent related to the Excluded Assets.

### **2.4 Licence Transfers**

- (a) As soon as practicable after Closing, but in any event no later than five (5) Business Days following Closing, Seller shall prepare and where applicable, electronically submit an application to the applicable Governmental Authority for the Licence Transfers and Buyer or its nominee shall, where applicable, at the same time electronically ratify and sign such application.

- (b) If a Governmental Authority denies any Licence Transfers because of misdescription or other minor deficiencies in the application, Seller shall within five (5) Business Days of such denial correct the application and amend and re-submit the application for the Licence Transfers and Buyer or its nominee shall, where applicable, electronically ratify and sign such application.
- (c) The Buyer shall ensure that it or its nominee meets the qualification requirements as specified in Section 6.8 or otherwise in relation to facilitating the approval of any Licence Transfers by the applicable Governmental Authority without reliance upon the amount of the security deposit currently posted with the AER or ECON by the Seller.
- (d) Neither the Seller or its Representatives shall be obligated to make any deposits or furnish any other form of security to a Governmental Authority in relation to facilitating the Approval of any Licence Transfers by the applicable Governmental Authority.

## **2.5 Specific Conveyances**

- (a) Buyer shall prepare the Specific Conveyances at its cost. If all Specific Conveyances are not prepared prior to the Closing time, Buyer shall prepare them as soon as practicable after Closing, and in any event no later than thirty (30) days after Closing. It shall not be necessary for Specific Conveyances to have been executed prior to or at Closing by Third Parties. Promptly after Closing, and at Buyer's cost, Buyer shall deliver all Specific Conveyances to Third Parties and each applicable Governmental Authority in accordance with normal industry practices and the Approval and Vesting Order, and shall attend to the registration of Specific Conveyances with each applicable Governmental Authority in accordance with normal industry practices.
- (b) Buyer shall use all commercially reasonable efforts to become, as soon as reasonably practicable following Closing, the recognized and beneficial holder of the Oil and Gas Assets in the place and stead of Seller, and shall where Seller is the registering party, promptly take whatever steps are necessary to verify such registrations.
- (c) Subject to the requirements relating to Licence Transfers under Section 2.4, Buyer shall bear all out of pocket costs, fees and deposits of every nature and kind incurred (whether by Seller or Buyer) in registering any Specific Conveyances and registering any further assurances required to convey the Oil and Gas Assets to Buyer.
- (d) Any transfer or assignment of the legal interest of Seller or any Affiliate thereof in the Title Documents requiring notice to or consent from a third party shall not be assigned or transferred to Buyer until and unless the notice or consent requirements have been satisfied. Each Party shall use commercially reasonable efforts, as to matters within its control, to satisfy such requirements as of the Closing Date, and Buyer shall furnish any deposits or security reasonably required to complete such transfers and assignments in accordance with normal industry practices, the Approval and Vesting Order, the provisions of the Leases and the Contracts, and applicable Legal Requirements.

## **2.6 Assigned Contracts and Leases**

- (a) With respect to each Assigned Contract and Lease, Buyer shall provide evidence of its ability as required under the CCAA to perform the future obligations under each such Assigned Contract and Lease. Buyer and Seller shall take all steps required to obtain an order under s. 11.3 of the CCAA, such as furnishing timely requested and factually accurate affidavits, non-confidential

financial information and other documents or information for filing with the Court and making Buyer's and Seller's employees and Representatives available to testify before the Court.

- (b) Buyer shall pay, perform or satisfy the Assumed Liabilities from time to time and as such Assumed Liabilities become due and payable or are required to be performed or satisfied in accordance with their respective terms.
- (c) Without limiting the provisions of Section 2.6(a), Buyer acknowledges that various bonds, surety bonds, letters of credit, guarantees, and/or cash deposits, including those set forth in Schedule B (collectively the "**Security Arrangements**") have been provided by Seller and/or its Affiliates to secure the payment and/or performance of certain of Seller's obligations related to the Oil and Gas Assets. Buyer acknowledges that Seller has no duty to maintain any Security Arrangements after the Closing. To the extent Seller and/or any of its Affiliates have any obligations pursuant to any Security Arrangement or have pledged or otherwise provided any property that secures any such Security Arrangement (collectively, "**Seller's Obligations**"), Buyer shall take such actions, as are necessary to cause Seller's Obligations arising under the Security Arrangements set forth in Schedule B (and such Security Arrangements) to be released and terminated, and any of Seller's property pledged or otherwise provided to secure such Security Arrangements returned to Seller, concurrent with the Closing. As to those Security Arrangements not listed in Schedule B, Buyer shall take such actions as are necessary to cause Seller's Obligations arising under such Security Arrangements (and such Security Arrangements) to be released and terminated, and any of Seller's property pledged or otherwise provided to secure such Security Arrangements returned to Seller, as soon as possible acting reasonably, following Seller's notifying Buyer (or if earlier, Buyer's otherwise becoming aware) of such Security Arrangement.

## 2.7 **Whitemap Areas**

- (a) The Parties acknowledge that although Seller has prepared, and Buyer has reviewed, the Schedules attached hereto diligently and with good faith, they recognize that there may be unintended omissions or misdescriptions. As such, the Parties acknowledge and agree that it is their intention that, in addition to those Oil and Gas Assets included and specified in the Schedules hereto, the Oil and Gas Assets shall include Seller's entire interest in and to all Petroleum and Natural Gas Rights, Tangibles and Miscellaneous Interests (as those terms are defined herein) which fall within the Whitemap Areas, any of such additional unscheduled Oil and Gas Assets, if any, being the "**Unscheduled Assets**", and that the Purchase Price includes consideration for such Unscheduled Assets.
- (b) To the extent that any Unscheduled Assets are identified by either Party after the Closing Date, the Parties shall use all reasonable efforts to replace the affected Schedules attached hereto with corrected Schedules, which corrected Schedules shall be deemed to be the applicable Schedule as of the date hereof, and to take such additional steps as are necessary to specifically convey Seller's interest in such Unscheduled Assets to Buyer.

## 2.8 **Further Assurances**

The Parties agree to (a) furnish upon request to each other such further information, (b) execute, acknowledge and deliver to each other such other documents, and (c) do such other acts and things, all as the other Party may reasonably request for the purpose of carrying out the intent of this Agreement and the Transaction Documents; provided that nothing in this Section 2.8 shall prohibit Seller from ceasing operations or winding up its affairs (including, without limitation, through a bankruptcy) following the Closing.

### ARTICLE 3 PURCHASE PRICE

#### 3.1 Purchase Price

- (a) The purchase price for the purchase, sale, assignment and conveyance of Seller's right, title and interest in, to and under the Oil and Gas Assets shall consist of the following (collectively, the "**Base Purchase Price**");

- (i) cash in an amount equal to \$1.00; and
- (ii) the assumption of the Assumed Liabilities.

Notwithstanding the foregoing, the Base Purchase Price shall be adjusted as provided in Article 10 (as adjusted, the "**Purchase Price**"). The cash components of the Purchase Price shall be delivered by Buyer or Seller as set forth in Section 4.2.

- (b) In the determination of the Base Purchase Price payable for the Oil and Gas Assets, the Parties agree that the extent and value of past, present and future environmental, abandonment or reclamation liabilities related to the Oil and Gas Assets is unknown as of the Closing Date, and the Parties have not attributed a specific or agreed to value with regard to either (i) such liabilities, or (ii) the indemnities provided for in this Agreement, nor shall there be any adjustments made to the Base Purchase Price in relation thereto.

#### 3.2 Deposit

The Parties acknowledge that the Deposit has been paid to the Escrow Agent concurrent with the entering into of this Agreement. Upon Closing, the Deposit shall be returned to Buyer together with any interest earned thereon. Deposit will be held by the Escrow Agent and disbursed strictly in accordance with the Deposit Escrow Agreement attached hereto as Schedule D. If Closing does not occur, the Deposit (plus any interest that has actually accrued thereon) shall be subject to the terms of Section 14.3.

#### 3.3 Allocation of Purchase Price

The Parties shall allocate the Base Purchase Price for all purposes (including for purposes of the GST and the Tax Act), as follows:

- |                                      |                 |
|--------------------------------------|-----------------|
| (a) Miscellaneous Interests          | \$0.10          |
| (b) Tangibles                        | 20% less \$0.10 |
| (c) Petroleum and Natural Gas Rights | 80%             |

### ARTICLE 4 CLOSING

#### 4.1 Closing Date

Upon the terms and subject to the conditions hereof, the closing of the sale of the Oil and Gas Assets and the assumption of the Assumed Liabilities contemplated hereby (the "**Closing**") shall take place at 9:00 a.m., Mountain Daylight Time, at the offices of Seller in Calgary, Alberta or such other

place as may be agreed upon in writing by the Parties, no later than three (3) Business Days following the date on which the Approval and Vesting Order is granted, provided that the conditions set forth in Article 11 and Article 12 have been satisfied or, if permissible, waived, excepting the conditions that by their nature are to be satisfied at the Closing, but subject to the satisfaction or, if permissible, waiver of such conditions. The date and time at which the Closing actually occurs is hereinafter referred to as the "Closing Date".

#### **4.2 Payment on the Closing Date**

Subject to satisfaction or, if permissible, waiver of the conditions set forth in Article 11 and Article 12, at the Closing, Buyer shall pay, or cause to be paid, the Purchase Price, if positive, by wire transfer of immediately available funds to an account specified in writing by Seller prior to the Closing Date and the Seller shall pay, or cause to be paid, the Purchase Price, if negative, by wire transfer of immediately available funds to an account specified in writing by Buyer prior to the Closing Date. Contemporaneously with such payment at the Closing, the Parties shall instruct the Escrow Agent to release the Deposit (plus any interest that has actually accrued thereon) to Buyer.

#### **4.3 Buyer's Deliveries**

At the Closing, Buyer shall deliver or cause to be delivered to Seller (or such other Persons where so designated):

- (a) the cash consideration referenced in Section 3.1(a)(i) to Seller in accordance with Section 4.2, if positive;
- (b) a certificate of status of Buyer;
- (c) each other Transaction Document to which Buyer is a party, duly executed (and acknowledged, where applicable) by Buyer, including the General Conveyance, and those Specific Conveyances available as at the Closing Date;
- (d) the certificates of Buyer to be received by Seller pursuant to Sections 12.1 and 12.3;
- (e) a counterpart of the Interim Statement of Adjustments executed by Buyer;
- (f) evidence (including evidence of satisfaction of all applicable bonding or insurance requirements) as Seller may reasonably request at least three (3) Business Days prior to Closing demonstrating that Buyer is qualified with the applicable Governmental Authorities and pursuant to any applicable operating agreement to succeed Seller as the registered owner and, where applicable, the operator of the Oil and Gas Assets;
- (g) such other assignments and other good and sufficient instruments of assumption and transfer, in a form reasonably satisfactory to Seller, as Seller may reasonably request at least three (3) Business Days prior to Closing, to transfer and assign the Assumed Liabilities to Buyer; and
- (h) any other documents required to be delivered by Buyer to Seller at Closing pursuant to this Agreement.

#### **4.4 Seller's Deliveries**

At the Closing, Seller shall deliver to Buyer:

- (a) the cash consideration referenced in Section 3.1(a)(i) to Buyer in accordance with Section 4.2, if negative;
- (b) the General Conveyance, the Specific Conveyances, as available, and each other Transaction Document to which Seller is party, duly executed by Seller;
- (c) a certified copy of the Approval and Vesting Order;
- (d) the certificates of Seller to be received by Buyer pursuant to Sections 11.1 and 11.2;
- (e) evidence satisfactory to Buyer that all Cure Costs, Transfer Taxes and accrued but unpaid amounts relating to the Existing Work Orders have been paid by the Seller or are reflected in the Interim Statement of Adjustment;
- (f) a counterpart of the Interim Statement of Adjustments executed by Seller; and
- (g) any other documents required to be delivered by Seller to Buyer at Closing pursuant to this Agreement.

## **ARTICLE 5 REPRESENTATIONS AND WARRANTIES OF SELLER**

Except as disclosed in the Disclosure Schedule attached hereto, Seller represents and warrants the following to Buyer:

### **5.1 Organization and Good Standing**

Seller is an entity duly organized and validly existing under the laws of the jurisdiction of its organization. Seller has the requisite corporate power and authority to own or lease and to operate and use its properties and to carry on its business as now conducted. Seller is qualified or licensed to do business and is in good standing in each jurisdiction where the character of its business or the nature of its properties makes such qualification or licensing necessary, except for such failures to be so qualified or licensed or in good standing as would not, individually or in the aggregate, have a Material Adverse Effect.

### **5.2 Authority, Validity and Consents**

Seller has, subject to obtaining the Approval and Vesting Order, the requisite corporate power and authority necessary to enter into and perform its obligations under this Agreement and the other Transaction Documents to which Seller is a party and to consummate the Transaction contemplated hereby and thereby, and subject to obtaining the Approval and Vesting Order, the execution, delivery and performance of this Agreement and such other Transaction Documents by Seller and the consummation by Seller of the Transaction contemplated herein and therein has been duly and validly authorized by all requisite corporate action. This Agreement has been duly and validly executed and delivered by Seller and each other Transaction Document required to be executed and delivered by Seller at the Closing will be duly and validly executed and delivered by Seller at the Closing. Subject to obtaining the Approval and Vesting Order, this Agreement and the other Transaction Documents constitute, with respect to Seller, the legal, valid and binding obligations of Seller, enforceable against Seller in accordance with their respective terms, except as such enforceability is limited by general principles of equity. Subject to obtaining the Approval and Vesting Order, to Seller's Knowledge, except:

- (a) for entry of the Approval and Vesting Order;
- (b) for notices, filings and consents required in connection with the CCAA Proceedings; and
- (c) for the notices, filings and consents set forth in the Disclosure Schedule;

Seller is not required to give any notice to, make any filing with or obtain any consent from any Person (including any Governmental Authority) in connection with the execution and delivery of this Agreement and the other Transaction Documents or the consummation or performance of the Transaction, except as would not, individually or in the aggregate, have a Material Adverse Effect.

### **5.3 No Conflict**

When the consents and other actions described in Section 5.2, including the Approval and Vesting Order, have been obtained and taken, to Seller's Knowledge, the execution and delivery of this Agreement and the other Transaction Documents and the consummation of the Transaction provided for herein and therein will not result in the breach of any of the terms and provisions of, or constitute a default under, or conflict with, or cause any acceleration of any obligation of Seller under (a) any agreement, indenture, or other instrument to which Seller is bound, (b) the certificate of incorporation, bylaws or other governing documents of Seller, (c) any Order or (d) any Legal Requirement, except as would not, individually or in the aggregate, have a Material Adverse Effect.

### **5.4 Legal Proceedings**

Except for the CCAA Proceedings and as set forth in the Disclosure Schedule, there is no Proceeding or Order pending, outstanding or, to Seller's Knowledge, threatened against Seller that seeks to restrain or prohibit or otherwise challenge the consummation, legality or validity of the Transaction or that would have, individually or in the aggregate, a Material Adverse Effect.

### **5.5 Residency**

Seller is not a non-resident of Canada for the purposes of the Tax Act.

### **5.6 GST**

Seller is a registrant for purposes of the ETA, and its registration number is 84674 2898 RT0001.

### **5.7 AFEs**

Except as set forth and described in Schedule A.8, Seller has no knowledge of any AFEs issued or approved by Seller with respect to the Oil and Gas Assets which amounts may become payable after the Closing Date under which Seller's share will be greater than \$50,000.

### **5.8 No Additional Representations and Warranties by Seller**

- (a) Notwithstanding anything to the contrary in this Agreement, Seller makes no representations or warranties except as expressly set forth in Sections 5.1 to 5.7 and in particular, and without limiting the generality of the foregoing, Seller disclaims and shall not be liable for any representation or warranty express or implied, of any kind, at law or in equity, that may have been made or alleged to be made in any instrument or document relative hereto, or in any statement or



information made or communicated to Buyer in any manner including any opinion, information, or advice that may have been provided to Buyer by Seller or its Representatives in connection with the Oil and Gas Assets or in relation to the Transaction. For greater certainty, Seller does not make any representation or warranty, express or implied, of any kind, at law or in equity, with respect to:

- (i) the accuracy or completeness of any information supplied by Seller or its Representatives in connection with the Oil and Gas Assets;
- (ii) the quality, quantity or recoverability of any Petroleum Substances from the Lands;
- (iii) the value of the Oil and Gas Assets or any estimates of prices or future cash flows arising from the sale of any Petroleum Substances produced from or allocated to the Oil and Gas Assets or the Petroleum and Natural Gas Rights or any estimates of other revenues or expenses attributable to the Oil and Gas Assets;
- (iv) the availability or continued availability of facilities, services or markets for the processing, transportation or sale of any Petroleum Substances;
- (v) the quality, condition, fitness, suitability, serviceability or merchantability of any of the Tangibles; or
- (vi) the title of Seller to the Oil and Gas Assets.

Buyer acknowledges and confirms that it is relying on its own investigations concerning the Oil and Gas Assets and it has not relied on advice from Seller or its Representatives with respect to the matters specifically enumerated in the immediately preceding paragraphs in connection with the purchase of the Oil and Gas Assets pursuant hereto. Buyer further acknowledges and agrees that it is acquiring the Oil and Gas Assets on an "as is, where is" basis. Buyer acknowledges and agrees that it is familiar with the condition of the Oil and Gas Assets, including the past and present use of the Lands and the Tangibles, that Seller has provided Buyer with a reasonable opportunity to inspect the Oil and Gas Assets at the sole cost, risk and expense of Buyer (insofar as Seller could reasonably provide such access) and that Buyer is not relying upon any representation or warranty of Seller as to the condition, environmental or otherwise, of the Oil and Gas Assets, except as expressly contained in Sections 5.1 to 5.7 above.

- (b) Except for its express rights under this Agreement, Buyer hereby waives all rights and remedies (whether now existing or hereinafter arising and including all equitable, common law, tort, contractual and statutory rights and remedies) against Seller in respect of the Oil and Gas Assets or the Transaction or any representations or statements made, direct or indirect, express or implied, or information or data furnished to Buyer or its Representatives, in connection herewith (whether made or furnished orally or by electronic, faxed, written or other means).

## **ARTICLE 6 REPRESENTATIONS AND WARRANTIES OF BUYER**

Buyer represents and warrants to Seller as follows:

### **6.1 Organization and Good Standing**

Buyer is a corporation, duly organized, validly existing and in good standing under the laws of the Province of Alberta. Buyer has the requisite power and authority to own or lease and to operate and use its properties and to carry on its business as now conducted.

### **6.2 Authority, Validity and Consents**

Buyer has the requisite power and authority necessary to enter into and perform its obligations under this Agreement and the other Transaction Documents to which it is a party and to consummate the Transaction. The execution, delivery and performance of this Agreement by Buyer and the consummation by Buyer of the Transaction have been duly and validly authorized by all requisite corporate actions in respect thereof. This Agreement has been duly and validly executed and delivered by Buyer and each other Transaction Document to which Buyer is a Party will be duly and validly executed and delivered by Buyer, as applicable, at the Closing. This Agreement and the other Transaction Documents to which Buyer is a party constitute the legal, valid and binding obligation of Buyer, enforceable against Buyer in accordance with their respective terms, except in each case as such enforceability is limited by bankruptcy, insolvency, reorganization, moratorium or similar laws now or hereafter in effect relating to creditors' rights generally or general principles of equity. Buyer is not or will not be required to give any notice to or obtain any consent from any Person in connection with the execution and delivery of this Agreement and the other Transaction Documents to which it is a party or the consummation or performance of any of the Transaction, except for such notices, filings and consents, the failure of which to provide, make or obtain, would not, individually or in the aggregate, have a Material Adverse Effect on Buyer's ability to perform its obligations under this Agreement or any other Transaction Documents or to consummate the Transaction.

### **6.3 No Conflict**

When the consents and other actions described in Section 6.2 have been obtained and taken, the execution and delivery of this Agreement and the other Transaction Documents and the consummation of the Transactions will not result in the breach of any of the terms and provisions of, or constitute a default under, or conflict with, or cause any acceleration of any obligation of Buyer under (a) any agreement, indenture, or other instrument to which it is bound, (b) the constating documents of Buyer, as applicable, (c) any Order or (d) any Legal Requirement, except as would not, individually or in the aggregate have a Material Adverse Effect.

### **6.4 Availability of Funds**

As of the Closing, Buyer will have sufficient cash in immediately available funds (without giving effect to any unfunded financing, regardless of whether any such financing is committed) to pay the Purchase Price, all costs, fees and expenses to be paid by Buyer that are necessary to consummate the Transaction and the other Transaction Documents, and assume and satisfy the Assumed Liabilities.

### **6.5 Litigation**

There are no Proceedings pending or, to the Knowledge of Buyer, threatened, that would affect Buyer's ability to perform its obligations under this Agreement or any other Transaction Documents or to consummate the Transaction.

## **6.6 Brokers or Finders**

Neither Buyer nor any Person acting on behalf of Buyer has paid or become obligated to pay any fee or commission to any broker, finder, investment banker, agent or intermediary for or on account of the Transaction for which Seller is or will become liable, and Buyer shall hold harmless and indemnify Seller from any claims with respect to any such fees or commissions.

## **6.7 Business Use, Bargaining Position, Representation**

Buyer is purchasing the Oil and Gas Assets for commercial or business use and has knowledge and experience in financial and business matters that enables it to evaluate the merits and the risks of a transaction such as the Transaction. Buyer is not in a significantly disparate bargaining position with Seller and is represented by legal counsel.

## **6.8 Qualification**

Buyer or its nominee meets or will meet prior to Closing, all qualification requirements of Governmental Authorities, including AER and ECON, necessary to complete the Licence Transfers and to consummate the Transaction, and other than the Regulatory Approvals and ECON approval, there are no regulatory approvals or rulings required to be obtained by Buyer, that have not already been obtained, to complete the Transaction and the Licence Transfers.

# **ARTICLE 7 ACTIONS PRIOR TO THE CLOSING DATE**

## **7.1 Due Diligence**

Buyer acknowledges that it has, prior to the execution hereof, been given an opportunity to:

- (a) review Seller's title to the Oil and Gas Assets; and
- (b) conduct an environmental review of the Oil and Gas Assets;

and that it has satisfied itself in regard to both Seller's title to the Oil and Gas Assets and all environmental matters relating to the Oil and Gas Assets, including any past, present or future Environmental Liabilities. Buyer expressly waives all defects relating either to Seller's title to the Oil and Gas Assets or to environmental matters relating to the Oil and Gas Assets, whether disclosed by Buyer's review or otherwise.

## **7.2 Operations Prior to the Closing Date**

Seller covenants and agrees that, except (a) as expressly contemplated by this Agreement, (b) as disclosed in the Disclosure Schedule, (c) with the prior written consent of Buyer (which consent shall not be unreasonably withheld, conditioned or delayed) or (d) as otherwise required by Legal Requirements, during the Interim Period:

- (a) Seller shall:
  - (i) use commercially reasonable efforts, taking into account Seller's status as debtor in possession in the CCAA Proceedings, to maintain and operate the Oil and Gas Assets that

are operated by Seller as a reasonably prudent operator or cause such Oil and Gas Assets to be operated as a reasonably prudent operator in the ordinary course of business;

- (ii) pay or cause to be paid all post-filing bonuses and rentals, royalties, overriding royalties, shut-in royalties, and minimum royalties and development and operating expenses, and other payments incurred with respect to the Oil and Gas Assets operated by Seller except (A) royalties held in suspense as a result of title issues and that do not give any third party a right to cancel an interest in any Oil and Gas Assets operated by Seller, and (B) expenses or royalties being contested in good faith, unless the nonpayment of such contested expenses or royalties could result in the termination of a Lease, in which case Seller will notify Buyer and obtain Buyer's approval prior to withholding such payment;
- (iii) maintain its books, accounts and records in accordance with past custom and practice;
- (iv) maintain the personal property comprising part of the Oil and Gas Assets operated by Seller in at least as good a condition as it is on the date hereof, subject to ordinary wear and tear; and
- (v) use commercially reasonable efforts, taking into account Seller's status under the CCAA, to retain Seller Employees who are necessary to conduct the business as it is currently being conducted.

**(b) Seller shall not:**

- (i) other than as it relates to the Existing Work Orders, abandon any Oil and Gas Asset (except any abandonment of Leases to the extent any such Leases terminate pursuant to their terms);
- (ii) commence, propose, or agree to participate in any single operation with respect to the Wells or Leases with an anticipated cost in excess of two hundred thousand dollars (\$200,000), except for emergency operations, operations scheduled under the AFEs, or operations required by any Governmental Authority;
- (iii) terminate, cancel, or materially amend or modify any Lease;
- (iv) sell, lease, encumber, or otherwise dispose of all or any portion of any Oil and Gas Assets, except sales of Petroleum Substances in the ordinary course of business;
- (v) grant to any Seller Employee any increase in compensation except in the ordinary course of Seller's business and consistent with past practice or pursuant to an order granted in the CCAA Proceedings; or
- (vi) enter into any agreement or commitment to take any action prohibited by this Section 7.2(b).

**7.3 Satisfaction of Existing Work Orders, Cure Costs, Transfer Taxes and AFEs**

**(a) Prior to or contemporaneously with Closing, Seller shall:**

- (i) incur and pay for all costs relating to Existing Work Orders;

- (ii) pay all Cure Costs to the applicable counterparties;
- (iii) pay all Transfer Taxes; and
- (iv) pay for all AFEs issued prior to the Closing Date: (A) by Seller or approved by the seller; (B) that are mandatory or relate to abandonment or reclamation obligations; or (C) that relate to title preservation operations, with respect to the Oil and Gas Assets, as set out in Schedule A.8.

#### **7.4 Commercially Reasonable Efforts**

- (a) Seller and Buyer shall use commercially reasonable efforts to take, or cause to be taken, all actions, and to do, or cause to be done, and to assist and cooperate with the other in doing, all things necessary, proper or advisable to consummate and make effective, in the most expeditious manner practicable, the Transaction, including using commercially reasonable efforts to accomplish the following:
  - (i) the taking of all reasonable acts necessary to cause the conditions precedent set forth in Article 11 and Article 12 to be satisfied;
  - (ii) the obtaining, at the earliest practicable date, of all necessary Governmental Authorizations, Regulatory Approvals, ECON Approval and the making of all necessary registrations, declarations and filings (including registrations, declarations and filings with Governmental Authorities, if any) and the taking of all reasonable steps as may be necessary to avoid any Proceeding by any Governmental Authority; and
  - (iii) the execution or delivery of any additional instruments necessary to consummate the Transaction and to fully carry out the purposes of this Agreement.
- (b) Seller, on the one hand, and Buyer, on the other hand:
  - (i) shall promptly inform each other of any communication from any Governmental Authority concerning this Agreement, the Transaction, and any filing, notification or request for approval; and
  - (ii) shall permit the other to review in advance any proposed written or material oral communication or information submitted to any such Governmental Authority in response thereto. In addition, no Party shall agree to participate in any meeting with any Governmental Authority in respect of any filings, investigation or other inquiry with respect to this Agreement or the Transaction, unless such Party consults with the other Party in advance and, to the extent permitted by any such Governmental Authority, gives the other Party the opportunity to attend and participate thereat, in each case to the maximum extent practicable. Subject to any restrictions under applicable laws, rules or regulations, each of Buyer, on the one hand, and Seller, on the other hand, shall furnish the other with copies of all correspondence, filings and communications (and memoranda setting forth the substance thereof) between it and its Affiliates and their respective Representatives on the one hand, and the Governmental Authority or members of its staff on the other hand, with respect to this Agreement, the Transaction (excluding documents and communications that are subject to pre-existing confidentiality agreements or to the solicitor-client privilege or litigation work product privilege) or any such filing, notification or request for approval. Each Party shall also furnish the other Party with

such necessary information and assistance as such other Party and its Affiliates may reasonably request in connection with their preparation of necessary filings, registration or submissions of information to the Governmental Authority in connection with this Agreement, the Transaction and any such filing, notification or request for approval.

- (c) Subject to the terms and conditions of this Agreement:
  - (i) Buyer shall take any and all reasonable steps necessary to avoid or eliminate any impediments under any applicable antitrust, competition or trade regulation laws that may be asserted by any Governmental Authority with respect to the Transaction so as to enable the Closing to occur as soon as reasonably possible; and
  - (ii) Buyer shall take any and all reasonable steps necessary to meet all qualification requirements of Governmental Authorities, including AER and ECON, necessary to complete the Licence Transfers and to consummate the Transaction.
- (d) Seller will use best efforts to obtain a sealing order with respect to the commercial terms of the Transaction, as agreed to between Buyer and Seller, each acting reasonably.

#### **7.5 Court Approval**

- (a) Seller and Buyer acknowledge that this Agreement and the sale of the Oil and Gas Assets and the assumption and assignment of the Assigned Contracts and Leases are subject to Court approval. Seller and Buyer acknowledge that to obtain such approval, Seller must demonstrate that it has taken reasonable steps to obtain the best offer possible for the Oil and Gas Assets, and that such demonstration shall include giving notice of the transactions contemplated by this Agreement to creditors and other interested parties as ordered by the Court. Seller covenants to bring the application for the Approval and Vesting Order to the Court, and the Buyer covenants to support such application.
- (b) In the event an appeal is taken, or a stay pending appeal is requested, from the Approval and Vesting Order, Seller shall promptly notify Buyer of such appeal or stay request and shall provide to Buyer promptly a copy of any related notice of appeal or order of stay. Seller shall also provide Buyer with written notice of any motion or application filed in connection with any appeal from either of such orders.
- (c) Buyer acknowledges that the Transaction will close notwithstanding the appeal period has not yet expired.
- (d) From and after the date of execution of this Agreement and prior to the Closing or the termination of this Agreement in accordance with Section 14.1, Seller shall not take any action that is intended to (or is reasonably likely to), or fail to take any action the intent (or the reasonably likely result) of which failure to act is to, result in the reversal, voiding, modification or staying of the Approval and Vesting Order or this Agreement.

## **ARTICLE 8 TAXES**

### **8.1 Taxes**

- (a) Any transfer, documentary, sales (including goods and services tax), use, stamp, registration and other similar Taxes, and all conveyance fees, recording charges and other similar fees and charges (including any penalties and interest) incurred in connection with the consummation of the transactions contemplated by this Agreement (collectively, the "**Transfer Taxes**") shall be borne by Seller. Seller and Buyer shall use commercially reasonable efforts and cooperate in good faith to reduce or eliminate any Transfer Taxes applicable to the sale and transfer of the Oil and Gas Assets.
- (b) Buyer and Seller agree to furnish or cause to be furnished to each other, upon request, as promptly as practicable, such information and assistance relating to the Oil and Gas Assets (including access to books and records and Tax Returns and related working papers dated before Closing) as is reasonably necessary for the filing of all Tax Returns, the making of any election relating to Taxes, the preparation for any audit by any taxing authority, the prosecution or defense of any claims, suit or proceeding relating to any Tax, and the claiming by Buyer of any federal, provincial or local business tax credits or incentives that Buyer may qualify for in any of the jurisdictions in which any of the Oil and Gas Assets are located; provided however, that neither Buyer nor Seller shall be required to disclose the contents of its income Tax Returns to any Person. Any expenses incurred in furnishing such information or assistance pursuant to this Section 8.1(b) shall be borne by the Party requesting it.

## **ARTICLE 9 EMPLOYEES**

### **9.1 Employee Matters**

- (a) Concurrently herewith, the Seller has delivered to the Buyer a complete list containing the names, positions, service length and current compensation of all Seller Employees, which list continues to be accurate as of the date hereof.
- (b) The Buyer may, in its sole and unfettered discretion and in as many separate instances as it may require, notify the Seller that the Buyer wishes to: (i) receive additional information with respect to any Seller Employee; or (ii) interview any Seller Employee.
- (c) Upon receipt of a request for additional information pursuant to (b)(i) above, the Seller will deliver to the Buyer, within five (5) Business Days of such request, a copy of the following in respect of such requested Seller Employee (the "**Employee Disclosure Letter**"):
  - (i) copies of all performance reviews;
  - (ii) copies of all documents relating to discipline imposed on the employee;
  - (iii) copies of the hiring letter and/or employment agreement applicable to the employee; and
  - (iv) copies of all documentation relating to changes to the employee's position and compensation.

- (d) Upon receipt of a request for interviews pursuant to (b)(II), the Seller will use all reasonable efforts to facilitate such interviews as soon as possible and in any event within ten (10) days of receipt of such notification.
- (e) The Buyer may offer continued employment to such Seller Employees and on such terms as it may determine in its absolute and sole discretion.
- (f) Notwithstanding any other provision of this Agreement, the Buyer has no obligation to offer employment to any Seller Employee.
- (g) The Buyer acknowledges and agrees that the information received pursuant to Section 9.1(a) and 9.1(c) is confidential information and shall hold and use such information in compliance with all Legal Requirements and, without limiting the generality of the foregoing, all Legal Requirements relating to privacy.
- (h) Under no circumstances will the Buyer have any liability or obligation to the Seller in respect of any liabilities or obligations that it has or may have to any Seller Employees, whether or not such Seller Employees are offered employment by the Buyer pursuant to this Agreement or otherwise.

## **ARTICLE 10 ADJUSTMENTS**

### **10.1 Adjustments**

- (a) Except as otherwise provided in this Article 10:
  - (i) the Parties shall adjust and apportion all costs, obligations, benefits and revenues of every kind and nature incurred, payable or paid in respect of the Oil and Gas Assets as at the Effective Date, including capital costs, operating costs, lease rentals, royalty obligations, and Taxes, other than income taxes; and
  - (ii) all such accounting adjustments and apportionments made hereunder shall be made on the accrual basis, as described in Section 10.1(b), and in accordance with generally accepted Canadian accounting principles and generally accepted Canadian oil and gas industry practices.
- (b) All costs incurred in connection with work performed or goods or services provided in respect of the Oil and Gas Assets shall be deemed to have accrued in accordance with generally accepted accounting principles and generally accepted Canadian oil and gas industry practices as of the date the work was performed or the goods or services were delivered, regardless of the times such costs become payable.
- (c) Seller shall not be entitled to any credit to the extent that it has paid any operating cost advances, capital cost advances, authorities for expenditure and similar prepayments in respect of the Oil and Gas Assets that are applied to pay for work performed after the Effective Date, and such credits shall accrue to Buyer.
- (d) All Leased Substances in inventory that have been produced from the Lands shall comprise part of the Oil and Gas Assets, including such Leased Substances in inventory at Closing that was produced prior to the Effective Date and the proceeds from the sale thereof shall accrue and belong to Buyer.



- (e) Seller shall not be entitled to any overhead recoveries forming part of operator's fees associated with the Oil and Gas Assets and charged to Third Parties for all periods up to the end of the calendar month in which the Closing occurs, and such recoveries shall accrue to Buyer instead.
- (f) All rentals and similar payments, property taxes (including freehold mineral taxes) and other periodic costs (other than capital taxes and income taxes) that relate to the Oil and Gas Assets and are payable in respect of a period of time that straddles the Effective Date shall be apportioned between Seller and Buyer on a per diem basis as of the Effective Date and the Buyer shall receive an additional credit in the amount of \$200,000 for any such prepayments made by the Seller in respect of such costs.
- (g) Any payment or liability resulting from a Thirteenth Month Adjustment shall be apportioned between Seller and Buyer as at the Effective Date on the same basis (whether on a throughput, per diem or other basis) as the Thirteenth Month Adjustment is allocated to the parties to the agreement under which it is made. Buyer and Seller shall cooperate to ensure that all Thirteenth Month Adjustments are up-to-date through the Closing Date by no later than 90 days following the Closing Date.
- (h) For the avoidance of doubt, Buyer shall not be entitled to a credit (and there shall be no adjustment made) in respect of the payment of any security deposit by Buyer, except to the extent such security deposit arises solely as a result of the asset-specific licensee liability rating for the Oil and Gas Assets as determined by the AER or ECON, as applicable.

#### **10.2 Interim Statement of Adjustments**

Attached as Schedule G hereto is an estimate of the statement of all adjustments (the "**Interim Statement of Adjustments**") to be made pursuant to Article 10 in respect of the costs paid or payable and revenues received or receivable by Seller prior to Closing and assuming Closing occurs on October 17, 2016. The Interim Statement of Adjustments shall be prepared on the basis of Seller's good faith estimate of the costs and revenues attributable to the Oil and Gas Assets prior to the Closing Date. At the time it delivers the Interim Statement of Adjustments, Seller shall make available to Buyer all information reasonably necessary for Buyer to understand and confirm the calculations in such statement. Any amount deemed owing by one Party to another pursuant to the Interim Statement of Adjustments shall be used to calculate the payment made by Buyer or Seller at Closing pursuant to Section 4.2, subject only to such changes as may be necessary to update the calculations set forth therein if the Closing Date does not occur on October 17, 2016.

#### **10.3 Special Adjustments**

- (a) To the extent any amount described in 7.3(a)(i), (ii), (iii) or (iv) have not been paid in full or cannot be paid for any reason whatsoever, the Interim Statement of Adjustments will be adjusted in favour of the Buyer to take into account such unpaid or unpayable amounts.
- (b) The Interim Statement of Adjustments shall be further adjusted in favour of the Buyer in the amount of the security deposit held by Seller in respect of the Oil and Gas Assets, which amount shall not be less than \$2,140,000 unless prior to or on Closing the ECON Approval is received, in which case, such amount shall not be less than \$2,345,000.

#### **10.4 Adjustment Post Closing**

- (a) As soon after the Closing Date as reasonably practicable, and in any event within 90 days following the Closing Date, the Parties shall cooperate in preparing, on the basis of information available within such period, a final statement of all adjustments and payments to be made pursuant to Article 10 (the "**Final Statement of Adjustments**"). If the Parties are unable to agree upon the Final Statement of Adjustments the Parties shall escalate the matter to the senior executive level for final resolution within 30 days.
- (b) After the Final Statement of Adjustments has been determined no further adjustments to the Purchase Price will be made between the Parties pursuant to this Section 10.4.

#### **10.5 Payments Received**

Seller, on the one hand, and Buyer, on the other hand, each agree that, after the Closing, each will hold and will promptly transfer and deliver to the other, from time to time as and when received by them, any cash, cheques with appropriate endorsements (using their best efforts not to convert such cheques into cash) or other property that they may receive on or after the Closing and that properly belongs to the other and will account to the other for all such receipts.

#### **10.6 Adjustment Escrow Amount**

The Parties acknowledge that the Seller, Buyer and the Adjustment Escrow Agent have entered into the Adjustment Escrow Agreement pursuant to which the Seller will, at the completion of the sale of its petroleum and natural gas assets in British Columbia, deposit the Adjustment Escrow Amount with the Adjustment Escrow Agent.

#### **10.7 ROFRs**

Although Seller has provided a list of ROFRs is Schedule A.5 for informational purposes only, Buyer shall be solely responsible for the identification of, and compliance with, any ROFRs affecting the Assets and shall indemnify and hold harmless Seller and its Representatives from any claims with respect to Losses and Liabilities made by a Third Party relating to any ROFRs. There shall be no reduction or abatement of the Purchase Price due to the exercise of any ROFR and Buyer shall be entitled to the exercise price from the holder of that ROFR.

#### **10.8 ECON Approval**

If ECON Approval cannot be obtained prior to or on the Closing Date, then this Agreement including the Schedules shall be deemed to be amended to remove any and all references to Oil and Gas Assets in the Province of Saskatchewan, and the additional credit described in Section 10.1(f) shall be deemed to be deleted and shall be removed from the Interim Statement of Adjustments.

### **ARTICLE 11 CONDITIONS PRECEDENT TO OBLIGATIONS OF BUYER TO CLOSE**

The obligations of Buyer to consummate the transactions contemplated by this Agreement are subject to the satisfaction or waiver, at or prior to the Closing, of each of the following conditions, failing which Buyer shall be entitled in its sole discretion to terminate this Agreement:

**11.1 Accuracy of Representations**

The representations and warranties of Seller set forth in this Agreement shall be true and correct in all material respects on and as of the Closing Date with the same effect as though such representations and warranties had been made on and as of the Closing (provided that representations and warranties that are confined to a specified date shall speak only as of such date). Buyer shall have received a certificate of Seller to such effect signed by a duly authorized officer thereof. If Buyer determines that there has been a breach or inaccuracy of any of Seller's representations and warranties, it shall provide Seller with notice of such breach or inaccuracy as promptly as reasonably practicable so that Seller may attempt to cure such breach or inaccuracy to Buyer's reasonable satisfaction on or before the Closing Date.

**11.2 Seller's Performance**

The covenants and agreements that Seller is required to perform or to comply with pursuant to this Agreement at or prior to the Closing shall have been duly performed and complied with in all material respects (except that those covenants and agreements that are qualified as to materiality or Material Adverse Effect or similar expressions shall have been duly performed and complied with in all respects), and Buyer shall have received a certificate of Seller to such effect signed by a duly authorized officer thereof.

**11.3 No Order**

No Governmental Authority shall have enacted, issued, promulgated or entered any Order that is in effect and has the effect of making illegal or otherwise prohibiting the consummation of the transactions contemplated by this Agreement or could cause any of such transactions to be rescinded following the Closing.

**11.4 Seller's Deliveries**

Each of the deliveries required to be made to Buyer pursuant to Section 4.4 shall have been so delivered.

**11.5 Approval and Vesting Order**

The Court shall have entered the Approval and Vesting Order and the Approval and Vesting Order shall be in full force and effect.

**11.6 Material Adverse Effect**

From the date hereof until Closing, the Oil and Gas Assets shall have suffered no Material Adverse Effect.

**11.7 Regulatory Approvals**

The Regulatory Approvals shall have been obtained, including the Licence Transfers, or the Parties shall have determined that such outstanding Regulatory Approvals are not required.

**ARTICLE 12**  
**CONDITIONS PRECEDENT TO THE OBLIGATION OF SELLER TO CLOSE**

Seller's obligation to consummate the transactions contemplated by this Agreement is subject to the satisfaction or waiver, at or prior to the Closing, of each of the following conditions, failing which Seller shall be entitled in its sole discretion to terminate this Agreement:

**12.1 Accuracy of Representations**

The representations and warranties of Buyer set forth in this Agreement shall be true and correct in all material respects (except that those representations and warranties that are qualified as to materiality or similar expressions shall be true and correct in all respects) as of the Closing Date with the same effect as though such representations and warranties had been made on and as of the Closing Date (provided that representations and warranties that are confined to a specified date shall speak only as of such date), and Seller shall have received a certificate of Buyer to such effect signed by a duly authorized officer thereof.

**12.2 Approval and Vesting Order in Effect**

The Court shall have entered the Approval and Vesting Order and the Approval and Vesting Order shall be in full force and effect.

**12.3 Buyer's Performance**

The covenants and agreements that Buyer is required to perform or to comply with pursuant to this Agreement at or prior to the Closing shall have been performed and complied with in all material respects (except that those covenants and agreements that are qualified as to materiality or similar expressions shall have been duly performed and complied with in all respects), and Seller shall have received a certificate of Buyer to such effect signed by a duly authorized officer thereof.

**12.4 No Order**

No Governmental Authority shall have enacted, issued, promulgated or entered any Order that is in effect and that has the effect of making illegal or otherwise prohibiting the consummation of the transactions contemplated by this Agreement or could cause any of such transactions to be rescinded following the Closing.

**12.5 Buyer's Deliveries**

Each of the deliveries required to be made to Seller pursuant to Section 4.3 shall have been so delivered.

**12.6 Regulatory Approvals**

The Regulatory Approvals shall have been obtained, including the Licence Transfers, or the Parties shall have determined that such outstanding Regulatory Approvals are not required.

**12.7 Completion of BC Transaction**

The Seller shall have completed or shall concurrently complete the sale of its petroleum and natural gas assets in British Columbia.

**ARTICLE 13**  
**LIABILITIES AND INDEMNITIES**

**13.1 General Indemnity**

If Closing occurs the Buyer shall, without any further necessary action on the part of the Seller or the Buyer:

- (a) assume, perform, pay, discharge and be liable to the Seller for; and
- (b) as a separate covenant, save and hold harmless and indemnify the Seller and each other Seller Party from and against;

all Losses and Liabilities suffered, sustained, paid or incurred by any of them to the extent arising or accruing on or after the Closing Date and which relate to the Assets or the terms and conditions of the Title and Operating Documents, including but not limited to all Losses and Liabilities attributable to the operation, ownership, use, construction or maintenance of the Assets arising or accruing on or after the Closing Date. The Buyer's indemnity obligation set forth in this Section 13.1 shall survive the Closing Date for a period of twelve (12) months.

**13.2 Environmental Indemnity**

- (a) The Buyer acknowledges that it:
  - (i) is familiar with the condition of the Assets, including the past and present use of the Assets, and it has been provided with the right and the opportunity to conduct due diligence investigations with respect to existing or potential Environmental Liabilities pertaining to the Assets; and
  - (ii) is not relying upon any representation or warranty of the Seller as to the condition, environmental or otherwise, of the Assets.
- (b) The Buyer agrees that once Closing has occurred the Seller shall have no liability whatsoever for any Environmental Liabilities. In this regard, once Closing has occurred, the Buyer shall, without any further necessary action on the part of the Seller or the Buyer:
  - (i) be solely liable and responsible for all of the Seller's Losses and Liabilities; and
  - (ii) as a separate covenant, indemnify, save and hold the Seller and each other Seller Party harmless from and against all Losses and Liabilities that may be brought against or which they or any one of them may suffer, sustain, pay or incur;

as a result of any act, omission, matter or thing related to any Environmental Liabilities arising, whether arising prior to, on or following the Closing Date, and the Buyer shall assume, perform, pay and discharge all Environmental Liabilities. This liability and indemnity shall apply without limit and without regard to cause or causes, including the negligence, whether sole, concurrent, gross, active, passive, primary or secondary, or the wilful or wanton misconduct of the Seller or the Buyer or any other person or otherwise. The Buyer acknowledges and agrees that it shall not be entitled to any rights or remedies as against the Seller or any Seller Party under the common law or statute pertaining to any Environmental Liabilities, including the right to name the Seller or any Seller Party as a 'third party' to

any action commenced by any Person against the Buyer. The Buyer's indemnity obligation set forth in this Section 13.2(b) shall survive the Closing Date indefinitely.

### **13.3 No Merger**

There shall not be any merger of any liability or indemnity hereunder in any assignment, conveyance, transfer or document delivered pursuant hereto notwithstanding any rule of law, equity or statute to the contrary and all such rules are hereby waived.

## **ARTICLE 14 TERMINATION**

### **14.1 Grounds for Termination**

This Agreement may be terminated at any time prior to Closing;

- (a) by mutual written agreement of the Seller and the Buyer;
- (b) by either the Seller or the Buyer pursuant to the provisions of Article 11 or Article 12, as applicable; or
- (c) by either the Seller or the Buyer if Closing has not occurred on or before the Outside Date.

### **14.2 Effect of Termination**

If this Agreement is terminated by the Seller or the Buyer as permitted under Section 14.1, then Article 13, Section 15.2 and Section 15.9 shall remain in full force and effect following any such permitted termination, and the remedies available to the Parties in respect of such termination shall be governed by Section 14.3 and 14.4.

### **14.3 Disposition of Deposit**

If:

- (a) subject to Section 14.3(b), this Agreement is terminated prior to Closing for any reason other than pursuant to Sections 12.1, 12.3 or 12.5, the Deposit (plus any interest that has actually accrued thereon) shall be returned to Buyer; and
- (b) this Agreement is terminated prior to Closing pursuant to
  - (i) Sections 12.1, 12.3 or 12.5, or
  - (ii) pursuant to Sections 12.2, 12.4 or 12.6 due solely to the actions or inaction of Buyer not made or taken in good faith, and in accordance with Section 7.4,

Seller shall be entitled to retain the Deposit (plus any interest that has actually accrued thereon) as liquidated damages, representing the Parties' genuine pre-estimate of the minimum quantum of damages that will have been sustained by Seller as a result of the failure to complete the Transaction.

#### **14.4 Disposition of Adjustment Escrow Amount**

If the Seller completes the sale of its petroleum and natural gas assets in British Columbia and this Agreement is terminated prior to Closing for any reason other than pursuant to subsection 14.3(b), the Parties shall cause the Adjustment Escrow Amount to be released to the Buyer as liquidated damages, representing the Parties' genuine pre-estimate of the minimum quantum of damages that will have been sustained by Buyer as a result of the failure to complete the Transaction.

### **ARTICLE 15 GENERAL PROVISIONS**

#### **15.1 Survival**

All covenants and agreements contained herein that by their terms are to be performed in whole or in part, or that prohibit actions, subsequent to the Closing shall, solely to the extent such covenants and agreements are to be performed, or prohibit actions, subsequent to the Closing, survive the Closing in accordance with their terms. Subject to the following sentence, all other covenants and agreements contained herein, and all representations and warranties contained herein or in any certificated deliveries hereunder, shall not survive the Closing and shall thereupon terminate, including any Actions for damages in respect of any breach thereof. Notwithstanding anything to the contrary, the indemnity obligations set forth in Sections 13.1 and 13.2 shall survive the Closing.

#### **15.2 Confidentiality**

The Parties agree that the confidentiality agreement entered into by them and their Affiliates or related parties, dated June 2, 2016 (the "**Confidentiality Agreement**"), shall continue in full force and effect notwithstanding the execution and delivery by the Parties of this Agreement; provided however, that (a) disclosure of matters that become a matter of public record as a result of the CCAA Proceedings and the filings related thereto (including without limitation any information disclosed in order to obtain the Approval and Vesting Order) shall not constitute a breach of such Confidentiality Agreement, and (b) disclosures permitted under this Agreement shall not constitute a breach of such Confidentiality Agreement.

#### **15.3 Public Announcements**

Unless otherwise required by applicable Legal Requirement or by obligations of Buyer or Seller or their respective Affiliates pursuant to any listing agreement with or rules of any securities exchange, Buyer, on the one hand, and Seller, on the other hand, shall consult with each other before issuing any press release or otherwise making any public statement with respect to this Agreement, the Transaction or the activities and operations of the other and shall not issue any such release or make any such statement without the prior written consent of the other (such consent not to be unreasonably withheld or delayed).

#### **15.4 Notices**

All notices, consents, waivers and other communications under this Agreement must be in writing and shall be deemed to have been duly given when (a) delivered by hand (with written confirmation of receipt), (b) sent by email (with read receipt requested, with the receiving Party being obligated to respond affirmatively to any read receipt requests delivered by the other Party), (c) received by the addressee, if sent by a delivery service (prepaid, receipt requested) or (d) received by the addressee, if sent by registered or certified mail (postage prepaid, return receipt requested), in each case to

the appropriate addresses and representatives (if applicable) set forth below (or to such other addresses and representatives as a Party may designate by notice to the other Parties):

(a) If to Seller, then to:

Endurance Energy Ltd.  
c/o Burnet, Duckworth & Palmer LLP  
2400, 525 – 8 Avenue S.W.  
Calgary, Alberta T2P 1G1

Attention: Carolyn A. Wright  
E-mail: caw@bdplaw.com

with a copy (which shall not constitute notice) to:

Thornton Grout Finnigan LLP  
Suite 3200, 100 Wellington Street West  
P.P Box 329, Toronto-Dominion Centre  
Toronto, Ontario M5K 1K7

Attention: Leanne Williams  
E-mail: lwilliams@tgf.ca

(b) If to Buyer, then to:

1994450 Alberta Inc.  
206, 4935 Dalton Dr. N.W.  
Calgary, AB T3A 2E5

Attention: Hao Wang  
E-mail: wanghao1970hk@gmail.com

## 15.5 Waiver, Waiver of Damages

Neither the failure nor any delay by any Party in exercising any right, power or privilege under this Agreement or the documents referred to in this Agreement shall operate as a waiver of such right, power or privilege, and no single or partial exercise of any such right, power or privilege shall preclude any other or further exercise of such right, power or privilege or the exercise of any other right, power or privilege. To the maximum extent permitted by applicable law, (a) no waiver that may be given by a Party shall be applicable except in the specific instance for which it is given, and (b) no notice to or demand on one Party shall be deemed to be a waiver of any right of the Party giving such notice or demand to take further action without notice or demand. Notwithstanding anything to the contrary contained herein, no party shall be liable to the other for special, indirect, exemplary or punitive damages arising out of, associated with, or relating to this Agreement (including loss of profit or business interruptions, however same may be caused) and the Parties hereby waive all claims for any such damages.

## 15.6 Entire Agreement; Amendment

This Agreement (including the Schedules) and the other Transaction Documents supersede all prior agreements between Buyer, on the one hand, and Seller, on the other hand, with



respect to its subject matter and constitute a complete and exclusive statement of the terms of the agreements between Buyer, on the one hand, and Seller, on the other hand, with respect to their subject matter. This Agreement may not be amended except by a written agreement executed by all of the Parties.

#### **15.7 Assignment**

This Agreement, and the rights, interests and obligations hereunder, shall not be assigned by any Party by operation of law or otherwise without the express written consent of the other Party (which consent may be granted or withheld in the sole discretion of such other Party); provided however, that Buyer shall be permitted, upon prior notice to Seller (which notice shall expressly identify the name, address and contact information of any such assignee and which must be delivered on or before the third (3rd) Business Day following the date of execution hereof), to assign all or part of its rights or obligations hereunder to one or more of its Affiliates, but no such assignment shall relieve Buyer of its obligations under this Agreement.

#### **15.8 Severability**

The provisions of this Agreement shall be deemed severable, and the invalidity or unenforceability of any provision shall not affect the validity or enforceability of the other provisions hereof. If any provision of this Agreement, or the application thereof to any Person or any circumstance, is invalid or unenforceable, (a) a suitable and equitable provision shall be substituted therefor in order to carry out, so far as may be valid and enforceable, the intent and purpose of such invalid or unenforceable provision and (b) the remainder of this Agreement and the application of such provision to other Persons or circumstances shall not be affected by such invalidity or unenforceability.

#### **15.9 Expenses**

Whether or not the transactions contemplated by this Agreement are consummated, the Parties shall bear their own respective expenses (including all compensation and expenses of counsel, financial advisors, consultants, actuaries and independent accountants) incurred in connection with this Agreement and the Transaction.

#### **15.10 Post-Closing Books and Records and Personnel**

All of the information, materials and other records delivered to Buyer pursuant to the terms hereof shall be maintained in good order and good condition and kept in a reasonably accessible location by Buyer and its Affiliates for a period of two (2) years from the Closing Date or for any longer period as may be required under applicable Legal Requirements (the "**Retention Period**"). At any time prior to the expiration of the Retention Period, Buyer may destroy or give up possession of any such information or materials if it first delivers at least 20 days' prior notice to Seller containing a detailed listing of the information and materials proposed to be destroyed and offering Seller the opportunity, at the expense of Seller, to obtain delivery of or a copy of so much of such information or materials as Seller, as applicable, in its sole discretion, desires. Until the completion of the CCAA Proceedings or the liquidation and winding up of Seller's estates, Seller shall preserve and keep the information, materials and other records to be delivered to Buyer pursuant to the terms hereof and, at Buyer's sole expense, shall make such information, materials and other records, and Seller's personnel available to Buyer as may be reasonably required by Buyer in connection with, among other things, any insurance claims by, Proceedings, Actions or Tax audits against, or governmental investigations of, Buyer or any of its Affiliates or in order to enable Buyer to comply with its obligations under this Agreement and each other Transaction Document.

**15.11 Successor Operator**

Seller shall use its commercially reasonable efforts to support Buyer's efforts to be appointed or to have a designee appointed as the successor operator of those Oil and Gas Assets that Seller currently operates. Notwithstanding the foregoing, Seller makes no representations or warranties to Buyer as to the transferability of operatorship of any Oil and Gas Assets that Seller currently operates. Rights and obligations associated with operatorship of the Oil and Gas Assets are governed by operating agreements or similar agreements and will be determined in accordance with the terms of such agreements.

**15.12 Time of Essence**

Time shall be of the essence with respect to all time periods and notice periods set forth in this Agreement.

**15.13 Waiver of *The Land Contracts (Actions) Act***

*The Land Contracts (Actions) Act* of the Province of Saskatchewan shall have no application to any action (as defined in *The Land Contracts (Actions) Act*) with respect to this Agreement.

**15.14 Waiver of *The Limitation of Civil Rights Act***

*The Limitation of Civil Rights Act* of the Province of Saskatchewan shall have no application to this Agreement, or any mortgage, charge or other security for the payment of money made, given or created by this Agreement, or any agreement or instrument renewing or extending or collateral to this Agreement, or the rights, powers or remedies of Seller or Buyer under this Agreement.

**15.15 Governing Law; Consent to Jurisdiction and Venue;**

- (a) Except to the extent the mandatory provisions of the CCAA apply, this Agreement shall be governed by, and construed in accordance with, the laws of the Province of Alberta and the federal laws of Canada applicable therein, without regard to principles of conflicts or choice of laws or any other law that would make the laws of any other jurisdiction other than the Province of Alberta applicable hereto.
- (b) The Court shall retain exclusive jurisdiction to enforce the terms of this Agreement and to decide any claims or disputes that may arise or result from, or be connected with, this Agreement, any breach or default hereunder, or the Transaction and any and all claims relating to the foregoing shall be filed and maintained only in the Court, and the Parties hereby consent and submit to the exclusive jurisdiction and venue of the Court and irrevocably waive the defense of an inconvenient forum to the maintenance of any such Action or Proceeding. The Parties consent to service of process by mail (in accordance with Section 15.4) or any other manner permitted by law.

**15.16 Parties in Interest; No Third Party Beneficiaries**

This Agreement shall inure to the benefit of and be binding upon the Parties and their respective successors and permitted assigns. This Agreement is for the sole benefit of the Parties and their permitted assigns, and nothing herein, express or implied, is intended to or shall confer upon any other Person any legal or equitable benefit, claim, cause of action, remedy or right of any kind.

**15.17 Non-Recourse**

No past, present or future director, officer, employee, incorporator, member, partner or equity holder of Buyer or Seller shall have any Liability for any obligations or liabilities of such Party under this Agreement or any other Transaction Document, for any claim based on, in respect of, or by reason of the Transaction and thereby.

**15.18 Disclosure Schedules; Materiality**

The inclusion of any matter in the Disclosure Schedule shall be deemed to be an inclusion for all purposes of this Agreement, to the extent that such disclosure is sufficient to identify the matter to which such disclosure is responsive and reasonably apparent on its face, but inclusion therein shall not be deemed to constitute an admission, or otherwise imply, that any such matter is material or creates a measure for materiality for purposes of this Agreement. The disclosure of any particular fact or item in the Disclosure Schedule shall not be deemed an admission as to whether the fact or item is "material" or would constitute a "Material Adverse Effect".

**15.19 Counterparts**

This Agreement and any amendment hereto may be executed in two or more counterparts, each of which shall be deemed to be an original of this Agreement or such amendment and all of which, when taken together, shall constitute one and the same instrument. Notwithstanding anything to the contrary in Section 15.4, delivery of an executed counterpart of a signature page to this Agreement or any amendment hereto by facsimile or email attachment shall be effective as delivery of a manually executed counterpart of this Agreement or such amendment, as applicable.

*[Signature page follows]*

# EXHIBIT “C”

**NOTICE OF ASSIGNMENT**

TWP 49 RGE 11 W4M  
(For reference only: general land description)

WHEREAS, by agreement ("Transfer Agreement") dated September 21, 2016, Endurance Energy Ltd., as Assignor, transferred and conveyed effective September 1, 2016 ("Transfer Date") an interest in property as more fully described below to 1994450 Alberta Inc., as Assignee; and

WHEREAS, Assignor and one or more parties ("Third Party") are subject to and bound by that certain ROYALTY AGREEMENT dated April 15, 2009, made between, by or among RANGE ROYALTY LIMITED PARTNERSHIP and ENDURANCE ENERGY LTD. as may have been amended, affecting the land or property therein described ("Master Agreement"); and

WHEREAS, in accordance with the terms and provisions of the Master Agreement, Assignor and Assignee intend to serve notice to Third Party to the Master Agreement of the transfer and conveyance as described in the Transfer Agreement.

NOW THEREFORE, THIS NOTICE OF ASSIGNMENT WITNESSETH THAT in consideration of the mutual advantages to the parties hereto, notice is hereby given, as follows:

1. Assignor: **ENDURANCE ENERGY LTD.**

2. Assignee: **1994450 ALBERTA INC**  
**2900, 605 – 5<sup>th</sup> Ave. S.W.**  
**Calgary, Alberta T2P 3G5**  
**Attention: Land Manager**

3. Current Third Party to Master Agreement:

**PRAIRIESKY ROYALTY LTD.**

4. Assigned Interest (Check A or B below):

- ☒ A. Transfer Agreement covers one hundred (100%) percent of Assignor's entire undivided right, title and interest in the Master Agreement but shall not include rights of the Assignor as operator ("Assigned Interest"); OR
- ☐ B. Transfer Agreement covers a portion of Assignor's right, title and interest in the Master Agreement but shall not include rights of the Assignor as operator ("Assigned Interest"). In the event Alternative B is checked, the following is the legal description of all lands and interests transferred and conveyed in the Transfer Agreement (attach schedule if more space is needed):

5. Subject to Clause 7 of this Notice of Assignment, Assignor and Assignee, in accordance with the terms of the Transfer Agreement, acknowledge that:

- (i) Assignor has transferred and conveyed the Assigned Interest to the Assignee as of the Transfer Date; and
- (ii) Assignee agrees to replace Assignor, on and after the Transfer Date, as a party to the Master Agreement with respect to the Assigned Interest; and
- (iii) Assignee agrees to be bound by and observe all terms, obligations and provisions in the Master Agreement with respect to the Assigned Interest on and after the Transfer Date.

6. Subject to the terms and provisions of the Transfer Agreement, Assignee on and after the Transfer Date:

This is Exhibit " C " referred to in the  
Affidavit of

Per 1 Doc 62  
Sworn before me this 4<sup>th</sup> day  
of July A.D. 2019

A Notary Public & Commissioner for Oaths  
In and for the Province of Alberta

**LUKE RASMUSSEN**  
Barrister & Solicitor

- (i) discharges and releases the Assignor from the observance and performance of all terms and covenants in the Master Agreement and any obligations and liabilities which arise or occur under the Master Agreement with respect to the Assigned Interest, and
  - (ii) does not release and discharge the Assignor from any obligation or liability which had arisen or accrued prior to the Transfer Date or which does not relate to the Assigned Interest.
7. Assignee and Assignor agree that in all matters relating to the Master Agreement with respect to the Assigned Interest, subsequent to the Transfer Date and prior to the Binding Date, Assignor acts as trustee for and duly authorized agent of the Assignee and Assignee, for the benefit of the Third Party, ratifies, adopts and confirms all acts or omissions of the Assignor in such capacity as trustee and agent.
  8. This Notice of Assignment shall become binding on all parties to the Master Agreement on the first day of the second calendar month following the month this notice is served on Third Party in accordance with the terms of the Master Agreement ("Binding Date"). In addition, Assignor and Assignee agree that they shall be solely responsible for any adjustment between themselves with respect to the Assigned Interest as to revenues, benefits, costs, obligations or indemnities which accrue prior to the Binding Date.
  9. Assignor represents and certifies that this Notice of Assignment and its service are in compliance with all the terms and provisions of the Master Agreement.

IN WITNESS WHEREOF this Notice of Assignment has been duly executed by the Assignor and Assignee on the date indicated for each below:

**ENDURANCE ENERGY LTD.**  
(Assignor)

**1994450 ALBERTA INC.**  
(Assignee)

Per:



**DAVID E. T. PYKE**  
**VICE PRESIDENT, LAND**

Per:



**VICKI BENOIT**  
**CHIEF OPERATING OFFICER**

Date: October 26, 2016

Date: October 26, 2016

# **EXHIBIT “D”**

C04027

# PETROLEUM, NATURAL GAS AND GENERAL RIGHTS CONVEYANCE

THIS AGREEMENT made as of the January 1, 2017.

BETWEEN:

1994450 ALBERTA INC. (hereinafter referred to as "Vendor")

- and -

SEQUOIA RESOURCES CORP. (hereinafter referred to as  
"Purchaser")

This is Exhibit "D" referred to in the  
Affidavit of  
Paul D. Rasmussen  
Sworn before me this 4th day  
of July A.D. 2019  
A Notary Public and Commissioner for Oaths  
In and for the Province of Alberta

## 1. DEFINITIONS

In this Agreement, unless the context otherwise requires:

LUKE RASMUSSEN  
Barrister & Solicitor

- (a) "Adjustment Date" means the hour of 8:00 a.m., Calgary time, on January 1, 2017;
- (b) "Assets" means the Petroleum and Natural Gas Rights and the Miscellaneous Interests;
- (c) "Lands" means the lands set out in Schedule "A" under the heading "Lands";
- (d) "Leased Substances" means all Petroleum Substances, rights to or in respect of which are granted, reserved or otherwise conferred by or under the Title Documents (but only to the extent that the Title Documents pertain to the Lands and to the zones and formations set out in Schedule "A" under the heading "Petroleum and Natural Gas Rights");
- (e) "Miscellaneous Interests" means any and all contracts, agreements, records, books, documents, licences, reports, data and other property, assets, interests and rights pertaining to the Petroleum and Natural Gas Rights, but only to the extent that they pertain to the Petroleum and Natural Gas Rights, including excluding any of the foregoing that pertain to seismic, geological or geophysical matters;
- (f) "Party" means a party to this Agreement;
- (g) "Petroleum and Natural Gas Rights" means all rights to and in respect of the Leased Substances and the Title Documents (but only to the extent that the Title Documents pertain to the Lands), including without limitation the interests set out in Schedule "A" under the heading "Petroleum and Natural Gas Rights" means the interests set out in Schedule "A" under the heading "Petroleum and Natural Gas Rights";
- (h) "Petroleum Substances" means any of crude oil, crude bitumen and products derived therefrom, synthetic crude oil, petroleum, natural gas, natural gas liquids, and any and all other substances related to any of the foregoing, whether liquid, solid or gaseous, and whether hydrocarbons or not, including without limitation sulphur;
- (i) "Privacy Law" means the *Personal Information Protection and Electronic Documents Act* (Canada), *Personal Information Protection Act* (Alberta), *Freedom of Information and Protection of Privacy Act* (Alberta), the *Health Information Act* (Alberta), equivalent legislation in other Provinces and Territories, all regulations thereunder, and all Commissioner orders issued pursuant thereto;



- (j) **"Third Party"** means any individual or entity other than Vendor and Purchaser, including without limitation any partnership, corporation, trust, unincorporated organization, union, government and any department and agency thereof and any heir, executor, administrator or other legal representative of an individual;
- (k) **"this Agreement", "herein", "hereto", "hereof"** and similar expressions mean and refer to this Petroleum, Natural Gas and General Rights Conveyance; and
- (l) **"Title Documents"** means, collectively, any and all certificates of title, leases, reservations, permits, licences, assignments, trust declarations, operating agreements, royalty agreements, gross overriding royalty agreements, participation agreements, farm-in agreements, sale and purchase agreements, pooling agreements and any other documents and agreements granting, reserving or otherwise conferring rights to (i) explore for, drill for, produce, take, use or market Petroleum Substances, (ii) share in the production of Petroleum Substances, (iii) share in the proceeds from, or measured or calculated by reference to the value or quantity of, Petroleum Substances which are produced, and (iv) rights to acquire any of the rights described in items (i) to (iii) of this definition; but only if the foregoing pertain in whole or in part to Petroleum Substances within, upon or under the Lands and, further, to the zones and formations set out in Schedule "A" under the heading "Petroleum and Natural Gas Rights"; including without limitation those, if any, set out in Schedule "A" under the heading "Title Document(s)".

## **2. INTERPRETATION**

- (a) the expressions "section", "subsection", "clause", "subclause", "paragraph" and "Schedule" followed by a number or letter or combination thereof mean and refer to the specified section, subsection, clause, subclause, paragraph and schedule of or to this Agreement.
- (b) the division of this Agreement into sections, subsections, clauses, subclauses and paragraphs and the provision of headings for all or any thereof are for convenience and reference only and shall not affect the construction or interpretation of this Agreement.
- (c) when the context reasonably permits, words suggesting the singular shall be construed as suggesting the plural and vice versa, and words suggesting gender or gender neutrality shall be construed as suggesting the masculine, feminine and neutral genders.
- (d) Schedule "A", pertaining to the Lands and the Petroleum and Natural Gas Rights, is appended to this Agreement. Schedule "A" is incorporated herein by reference as though contained in the body hereof. Wherever any term or condition of Schedule "A" conflicts or is at variance with any term or condition in the body of this Agreement, such term or condition in the body of this Agreement shall prevail.
- (e) all losses, costs, claims, damages, expenses and liabilities in respect of which a Party has a claim pursuant to this Agreement include without limitation reasonable legal fees and disbursements on a solicitor and client basis.

## **3. CONVEYANCE**

Vendor, for the price and sum of \$1.00 DOLLARS, the receipt of which is hereby acknowledged by Vendor, in consideration of Purchaser entering into a Petroleum, Natural Gas and General Rights Conveyance of

even date, hereby sells, assigns, transfers, conveys and sets over to Purchaser, and Purchaser hereby purchases from Vendor, all of the right, title, estate and interest of Vendor (whether absolute or contingent, legal or beneficial) in and to the Assets, TO HAVE AND TO HOLD the same, together with all benefit and advantage to be derived therefrom, absolutely, subject to the terms of this Agreement.

#### **4. FURTHER ASSURANCES**

Each Party will, from time to time and at all times hereafter upon request, without further consideration, do such further acts and deliver all such further assurances, deeds and documents as shall be reasonably required in order to fully perform and carry out the terms of this Agreement. Vendor covenants and agrees to provide Purchaser, its personnel and advisors (including, without limitation, any auditors, accountants, legal, engineering and environmental advisors engaged by Purchaser) such information and to make available such of Vendor's personnel as may be reasonably required by Purchaser to satisfy the disclosure obligations of Purchaser relating to the Assets and now or hereafter arising under any national instrument or local securities commission rule. Until Purchaser is novated, with respect to the interest of Vendor in and to the Assets, into the Title Documents and any other agreements and documents to which the Assets are subject, Vendor shall act as Purchaser's agent (including without limitation to serve operation notices and authorizations for expenditure) as Purchaser reasonably and lawfully directs. Purchaser shall be liable to Vendor and shall, in addition, indemnify Vendor from and against, all losses, costs, claims, damages, expenses and liabilities suffered, sustained, paid or incurred by Vendor arising in connection with all acts or omissions of Vendor in its capacity as agent of Purchaser to the extent such acts and omissions were expressly or impliedly authorized by Purchaser.

#### **5. NO MERGER**

The covenants, representations, warranties and indemnities contained in this Agreement shall be deemed to be restated in any and all assignments, conveyances, transfers and other documents conveying the interests of Vendor in and to the Assets to Purchaser, subject to any and all time and other limitations contained in this Agreement. There shall not be any merger of any covenant, representation, warranty or indemnity in such assignments, conveyances, transfers and other documents notwithstanding any rule of law, equity or statute to the contrary and such rules are hereby waived.

#### **6. ENTIRE AGREEMENT**

The provisions contained in any and all documents and agreements collateral hereto shall at all times be read subject to the provisions of this Agreement and, in the event of conflict, the provisions of this Agreement shall prevail. No amendments shall be made to this Agreement unless in writing, executed by the Parties. This Agreement supersedes all other agreements, documents, writings and verbal understandings among the Parties relating to the subject matter hereof and expresses the entire agreement of the Parties with respect to the subject matter hereof.

#### **7. SUBROGATION**

The assignment and conveyance effected by this Agreement is made with full right of substitution and subrogation of Purchaser in and to all covenants, representations, warranties and indemnities previously given or made by others in respect of the Assets or any part or portion thereof.

#### **8. GOVERNING LAW**

This Agreement shall, in all respects, be subject to, interpreted, construed and enforced in accordance with and under the laws of the Province of Alberta and applicable laws of Canada and shall, in all respects, be

treated as a contract made in the Province of Alberta. The Parties irrevocably attorn and submit to the exclusive jurisdiction of the courts of the Province of Alberta and courts of appeal therefrom in respect of all matters arising out of or in connection with this Agreement.

**9. ENUREMENT**

This Agreement shall be binding upon and shall enure to the benefit of the Parties and their respective administrators, trustees, receivers, successors and assigns.

**10. TIME OF ESSENCE**

Time shall be of the essence in this Agreement.

**11. NOTICES**

The addresses for service and the fax numbers of the Parties shall be as follows:

|             |  |
|-------------|--|
| Vendor -    | 1994450 Alberta Inc.<br>2900,605-5th Ave SW<br>Calgary AB T2P 3G5<br>Attention: Land Department    |
| Purchaser - | Sequoia Resources Corp.<br>2900,605-5th Ave SW<br>Calgary AB T2P 3G5<br>Attention: Land Department |

All notices, communications and statements required, permitted or contemplated hereunder shall be in writing, and shall be delivered as follows:

- (a) by personal service on a Party at the address of such Party set out above, in which case the item so served shall be deemed to have been received by that Party when personally served;
- (b) by facsimile transmission to a Party to the fax number of such Party set out above, in which case the item so transmitted shall be deemed to have been received by that Party when transmitted; or
- (c) except in the event of an actual or threatened postal strike or other labour disruption that may affect mail service, by mailing first class registered post, postage prepaid, to a Party at the address of such Party set out above, in which case the item so mailed shall be deemed to have been received by that Party on the fifth day following the date of mailing (the date of mailing being the day immediately prior to the postmarked date of the envelope containing the notice, communication or statement or if the subject envelope has been lost or destroyed, the date of such notice, communication or statement or if undated the date of the transmittal letter accompanying the same).

A Party may from time to time change its address for service or its fax number or both by giving written notice of such change to the other Party Parties.

## **12. ADJUSTMENTS**

Subject to all other provisions of this Agreement, all benefits and obligations of any kind and nature relating to the operation of the Assets conveyed pursuant to this Agreement, whether accruing, payable or paid and received or receivable, shall be adjusted between the Parties as of the Adjustment Date in accordance with generally accepted accounting principles, provided however that any amounts paid by or on behalf of Vendor prior to the date hereof to maintain any mineral rights (including without limitation periodic and lump sum rentals and deposits) shall not be adjusted. Adjustments not settled or incorrectly settled prior to or contemporaneously with the execution and delivery of this Agreement shall be settled by payment to or by Vendor and Purchaser, as the case may be, as soon as practicable. The intention of the Parties is that final settlement shall occur within 60 days following the date hereof, but it is recognized that adjustments may be made after that time. No adjustments shall be made after 1 year from the date hereof unless written notice of the requested adjustment, with reasonable particulars, is given within 1 year from the date hereof.

## **13. NO ADJUSTMENTS**

Notwithstanding any other provision in this Agreement, there shall be no adjustments made between the Parties in respect of benefits and obligations of any kind and nature relating to the operation of the Assets conveyed pursuant to this Agreement, whether accruing, payable or paid and received or receivable.

## **14. OPERATORSHIP**

Purchaser acknowledges that Vendor is unable to assign to Purchaser operatorship of the Assets, if any, operated by Vendor and in respect of which Vendor did not have a 100% interest prior to the execution and delivery of this Agreement. Vendor shall, however, use reasonable best efforts to assist Purchaser in its attempts to obtain operatorship of such Assets.

## **15. SEVERAL LIABILITIES**

All provisions of this Agreement shall operate and be construed as if each Party comprising Vendor had entered into a separate agreement with Purchaser. Accordingly, all provisions of this Agreement are binding upon, refer to or affect, as the case may be, each Party comprising Vendor on a separate and several basis and only with respect to such Party and the interest in and to the Assets such Party purports by this Agreement to have prior to the execution and delivery of this Agreement.

## **16. LIMIT OF LIABILITY**

In no event shall the liability of Vendor to Purchaser in respect of claims of Purchaser arising out of or in connection with this Agreement exceed, in the aggregate, the purchase price.

## **17. WAIVER OF THE LAND CONTRACTS (ACTIONS) ACT**

*The Land Contracts (Actions) Act* of the Province of Saskatchewan shall have no application to any action (as defined in *The Land Contracts (Actions) Act*) with respect to this Agreement.

## **18. WAIVER OF THE LIMITATION OF CIVIL RIGHTS ACT**

*The Limitation of Civil Rights Act* of the Province of Saskatchewan shall have no application to this Agreement, or any mortgage, charge or other security for the payment of money made, given or created by this Agreement, or any agreement or instrument renewing or extending or collateral to this Agreement, or the rights, powers or remedies of Vendor under this Agreement.

**19. REGISTRATION OF SPECIFIC CONVEYANCES**

Forthwith after the date hereof, Purchaser shall at its cost circulate and register, as the case may be, all conveyances, assignments, transfers, novations and other documents or instruments in respect of the Assets and that by their nature may be circulated or registered, provided that Vendor shall at Purchaser's cost register all Assignments of Dispositions (Alberta Crown Surface Rights) and Transfer Forms (Alberta Crown Sub-Surface Rights).

*[Balance of page intentionally left blank.]*

**20. COUNTERPART EXECUTION**

This Agreement may be executed in counterpart, no one copy of which need be executed by Vendor and Purchaser. A valid and binding contract shall arise if and when counterpart execution pages are executed and delivered by Vendor and Purchaser.

IN WITNESS WHEREOF the Parties have executed and delivered this Agreement as of the date first above written.

**1994450 ALBERTA INC.**

**SEQUOIA RESOURCES CORP.**

Per:

A handwritten signature in black ink, appearing to read "Stuart Bennett", written over a horizontal line.

Per:

A handwritten signature in black ink, appearing to read "Stuart Bennett", written over a horizontal line.

**SCHEDULE "A"**

**ATTACHED TO AND FORMING PART OF PETROLEUM, NATURAL GAS AND GENERAL RIGHTS CONVEYANCE DATED JANUARY 1, 2017, BETWEEN 1994450 ALBERTA INC. AND SEQUOIA RESOURCES CORP.**

---

**Lands, Petroleum and Natural Gas Rights, Title Documents**

**[as attached]**

# EXHIBIT “E”



**NOTICE OF ASSIGNMENT**

TWP 49 RGE 11 W4M  
(For reference only: general land description)

WHEREAS, by agreement ("Transfer Agreement") dated January 1, 2017, 1994450 ALBERTA INC., as Assignor, transferred and conveyed effective January 1, 2017 ("Transfer Date") an interest in property as more fully described below to SEQUOIA RESOURCES CORP., as Assignee; and

WHEREAS, Assignor and one or more parties ("Third Party") are subject to and bound by that certain ROYALTY AGREEMENT dated April 15, 2009, made between, by or among RANGE ROYALTY LIMITED PARTNERSHIP and ENDURANCE ENERGY LTD. as may have been amended, affecting the land or property therein described ("Master Agreement"); and

WHEREAS, in accordance with the terms and provisions of the Master Agreement, Assignor and Assignee intend to serve notice to Third Party to the Master Agreement of the transfer and conveyance as described in the Transfer Agreement.

NOW THEREFORE, THIS NOTICE OF ASSIGNMENT WITNESSETH THAT in consideration of the mutual advantages to the parties hereto, notice is hereby given, as follows:

1. Assignor: **1994450 ALBERTA INC.**
2. Assignee: **SEQUOIA RESOURCES CORP.**  
**2900, 605 – 5<sup>th</sup> Ave. S.W.**  
**Calgary, Alberta T2P 3H5**  
**Attention: Land Manager**

This is Exhibit " **E** " referred to in the  
Affidavit of

Sworn before me this **4<sup>th</sup>** day  
of **July** A.D. 20 **19**

3. Current Third Party to Master Agreement:  
  
**PRAIRIESKY ROYALTY LTD.**

A Notary Public & Commissioner for Oaths  
in and for the Province of Alberta

**LUKE RASMUSSEN**  
Barrister & Solicitor

4. Assigned Interest (Check A or B below):

- ☒ A. Transfer Agreement covers one hundred (100%) percent of Assignor's entire undivided right, title and interest in the Master Agreement but shall not include rights of the Assignor as operator ("Assigned Interest"); OR
- ☐ B. Transfer Agreement covers a portion of Assignor's right, title and interest in the Master Agreement but shall not include rights of the Assignor as operator ("Assigned Interest"). In the event Alternative B is checked, the following is the legal description of all lands and interests transferred and conveyed in the Transfer Agreement (attach schedule if more space is needed):

5. Subject to Clause 7 of this Notice of Assignment, Assignor and Assignee, in accordance with the terms of the Transfer Agreement, acknowledge that:

- (i) Assignor has transferred and conveyed the Assigned Interest to the Assignee as of the Transfer Date; and
- (ii) Assignee agrees to replace Assignor, on and after the Transfer Date, as a party to the Master Agreement with respect to the Assigned Interest; and
- (iii) Assignee agrees to be bound by and observe all terms, obligations and provisions in the Master Agreement with respect to the Assigned Interest on and after the Transfer Date.

6. Subject to the terms and provisions of the Transfer Agreement, Assignee on and after the Transfer Date:

- (i) discharges and releases the Assignor from the observance and performance of all terms and covenants in the Master Agreement and any obligations and liabilities which arise or occur under the Master Agreement with respect to the Assigned Interest, and
  - (ii) does not release and discharge the Assignor from any obligation or liability which had arisen or accrued prior to the Transfer Date or which does not relate to the Assigned Interest.
7. Assignee and Assignor agree that in all matters relating to the Master Agreement with respect to the Assigned Interest, subsequent to the Transfer Date and prior to the Binding Date, Assignor acts as trustee for and duly authorized agent of the Assignee and Assignee, for the benefit of the Third Party, ratifies, adopts and confirms all acts or omissions of the Assignor in such capacity as trustee and agent.
  8. This Notice of Assignment shall become binding on all parties to the Master Agreement on the first day of the second calendar month following the month this notice is served on Third Party in accordance with the terms of the Master Agreement ("Binding Date"). In addition, Assignor and Assignee agree that they shall be solely responsible for any adjustment between themselves with respect to the Assigned Interest as to revenues, benefits, costs, obligations or indemnities which accrue prior to the Binding Date.
  9. Assignor represents and certifies that this Notice of Assignment and its service are in compliance with all the terms and provisions of the Master Agreement.

IN WITNESS WHEREOF this Notice of Assignment has been duly executed by the Assignor and Assignee on the date indicated for each below:

**1994450 ALBERTA INC.**  
(Assignor)

Per:



**VICKI BENOIT**  
**CHIEF OPERATING OFFICER**

Date: January 31, 2017

---

**SEQUOIA RESOURCES CORP.**  
(Assignee)

Per:



**VICKI BENOIT**  
**CHIEF OPERATING OFFICER**

Date: January 31, 2017

---

# EXHIBIT “F”

# Government of Alberta ■ Corporation/Non-Profit Search

## Corporate Registration System

Date of Search: 2018/04/09  
Time of Search: 11:19 AM  
Search provided by: KVP REGISTRATION SERVICES

Service Request Number: 28795024  
Customer Reference Number: GEN00679174

Corporate Access Number: 209963891  
Legal Entity Name: SEQUOIA RESOURCES CORP.

### Name History:

| Previous Legal Entity Name       | Date of Name Change (YYYY/MM/DD) |
|----------------------------------|----------------------------------|
| PARAMOUNT ENERGY OPERATING CORP. | 2010/06/30                       |
| PERPETUAL ENERGY OPERATING CORP. | 2016/10/03                       |

Legal Entity Status: Active  
Alberta Corporation Type: Named Alberta Corporation  
Registration Date: 2002/06/28 YYYY/MM/DD

### Registered Office:

Street: 1900, 520 - 3RD AVENUE SW  
City: CALGARY  
Province: ALBERTA  
Postal Code: T2P 0R3

### Records Address:

Street: 1900, 520 - 3RD AVENUE SW  
City: CALGARY  
Province: ALBERTA  
Postal Code: T2P 0R3

### Directors:

Last Name: WANG  
First Name: HAO  
Street/Box Number: 4000, 421 - 7 AVENUE S.W.

This is Exhibit " F " referred to in the  
Affidavit of  
Paul Dargatzis  
Sworn before me this 4th day  
of July A.D. 2019.  
A Notary Public, Commissioner for Oaths  
In and for the Province of Alberta

LUKE RASMUSSEN  
Barrister & Solicitor

**City:** CALGARY  
**Province:** ALBERTA  
**Postal Code:** T2P 4K9

**Last Name:** YANG  
**First Name:** WENTAO  
**Street/Box Number:** 4000, 421 - 7 AVENUE S.W.  
**City:** CALGARY  
**Province:** ALBERTA  
**Postal Code:** T2P 4K9

**Voting Shareholders:**

**Legal Entity Name:** 1986114 ALBERTA INC.  
**Corporate Access Number:** 2019861141  
**Street:** 1900, 520- 3RD AVENUE SW  
**City:** CALGARY  
**Province:** ALBERTA  
**Postal Code:** T2P 0R3  
**Percent Of Voting Shares:** 100

**Details From Current Articles:**

**The information in this legal entity table supersedes equivalent electronic attachments**

**Share Structure:** SEE SCHEDULE RE AUTHORIZED SHARES  
**Share Transfers Restrictions:** SEE SCHEDULE RE SHARE TRANSFER RESTRICTIONS  
**Min Number Of Directors:** 1  
**Max Number Of Directors:** 15  
**Business Restricted To:** NO RESTRICTIONS.  
**Business Restricted From:** NO RESTRICTIONS.  
**Other Provisions:** SEE SCHEDULE RE OTHER PROVISIONS

**Holding Shares In:**

| Legal Entity Name    |
|----------------------|
| 1079304 ALBERTA LTD. |
| 1121838 ALBERTA LTD. |

**Other Information:**

**Last Annual Return Filed:**

| File Year | Date Filed (YYYY/MM/DD) |
|-----------|-------------------------|
| 2017      | 2018/01/30              |

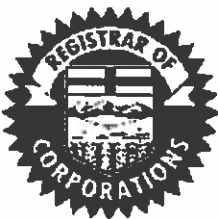
**Filing History:**

| List Date (YYYY/MM/DD) | Type of Filing  |
|------------------------|---|
| 2002/06/28             | Incorporate Alberta Corporation                             |
| 2016/10/03             | Name Change Alberta Corporation                             |
| 2016/10/06             | Change Director / Shareholder                               |
| 2017/02/14             | Name/Structure Change Alberta Corporation                   |
| 2017/04/20             | Change Address  |
| 2018/01/30             | Enter Annual Returns for Alberta and Extra-Provincial Corp. |

**Attachments:**

| Attachment Type                 | Microfilm Bar Code | Date Recorded (YYYY/MM/DD) |
|---------------------------------|--------------------|----------------------------|
| Share Structure                 | ELECTRONIC         | 2002/06/28                 |
| Other Rules or Provisions       | ELECTRONIC         | 2002/06/28                 |
| Share Structure                 | ELECTRONIC         | 2017/02/14                 |
| Restrictions on Share Transfers | ELECTRONIC         | 2017/02/14                 |
| Other Rules or Provisions       | ELECTRONIC         | 2017/02/14                 |

This is to certify that, as of this date, the above information is an accurate reproduction of data contained within the official records of the Corporate Registry.



# Government of Alberta ■ Corporation/Non-Profit Search Corporate Registration System

Date of Search: 2018/06/27  
Time of Search: 10:31 AM  
Search provided by: KVP REGISTRATION SERVICES

Service Request Number: 29243850  
Customer Reference Number: GEN00703585

Corporate Access Number: 2019944509  
Legal Entity Name: ALPHABOW ENERGY LTD.

## Name History:

| Previous Legal Entity Name | Date of Name Change (YYYY/MM/DD) |
|----------------------------|----------------------------------|
| 1994450 ALBERTA INC.       | 2017/02/06                       |
| SEQUOIA OPERATING CORP.    | 2018/06/01                       |

Legal Entity Status: Active  
Alberta Corporation Type: Named Alberta Corporation  
Registration Date: 2016/09/21 YYYY/MM/DD

## Registered Office:

Street: 1900, 520 - 3RD AVENUE SW  
City: CALGARY  
Province: ALBERTA  
Postal Code: T2P 0R3

## Records Address:

Street: 1900, 520 - 3RD AVENUE SW  
City: CALGARY  
Province: ALBERTA  
Postal Code: T2P 0R3

## Directors:

Last Name: SHI  
First Name: SHUO (MARSHALL)  
Street/Box Number: 119 LEIGHTON LN

**City:** CALGARY  
**Province:** ALBERTA  
**Postal Code:** T3Z 0A2

**Last Name:** WANG  
**First Name:** XIANWU  
**Street/Box Number:** HONGSHAN QU GUANGGU 3RD ROAD, BLOCK E6, #27-08  
**City:** WUHAN  
**Country:** CHINA

**Voting Shareholders:**

**Legal Entity Name:** 1986114 ALBERTA INC.  
**Corporate Access Number:** 2019861141  
**Street:** 1900, 520 - 3RD AVENUE SW  
**City:** CALGARY  
**Province:** ALBERTA  
**Postal Code:** T2P 0R3  
**Percent Of Voting Shares:** 100

**Details From Current Articles:**

**The information in this legal entity table supersedes equivalent electronic attachments**

**Share Structure:** SEE SCHEDULE RE AUTHORIZED SHARES  
**Share Transfers Restrictions:** SEE SCHEDULE RE SHARE TRANSFER RESTRICTIONS  
**Min Number Of Directors:** 1  
**Max Number Of Directors:** 7  
**Business Restricted To:** NONE  
**Business Restricted From:** NONE  
**Other Provisions:** SEE SCHEDULE RE OTHER PROVISIONS

**Other Information:**

**Last Annual Return Filed:**

| File Year | Date Filed (YYYY/MM/DD) |
|-----------|-------------------------|
| 2017      | 2018/01/30              |

**Filing History:**

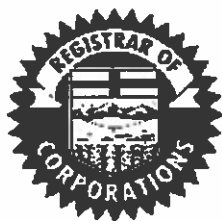


| List Date (YYYY/MM/DD) | Type of Filing  |
|------------------------|---|
| 2016/09/21             | Incorporate Alberta Corporation                             |
| 2017/02/28             | Name/Structure Change Alberta Corporation                   |
| 2017/04/20             | Change Address  |
| 2018/01/30             | Enter Annual Returns for Alberta and Extra-Provincial Corp. |
| 2018/05/31             | Change Director / Shareholder                               |
| 2018/06/01             | Name Change Alberta Corporation                             |

**Attachments:**

| Attachment Type                 | Microfilm Bar Code | Date Recorded (YYYY/MM/DD) |
|---------------------------------|--------------------|----------------------------|
| Share Structure                 | ELECTRONIC         | 2016/09/21                 |
| Restrictions on Share Transfers | ELECTRONIC         | 2016/09/21                 |
| Other Rules or Provisions       | ELECTRONIC         | 2016/09/21                 |
| Other Rules or Provisions       | ELECTRONIC         | 2017/02/28                 |
| Restrictions on Share Transfers | ELECTRONIC         | 2017/02/28                 |
| Share Structure                 | ELECTRONIC         | 2017/02/28                 |

This is to certify that, as of this date, the above information is an accurate reproduction of data contained within the official records of the Corporate Registry.



## ***Certified Copy***

### **Annual Returns for Alberta and Extra-Provincial Corp. - Proof of Filing**

**Alberta Amendment Date: 2018/01/30**

**Service Request Number:** 28400504  
**Corporate Access Number:** 2019944509  
**Legal Entity Name:** SEQUOIA OPERATING CORP.  
**Legal Entity Type:** Alberta Business Corporation  
**Legal Entity Status:** Active  
**Registration Date:** 2016/09/21

---

**This confirms the Annual Return for 2017 has been filed as of 2018/01/30.**

---

#### **Director / Shareholder**

**Status:** Active  
**Relationship to Legal Entity:** Director  
**Individual / Legal Entity Type:** Individual  
**Appointment Date:** 2016/09/21  
**Last Name / Legal Entity Name:** WANG  
**First Name:** HAO  
**Street / Box Number:** 19A CATHAY LODGE, 125 WANCHAI RD  
**City:** HONG KONG  
**Country:** HONG KONG

**Status:** Active  
**Relationship to Legal Entity:** Director  
**Individual / Legal Entity Type:** Individual  
**Appointment Date:** 2017/08/04  
**Last Name / Legal Entity Name:** YANG  
**First Name:** WENTAO  
**Street / Box Number:** 253 ARTISTS VIEW WAY  
**City:** CALGARY  
**Province:** ALBERTA  
**Postal Code:** T3Z 3N1  
**Resident Canadian:** Y

**Status:** Active  
**Relationship to Legal Entity:** Shareholder  
**Individual / Legal Entity Type:** Legal Entity

**Corporate Access Number:** 2019861141  
**Last Name / Legal Entity Name:** 1986114 ALBERTA INC.  
**Street / Box Number:** 1900, 520 - 3RD AVENUE SW  
**City:** CALGARY  
**Province:** ALBERTA  
**Postal Code:** T2P 0R3  
**Percent Of Voting Shares:** 100

**REGISTERED ADDRESS**

**Street:** 1900, 520 - 3RD AVENUE SW  
**City:** CALGARY  
**Province:** ALBERTA  
**Postal Code:** T2P 0R3

**RECORDS ADDRESS**

**Street:** 1900, 520 - 3RD AVENUE SW  
**City:** CALGARY  
**Province:** ALBERTA  
**Postal Code:** T2P 0R3

**Registration Authorized By:** XIAODI JIN  
SOLICITOR

## ***Certified Copy***

### **Change Director / Shareholder - Proof of Filing**

**Alberta Amendment Date: 2018/04/05**

**Service Request Number:** 28778466  
**Corporate Access Number:** 2019861141  
**Legal Entity Name:** 1986114 ALBERTA INC.  
**Legal Entity Status:** Active  
**Min Number Of Directors:** 1  
**Max Number Of Directors:** 5

---

**Annual returns are outstanding for the 2017 file year(s).**

---

**This confirms the Directors/Shareholders are amended/updated as of 2018/04/05**

---

#### **Director / Shareholder**

**Status:** Active  
**Director / Shareholder Type:** Director  
**Individual / Legal Entity Type:** Individual  
**Last Name / Legal Entity Name:** RICHMOND  
**First Name:** KEVIN  
**Street/Box Number:** 1007, 3240 - 66 AVENUE SW  
**City:** CALGARY  
**Province:** ALBERTA  
**Postal Code:** T3E 6M5  
**Appointment Date:** 2018/04/02  
**Resident Canadian:** Y

**Status:** Active  
**Director / Shareholder Type:** Director  
**Individual / Legal Entity Type:** Individual  
**Last Name / Legal Entity Name:** JOUBERT  
**First Name:** GUY  
**Middle Name:** TERRENCE  
**Street/Box Number:** 1735 - 32 AVENUE SW  
**City:** CALGARY  
**Province:** ALBERTA  
**Postal Code:** T2T 1W1  
**Appointment Date:** 2018/04/02

**Resident Canadian:** Y

**Status:** Inactive

**Director / Shareholder Type:** Director

**Individual / Legal Entity Type:** Individual

**Last Name / Legal Entity Name:** WANG

**First Name:** HAO

**Street/Box Number:** 19A CATHAY LODGE, WANCHAI RD

**City:** WANCHAI

**Country:** HONG KONG

**Appointment Date:** 2016/08/08

**Cessation Date:** 2018/04/02

**Status:** Inactive

**Director / Shareholder Type:** Shareholder

**Individual / Legal Entity Type:** Other

**Last Name / Legal Entity Name:** KANANASKI CAPITAL LIMITED

**Street/Box Number:** 19A CATHAY LODGE, 125 WANCHAI RD

**City:** HONG KONG

**Country:** HONG KONG

**Percent of Voting Shares:** 50

**Status:** Inactive

**Director / Shareholder Type:** Director

**Individual / Legal Entity Type:** Individual

**Last Name / Legal Entity Name:** YANG

**First Name:** WENTAO

**Street/Box Number:** 253 ARTISTS VIEW WAY

**City:** CALGARY

**Province:** ALBERTA

**Postal Code:** T3Z 3N1

**Appointment Date:** 2016/08/08

**Cessation Date:** 2018/04/02

**Resident Canadian:** Y

**Status:** Inactive

**Director / Shareholder Type:** Shareholder

**Individual / Legal Entity Type:** Legal Entity

**Corporate Access Number:** 2018858130

**Last Name / Legal Entity Name:** KAILAS ENERGY CORP.

**Street/Box Number:** 253 ARTISTS VIEW WAY

**City:** CALGARY

**Province:** ALBERTA

**Postal Code:** T3Z 3N1

**Percent of Voting Shares:** 50

**Status:** Inactive

**Director / Shareholder Type:** Shareholder

**Individual / Legal Entity Type:** Other

**Last Name / Legal Entity Name:** CHESTER LAKE INVESTMENT CORPORATION

**Street/Box Number:** 19A CATHAY LODGE, WANCHAI RD

**City:** WANCHAI

**Country:** HONG KONG

**Percent of Voting Shares:** 50

---

**Attachment**

| Attachment Type                 | Microfilm Bar Code | Date Recorded |
|---------------------------------|--------------------|---------------|
| Other Rules or Provisions       | ELECTRONIC         | 2016/08/08    |
| Share Structure                 | ELECTRONIC         | 2016/08/08    |
| Restrictions on Share Transfers | ELECTRONIC         | 2016/08/08    |
| Restrictions on Share Transfers | ELECTRONIC         | 2017/02/14    |
| Share Structure                 | ELECTRONIC         | 2017/02/14    |
| Other Rules or Provisions       | ELECTRONIC         | 2017/02/14    |

**Registration Authorized By:** XIAODI JIN  
SOLICITOR

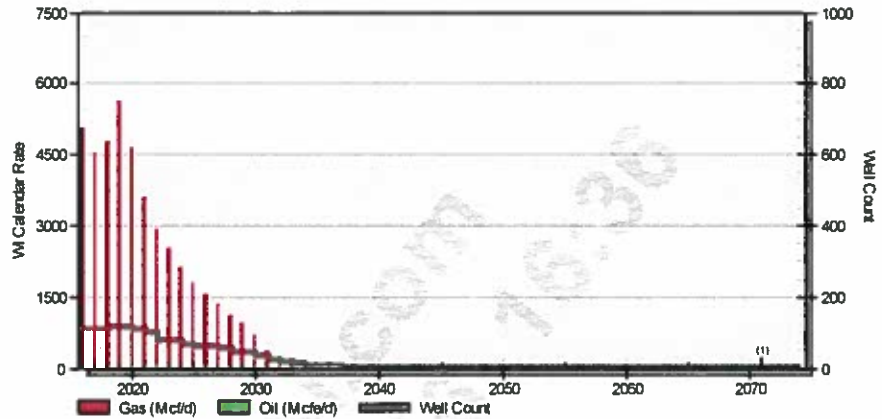
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# **EXHIBIT “G”**

**Endurance Energy Ltd.**  
Results as of January-01-16  
Alberta  
Total Proved (Working Copy, <Current Options>)

**Evaluation Parameters**

|                      |                      |
|----------------------|----------------------|
| Reserves Category    | Total Proved         |
| Plan                 | Working              |
| Reference Date       | January-01-16        |
| Discount Date        | January-01-16        |
| Econ. Calc. Date     | January-01-16        |
| Country              | Canada               |
| Province             | Alberta              |
| Company Share        | 91.30 %              |
| Price Deck           | GLJ Q1 2016          |
| Price Set            | N/A                  |
| Economic Limit       | N/A                  |
| Scenario             | <Current Options>    |
| GCA Applied          | N/A                  |
| BOE Ratio            | 6.1 Mcf/bbl          |
| Chance of Success    | 100.0 %              |
| Chance of Occurrence | N/A                  |
| Oil Reserves Type    | Light and Medium Oil |
| Gas Reserves Type    | <multiple>           |



| Remaining Reserves |      |          |          |      | Net Revenue NPV (M\$C) |            |          |          |          |          |          | Price    |       |
|--------------------|------|----------|----------|------|------------------------|------------|----------|----------|----------|----------|----------|----------|-------|
|                    |      | Gross    | WI       | RI   | Net                    | 0.00 %     | 5.00 %   | 8.00 %   | 10.00 %  | 15.00 %  | 20.00 %  | Average  |       |
| Oil                | Mbbl | 0.0      | 0.0      | -    | 0.0                    | Oil        | 0.4      | 0.3      | 0.2      | 0.2      | 0.2      | 78.79    |       |
| Gas                | MMcf | 18,343.9 | 16,733.5 | 13.8 | 15,295.8               | Gas        | 57,223.4 | 41,798.6 | 35,843.5 | 32,685.9 | 26,686.5 | 22,471.9 | 3.65  |
| Liquids            | Mbbl | -        | -        | -    | -                      | Liquids    | -        | -        | -        | -        | -        | -        |       |
| NGL                | Mbbl | -        | -        | -    | -                      | NGL        | -        | -        | -        | -        | -        | -        |       |
| Condensate         | Mbbl | -        | -        | -    | -                      | Condensate | -        | -        | -        | -        | -        | -        |       |
| C2                 | Mbbl | -        | -        | -    | -                      | C2         | -        | -        | -        | -        | -        | -        |       |
| C3                 | Mbbl | -        | -        | -    | -                      | C3         | -        | -        | -        | -        | -        | -        |       |
| C4                 | Mbbl | -        | -        | -    | -                      | C4         | -        | -        | -        | -        | -        | -        |       |
| C5+                | Mbbl | -        | -        | -    | -                      | C5+        | -        | -        | -        | -        | -        | -        |       |
| Sulphur            | LT   | -        | -        | -    | -                      | Sulphur    | -        | -        | -        | -        | -        | -        |       |
| Total              | MBOE | 3,057.3  | 2,788.9  | 2.3  | 2,549.3                | Total      | 57,223.8 | 41,798.9 | 35,843.8 | 32,686.1 | 26,686.7 | 22,472.1 | 21.88 |

| Cash Flow NPV (M\$C) |          |          |         |         |         |
|----------------------|----------|----------|---------|---------|---------|
| BT Cash Flow         | 14,016.3 | 10,369.6 | 8,808.1 | 7,953.4 | 6,293.8 |
| Tax Payable          | 3,784.4  | 2,966.2  | 2,605.2 | 2,403.9 | 2,002.7 |
| AT Cash Flow         | 10,231.9 | 7,403.5  | 6,202.9 | 5,549.5 | 4,291.1 |

| Risked Capital Costs (M\$C) |         |           | Cash Flow (M\$C)       |           |                 | Economic Indicators      |           |       |
|-----------------------------|---------|-----------|------------------------|-----------|-----------------|--------------------------|-----------|-------|
|                             | Gross   | Co. Share |                        | Co. Share | % of Sales Rev. | Before Tax               | After Tax |       |
| Land (COGPE)                | -       | -         | Revenue                | 60,994.8  | -               | N/A                      | N/A       |       |
| Exploration (CEE)           | -       | -         | Royalties/Burdens      | 3,771.0   | 6.2             | 2.6                      | 2.9       |       |
| Development (CDE)           | 6,184.7 | 6,169.3   | Operating Cost         | 29,827.3  | 48.9            | Feb 2020                 | Apr 2020  |       |
| Other Capital (CCA)         | 836.0   | 833.4     | Abandonment/Salvage    | 6,377.4   | 10.5            | PI - 0.0 % Discount      | 2.00      | 1.46  |
|                             |         |           | Oth. Rev./Oth. Deduct. | -         | -               | PI - 10.0 % Discount     | 1.47      | 1.03  |
|                             |         |           | Capital                | 7,002.7   | 11.5            | Init. Value (M\$C/BOE/d) | 15.34     | 11.20 |
|                             |         |           | (Credit)/Surcharge     | -         | -               |                          |           |       |
| Total                       | 7,020.7 | 7,002.7   | BT Cash Flow           | 14,016.3  | 23.0            | WJ                       | Co. Share | Net   |
|                             |         |           | Tax Paid               | 3,784.4   | 6.2             | Op. Cost (\$C/BOE)       | 10.69     | 10.69 |
|                             |         |           | AT Cash Flow           | 10,231.9  | 16.8            | Cap. Cost (\$C/BOE)      | 2.51      | 2.51  |

**Annual Co. Share Cash Flow**

| Year     | Well Count | Rate Mcf/d | Avg. Price \$C/Mcf | WI Revenue M\$C | Royalty Revenue M\$C | Roy. / Burden M\$C | Operating Cost M\$C | Abandon. / Salvage M\$C | Other Revenue M\$C | Other Deductions (Surcharge) M\$C | Credit / M\$C | Net Op. Income M\$C | Capital Cost M\$C | BTax Cash Flow M\$C | Tax Paid M\$C | ATax Cash Flow M\$C |
|----------|------------|------------|--------------------|-----------------|----------------------|--------------------|---------------------|-------------------------|--------------------|-----------------------------------|---------------|---------------------|-------------------|---------------------|---------------|---------------------|
| 2016     | 109.83     | 5,086.5    | 2.45               | 4,548.5         | 3.8                  | 338.7              | 2,985.1             | -                       | -                  | -                                 | -             | 1,228.5             | -                 | 1,228.5             | 331.7         | 896.8               |
| 2017     | 114.08     | 4,563.8    | 2.97               | 4,941.9         | 4.2                  | 365.6              | 2,766.1             | -                       | -                  | -                                 | -             | 1,794.3             | 298.0             | 1,497.8             | 472.3         | 1,025.5             |
| 2018     | 116.16     | 4,810.4    | 3.15               | 5,528.6         | 4.1                  | 377.1              | 2,717.5             | -                       | -                  | -                                 | -             | 2,438.3             | 5,658.4           | -3,220.2            | 205.8         | -3,426.0            |
| 2019     | 115.16     | 5,845.9    | 3.33               | 6,865.6         | 3.9                  | 430.5              | 2,766.2             | 398.7                   | -                  | -                                 | -             | 3,278.1             | 1,047.7           | 2,228.4             | 469.1         | 1,759.4             |
| 2020     | 110.41     | 4,865.3    | 3.51               | 5,994.7         | 3.8                  | 369.0              | 2,521.6             | 297.4                   | -                  | -                                 | -             | 2,810.5             | -                 | 2,810.5             | 462.8         | 2,347.7             |
| 2021     | 100.41     | 3,595.8    | 3.61               | 4,731.8         | 3.5                  | 286.1              | 1,998.6             | 202.2                   | -                  | -                                 | -             | 2,248.3             | -                 | 2,248.3             | 398.0         | 1,850.3             |
| 2022     | 80.10      | 2,976.0    | 3.81               | 4,135.2         | 3.4                  | 252.1              | 1,762.8             | 269.1                   | -                  | -                                 | -             | 1,854.6             | -                 | 1,854.6             | 353.1         | 1,501.5             |
| 2023     | 78.35      | 2,541.0    | 4.01               | 3,715.8         | 3.3                  | 226.7              | 1,635.0             | 408.1                   | -                  | -                                 | -             | 1,451.3             | -                 | 1,451.3             | 287.5         | 1,163.8             |
| 2024     | 70.35      | 2,124.2    | 4.21               | 3,270.0         | 3.2                  | 197.6              | 1,473.2             | 836.0                   | -                  | -                                 | -             | 786.1               | -                 | 786.1               | 133.1         | 653.1               |
| 2025     | 62.99      | 1,829.6    | 4.31               | 2,875.3         | 3.0                  | 174.0              | 1,368.3             | 158.7                   | -                  | -                                 | -             | 1,179.1             | -                 | 1,179.1             | 266.1         | 913.0               |
| Rem.     | 59.99      | 178.0      | 4.90               | 14,336.4        | 14.6                 | 753.3              | 7,814.7             | 3,811.2                 | -                  | -                                 | -             | 1,971.8             | -                 | 1,971.8             | 404.9         | 1,566.9             |
| 55.08 yr |            |            | 3.64               | 60,944.0        | 50.8                 | 3,771.0            | 29,827.3            | 6,377.4                 | -                  | -                                 | -             | 21,019.0            | 7,002.7           | 14,016.3            | 3,784.4       | 10,231.9            |

This is Exhibit " G " referred to in the Affidavit of

Paul Dargatzis  
Sworn before me this 14th day of July, A.D. 2019

LUKE RASMUSSEN  
Barrister & Solicitor

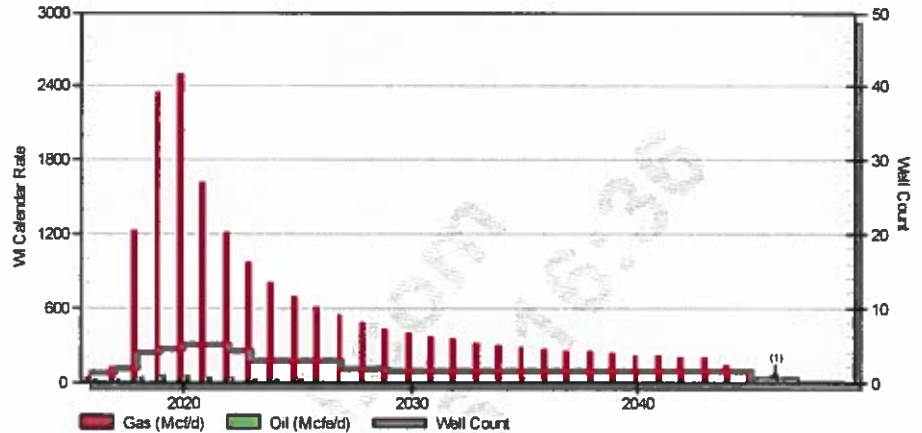




**Endurance Energy Ltd.**  
Results as of January-01-16  
Stonepoint  
Total Proved (Working Copy, <Current Options>)

**Evaluation Parameters**

|                      |                      |
|----------------------|----------------------|
| Reserves Category    | Total Proved         |
| Plan                 | Working              |
| Reference Date       | January-01-16        |
| Discount Date        | January-01-16        |
| Econ. Calc. Date     | January-01-16        |
| Country              | Canada               |
| Province             | N/A                  |
| Company Share        | 38.60 %              |
| Price Deck           | GLJ Q1 2016          |
| Price Set            | N/A                  |
| Economic Limit       | N/A                  |
| Scenario             | <Current Options>    |
| GCA Applied          | N/A                  |
| BOE Ratio            | 6.1 Mcf/bbl          |
| Chance of Success    | 100.0 %              |
| Chance of Occurrence | 100.0 %              |
| Oil Reserves Type    | Light and Medium Oil |
| Gas Reserves Type    | <multiple>           |



| Remaining Reserves |      |          |         | Net Revenue NPV (M\$C) |         |            |          |          |          |          |          | Price    |
|--------------------|------|----------|---------|------------------------|---------|------------|----------|----------|----------|----------|----------|----------|
|                    |      | Gross    | WI      | RI                     | Net     | 0.00 %     | 5.00 %   | 8.00 %   | 10.00 %  | 15.00 %  | 20.00 %  | Average  |
| Oil                | Mbbl | 38.7     | 23.0    | -                      | 22.8    | Oil        | 1,688.9  | 1,315.2  | 1,147.4  | 1,052.8  | 862.9    | 721.8    |
| Gas                | MMcf | 17,121.9 | 6,464.6 | -                      | 6,134.5 | Gas        | 29,234.4 | 18,220.7 | 14,508.1 | 12,676.8 | 9,455.1  | 7,379.1  |
| Liquids            | Mbbl | 509.3    | 212.6   | -                      | 174.4   | Liquids    | 9,299.4  | 6,021.8  | 4,880.0  | 4,305.8  | 3,272.5  | 2,587.5  |
| NGL                | Mbbl | -        | -       | -                      | -       | NGL        | -        | -        | -        | -        | -        | -        |
| Condensate         | Mbbl | -        | -       | -                      | -       | Condensate | -        | -        | -        | -        | -        | -        |
| C2                 | Mbbl | 11.8     | 3.5     | -                      | 3.4     | C2         | 37.9     | 29.6     | 26.0     | 24.0     | 20.1     | 17.3     |
| C3                 | Mbbl | 168.6    | 70.5    | -                      | 58.6    | C3         | 1,218.6  | 762.6    | 608.3    | 531.8    | 396.4    | 308.4    |
| C4                 | Mbbl | 165.8    | 69.7    | -                      | 58.1    | C4         | 3,360.8  | 2,159.8  | 1,744.6  | 1,536.7  | 1,164.4  | 919.0    |
| C5+                | Mbbl | 163.1    | 68.8    | -                      | 54.3    | C5+        | 4,884.2  | 3,069.8  | 2,501.0  | 2,213.3  | 1,691.6  | 1,342.7  |
| Sulphur            | LT   | -        | -       | -                      | -       | Sulphur    | -        | -        | -        | -        | -        | -        |
| Total              | MBOE | 3,401.7  | 1,313.0 | -                      | 1,219.6 | Total      | 40,222.6 | 25,557.7 | 20,535.4 | 18,035.5 | 13,590.6 | 10,688.4 |

**Cash Flow NPV (M\$C)**

|              |          |         |         |         |         |       |
|--------------|----------|---------|---------|---------|---------|-------|
| BT Cash Flow | 10,221.3 | 5,302.3 | 3,617.0 | 2,794.1 | 1,395.2 | 565.8 |
| Tax Payable  | 2,759.8  | 1,612.0 | 1,220.0 | 1,027.5 | 694.4   | 487.8 |
| AT Cash Flow | 7,461.5  | 3,690.3 | 2,397.0 | 1,766.6 | 700.8   | 78.0  |

**Risk Capital Costs (M\$C)**

|                     | Gross    | Co. Share |
|---------------------|----------|-----------|
| Land (COGPE)        | -        | -         |
| Exploration (CEE)   | -        | -         |
| Development (CDE)   | 19,477.8 | 7,547.8   |
| Other Capital (CCA) | 3,338.9  | 1,359.5   |
| Total               | 22,816.6 | 8,907.3   |

**Cash Flow (M\$C)**

|                        | Co. Share | % of Sales Rev. |
|------------------------|-----------|-----------------|
| Revenue                | 43,717.4  |                 |
| Royalties/Burdens      | 3,494.7   | 8.0             |
| Operating Cost         | 20,720.6  | 47.4            |
| Abandonment/Salvage    | 337.8     | 0.8             |
| Oth. Rev./Oth. Deduct. | -         | -               |
| Capital                | 8,907.3   | 20.4            |
| (Credit)/Surcharge     | 35.7      | 0.1             |
| BT Cash Flow           | 10,221.3  | 23.4            |
| Tax Paid               | 2,759.8   | 6.3             |
| AT Cash Flow           | 7,461.5   | 17.1            |

**Economic Indicators**

|                            | Before Tax | After Tax |
|----------------------------|------------|-----------|
| Rate of Return (%)         | 25.7       | 20.9      |
| Payout (yrs from Jul 2017) | 4.6        | 5.1       |
| Payout (date)              | Feb 2022   | Aug 2022  |
| P/I - 0.0 % Discount       | 1.15       | 0.84      |
| P/I - 10.0 % Discount      | 0.41       | 0.26      |
| Init. Value (M\$C/BOE/d)   | 572.63     | 418.01    |
| Op Cost (\$C/BOE)          | 15.78      | 15.78     |
| Cap Cost (\$C/BOE)         | 6.78       | 6.78      |

**Annual Co. Share Cash Flow**

| Year     | Well Count | Rate Mcf/d | Avg. Price \$C/Mcf | WI Revenue M\$C | Royalty Revenue M\$C | Roy. / Burden M\$C | Operating Cost M\$C | Abandon. / Salvage M\$C | Other Revenue M\$C | Other Deductions (Surcharge) M\$C | Credit / (Surcharge) M\$C | Net Op. Income M\$C | Capital Cost M\$C | BTax Cash Flow M\$C | Tax Paid M\$C | ATax Cash Flow M\$C |
|----------|------------|------------|--------------------|-----------------|----------------------|--------------------|---------------------|-------------------------|--------------------|-----------------------------------|---------------------------|---------------------|-------------------|---------------------|---------------|---------------------|
| 2016     | 1.20       | 100.1      | 4.18               | 153.1           | -                    | 12.0               | 83.0                | -                       | -                  | -                                 | -0.6                      | 57.5                | -                 | 57.5                | 15.5          | 42.0                |
| 2017     | 1.68       | 188.7      | 4.38               | 301.8           | -                    | 38.6               | 132.1               | -                       | -                  | -                                 | -0.8                      | 130.2               | 2,759.8           | -2,829.4            | -165.1        | -2,484.3            |
| 2018     | 3.85       | 1,806.9    | 4.31               | 2,527.7         | -                    | 109.5              | 989.8               | -                       | -                  | -                                 | -3.6                      | 1,425.0             | 3,429.4           | -2,004.4            | -26.7         | -1,977.7            |
| 2019     | 4.45       | 2,752.4    | 4.34               | 4,362.9         | -                    | 145.3              | 1,897.1             | 71.4                    | -                  | -                                 | -6.4                      | 2,242.7             | 2,718.3           | -475.6              | 94.9          | -570.5              |
| 2020     | 4.93       | 3,075.3    | 4.74               | 5,336.9         | -                    | 187.8              | 2,087.3             | 18.1                    | -                  | -                                 | -6.1                      | 3,037.6             | -                 | 3,037.6             | 447.4         | 2,590.3             |
| 2021     | 4.93       | 1,983.1    | 4.91               | 3,556.6         | -                    | 125.8              | 1,477.5             | -                       | -                  | -                                 | -5.1                      | 1,948.2             | -                 | 1,948.2             | 262.1         | 1,886.1             |
| 2022     | 4.33       | 1,485.3    | 5.22               | 2,832.2         | -                    | 101.7              | 1,179.2             | -                       | -                  | -                                 | -4.1                      | 1,547.2             | -                 | 1,547.2             | 230.7         | 1,316.5             |
| 2023     | 2.85       | 1,176.9    | 5.51               | 2,385.9         | -                    | 148.2              | 968.6               | -                       | -                  | -                                 | -2.8                      | 1,248.2             | -                 | 1,248.2             | 203.9         | 1,044.3             |
| 2024     | 2.85       | 988.1      | 5.75               | 2,080.1         | -                    | 167.0              | 870.4               | 24.6                    | -                  | -                                 | -2.6                      | 1,015.5             | -                 | 1,015.5             | 180.1         | 835.4               |
| 2025     | 2.85       | 852.1      | 5.89               | 1,832.0         | -                    | 215.3              | 797.6               | 68.1                    | -                  | -                                 | -2.3                      | 748.7               | -                 | 748.7               | 135.3         | 613.4               |
| Rem.     | 2.85       | 366.4      | 6.83               | 18,368.6        | -                    | 2,243.5            | 10,238.2            | 155.7                   | -                  | -                                 | -1.4                      | 5,729.7             | -                 | 5,729.7             | 1,381.6       | 4,348.1             |
| 30.08 yr |            |            | 5.55               | 43,717.4        | -                    | 3,494.7            | 20,720.6            | 337.8                   | -                  | -                                 | -35.7                     | 19,128.8            | 8,907.3           | 10,221.3            | 2,759.8       | 7,461.5             |

# EXHIBIT “H”



August 23, 2018

PricewaterhouseCoopers Inc., LIT  
Suite 3100, 111 - 5<sup>th</sup> Avenue SW  
Calgary, Alberta  
T2P 5L3

Attention: Paul Darby  
Partner

This is Exhibit " H " referred to in the  
Affidavit of

Sworn before me this 4<sup>th</sup> day  
of July A.D. 20 18

A Notary Public & Commissioner for Oaths  
in and for the Province of Alberta

LUKE RASMUSSEN  
Barrister & Solicitor

Dear Mr. Darby:

AlphaBow Energy Ltd. ("Alphabow") has reviewed the history of the transaction of the 287 wells acquired by Sequoia Resources Corp. ("SRC") from Endurance Energy Ltd. ("Endurance") as well as the Cabin Creek 9 wells AlphaBow transferred to SRC. Each of these two transactions is discussed in turn as follows:

#### Transaction 1: Endurance Wells

Based on our review, the Endurance wells were properly and fairly transferred to SRC. What follows is our discussion of the factual information available at the time and attached are backup materials to support the facts outlined and the value attributed and received by SRC.

Closing Price. SRC received the entire benefit of the \$3.0m of closing payments on this asset made by Endurance (?) to SRC as you have seen through your review of SRC's bank records. Please see attached the records evidencing payment to SRC of the \$3.0 million plus a small interest adjustment (attachment #1).

Reserve Value vs ARO. At the time of acquisition, approximately 125 of wells had reserves attributed to them. Based on vendor's ValNAV analysis with an effective date of January 1, 2016, and provided to SRC in the data room, each based on GLJ's Q1 2016 price deck: (i) the Viking-Kinsella assets had 2P Undiscounted BT Cash Flow of \$24.3m (1P \$14.0m) (attachment #2); and (ii) the Valhalla/Whitebear assets had 2P Undiscounted BT Cash Flow of \$27.3m (1P \$10.2m) (attachment #2). We also attach the most recent reserve reports available on the Viking-Kinsella assets, being that of Insite Petroleum with an effective date of December 31, 2013, which shows 2P NPV BT10 at \$37.9m (1P \$30.3m) for Viking-Kinsella alone (attachment #3).

It is ABE's view that the additional ~150 wells (being substantially all shallow gas wells) without reserves and thus not accounted for in the reserves evaluations had a negative ARO value of \$7.5 million based on conservative historic achieved costs to obtain reclamation certification. We believe this conservative estimate does not fully account for the fact that many of these wells are already halfway through the reclamation process and actual costs to abandon and reclaim are likely lower.

AlphaBow Energy Ltd.

1700, 222 - 3rd Avenue SW, Calgary, AB T2P 0B4  
Main Phone: 587-393-5059  
Fax: 587-393-5060



Page 2 of 3      Letter to PricewaterhouseCoopers Inc., dated August 23, 2018  
Attention: Mr. Paul Darby

Reserve value (\$15m-\$30m), net of unaccounted for ARO on the 150 wells without attributed reserves (-\$7.5m), plus the closing payment in favour of SRC (\$3.0m), is substantially positive in any scenario. At the time of closing, this was a favourable deal for SRC.

**LMR Basis.** At the time of acquisition, the assets had deemed asset value of \$20.7m against deemed liability value of \$22.2m, for a net LLR of 0.93 and shortfall of \$1.5m, which is more than made up for with the closing payment in favour of SRC. It was not possible for AlphaBow to acquire this asset as it was not an operating company and did not have an operator's license with Alberta Energy and this is one of the reasons why the acquisition was completed by SRC and not AlphaBow.

**Cash Flow Basis.** Based on materials provided by Endurance, the most updated 2016 cash flow history for the assets on a standalone basis was positive \$1.2 million for the 12 month period (April 2015 to March 2016) (Attachment #4). Based on the lease operating statements the cash flow on these assets from acquisition for calendar 2017 net of prior period balance and a positive accrual for future was positive but only \$139,920<sup>1</sup> (attachment #5), in part due to the lower gas prices. Positive cash flow despite the low 2017 gas price is an indicator of a favorable transaction. We believe you have a copy of the historical lease operating statements within your own records.

**Disposition.** We understand that SRC sold a portion of the Valhalla non-operated assets to Advantage Oil and Gas, including non-operated interests in 7 wells, for \$315k cash (attachment #6). Please find the associated documents attached. This cash accrued to SRC.

It is clear from the intention and action of the parties, that the Endurance assets were in fact acquired by SRC and all benefits from the Endurance assets have been received by SRC and therefore AlphaBow does not have any intention nor obligation to obtain any interest in the Endurance assets owned by SRC.

#### **Transaction 2: Cabin Creek Wells**

We understand that during the time these wells were transferred, the principals of SRC were in negotiations with a number of financing parties and believed that there was a way to allow SRC to survive the gas price collapse. In order to preserve cash, AlphaBow was asked to transfer these positive cash flow high LMR assets to SRC in order to allow SRC to continue to operate without placing an LMR deposit and depleting valuable liquidity and capital resources while these pending refinancing negotiations were proceeding. For various reasons and goodwill, AlphaBow elected to transfer the Cabin Creek assets to SRC.

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<sup>1</sup> We ran our lease ops based on cost centres generated from Qbyte as well as from our Land group as the assets are not themselves easily segregated for just these wells, but we believe these two redundant checks on operating costs are relatively accurate.



Page 3 of 3      Letter to PricewaterhouseCoopers Inc., dated August 23, 2018  
Attention: Mr. Paul Darby

The reserve value of the Cabin Creek Assets at December 31, 2017 based on the McDaniel reserve report at evaluator price deck shows 2P NPV10 BT at \$3.9m (1P \$3.3m) (attachment #7). LLR at the time of transfer showed positive deemed assets of \$19.4m against deemed liabilities of \$3.3m for a LLR of 4.91. Twelve month trailing lease operating statements show positive \$613k for period ending December 31, 2017 (attachment #8). We believe these wells are valuable and were provided to assist in avoiding a collapse of SRC and the corollary effects such collapse may have on AlphaBow. Subject to further review and acceptable terms being agreed to, AlphaBow may be willing to accept the return of these Cabin Creek assets if PwC desires to do so.

We hope the above clarifies the history of these transactions and are available to discuss or provide further information as may be required.

Yours Sincerely,

AlphaBow Energy Ltd.

Marshall Shi  
Chief Executive Officer

AlphaBow Energy Ltd.

1700, 222 – 3rd Avenue SW, Calgary, AB T2P 0B4  
Main Phone: 587-393-5059  
Fax: 587-393-5060

# **EXHIBIT “I”**

## LIABILITY ASSESSMENT

---

Assessment of the Sequoia Resources Corporation Oil and Gas Properties  
Acquired from 1994450 Alberta Inc.



This is Exhibit " I " referred to in the  
Affidavit of

Sworn before me this 4<sup>th</sup> day  
of July A.D. 2019.

A Notary Public, A Commissioner for Oaths  
In and for the Province of Alberta

LUKE RASMUSSEN  
Barrister & Solicitor

PREPARED FOR: PricewaterhouseCoopers Inc.

DATE: November 9, 2018

\*\*\*CONFIDENTIAL\*\*\*

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## SUMMARY

PricewaterhouseCoopers Inc. (PWC) engaged 360 Energy Liability Management Ltd. (360) to assess asset retirement obligations (ARO) associated with the Sequoia Resources Corporation (Sequoia) oil and gas assets ("the Assets") acquired from 1994450 Alberta Inc. ARO encompasses the capital expenditures required to achieve regulatory closure, including abandonment, reclamation and remediation. The Assets were comprised of 285 well licences, 38 licenced facilities 185 non-licenced facilities and 277 pipeline segments [1].

Well abandonment costs were estimated using the AER's Liability Management Rating (LMR) base deemed abandonment values supplemented with multipliers for additional parameters. Reclamation and remediation values were calculated from available site-specific environmental data, 360's proprietary data, industry benchmarking data and professional judgement. Facility decommissioning estimates were derived from a 500+ facility case study executed by 360's personnel. Pipelines decommissioning values were extracted from Orphan Well Association estimates.

360 conducted file reviews on 197 wells and 38 facilities, searched public databases, reviewed aerial photos and performed 33 site visits to collect the data used in this assessment. Remediation ARO estimates have been presented separately from reclamation due to the high level of variability associated with remedial activities. This report details the net ARO of the assets.

### *Total Net ARO*

Net ARO was determined through a systematic desktop and site visit evaluation process. The estimated net ARO is summarized in Table 1.

Table 1: Total Net ARO

| Net Well<br>Abandonment | Net Facility<br>Abandonment | Net Reclamation | Net Remediation | Net Pipeline<br>Abandonment | Net ARO      |
|-------------------------|-----------------------------|-----------------|-----------------|-----------------------------|--------------|
| \$16,836,796            | \$2,361,406                 | \$12,733,049    | \$8,901,628     | \$2,493,000                 | \$43,325,879 |

## CLOSING SUMMARY

The liability projections and methodology used by 360 consider the age, operational history and regional trends observed in the file reviews and public databases. Based on available records, age distribution and previous experience, many of the older or high-risk category wells in this package have a higher likelihood of unidentified or unknown environmental concerns that could result in more "Problem Sites". The assets are also characterized by relatively high reclamation costs due to the construction methods used during drilling.

We trust this information meets your present requirements. Should you have any questions, please contact Mike Newton at 587-999-5648.

This report was prepared by:



Mike Newton  
Team Lead, Liability Management

This report was reviewed by:



Bryce Watson  
Principal

## DISCLOSURE

This document is intended for the exclusive use of the company, organization, or individual for whom it has been prepared.

In conducting the Environmental Assessment, 360 has exercised reasonable skill, care, and diligence to assess the information acquired during the preparation of this report. No other representations, warranties or guarantees are made concerning the accuracy or completeness of the data or conclusions contained within this report, including no assurance that this assessment has uncovered all potential liabilities associated with the identified property.

This report provides an assessment of environmental site conditions at the time of the assessment and was based on information obtained by and/or provided to 360. Activities at the property subsequent to 360's assessment may have significantly altered the property's condition. There are limitations that are inherent in this type of work and conditions can be different between sample locations. There is a potential for unknown, unidentified, or unforeseen surface and subsurface environmental conditions to be different than summarized within this report. Any utilities shown in this report were for illustration purposes and should not be relied on.

There are no assurances regarding the accuracy and completeness of this information. All information in the preparation of this report has been assumed by 360 to be correct.

Conclusions made within this report are a professional opinion at the time of the writing of this report, not a certification of the property's environmental condition.

Any liability associated with the assessment is limited to the fees paid for the assessment and the final report.

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## APPENDIX A: METHODOLOGY OVERVIEW

## ARO

The ARO estimates detailed in this report were determined by reviewing physical files and relevant public data sources, and performing site visits. 360 implemented a three-phase process to calculate ARO values:

- 1) Stratified assets into ARO categories;
- 2) Conducted desktop reviews and site visits to characterize properties;
- 3) Calculated ARO

### *ARO Categories*

Wells and facilities were classified into risk categories in accordance with the introduction of prominent regulatory requirements and operating practices. Well risk categories were based on status and age. Facility risk categories were based on status, type and design capacity. Cancelled licences were inspected via air photos to determine if the surface locations had been disturbed and required reclamation or had no ARO. No reclamation certified sites were included in this assessment. The risk categories are profiled below.

### *Wells*

Drilling practices and regulations pertaining to allowable drilling mud additives, the storage of hydrocarbons and the disposal of drilling wastes became more stringent in the mid-1990's in an effort to limit environmental impacts. 360 classifies wells into risk categories according to the introduction of these regulations as detailed below.

#### *i) High Risk – wells drilled pre-1996*

Spill reporting was not regulated by Release Reporting Regulation until 1993 [2]. Directive 050: Drilling Waste Management was enacted in 1995 and controlled the disposal of drilling wastes, including drilling sumps, flare pits, landspreading guidelines and the use of hydrocarbon-based drilling additives [3]. Directive 055: Storage Requirements for the Upstream Petroleum Industry was also legislated in 1995 and introduced stricter standards for the storage and containment of hydrocarbons [4]. Directive 058: Oilfield Waste Management Requirements for the Upstream Petroleum Industry was inaugurated in 1996 and mandated the characterization, tracking and reporting of all oilfield wastes [5].

#### *ii) Medium Risk – wells drilled between 1996 – 2003*

Revisions were made to Directive 055 and Directive 058 that increased scrutiny of waste classifications and containment of produced water and surface run-off. Alberta Soil and Water Quality Guidelines for Hydrocarbons at Upstream Oil and Gas Facilities [6] and Salt Contamination Assessment and Remediation Guidelines [7] were both introduced in 2001.



iii) *Low Risk – wells drilled post-2003*

Reclamation Criteria for Wellsites and Associated Facilities was updated in 2007 and again in 2010, which set clear standards for achieving site closure [8].

The distribution of wells by ARO category is presented in Table 2.

Table 2: Well Distribution

| None | High Risk | Medium Risk | Low Risk |
|------|-----------|-------------|----------|
| 2    | 111       | 62          | 110      |

*Facilities*

Larger facilities have a higher catastrophic loss potential due to the volume of fluids on site.

i) *High Risk*

Oil processing facilities with design capacities of  $\geq 3000$  m<sup>3</sup>/day or gas processing facilities with design capacities  $\geq 2500$  103 m<sup>3</sup>/day.

ii) *Medium Risk*

Oil processing facilities with design capacities of  $>50$  - 2999 m<sup>3</sup>/day or gas processing facilities with design capacities  $\geq 900$  103 m<sup>3</sup>/day.

iii) *Low Risk*

All other facilities.

The distribution of licenced facilities by ARO category is provided in Table 3.

Table 3: Facility Distribution

| High Risk | Medium Risk | Low Risk |
|-----------|-------------|----------|
| 0         | 8           | 30       |

*Desktop Reviews and Site Visits*

360 reviewed 197 well files and all 38 licenced facilities to catalogue operating history, construction and drilling practices, and other indicators that affect ARO. Pass/failure rates for seven key metrics were tracked: Phase I and II Environmental Site Assessments (ESA), well centre failures, flare pits, drilling waste disposal, above ground infrastructure and underground storage tanks. 360 used aerial photos to determine land use, measure the access road length and identify if sites were constructed as minimal disturbance or full disturbance. The distribution of file reviews is illustrated in Table 4.

Table 4: Well File Review Distribution

| High Risk | Medium Risk | Low Risk |
|-----------|-------------|----------|
| 111       | 31          | 55       |

The purpose of site visits was to corroborate findings from file reviews, identify issues not documented in the files and determine surface reclamation costs. Site visits were selected to investigate 19 flare pits, 6 spill sites, 6 facilities and the rest at random to fulfill a material sample size. In total, 360 conducted 33 site visits as not all locations were accessible due to inclement weather. Results from the site visits are included as Appendix D.

#### Calculate ARO

360 used a culmination of information from the desktop reviews and site visits, proprietary data, industry benchmarking data and professional judgement to determine ARO values. The values were extrapolated across the population according to ARO category and specific asset characterizations. None of the assets had AER mandated site-specific liability assessments.

#### Well Abandonment

Downhole abandonment costs were calculated according to completion type, depth and additional parameters. Base abandonment costs were derived using the LMR cost tables for Alberta [9] and Saskatchewan [10]. Additional parameters formulated from industry benchmarking data were also incorporated to address non-standard integrity concerns [11]. 360 used a third-party database [12] to categorize wells.

Additional parameters included:

- i) *Multiple Events*  
Wells that were producing from more than one zone were charged a multiplier to account for setting additional downhole plugs;
- ii) *Sour*  
Wells licenced with greater than 1% H<sub>2</sub>S content were charged a multiplier to account for increased emergency planning and safety equipment;
- iii) *Drilled Pre-1985*  
Drilling practises, particularly cementing, changed dramatically during the 1980's and wells drilled prior to this were deemed to have a higher probability of requiring remedial cementing or other integrity interventions. The BCOGC applies a premium for wells drilled prior to 1985 in their LMR program [11];

iv) *Vent Flow/Gas Migration*

Wells that had a recorded vent flow or gas migration were charged a premium to account for the required remedial intervention (testing, logging, cementing, etc.);

v) *Ground Water Protection*

Wells that were recorded as not having sufficient base of ground water protection were charged a premium to account for a remedial cement job.

Refer to *Directive 011 (Alberta) [9]* and *PNG025 Licensee Liability Rating (LLR) Program (Saskatchewan) [10]* for base abandonment costs. Additional parameters are outlined in Table 5.

Table 5: Well Abandonment Additional Parameters

| Multiple Event<br>(per event) | Sour Well<br>(>1%) | Drilled Pre-1985 | Vent Flow/ Gas<br>Migration | Ground Water<br>Protection |
|-------------------------------|--------------------|------------------|-----------------------------|----------------------------|
| 28%                           | 15%                | 30%              | \$225,200                   | \$60,700                   |

*Well Reclamation*

Well reclamation costs were estimated during site visits by certified professionals. Reclamation costs included the following components: Phase I Environmental Site Assessment (ESA), project management, line locating, earthworks, vegetation management, Detailed Site Assessment and Reclamation Certificate Application. During site visits, it appeared that several access roads were receiving regular use from landowners and it was assumed the landowners would keep these portions of the roads.

The reclamation costs were extrapolated across the population according to construction type and land use. Access roads longer than 1 kilometre were assessed an additional cost of \$75 per metre, except on minimal disturbance sites. Reclamation costs were split evenly between each well on multi well pads. If wells overlapped with licenced facilities, the reclamation costs were assigned to the facilities. The general reclamation costs for each category are detailed in Table 6.

Table 6: General Reclamation Costs

| Land Use       | Minimal Disturbance | Full disturbance |
|----------------|---------------------|------------------|
| Cultivated     | \$12,600            | \$62,672         |
| Pasture        | \$17,600            | \$63,076         |
| Native Prairie | \$29,200            | \$67,360         |
| Forested       | N/A                 | \$81,117         |

### Well Remediation

360 isolated remediation costs from the other reclamation components in this report because no intrusive environmental sampling was conducted and remedial costs could not be confirmed with the same accuracy as the other components.

To estimate the extent of contamination, 360 collected the failure rates of Areas of Potential Environmental Concern (APEC's) for each risk class. The failure rates of each APEC were recorded and extrapolated across the respective risk classes. If no data was available for an APEC within a certain risk class, the results for that APEC from the immediately higher risk class were applied. The records did not contain a material amount of remedial cost data; therefore, values for each APEC were estimated using a culmination of 360's proprietary data, industry benchmarking data and professional judgement. The APEC failure rates were multiplied by the remedial values to create a weighted average remediation cost for each risk class.

Remediation costs were split evenly between wells on multi well pads. Remediation values were applied to wells overlapping with facilities to account for the different types of possible contamination associated with each. The historical APEC failure rates are outlined in Table 7.

Table 7: APEC Failure Rates

| APEC                               | High Risk | Medium Risk | Low Risk |
|------------------------------------|-----------|-------------|----------|
| Failed Phase I ESA                 | 67%       | 0%          | -        |
| Failed Phase II ESA                | 50%       | -           | -        |
| Failed Well Centre                 | 38%       | 31%         | 30%      |
| Failed Drilling Waste Disposal     | 10%       | 0%          | 2%       |
| Flare Pits                         | 7%        | 6%          | 0%       |
| Failed Above Ground Infrastructure | 41%       | 37%         | 29%      |
| Underground Storage Tanks          | 4%        | 3%          | 2%       |

The costs assigned to each APEC are listed in Table 8.

Table 8: APEC Remedial Costs

| APEC                               | Remedial Cost |
|------------------------------------|---------------|
| Failed Phase I ESA                 | -             |
| Failed Phase II ESA                | -             |
| Failed Well Centre                 | \$10,000      |
| Failed Drilling Waste Disposal     | \$200,000     |
| Flare Pits                         | \$50,000      |
| Failed Above Ground Infrastructure | \$10,000      |
| Underground Storage Tanks          | \$250,000     |

The weighted average remediation values of each risk class are calculated in Table 9.

Table 9: Weighted Average Remediation Values

| APEC                               | High Risk | Medium Risk | Low Risk |
|------------------------------------|-----------|-------------|----------|
| Failed Phase I ESA                 | -         | -           | -        |
| Failed Phase II ESA                | -         | -           | -        |
| Failed Well Centre                 | \$3,784   | \$3,065     | \$2,991  |
| Failed Drilling Waste Disposal     | \$19,672  | \$0         | \$4,255  |
| Flare Pits                         | \$3,378   | \$3,226     | \$0      |
| Failed Above Ground Infrastructure | \$4,144   | \$3,710     | \$2,909  |
| Underground Storage Tanks          | \$9,009   | \$8,065     | \$4,545  |
| Total Weighted Average             | \$39,987  | \$18,065    | \$14,701 |

#### Facility Decommissioning

Each facility was divided into its various components using equipment lists, file reviews and aerial photographs, and ARO costs were applied to each component. No AER mandated site-specific liability assessments were present in the files. Single well batteries and unlicensed facilities overlapping with a well were not assigned reclamation or remediation values because those were assumed to be carried by the well. If facilities overlapped with each other, the remediation and reclamation were assumed to be carried by the larger facility. The ARO values assigned to each component are presented in Table 10.

Table 10: Facility Component ARO Values

| Component                | Abandonment | Remediation | Reclamation |
|--------------------------|-------------|-------------|-------------|
| Compressor               | \$10,000    | \$15,000    | \$10,000    |
| Dehydrator               | \$8,000     | \$15,000    | \$7,000     |
| Tank Farm                | \$15,000    | \$25,000    | \$10,000    |
| Small Infrastructure     | \$3,500     | \$5,000     | \$5,000     |
| Large Infrastructure     | \$25,000    | \$25,000    | \$15,000    |
| Underground Storage Tank | \$10,000    | \$250,000   | \$10,000    |
| Flare Pit                | \$7,000     | \$250,000   | \$10,000    |
| Flare Stack              | \$5,000     | \$15,000    | \$7,000     |

#### Pipeline Abandonment

360 assumed 277 pipeline segments and assigned an ARO of \$9,000 to each pipeline segment as per the Orphan Well Association estimate [13]. The list of pipelines specific to these properties is not included in this report as it was not distinguishable in the available data.



## APPENDIX B: LIST OF WELLS

| UWI                  | Licence | Working Interest | Net Abandonment | Net Reclamation | Net Remediation | Total ARO |
|----------------------|---------|------------------|-----------------|-----------------|-----------------|-----------|
| 100/09-13-049-12W4/0 | 0098111 | 100%             | \$333,199       | \$91,920        | \$39,987        | \$465,106 |
| 100/11-25-049-12W4/2 | 0041257 | 100%             | \$345,691       | \$62,672        | \$39,987        | \$448,350 |
| 100/14-22-050-11W4/4 | 0041478 | 100%             | \$343,387       | \$63,076        | \$39,987        | \$446,450 |
| 100/06-22-050-13W4/0 | 0042542 | 100%             | \$333,199       | \$63,076        | \$39,987        | \$436,262 |
| 100/01-13-050-11W4/0 | 0148203 | 100%             | \$332,472       | \$62,672        | \$39,987        | \$435,131 |
| 102/05-09-050-10W4/0 | 0096048 | 100%             | \$353,574       | \$31,336        | \$19,994        | \$404,904 |
| 100/01-25-050-12W4/0 | 0089092 | 100%             | \$333,199       | \$20,000        | \$39,987        | \$393,186 |
| 100/16-36-050-11W4/0 | 0096564 | 100%             | \$107,999       | \$231,867       | \$39,987        | \$379,853 |
| 100/06-04-050-11W4/0 | 0020674 | 100%             | \$333,199       | \$0             | \$39,987        | \$373,186 |
| 100/10-07-051-13W4/2 | 0039551 | 100%             | \$309,268       | \$17,600        | \$39,987        | \$366,855 |
| 100/01-10-49-11W4/02 | 0246697 | 100%             | \$281,959       | \$62,672        | \$18,065        | \$362,696 |
| 100/12-16-050-10W4/0 | 0362640 | 100%             | \$271,193       | \$29,200        | \$14,701        | \$315,094 |
| 100/16-35-049-11W4/4 | 0254679 | 100%             | \$271,772       | \$0             | \$18,065        | \$289,837 |
| 100/05-22-049-11W4/3 | 0270787 | 100%             | \$271,772       | \$0             | \$18,065        | \$289,837 |
| 100/10-18-050-10W4/0 | 0073014 | 75%              | \$257,540       | \$0             | \$29,990        | \$287,530 |
| 100/16-23-049-12W4/0 | 0077316 | 100%             | \$146,247       | \$62,672        | \$39,987        | \$248,906 |
| 100/14-16-075-04W6/0 | 0118671 | 100%             | \$121,358       | \$81,117        | \$39,987        | \$242,462 |
| 100/07-10-050-11W4/0 | 0020930 | 100%             | \$138,562       | \$63,076        | \$39,987        | \$241,625 |
| 100/08-16-075-04W6/4 | 0156112 | 100%             | \$116,268       | \$81,117        | \$39,987        | \$237,372 |
| 100/04-18-044-06W4/0 | 0032895 | 100%             | \$128,374       | \$65,200        | \$39,987        | \$233,561 |
| 100/02-24-050-11W4/5 | 0079025 | 50%              | \$181,881       | \$31,538        | \$19,994        | \$233,412 |
| 100/06-22-049-11W4/2 | 0044865 | 100%             | \$118,187       | \$74,560        | \$39,987        | \$232,734 |
| 100/11-32-050-12W4/0 | 0000840 | 100%             | \$115,027       | \$77,120        | \$39,987        | \$232,134 |
| 100/07-26-50-15W4/04 | 0089214 | 100%             | \$128,374       | \$62,672        | \$39,987        | \$231,033 |
| 100/10-31-050-11W4/3 | 0060669 | 100%             | \$128,374       | \$62,672        | \$39,987        | \$231,033 |
| 100/04-30-50-10W4/03 | 0100691 | 100%             | \$107,999       | \$81,117        | \$39,987        | \$229,103 |
| 100/13-13-050-11W4/0 | 0161331 | 100%             | \$107,272       | \$81,117        | \$39,987        | \$228,376 |
| 100/15-08-50-10W4/03 | 0147038 | 100%             | \$107,272       | \$81,117        | \$39,987        | \$228,376 |
| 100/15-12-049-12W4/0 | 0100173 | 100%             | \$120,491       | \$62,672        | \$39,987        | \$223,150 |
| 100/04-17-049-11W4/0 | 0076154 | 50%              | \$171,693       | \$31,336        | \$19,994        | \$223,023 |
| 100/07-08-050-10W4/3 | 0073845 | 100%             | \$118,187       | \$63,076        | \$39,987        | \$221,250 |
| 100/16-31-050-12W4/0 | 0077523 | 100%             | \$118,187       | \$62,672        | \$39,987        | \$220,846 |
| 100/07-17-050-10W4/0 | 0072129 | 83%              | \$98,489        | \$84,160        | \$33,323        | \$215,972 |
| 100/10-08-049-11W4/0 | 0096024 | 100%             | \$107,999       | \$67,360        | \$39,987        | \$215,346 |
| 100/12-19-50-14W4/02 | 0091754 | 100%             | \$107,999       | \$67,360        | \$39,987        | \$215,346 |

| UWI                  | Licence | Working Interest | Net Abandonment | Net Reclamation | Net Remediation | Total ARO |
|----------------------|---------|------------------|-----------------|-----------------|-----------------|-----------|
| 100/11-13-044-07W4/0 | 0038923 | 100%             | \$107,999       | \$67,360        | \$39,987        | \$215,346 |
| 100/07-20-043-06W4/0 | 0144919 | 100%             | \$107,272       | \$67,360        | \$39,987        | \$214,619 |
| 100/01-25-050-11W4/0 | 0087391 | 100%             | \$107,999       | \$63,076        | \$39,987        | \$211,062 |
| 100/07-13-049-12W4/0 | 0059493 | 100%             | \$107,999       | \$62,672        | \$39,987        | \$210,658 |
| 100/08-28-050-11W4/0 | 0095742 | 100%             | \$107,999       | \$62,672        | \$39,987        | \$210,658 |
| 100/10-30-044-06W4/0 | 0092403 | 100%             | \$107,999       | \$62,672        | \$39,987        | \$210,658 |
| 100/01-08-051-11W4/0 | 0092358 | 100%             | \$107,548       | \$62,672        | \$39,987        | \$210,207 |
| 100/15-06-50-10W4/03 | 0123327 | 100%             | \$107,272       | \$62,672        | \$39,987        | \$209,931 |
| 100/02-15-050-10W4/0 | 0128376 | 100%             | \$107,272       | \$62,672        | \$39,987        | \$209,931 |
| 100/13-05-50-10W4/03 | 0134703 | 100%             | \$107,272       | \$62,672        | \$39,987        | \$209,931 |
| 100/16-30-049-11W4/0 | 0154647 | 100%             | \$107,272       | \$62,672        | \$39,987        | \$209,931 |
| 100/09-02-51-13W4/03 | 0124279 | 100%             | \$107,155       | \$62,672        | \$39,987        | \$209,814 |
| 100/10-21-075-04W6/3 | 0362746 | 100%             | \$113,624       | \$81,117        | \$14,701        | \$209,442 |
| 100/15-35-050-15W4/0 | 0093316 | 100%             | \$107,999       | \$59,000        | \$39,987        | \$206,986 |
| 100/02-09-051-14W4/0 | 0113693 | 100%             | \$96,737        | \$66,072        | \$39,987        | \$202,796 |
| 100/06-14-75-04W6/02 | 0160201 | 100%             | \$80,562        | \$81,117        | \$39,987        | \$201,666 |
| 100/06-24-044-06W4/0 | 0146086 | 100%             | \$97,084        | \$62,672        | \$39,987        | \$199,743 |
| 100/06-23-051-15W4/0 | 0124801 | 100%             | \$96,737        | \$62,672        | \$39,987        | \$199,396 |
| 100/08-28-043-06W4/2 | 0428101 | 100%             | \$17,975        | \$162,809       | \$7,351         | \$188,134 |
| 100/16-09-051-15W4/0 | 0118872 | 100%             | \$96,737        | \$47,920        | \$39,987        | \$184,644 |
| 100/13-07-038-03W5/0 | 0434773 | 100%             | \$101,938       | \$63,076        | \$14,701        | \$179,715 |
| 100/07-23-050-11W4/0 | 0071111 | 100%             | \$118,187       | \$40,559        | \$19,994        | \$178,739 |
| 102/07-23-050-11W4/0 | 0148804 | 100%             | \$117,459       | \$40,559        | \$19,994        | \$178,011 |
| 100/04-21-043-06W4/0 | 0141230 | 100%             | \$107,272       | \$25,200        | \$39,987        | \$172,459 |
| 100/05-09-050-10W4/2 | 0076657 | 100%             | \$118,187       | \$31,336        | \$19,994        | \$169,516 |
| 100/09-18-049-11W4/0 | 0099507 | 100%             | \$107,999       | \$37,924        | \$19,994        | \$165,916 |
| 102/04-21-050-10W4/0 | 0145299 | 100%             | \$107,272       | \$32,600        | \$19,994        | \$159,865 |
| 100/10-18-049-11W4/2 | 0042968 | 100%             | \$107,999       | \$31,336        | \$19,994        | \$159,329 |
| 102/15-06-050-10W4/0 | 0136296 | 100%             | \$107,272       | \$31,336        | \$19,994        | \$158,601 |
| 100/02-19-050-10W4/0 | 0075591 | 100%             | \$118,187       | \$0             | \$39,987        | \$158,174 |
| 100/04-21-50-10W4/02 | 0145090 | 100%             | \$97,084        | \$40,559        | \$19,994        | \$157,636 |
| 100/10-02-051-13W4/0 | 0087433 | 100%             | \$117,638       | \$0             | \$39,987        | \$157,625 |
| 100/01-18-043-06W4/0 | 0459308 | 100%             | \$36,384        | \$107,188       | \$7,351         | \$150,923 |
| 100/13-12-043-07W4/0 | 0459309 | 100%             | \$36,384        | \$107,188       | \$7,351         | \$150,923 |
| 131/07-32-009-01W2/0 | 918114  | 100%             | \$46,455        | \$63,076        | \$39,987        | \$149,518 |



| UWI                  | Licence | Working Interest | Net Abandonment | Net Reclamation | Net Remediation | Total ARO |
|----------------------|---------|------------------|-----------------|-----------------|-----------------|-----------|
| 131/13-29-009-01W2/0 | 928011  | 100%             | \$46,455        | \$63,076        | \$39,987        | \$149,518 |
| 131/14-29-009-01W2/0 | 921041  | 100%             | \$46,455        | \$63,076        | \$39,987        | \$149,518 |
| 121/01-05-010-01W2/0 | 93H138  | 100%             | \$46,455        | \$62,672        | \$39,987        | \$149,114 |
| 121/02-05-010-01W2/0 | 93H114  | 100%             | \$46,455        | \$62,672        | \$39,987        | \$149,114 |
| 100/02-15-075-04W6/0 | 0160200 | 32%              | \$110,270       | \$25,810        | \$12,723        | \$148,803 |
| 100/08-14-049-11W4/5 | 0239075 | 100%             | \$66,947        | \$63,076        | \$18,065        | \$148,088 |
| 100/07-16-049-11W4/0 | 0044794 | 100%             | \$107,999       | \$0             | \$39,987        | \$147,986 |
| 100/11-03-051-13W4/0 | 0045930 | 100%             | \$107,548       | \$0             | \$39,987        | \$147,535 |
| 100/13-17-050-10W4/0 | 0147043 | 100%             | \$107,272       | \$0             | \$39,987        | \$147,259 |
| 100/06-15-051-13W4/2 | 0044084 | 65%              | \$77,009        | \$41,027        | \$26,177        | \$144,213 |
| 100/15-17-044-05W4/0 | 0170973 | 100%             | \$36,384        | \$67,360        | \$39,987        | \$143,731 |
| 100/15-27-050-11W4/0 | 0333717 | 100%             | \$46,572        | \$81,117        | \$14,701        | \$142,390 |
| 100/16-19-44-06W2/02 | 0172283 | 100%             | \$36,384        | \$62,672        | \$39,987        | \$139,043 |
| 102/10-10-049-11W4/3 | 0239107 | 100%             | \$56,759        | \$62,672        | \$18,065        | \$137,496 |
| 100/04-22-050-10W4/0 | 0191598 | 100%             | \$56,759        | \$62,672        | \$18,065        | \$137,496 |
| 100/11-18-044-06W4/3 | 0172188 | 100%             | \$36,384        | \$60,400        | \$39,987        | \$136,771 |
| 100/03-30-043-06W4/0 | 0412999 | 100%             | \$56,759        | \$63,076        | \$14,701        | \$134,536 |
| 102/11-34-49-11W4/03 | 0327822 | 100%             | \$56,759        | \$62,672        | \$14,701        | \$134,132 |
| 100/02-04-049-11W4/0 | 0264834 | 100%             | \$46,572        | \$67,360        | \$18,065        | \$131,997 |
| 100/03-26-043-06W4/0 | 0243148 | 100%             | \$46,572        | \$67,360        | \$18,065        | \$131,997 |
| 100/05-15-075-04W6/0 | 0157119 | 50%              | \$69,171        | \$40,559        | \$19,994        | \$129,723 |
| 100/15-36-049-11W4/2 | 0254755 | 100%             | \$46,572        | \$63,076        | \$18,065        | \$127,713 |
| 100/04-12-044-06W4/0 | 0262524 | 100%             | \$46,572        | \$63,076        | \$18,065        | \$127,713 |
| 100/13-34-49-10W4/05 | 0222830 | 100%             | \$46,572        | \$62,672        | \$18,065        | \$127,309 |
| 1W0/13-19-044-06W4/0 | 0306333 | 100%             | \$46,572        | \$65,200        | \$14,701        | \$126,473 |
| 100/16-20-049-11W4/0 | 0397967 | 100%             | \$46,572        | \$62,672        | \$14,701        | \$123,945 |
| 102/07-10-050-11W4/0 | 0412618 | 100%             | \$46,572        | \$62,672        | \$14,701        | \$123,945 |
| 100/03-04-050-11W4/0 | 0317137 | 100%             | \$46,572        | \$62,672        | \$14,701        | \$123,945 |
| 100/04-32-049-11W4/0 | 0317139 | 100%             | \$46,572        | \$62,672        | \$14,701        | \$123,945 |
| 100/02-29-049-11W4/0 | 0317660 | 100%             | \$46,572        | \$62,672        | \$14,701        | \$123,945 |
| 100/02-04-050-10W4/2 | 0353639 | 100%             | \$46,572        | \$62,672        | \$14,701        | \$123,945 |
| 100/08-35-049-12W4/0 | 0397969 | 100%             | \$46,572        | \$62,672        | \$14,701        | \$123,945 |
| 100/14-12-049-11W4/0 | 0402178 | 100%             | \$46,572        | \$62,672        | \$14,701        | \$123,945 |
| 100/06-22-051-13W4/3 | 0076125 | 55%              | \$64,701        | \$34,692        | \$21,993        | \$121,386 |
| 100/16-16-075-04W6/0 | 0154611 | 50%              | \$60,679        | \$40,559        | \$19,994        | \$121,231 |

| UWI                  | Licence | Working Interest | Net Abandonment | Net Reclamation | Net Remediation | Total ARO |
|----------------------|---------|------------------|-----------------|-----------------|-----------------|-----------|
| 100/03-07-044-06W4/3 | 0306317 | 100%             | \$36,384        | \$67,360        | \$14,701        | \$118,445 |
| 100/07-28-049-10W4/4 | 0234617 | 100%             | \$36,384        | \$62,672        | \$18,065        | \$117,121 |
| 100/14-24-044-06W4/0 | 0262218 | 100%             | \$36,384        | \$62,672        | \$18,065        | \$117,121 |
| 100/03-25-043-07W4/0 | 0436035 | 100%             | \$36,384        | \$63,076        | \$14,701        | \$114,161 |
| 100/02-31-049-10W4/0 | 0352905 | 100%             | \$36,384        | \$62,672        | \$14,701        | \$113,757 |
| 100/13-33-049-11W4/0 | 0319439 | 100%             | \$36,384        | \$62,672        | \$14,701        | \$113,757 |
| 100/09-27-049-11W4/0 | 0436214 | 100%             | \$36,384        | \$62,672        | \$14,701        | \$113,757 |
| 100/16-27-049-11W4/0 | 0446658 | 100%             | \$36,384        | \$62,672        | \$14,701        | \$113,757 |
| 100/12-16-043-06W4/0 | 0423806 | 100%             | \$36,384        | \$62,672        | \$14,701        | \$113,757 |
| 100/08-24-044-07W4/0 | 0397693 | 100%             | \$36,384        | \$62,672        | \$14,701        | \$113,757 |
| 100/13-07-044-05W4/0 | 0235532 | 100%             | \$36,384        | \$58,240        | \$18,065        | \$112,689 |
| 100/06-32-049-11W4/0 | 0020039 | 100%             | \$0             | \$72,160        | \$39,987        | \$112,147 |
| 100/11-02-067-21W4/0 | 0353632 | 100%             | \$13,500        | \$81,117        | \$14,701        | \$109,318 |
| 100/04-14-049-12W4/3 | 0284736 | 100%             | \$36,384        | \$53,320        | \$18,065        | \$107,769 |
| 100/11-30-50-14W4/04 | 0091941 | 100%             | \$0             | \$67,360        | \$39,987        | \$107,347 |
| 100/03-22-044-06W4/0 | 0245845 | 100%             | \$23,008        | \$62,672        | \$18,065        | \$103,745 |
| 100/16-05-051-11W4/0 | 0091668 | 100%             | \$0             | \$62,672        | \$39,987        | \$102,659 |
| 100/10-16-044-06W4/0 | 0204912 | 100%             | \$23,008        | \$59,520        | \$18,065        | \$100,593 |
| 102/11-19-50-11W4/06 | 0357729 | 100%             | \$0             | \$82,222        | \$14,701        | \$96,923  |
| 102/02-04-060-13W4/0 | 0412873 | 100%             | \$0             | \$81,117        | \$14,701        | \$95,818  |
| 100/10-14-50-11W4/03 | 0309298 | 100%             | \$46,572        | \$29,200        | \$14,701        | \$90,473  |
| WO/12-01-51-13W4/02  | 0357030 | 100%             | \$12,800        | \$62,672        | \$14,701        | \$90,173  |
| 100/06-21-075-04W6/0 | 0115158 | 53%              | \$64,725        | \$0             | \$21,327        | \$86,052  |
| 100/11-23-043-06W4/0 | 0246739 | 100%             | \$0             | \$67,360        | \$18,065        | \$85,425  |
| 102/16-29-049-09W4/0 | 0241710 | 100%             | \$46,572        | \$29,760        | \$9,033         | \$85,364  |
| 100/13-02-050-11W4/5 | 0247535 | 100%             | \$66,947        | \$0             | \$18,065        | \$85,012  |
| 100/12-35-066-21W4/2 | 0310981 | 100%             | \$57,665        | \$12,600        | \$14,701        | \$84,966  |
| 100/02-15-051-13W4/2 | 0320513 | 100%             | \$0             | \$67,360        | \$14,701        | \$82,061  |
| 103/10-30-050-11W4/6 | 0252211 | 100%             | \$0             | \$62,672        | \$18,065        | \$80,737  |
| 100/16-22-049-10W4/0 | 0238793 | 100%             | \$0             | \$62,672        | \$18,065        | \$80,737  |
| 100/13-15-075-04W6/0 | 0157244 | 50%              | \$60,679        | \$0             | \$19,994        | \$80,673  |
| 102/11-12-050-11W4/2 | 0270429 | 100%             | \$36,384        | \$33,680        | \$9,033         | \$79,097  |
| 100/04-29-043-06W4/0 | 0423789 | 100%             | \$46,572        | \$17,600        | \$14,701        | \$78,873  |
| 100/16-17-043-06W4/0 | 0446781 | 100%             | \$36,384        | \$33,680        | \$7,351         | \$77,415  |
| 100/13-18-043-06W4/0 | 0446782 | 100%             | \$36,384        | \$33,680        | \$7,351         | \$77,415  |

| UWI                  | Licence | Working Interest | Net Abandonment | Net Reclamation | Net Remediation | Total ARO |
|----------------------|---------|------------------|-----------------|-----------------|-----------------|-----------|
| 100/16-25-050-12W4/0 | 0328118 | 100%             | \$0             | \$62,672        | \$14,701        | \$77,373  |
| 100/03-12-049-11W4/6 | 0260990 | 100%             | \$46,572        | \$12,600        | \$18,065        | \$77,237  |
| 100/01-32-049-09W4/0 | 0259583 | 100%             | \$46,572        | \$12,600        | \$18,065        | \$77,237  |
| 100/12-09-051-15W4/2 | 0292543 | 100%             | \$46,455        | \$12,600        | \$18,065        | \$77,120  |
| 100/04-22-051-15W4/0 | 0287155 | 100%             | \$46,127        | \$12,600        | \$18,065        | \$76,792  |
| 100/16-15-050-11W4/0 | 0174810 | 100%             | \$36,384        | \$0             | \$39,987        | \$76,371  |
| 100/15-05-050-11W4/0 | 0333409 | 100%             | \$48,173        | \$12,600        | \$14,701        | \$75,474  |
| 102/11-02-049-11W4/4 | 0360184 | 100%             | \$46,572        | \$12,600        | \$14,701        | \$73,873  |
| 100/02-32-049-10W4/2 | 0352495 | 100%             | \$46,572        | \$12,600        | \$14,701        | \$73,873  |
| 100/05-20-049-09W4/0 | 0259877 | 100%             | \$36,384        | \$17,600        | \$18,065        | \$72,049  |
| 100/01-19-050-10W4/0 | 0202061 | 100%             | \$36,384        | \$17,600        | \$18,065        | \$72,049  |
| 100/04-13-49-11W4/03 | 0317593 | 100%             | \$56,759        | \$0             | \$14,701        | \$71,460  |
| 100/06-16-075-04W6/3 | 0412182 | 100%             | \$55,568        | \$0             | \$14,701        | \$70,269  |
| 100/04-18-051-12W4/0 | 0091561 | 100%             | \$0             | \$29,200        | \$39,987        | \$69,187  |
| 100/07-14-049-12W4/2 | 0228752 | 75%              | \$34,929        | \$27,060        | \$6,774         | \$68,763  |
| 100/10-12-044-07W4/2 | 0314734 | 100%             | \$36,384        | \$17,600        | \$14,701        | \$68,685  |
| 100/11-12-050-11W4/5 | 0070554 | 100%             | \$16,640        | \$31,538        | \$19,994        | \$68,172  |
| 102/10-31-050-11W4/6 | 0276088 | 100%             | \$36,384        | \$12,600        | \$18,065        | \$67,049  |
| 100/16-28-049-09W4/2 | 0255426 | 100%             | \$36,384        | \$12,600        | \$18,065        | \$67,049  |
| 100/06-28-050-14W4/2 | 0043392 | 65%              | \$0             | \$40,737        | \$25,992        | \$66,728  |
| 100/05-04-051-11W4/2 | 0254919 | 100%             | \$36,037        | \$12,600        | \$18,065        | \$66,702  |
| 100/12-15-051-15W4/0 | 0273491 | 100%             | \$36,037        | \$12,600        | \$18,065        | \$66,702  |
| 100/07-28-049-11W4/3 | 0289704 | 100%             | \$46,572        | \$0             | \$18,065        | \$64,637  |
| 100/04-14-049-11W4/2 | 0250116 | 100%             | \$46,572        | \$0             | \$18,065        | \$64,637  |
| 103/06-13-049-11W4/2 | 0235626 | 100%             | \$46,572        | \$0             | \$18,065        | \$64,637  |
| 102/05-22-049-11W4/0 | 0276420 | 100%             | \$46,572        | \$0             | \$18,065        | \$64,637  |
| 100/01-04-049-10W4/0 | 0459834 | 100%             | \$36,384        | \$12,600        | \$14,701        | \$63,685  |
| 100/02-28-049-10W4/0 | 0353501 | 100%             | \$36,384        | \$12,600        | \$14,701        | \$63,685  |
| 100/16-26-049-11W4/0 | 0436069 | 100%             | \$36,384        | \$12,600        | \$14,701        | \$63,685  |
| 102/12-30-044-06W4/0 | 0397954 | 100%             | \$36,384        | \$12,600        | \$14,701        | \$63,685  |
| 100/04-11-051-13W4/0 | 0236087 | 50%              | \$23,064        | \$31,336        | \$9,033         | \$63,432  |
| 100/06-24-075-11W6/0 | 0356699 | 30%              | \$27,373        | \$31,164        | \$4,410         | \$62,948  |
| 102/06-36-049-12W4/2 | 0039579 | 92%              | \$15,246        | \$28,897        | \$18,319        | \$62,462  |
| 100/01-36-050-12W4/0 | 0207426 | 100%             | \$46,572        | \$6,300         | \$9,033         | \$61,904  |
| 100/01-30-049-11W4/0 | 0317141 | 100%             | \$46,572        | \$0             | \$14,701        | \$61,273  |

| UWI                  | Licence | Working Interest | Net Abandonment | Net Reclamation | Net Remediation | Total ARO |
|----------------------|---------|------------------|-----------------|-----------------|-----------------|-----------|
| 102/13-17-044-05W4/0 | 0358671 | 100%             | \$45,993        | \$0             | \$14,701        | \$60,694  |
| 100/05-29-044-05W4/0 | 0360076 | 100%             | \$45,993        | \$0             | \$14,701        | \$60,694  |
| 100/05-07-044-06W4/0 | 0401232 | 100%             | \$45,993        | \$0             | \$14,701        | \$60,694  |
| 100/11-32-050-12W4/0 | 0014501 | 100%             | \$0             | \$17,600        | \$39,987        | \$57,587  |
| 100/10-16-049-11W4/0 | 0039444 | 100%             | \$0             | \$17,600        | \$39,987        | \$57,587  |
| 100/10-34-049-12W4/0 | 0059155 | 100%             | \$0             | \$17,600        | \$39,987        | \$57,587  |
| 100/11-05-045-08W4/2 | 0086398 | 100%             | \$0             | \$17,600        | \$39,987        | \$57,587  |
| 100/11-16-049-11W4/0 | 0416435 | 50%              | \$18,192        | \$31,336        | \$7,351         | \$56,879  |
| 100/16-16-049-11W4/0 | 0421108 | 50%              | \$18,192        | \$31,336        | \$7,351         | \$56,879  |
| 100/05-13-049-11W4/2 | 0240388 | 100%             | \$46,572        | \$0             | \$9,033         | \$55,604  |
| 102/15-27-065-15W4/2 | 0342699 | 100%             | \$23,008        | \$17,600        | \$14,701        | \$55,309  |
| 100/16-29-049-09W4/2 | 0257708 | 100%             | \$17,975        | \$17,600        | \$18,065        | \$53,640  |
| 100/10-05-050-01W4/0 | 0072029 | 100%             | \$0             | \$12,600        | \$39,987        | \$52,587  |
| 100/12-35-049-12W4/0 | 0121628 | 100%             | \$0             | \$12,600        | \$39,987        | \$52,587  |
| 100/10-14-049-12W4/0 | 0020214 | 100%             | \$0             | \$12,600        | \$39,987        | \$52,587  |
| 100/04-33-049-11W4/0 | 0084191 | 100%             | \$0             | \$12,600        | \$39,987        | \$52,587  |
| 100/16-07-050-10W4/0 | 0146970 | 100%             | \$0             | \$12,600        | \$39,987        | \$52,587  |
| 100/02-21-053-17W4/0 | 0396523 | 100%             | \$23,649        | \$12,600        | \$14,701        | \$50,950  |
| 102/06-24-049-11W4/0 | 0412626 | 100%             | \$23,008        | \$12,600        | \$14,701        | \$50,309  |
| 100/10-19-50-10W4/04 | 0351734 | 100%             | \$23,008        | \$12,600        | \$14,701        | \$50,309  |
| 100/16-30-049-10W4/0 | 0412744 | 100%             | \$23,008        | \$12,600        | \$14,701        | \$50,309  |
| 102/12-26-065-15W4/0 | 0343236 | 100%             | \$17,975        | \$17,600        | \$14,701        | \$50,276  |
| 100/02-13-044-07W4/0 | 0400869 | 100%             | \$17,975        | \$17,600        | \$14,701        | \$50,276  |
| 100/12-24-075-11W6/2 | 0356752 | 30%              | \$8,464         | \$37,326        | \$4,410         | \$50,200  |
| 102/13-28-049-11W4/0 | 0446659 | 100%             | \$36,384        | \$6,300         | \$7,351         | \$50,035  |
| 102/04-33-049-11W4/0 | 0446727 | 100%             | \$36,384        | \$6,300         | \$7,351         | \$50,035  |
| 100/01-34-049-11W4/0 | 0446728 | 100%             | \$36,384        | \$6,300         | \$7,351         | \$50,035  |
| 100/16-22-049-11W4/0 | 0459946 | 100%             | \$36,384        | \$6,300         | \$7,351         | \$50,035  |
| 100/04-28-049-11W4/0 | 0459953 | 100%             | \$36,384        | \$6,300         | \$7,351         | \$50,035  |
| 100/01-31-043-06W4/0 | 0446855 | 100%             | \$36,384        | \$6,300         | \$7,351         | \$50,035  |
| 100/16-19-043-06W4/0 | 0446828 | 100%             | \$36,384        | \$6,300         | \$7,351         | \$50,035  |
| 100/13-24-043-07W4/0 | 0446829 | 100%             | \$36,384        | \$6,300         | \$7,351         | \$50,035  |
| 100/12-27-049-11W4/2 | 0320523 | 100%             | \$36,384        | \$6,300         | \$4,900         | \$47,584  |
| 102/11-28-049-11W4/0 | 0436447 | 100%             | \$36,384        | \$6,300         | \$4,900         | \$47,584  |
| 100/11-24-043-06W4/0 | 0274656 | 100%             | \$0             | \$29,200        | \$18,065        | \$47,265  |

| UWI                  | Licence | Working Interest | Net Abandonment | Net Reclamation | Net Remediation | Total ARO |
|----------------------|---------|------------------|-----------------|-----------------|-----------------|-----------|
| 100/14-12-053-11W4/2 | 0410896 | 100%             | \$17,975        | \$12,600        | \$14,701        | \$45,276  |
| 100/15-34-046-07W4/2 | 0338169 | 100%             | \$17,975        | \$12,600        | \$14,701        | \$45,276  |
| 100/14-16-051-13W4/2 | 0320514 | 100%             | \$0             | \$29,200        | \$14,701        | \$43,901  |
| 100/13-04-049-11W4/0 | 0446680 | 100%             | \$36,384        | \$0             | \$7,351         | \$43,735  |
| 100/13-10-049-11W4/0 | 0446686 | 100%             | \$36,384        | \$0             | \$7,351         | \$43,735  |
| 100/01-29-049-11W4/0 | 0446688 | 100%             | \$36,384        | \$0             | \$7,351         | \$43,735  |
| 100/04-30-049-11W4/0 | 0446689 | 100%             | \$36,384        | \$0             | \$7,351         | \$43,735  |
| 100/14-33-049-11W4/0 | 0459789 | 100%             | \$36,384        | \$0             | \$7,351         | \$43,735  |
| 100/16-34-049-11W4/0 | 0459790 | 100%             | \$36,384        | \$0             | \$7,351         | \$43,735  |
| 100/03-01-049-10W4/0 | 0446844 | 100%             | \$36,384        | \$0             | \$4,900         | \$41,284  |
| 102/04-02-049-10W4/0 | 0452851 | 100%             | \$36,384        | \$0             | \$4,900         | \$41,284  |
| 100/05-15-049-11W4/0 | 0453157 | 100%             | \$36,384        | \$0             | \$4,900         | \$41,284  |
| 100/03-10-049-11W4/0 | 0453187 | 100%             | \$36,384        | \$0             | \$4,900         | \$41,284  |
| 103/06-15-049-11W4/0 | 0453196 | 100%             | \$36,384        | \$0             | \$4,900         | \$41,284  |
| 100/06-19-049-11W4/3 | 0063652 | 100%             | \$0             | \$0             | \$39,987        | \$39,987  |
| 100/10-07-050-10W4/3 | 0072756 | 100%             | \$0             | \$0             | \$39,987        | \$39,987  |
| 103/13-03-050-11W4/0 | 0446861 | 100%             | \$36,384        | \$0             | \$2,940         | \$39,324  |
| 100/16-02-050-11W4/0 | 0446862 | 100%             | \$36,384        | \$0             | \$2,940         | \$39,324  |
| 100/09-02-050-11W4/0 | 0453731 | 100%             | \$36,384        | \$0             | \$2,940         | \$39,324  |
| 100/12-03-050-11W4/0 | 0453732 | 100%             | \$36,384        | \$0             | \$2,940         | \$39,324  |
| 100/01-24-075-11W6/2 | 0336660 | 30%              | \$34,038        | \$0             | \$4,410         | \$38,448  |
| 100/07-24-049-10W4/0 | 0240952 | 100%             | \$0             | \$17,600        | \$18,065        | \$35,665  |
| 100/10-10-050-12W4/0 | 0254753 | 100%             | \$0             | \$12,600        | \$18,065        | \$30,665  |
| 100/16-15-051-15W4/0 | 0209713 | 100%             | \$0             | \$12,600        | \$18,065        | \$30,665  |
| 100/05-01-051-13W4/3 | 0252665 | 100%             | \$0             | \$12,600        | \$18,065        | \$30,665  |
| 100/07-22-049-11W4/0 | 0248713 | 100%             | \$0             | \$12,600        | \$18,065        | \$30,665  |
| 100/14-36-050-12W4/3 | 0354715 | 100%             | \$0             | \$12,600        | \$14,701        | \$27,301  |
| 100/05-22-050-13W4/0 | 0320348 | 100%             | \$0             | \$12,600        | \$14,701        | \$27,301  |
| 100/13-32-049-10W4/0 | 0327019 | 100%             | \$0             | \$12,600        | \$14,701        | \$27,301  |
| 100/07-31-050-14W4/3 | 0178844 | 100%             | \$0             | \$6,300         | \$19,994        | \$26,294  |
| 100/07-15-051-15W4/0 | 0048186 | 100%             | \$0             | \$6,300         | \$19,994        | \$26,294  |
| 102/07-15-051-15W4/0 | 0115543 | 100%             | \$0             | \$6,300         | \$19,994        | \$26,294  |
| 103/01-16-049-11W4/0 | 0287798 | 50%              | \$18,192        | \$3,150         | \$4,516         | \$25,858  |
| 100/04-36-043-07W4/0 | 0446856 | 50%              | \$18,192        | \$3,150         | \$3,675         | \$25,017  |
| 102/16-35-049-11W4/0 | 0259353 | 100%             | \$0             | \$0             | \$18,065        | \$18,065  |

| UWI                  | Licence | Working Interest | Net Abandonment | Net Reclamation | Net Remediation | Total ARO |
|----------------------|---------|------------------|-----------------|-----------------|-----------------|-----------|
| 100/04-02-049-10W4/0 | 0446845 | 100%             | \$12,800        | \$0             | \$4,900         | \$17,700  |
| 102/10-30-050-11W4/0 | 0192220 | 100%             | \$0             | \$6,300         | \$9,033         | \$15,333  |
| 102/01-36-050-12W4/0 | 0262475 | 100%             | \$0             | \$6,300         | \$9,033         | \$15,333  |
| 100/01-06-051-12W4/2 | 0290892 | 100%             | \$0             | \$6,300         | \$9,033         | \$15,333  |
| 100/15-28-069-08W6/0 | 0476020 | 100%             | \$0             | \$0             | \$0             | \$0       |
| 100/07-23-051-15W4/0 | 0393265 | 100%             | \$0             | \$0             | \$0             | \$0       |
| 100/05-05-051-11W4/0 | 0257566 | 100%             | \$261,237       | \$62,672        | \$18,065        | \$341,974 |
| 100/14-18-075-03W6/0 | 0098122 | 50%              | \$0             | \$172,559       | \$19,994        | \$192,552 |
| 100/08-24-075-04W6/0 | 0100500 | 38%              | \$0             | \$168,231       | \$14,995        | \$183,227 |
| 100/07-11-087-11W5/2 | 0303608 | 100%             | \$60,081        | \$81,117        | \$14,701        | \$155,899 |
| 191/01-05-010-01W2/0 | 08H397  | 100%             | \$46,455        | \$62,672        | \$14,701        | \$123,828 |
| 100/06-19-075-03W6/0 | 0105591 | 100%             | \$0             | \$81,117        | \$39,987        | \$121,104 |
| 100/10-06-051-11W4/0 | 0255427 | 100%             | \$36,037        | \$62,672        | \$18,065        | \$116,774 |
| 100/02-29-074-21W5/2 | 0394228 | 55%              | \$63,276        | \$34,470        | \$8,086         | \$105,831 |
| 100/07-03-076-22W5/0 | 0386945 | 55%              | \$49,434        | \$34,470        | \$8,086         | \$91,989  |
| 100/06-29-075-04W6/4 | 0095626 | 58%              | \$0             | \$67,058        | \$23,192        | \$90,250  |
| 100/03-21-076-22W5/0 | 0385407 | 50%              | \$39,672        | \$40,559        | \$7,351         | \$87,581  |
| 100/06-15-075-04W6/3 | 0160202 | 32%              | \$41,941        | \$25,807        | \$12,722        | \$80,470  |
| 100/10-15-075-04W6/3 | 0159789 | 32%              | \$36,995        | \$25,810        | \$12,723        | \$75,528  |
| 100/02-18-004-05W4/0 | 0181705 | 100%             | \$0             | \$29,200        | \$39,987        | \$69,187  |
| 100/08-18-075-03W6/0 | 0100514 | 50%              | \$0             | \$40,559        | \$19,994        | \$60,552  |
| 100/07-18-004-05W4/0 | 0184785 | 100%             | \$0             | \$29,200        | \$18,065        | \$47,265  |
| 100/07-31-049-11W4/0 | 0053799 | 22%              | \$23,889        | \$13,952        | \$8,845         | \$46,687  |
| 100/15-11-075-11W6/3 | 0172789 | 30%              | \$9,310         | \$24,335        | \$11,996        | \$45,641  |
| 102/02-21-049-11W4/3 | 0290796 | 50%              | \$23,286        | \$6,300         | \$9,033         | \$38,618  |
| 100/06-21-076-05W6/0 | 0097539 | 50%              | \$0             | \$6,300         | \$19,994        | \$26,294  |
| 100/06-22-031-05W5/0 | 0365752 | 15%              | \$9,867         | \$9,461         | \$2,205         | \$21,534  |
| 100/10-22-046-06W5/0 | 0438748 | 15%              | \$8,476         | \$9,401         | \$2,205         | \$20,082  |
| 102/03-29-048-03W5/3 | 0364252 | 15%              | \$7,112         | \$9,401         | \$2,205         | \$18,718  |
| 100/10-21-049-11W4/0 | 0260272 | 17%              | \$8,117         | \$2,196         | \$3,149         | \$13,462  |
| 100/07-29-076-22W5/0 | 0333583 | 0%               | \$0             | \$0             | \$0             | \$0       |
| 100/15-02-067-06W6/0 | 0383155 | 0%               | \$0             | \$0             | \$0             | \$0       |
| 100/13-33-003-05W4/0 | 0185577 | 0%               | \$0             | \$0             | \$0             | \$0       |
| 100/09-32-048-03W5/0 | 0428665 | 0%               | \$0             | \$0             | \$0             | \$0       |
| 100/06-17-046-05W5/2 | 0372606 | 0%               | \$0             | \$0             | \$0             | \$0       |

## Liability Assessment

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| UWI                  | Licence | Working Interest | Net Abandonment | Net Reclamation | Net Remediation | Total ARO |
|----------------------|---------|------------------|-----------------|-----------------|-----------------|-----------|
| 100/09-12-049-05W5/0 | 0387544 | 0%               | \$0             | \$0             | \$0             | \$0       |
| 102/06-15-011-19W4/0 | 0283929 | 0%               | \$0             | \$0             | \$0             | \$0       |
| 100/10-06-047-04W5/3 | 0200489 | 0%               | \$0             | \$0             | \$0             | \$0       |
| 100/12-36-046-05W5/0 | 0225990 | 0%               | \$0             | \$0             | \$0             | \$0       |
| 102/02-06-047-04W5/2 | 0359290 | 0%               | \$0             | \$0             | \$0             | \$0       |

| APPROXIMATE<br>DATE | APPROXIMATE<br>LOCATION | APPROXIMATE<br>TYPE | APPROXIMATE<br>STATUS | APPROXIMATE<br>REMARKS | APPROXIMATE<br>DATE | APPROXIMATE<br>LOCATION | APPROXIMATE<br>TYPE | APPROXIMATE<br>STATUS | APPROXIMATE<br>REMARKS | APPROXIMATE<br>DATE | APPROXIMATE<br>LOCATION | APPROXIMATE<br>TYPE | APPROXIMATE<br>STATUS | APPROXIMATE<br>REMARKS | APPROXIMATE<br>DATE | APPROXIMATE<br>LOCATION | APPROXIMATE<br>TYPE | APPROXIMATE<br>STATUS | APPROXIMATE<br>REMARKS |
|---------------------|-------------------------|---------------------|-----------------------|------------------------|---------------------|-------------------------|---------------------|-----------------------|------------------------|---------------------|-------------------------|---------------------|-----------------------|------------------------|---------------------|-------------------------|---------------------|-----------------------|------------------------|
|---------------------|-------------------------|---------------------|-----------------------|------------------------|---------------------|-------------------------|---------------------|-----------------------|------------------------|---------------------|-------------------------|---------------------|-----------------------|------------------------|---------------------|-------------------------|---------------------|-----------------------|------------------------|

## APPENDIX C: LIST OF FACILITIES



## Liability Assessment

| Licence   | Surface Location | Working Interest | Type                       | Net Abandonment | Net Reclamation | Net Remediation | Total ARO |
|-----------|------------------|------------------|----------------------------|-----------------|-----------------|-----------------|-----------|
| F46148    | 04-05-050-11W4   | 88%              | Gas Multiwell Battery      | \$191,401       | \$72,794        | \$255,202       | \$519,397 |
| F36200    | 14-32-050-13W4   | 68%              | Gas Multiwell Battery      | \$80,053        | \$49,762        | \$95,382        | \$225,196 |
| F31654    | 05-07-044-06W4   | 100%             | Compressor                 | \$47,000        | \$81,117        | \$80,000        | \$208,117 |
| F26000    | 12-36-043-06W4   | 100%             | Gas Multiwell Battery      | \$44,000        | \$65,520        | \$75,000        | \$184,520 |
| F21126    | 06-21-075-04W6   | 53%              | Single Well Battery (SSLA) | \$15,467        | \$16,000        | \$152,002       | \$183,469 |
| F41920    | 06-16-075-04W6   | 100%             | Disposal                   | \$22,000        | \$81,117        | \$35,000        | \$138,117 |
| F43752    | 07-28-049-11W4   | 100%             | Gas Multiwell Battery      | \$22,000        | \$62,672        | \$35,000        | \$119,672 |
| F22353    | 05-13-049-11W4   | 100%             | Compressor                 | \$21,000        | \$62,672        | \$30,000        | \$113,672 |
| F46484    | 01-02-049-10W4   | 100%             | Gas Multiwell Battery      | \$18,500        | \$63,076        | \$30,000        | \$111,576 |
| F47843    | 10-18-050-10W4   | 100%             | Compressor                 | \$13,500        | \$72,160        | \$20,000        | \$105,660 |
| F25822    | 06-19-049-11W4   | 88%              | Compressor                 | \$11,880        | \$69,908        | \$17,600        | \$99,388  |
| No Lic107 | 10-18-049-06W4   | 100%             | Non-licenced Facility      | \$28,500        | \$25,000        | \$45,000        | \$98,500  |
| No Lic190 | 06-19-049-06W4   | 100%             | Non-licenced Facility      | \$28,500        | \$25,000        | \$45,000        | \$98,500  |
| F46982    | 13-34-049-11W4   | 100%             | Gas Multiwell Battery      | \$18,500        | \$48,320        | \$30,000        | \$96,820  |
| F26585    | 16-35-049-11W4   | 100%             | Compressor                 | \$13,500        | \$60,400        | \$20,000        | \$93,900  |
| F11568    | 06-04-050-11W4   | 88%              | Disposal                   | \$3,080         | \$82,721        | \$4,400         | \$90,201  |
| F42500    | 01-30-049-11W4   | 100%             | Gas Multiwell Battery      | \$28,500        | \$12,600        | \$45,000        | \$86,100  |
| F45675    | 03-15-049-11W4   | 100%             | Gas Multiwell Battery      | \$25,000        | \$20,000        | \$40,000        | \$85,000  |
| F42468    | 07-16-049-11W4   | 100%             | Gas Multiwell Battery      | \$25,000        | \$20,000        | \$40,000        | \$85,000  |
| F27314    | 13-21-050-11W4   | 100%             | Compressor                 | \$23,500        | \$25,000        | \$35,000        | \$83,500  |
| F32751    | 04-13-049-11W4   | 100%             | Gas Multiwell Battery      | \$7,000         | \$62,672        | \$10,000        | \$79,672  |
| F45265    | 13-02-050-11W4   | 100%             | Gas Multiwell Battery      | \$22,000        | \$17,600        | \$35,000        | \$74,600  |
| F37254    | 05-29-044-05W4   | 100%             | Single Well Battery        | \$3,500         | \$63,076        | \$0             | \$66,576  |
| F25779    | 02-19-050-10W4   | 50%              | Compressor                 | \$14,250        | \$29,760        | \$22,500        | \$66,510  |
| No Lic16  | 05-29-044-06W4   | 100%             | Non-licenced Facility      | \$18,500        | \$15,000        | \$30,000        | \$63,500  |

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## Liability Assessment

| Licence   | Surface Location | Working Interest | Type                  | Net Abandonment | Net Reclamation | Net Remediation | Total ARO |
|-----------|------------------|------------------|-----------------------|-----------------|-----------------|-----------------|-----------|
| No Lic25  | 02-19-050-06W4   | 100%             | Non-licenced Facility | \$18,500        | \$15,000        | \$30,000        | \$63,500  |
| No Lic35  | 01-18-043-06W4   | 100%             | Non-licenced Facility | \$18,500        | \$15,000        | \$30,000        | \$63,500  |
| No Lic38  | 02-04-049-06W4   | 100%             | Non-licenced Facility | \$18,500        | \$15,000        | \$30,000        | \$63,500  |
| No Lic41  | 03-04-050-06W4   | 100%             | Non-licenced Facility | \$18,500        | \$15,000        | \$30,000        | \$63,500  |
| No Lic99  | 03-12-049-06W4   | 100%             | Non-licenced Facility | \$18,500        | \$15,000        | \$30,000        | \$63,500  |
| No Lic64  | 03-25-043-06W4   | 100%             | Non-licenced Facility | \$18,500        | \$15,000        | \$30,000        | \$63,500  |
| No Lic65  | 07-10-050-06W4   | 100%             | Non-licenced Facility | \$18,500        | \$15,000        | \$30,000        | \$63,500  |
| No Lic88  | 04-32-049-06W4   | 100%             | Non-licenced Facility | \$18,500        | \$15,000        | \$30,000        | \$63,500  |
| No Lic114 | 05-04-051-06W4   | 100%             | Non-licenced Facility | \$18,500        | \$15,000        | \$30,000        | \$63,500  |
| No Lic118 | 06-22-049-06W4   | 100%             | Non-licenced Facility | \$18,500        | \$15,000        | \$30,000        | \$63,500  |
| No Lic148 | 07-28-049-06W4   | 100%             | Non-licenced Facility | \$18,500        | \$15,000        | \$30,000        | \$63,500  |
| No Lic150 | 08-24-044-06W4   | 100%             | Non-licenced Facility | \$18,500        | \$15,000        | \$30,000        | \$63,500  |
| No Lic160 | 11-13-044-06W4   | 100%             | Non-licenced Facility | \$18,500        | \$15,000        | \$30,000        | \$63,500  |
| No Lic177 | 11-16-049-06W4   | 100%             | Non-licenced Facility | \$18,500        | \$15,000        | \$30,000        | \$63,500  |
| No Lic178 | 11-34-049-06W4   | 100%             | Non-licenced Facility | \$18,500        | \$15,000        | \$30,000        | \$63,500  |
| No Lic184 | 13-07-044-06W4   | 100%             | Non-licenced Facility | \$18,500        | \$15,000        | \$30,000        | \$63,500  |
| No Lic193 | 13-12-043-06W4   | 100%             | Non-licenced Facility | \$18,500        | \$15,000        | \$30,000        | \$63,500  |
| No Lic194 | 13-19-044-06W4   | 100%             | Non-licenced Facility | \$18,500        | \$15,000        | \$30,000        | \$63,500  |
| No Lic204 | 13-34-049-06W4   | 100%             | Non-licenced Facility | \$18,500        | \$15,000        | \$30,000        | \$63,500  |
| No Lic214 | 14-12-049-06W4   | 100%             | Non-licenced Facility | \$18,500        | \$15,000        | \$30,000        | \$63,500  |
| No Lic221 | 15-17-044-06W4   | 100%             | Non-licenced Facility | \$18,500        | \$15,000        | \$30,000        | \$63,500  |
| No Lic222 | 16-16-049-06W4   | 100%             | Non-licenced Facility | \$18,500        | \$15,000        | \$30,000        | \$63,500  |

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## Liability Assessment

| Licence   | Surface Location | Working Interest | Type                  | Net Abandonment | Net Reclamation | Net Remediation | Total ARO |
|-----------|------------------|------------------|-----------------------|-----------------|-----------------|-----------------|-----------|
| No Lic223 | 16-26-049-06W4   | 100%             | Non-licenced Facility | \$18,500        | \$15,000        | \$30,000        | \$63,500  |
| No Lic146 | 16-28-049-06W4   | 100%             | Non-licenced Facility | \$17,000        | \$20,000        | \$25,000        | \$62,000  |
| F45333    | 13-03-049-11W4   | 100%             | Gas Multiwell Battery | \$10,000        | \$33,200        | \$15,000        | \$58,200  |
| F11845    | 10-02-051-13W4   | 100%             | Compressor            | \$13,500        | \$15,000        | \$20,000        | \$48,500  |
| F36240    | 15-31-050-14W4   | 100%             | Compressor            | \$13,500        | \$15,000        | \$20,000        | \$48,500  |
| F45313    | 05-16-043-06W4   | 100%             | Gas Multiwell Battery | \$13,500        | \$15,000        | \$20,000        | \$48,500  |
| No Lic78  | 15-31-050-06W4   | 100%             | Non-licenced Facility | \$13,500        | \$15,000        | \$20,000        | \$48,500  |
| No Lic93  | 05-16-043-06W4   | 100%             | Non-licenced Facility | \$13,500        | \$15,000        | \$20,000        | \$48,500  |
| No Lic136 | 05-24-050-06W4   | 100%             | Non-licenced Facility | \$13,500        | \$15,000        | \$20,000        | \$48,500  |
| No Lic169 | 06-23-051-06W4   | 100%             | Non-licenced Facility | \$13,500        | \$15,000        | \$20,000        | \$48,500  |
| No Lic199 | 10-18-049-06W4   | 100%             | Non-licenced Facility | \$13,500        | \$15,000        | \$20,000        | \$48,500  |
| F35843    | 01-24-075-11W6   | 30%              | Multiwell Oil Battery | \$10,200        | \$18,840        | \$18,000        | \$47,040  |
| No Lic71  | 15-06-050-06W4   | 100%             | Non-licenced Facility | \$8,500         | \$12,000        | \$20,000        | \$40,500  |
| No Lic153 | 01-24-075-06W6   | 100%             | Non-licenced Facility | \$8,500         | \$12,000        | \$20,000        | \$40,500  |
| No Lic211 | 05-15-075-06W6   | 100%             | Non-licenced Facility | \$10,500        | \$15,000        | \$15,000        | \$40,500  |
| No Lic215 | 11-21-075-06W6   | 100%             | Non-licenced Facility | \$8,500         | \$12,000        | \$20,000        | \$40,500  |
| F34715    | 04-14-049-11W4   | 50%              | Gas Multiwell Battery | \$3,500         | \$31,336        | \$5,000         | \$39,836  |
| F20799    | 10-07-050-10W4   | 100%             | Compressor            | \$10,000        | \$10,000        | \$15,000        | \$35,000  |
| No Lic17  | 04-14-049-06W4   | 100%             | Non-licenced Facility | \$10,000        | \$10,000        | \$15,000        | \$35,000  |
| No Lic52  | 10-07-050-06W4   | 100%             | Non-licenced Facility | \$10,000        | \$10,000        | \$15,000        | \$35,000  |
| No Lic55  | 01-19-050-06W4   | 100%             | Non-licenced Facility | \$10,000        | \$10,000        | \$15,000        | \$35,000  |
| No Lic59  | 04-17-049-06W4   | 100%             | Non-licenced Facility | \$10,000        | \$10,000        | \$15,000        | \$35,000  |
| No Lic29  | 04-21-050-06W4   | 100%             | Non-licenced Facility | \$10,000        | \$10,000        | \$15,000        | \$35,000  |

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## Liability Assessment

| Licence   | Surface Location | Working Interest | Type                  | Net Abandonment | Net Reclamation | Net Remediation | Total ARO |
|-----------|------------------|------------------|-----------------------|-----------------|-----------------|-----------------|-----------|
| No Lic46  | 04-22-051-06W4   | 100%             | Non-licenced Facility | \$10,000        | \$10,000        | \$15,000        | \$35,000  |
| No Lic89  | 02-19-050-06W4   | 100%             | Non-licenced Facility | \$10,000        | \$10,000        | \$15,000        | \$35,000  |
| No Lic102 | 04-05-050-06W4   | 100%             | Non-licenced Facility | \$10,000        | \$10,000        | \$15,000        | \$35,000  |
| No Lic104 | 06-22-050-06W4   | 100%             | Non-licenced Facility | \$10,000        | \$10,000        | \$15,000        | \$35,000  |
| No Lic82  | 07-13-049-06W4   | 100%             | Non-licenced Facility | \$10,000        | \$10,000        | \$15,000        | \$35,000  |
| No Lic86  | 07-14-049-06W4   | 100%             | Non-licenced Facility | \$10,000        | \$10,000        | \$15,000        | \$35,000  |
| No Lic122 | 06-15-049-06W4   | 100%             | Non-licenced Facility | \$10,000        | \$10,000        | \$15,000        | \$35,000  |
| No Lic98  | 06-19-049-06W4   | 100%             | Non-licenced Facility | \$10,000        | \$10,000        | \$15,000        | \$35,000  |
| No Lic137 | 09-02-051-06W4   | 100%             | Non-licenced Facility | \$10,000        | \$10,000        | \$15,000        | \$35,000  |
| No Lic101 | 07-09-050-06W4   | 100%             | Non-licenced Facility | \$10,000        | \$10,000        | \$15,000        | \$35,000  |
| No Lic139 | 10-18-050-06W4   | 100%             | Non-licenced Facility | \$10,000        | \$10,000        | \$15,000        | \$35,000  |
| No Lic125 | 07-11-052-06W4   | 100%             | Non-licenced Facility | \$10,000        | \$10,000        | \$15,000        | \$35,000  |
| No Lic128 | 10-21-049-06W4   | 100%             | Non-licenced Facility | \$10,000        | \$10,000        | \$15,000        | \$35,000  |
| No Lic156 | 09-18-049-06W4   | 100%             | Non-licenced Facility | \$10,000        | \$10,000        | \$15,000        | \$35,000  |
| No Lic164 | 10-02-051-06W4   | 100%             | Non-licenced Facility | \$10,000        | \$10,000        | \$15,000        | \$35,000  |
| No Lic155 | 11-25-049-06W4   | 100%             | Non-licenced Facility | \$10,000        | \$10,000        | \$15,000        | \$35,000  |
| No Lic183 | 12-15-051-06W4   | 100%             | Non-licenced Facility | \$10,000        | \$10,000        | \$15,000        | \$35,000  |
| No Lic207 | 11-24-049-06W4   | 100%             | Non-licenced Facility | \$10,000        | \$10,000        | \$15,000        | \$35,000  |
| No Lic219 | 13-17-050-06W4   | 100%             | Non-licenced Facility | \$10,000        | \$10,000        | \$15,000        | \$35,000  |
| No Lic231 | 15-31-050-06W4   | 100%             | Non-licenced Facility | \$10,000        | \$10,000        | \$15,000        | \$35,000  |
| F26139    | 03-15-049-11W4   | 100%             | Compressor            | \$10,000        | \$24,000        | \$0             | \$34,000  |
| F25190    | 16-15-050-11W4   | 50%              | Compressor            | \$5,000         | \$21,400        | \$7,500         | \$33,900  |

## Liability Assessment

| Licence   | Surface Location | Working Interest | Type                  | Net Abandonment | Net Reclamation | Net Remediation | Total ARO |
|-----------|------------------|------------------|-----------------------|-----------------|-----------------|-----------------|-----------|
| No Lic12  | 03-15-049-06W4   | 100%             | Non-licenced Facility | \$7,000         | \$10,000        | \$10,000        | \$27,000  |
| No Lic20  | 16-15-050-06W4   | 100%             | Non-licenced Facility | \$7,000         | \$10,000        | \$10,000        | \$27,000  |
| No Lic68  | 01-10-049-06W4   | 100%             | Non-licenced Facility | \$7,000         | \$10,000        | \$10,000        | \$27,000  |
| No Lic24  | 01-25-050-06W4   | 100%             | Non-licenced Facility | \$7,000         | \$10,000        | \$10,000        | \$27,000  |
| No Lic37  | 05-09-050-06W4   | 100%             | Non-licenced Facility | \$7,000         | \$10,000        | \$10,000        | \$27,000  |
| No Lic44  | 01-36-050-06W4   | 100%             | Non-licenced Facility | \$7,000         | \$10,000        | \$10,000        | \$27,000  |
| No Lic47  | 03-10-049-06W4   | 100%             | Non-licenced Facility | \$7,000         | \$10,000        | \$10,000        | \$27,000  |
| No Lic61  | 04-02-049-06W4   | 100%             | Non-licenced Facility | \$7,000         | \$10,000        | \$10,000        | \$27,000  |
| No Lic110 | 04-11-051-06W4   | 100%             | Non-licenced Facility | \$7,000         | \$10,000        | \$10,000        | \$27,000  |
| No Lic96  | 04-28-049-06W4   | 100%             | Non-licenced Facility | \$7,000         | \$10,000        | \$10,000        | \$27,000  |
| No Lic142 | 07-23-050-06W4   | 100%             | Non-licenced Facility | \$7,000         | \$10,000        | \$10,000        | \$27,000  |
| No Lic121 | 06-36-049-06W4   | 100%             | Non-licenced Facility | \$7,000         | \$10,000        | \$10,000        | \$27,000  |
| No Lic124 | 10-31-050-06W4   | 100%             | Non-licenced Facility | \$7,000         | \$10,000        | \$10,000        | \$27,000  |
| No Lic131 | 09-02-050-06W4   | 100%             | Non-licenced Facility | \$7,000         | \$10,000        | \$10,000        | \$27,000  |
| No Lic134 | 09-13-049-06W4   | 100%             | Non-licenced Facility | \$7,000         | \$10,000        | \$10,000        | \$27,000  |
| No Lic149 | 10-08-049-06W4   | 100%             | Non-licenced Facility | \$7,000         | \$10,000        | \$10,000        | \$27,000  |
| No Lic159 | 10-14-050-06W4   | 100%             | Non-licenced Facility | \$7,000         | \$10,000        | \$10,000        | \$27,000  |
| No Lic161 | 11-15-049-06W4   | 100%             | Non-licenced Facility | \$7,000         | \$10,000        | \$10,000        | \$27,000  |
| No Lic163 | 11-32-050-06W4   | 100%             | Non-licenced Facility | \$7,000         | \$10,000        | \$10,000        | \$27,000  |
| No Lic188 | 12-03-050-06W4   | 100%             | Non-licenced Facility | \$7,000         | \$10,000        | \$10,000        | \$27,000  |
| No Lic202 | 12-15-049-06W4   | 100%             | Non-licenced Facility | \$7,000         | \$10,000        | \$10,000        | \$27,000  |
| No Lic218 | 13-24-050-06W4   | 100%             | Non-licenced Facility | \$7,000         | \$10,000        | \$10,000        | \$27,000  |

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## Liability Assessment

| Licence   | Surface Location | Working Interest | Type                  | Net Abandonment | Net Reclamation | Net Remediation | Total ARO |
|-----------|------------------|------------------|-----------------------|-----------------|-----------------|-----------------|-----------|
| No Lic224 | 15-08-050-06W4   | 100%             | Non-licenced Facility | \$7,000         | \$10,000        | \$10,000        | \$27,000  |
| No Lic225 | 16-22-049-06W4   | 100%             | Non-licenced Facility | \$7,000         | \$10,000        | \$10,000        | \$27,000  |
| No Lic226 | 16-30-049-06W4   | 100%             | Non-licenced Facility | \$7,000         | \$10,000        | \$10,000        | \$27,000  |
| No Lic230 | 16-31-050-06W4   | 100%             | Non-licenced Facility | \$7,000         | \$10,000        | \$10,000        | \$27,000  |
| F11846    | 11-03-051-13W4   | 50%              | Compressor            | \$6,750         | \$7,500         | \$10,000        | \$24,250  |
| F30561    | 05-22-049-11W4   | 50%              | Compressor            | \$7,000         | \$6,300         | \$10,000        | \$23,300  |
| No Lic36  | 11-03-051-06W4   | 100%             | Non-licenced Facility | \$18,500        | \$0             | \$0             | \$18,500  |
| No Lic42  | 05-22-049-06W4   | 100%             | Non-licenced Facility | \$18,500        | \$0             | \$0             | \$18,500  |
| No Lic43  | 03-07-044-06W4   | 100%             | Non-licenced Facility | \$18,500        | \$0             | \$0             | \$18,500  |
| No Lic48  | 03-26-043-06W4   | 100%             | Non-licenced Facility | \$18,500        | \$0             | \$0             | \$18,500  |
| No Lic62  | 03-30-043-06W4   | 100%             | Non-licenced Facility | \$18,500        | \$0             | \$0             | \$18,500  |
| No Lic67  | 04-12-044-06W4   | 100%             | Non-licenced Facility | \$18,500        | \$0             | \$0             | \$18,500  |
| No Lic141 | 04-29-043-06W4   | 100%             | Non-licenced Facility | \$18,500        | \$0             | \$0             | \$18,500  |
| No Lic151 | 05-07-044-06W4   | 100%             | Non-licenced Facility | \$18,500        | \$0             | \$0             | \$18,500  |
| No Lic154 | 10-30-044-06W4   | 100%             | Non-licenced Facility | \$18,500        | \$0             | \$0             | \$18,500  |
| No Lic166 | 11-18-044-06W4   | 100%             | Non-licenced Facility | \$18,500        | \$0             | \$0             | \$18,500  |
| No Lic171 | 11-23-043-06W4   | 100%             | Non-licenced Facility | \$18,500        | \$0             | \$0             | \$18,500  |
| No Lic216 | 12-16-043-06W4   | 100%             | Non-licenced Facility | \$18,500        | \$0             | \$0             | \$18,500  |
| F21127    | 13-15-075-04W6   | 95%              | Single Well Battery   | \$17,575        | \$0             | \$0             | \$17,575  |
| F40774    | 13-17-050-10W4   | 50%              | Compressor            | \$5,000         | \$5,000         | \$7,500         | \$17,500  |
| No Lic11  | 13-15-075-06W6   | 100%             | Non-licenced Facility | \$3,500         | \$5,000         | \$5,000         | \$13,500  |
| No Lic15  | 13-17-050-06W4   | 100%             | Non-licenced Facility | \$3,500         | \$5,000         | \$5,000         | \$13,500  |
| No Lic23  | 01-08-051-06W4   | 100%             | Non-licenced Facility | \$3,500         | \$5,000         | \$5,000         | \$13,500  |

## Liability Assessment

| Licence   | Surface Location | Working Interest | Type                  | Net Abandonment | Net Reclamation | Net Remediation | Total ARO |
|-----------|------------------|------------------|-----------------------|-----------------|-----------------|-----------------|-----------|
| No Lic26  | 01-16-049-06W4   | 100%             | Non-licenced Facility | \$3,500         | \$5,000         | \$5,000         | \$13,500  |
| No Lic27  | 01-32-049-06W4   | 100%             | Non-licenced Facility | \$3,500         | \$5,000         | \$5,000         | \$13,500  |
| No Lic30  | 02-04-050-06W4   | 100%             | Non-licenced Facility | \$3,500         | \$5,000         | \$5,000         | \$13,500  |
| No Lic31  | 02-09-051-06W4   | 100%             | Non-licenced Facility | \$3,500         | \$5,000         | \$5,000         | \$13,500  |
| No Lic32  | 02-21-049-06W4   | 100%             | Non-licenced Facility | \$3,500         | \$5,000         | \$5,000         | \$13,500  |
| No Lic33  | 02-28-049-06W4   | 100%             | Non-licenced Facility | \$3,500         | \$5,000         | \$5,000         | \$13,500  |
| No Lic34  | 02-29-049-06W4   | 100%             | Non-licenced Facility | \$3,500         | \$5,000         | \$5,000         | \$13,500  |
| No Lic51  | 02-31-049-06W4   | 100%             | Non-licenced Facility | \$3,500         | \$5,000         | \$5,000         | \$13,500  |
| No Lic74  | 02-32-049-06W4   | 100%             | Non-licenced Facility | \$3,500         | \$5,000         | \$5,000         | \$13,500  |
| No Lic76  | 04-14-049-06W4   | 100%             | Non-licenced Facility | \$3,500         | \$5,000         | \$5,000         | \$13,500  |
| No Lic81  | 05-20-049-06W4   | 100%             | Non-licenced Facility | \$3,500         | \$5,000         | \$5,000         | \$13,500  |
| No Lic91  | 05-22-049-06W4   | 100%             | Non-licenced Facility | \$3,500         | \$5,000         | \$5,000         | \$13,500  |
| No Lic97  | 06-13-049-06W4   | 100%             | Non-licenced Facility | \$3,500         | \$5,000         | \$5,000         | \$13,500  |
| No Lic108 | 06-22-051-06W4   | 100%             | Non-licenced Facility | \$3,500         | \$5,000         | \$5,000         | \$13,500  |
| No Lic115 | 07-08-050-06W4   | 100%             | Non-licenced Facility | \$3,500         | \$5,000         | \$5,000         | \$13,500  |
| No Lic116 | 07-17-050-06W4   | 100%             | Non-licenced Facility | \$3,500         | \$5,000         | \$5,000         | \$13,500  |
| No Lic119 | 08-11-050-06W4   | 100%             | Non-licenced Facility | \$3,500         | \$5,000         | \$5,000         | \$13,500  |
| No Lic120 | 08-14-049-06W4   | 100%             | Non-licenced Facility | \$3,500         | \$5,000         | \$5,000         | \$13,500  |
| No Lic130 | 08-28-050-06W4   | 100%             | Non-licenced Facility | \$3,500         | \$5,000         | \$5,000         | \$13,500  |
| No Lic132 | 08-35-049-06W4   | 100%             | Non-licenced Facility | \$3,500         | \$5,000         | \$5,000         | \$13,500  |
| No Lic133 | 10-07-050-06W4   | 100%             | Non-licenced Facility | \$3,500         | \$5,000         | \$5,000         | \$13,500  |
| No Lic144 | 10-10-049-06W4   | 100%             | Non-licenced Facility | \$3,500         | \$5,000         | \$5,000         | \$13,500  |

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## Liability Assessment

| Licence   | Surface Location | Working Interest | Type                  | Net Abandonment | Net Reclamation | Net Remediation | Total ARO |
|-----------|------------------|------------------|-----------------------|-----------------|-----------------|-----------------|-----------|
| No Lic147 | 10-12-044-06W4   | 100%             | Non-licenced Facility | \$3,500         | \$5,000         | \$5,000         | \$13,500  |
| No Lic152 | 11-02-049-06W4   | 100%             | Non-licenced Facility | \$3,500         | \$5,000         | \$5,000         | \$13,500  |
| No Lic167 | 11-12-050-06W4   | 100%             | Non-licenced Facility | \$3,500         | \$5,000         | \$5,000         | \$13,500  |
| No Lic187 | 11-19-050-06W4   | 100%             | Non-licenced Facility | \$3,500         | \$5,000         | \$5,000         | \$13,500  |
| No Lic176 | 12-16-050-06W4   | 100%             | Non-licenced Facility | \$3,500         | \$5,000         | \$5,000         | \$13,500  |
| No Lic195 | 13-21-050-06W4   | 100%             | Non-licenced Facility | \$3,500         | \$5,000         | \$5,000         | \$13,500  |
| No Lic203 | 13-05-050-06W4   | 100%             | Non-licenced Facility | \$3,500         | \$5,000         | \$5,000         | \$13,500  |
| No Lic205 | 14-24-044-06W4   | 100%             | Non-licenced Facility | \$3,500         | \$5,000         | \$5,000         | \$13,500  |
| No Lic209 | 15-12-049-06W4   | 100%             | Non-licenced Facility | \$3,500         | \$5,000         | \$5,000         | \$13,500  |
| No Lic210 | 15-27-050-06W4   | 100%             | Non-licenced Facility | \$3,500         | \$5,000         | \$5,000         | \$13,500  |
| No Lic213 | 15-35-050-06W4   | 100%             | Non-licenced Facility | \$3,500         | \$5,000         | \$5,000         | \$13,500  |
| No Lic217 | 15-36-049-06W4   | 100%             | Non-licenced Facility | \$3,500         | \$5,000         | \$5,000         | \$13,500  |
| No Lic228 | 16-15-050-06W4   | 100%             | Non-licenced Facility | \$3,500         | \$5,000         | \$5,000         | \$13,500  |
| No Lic60  | 16-20-049-06W4   | 100%             | Non-licenced Facility | \$10,000        | \$0             | \$0             | \$10,000  |
| No Lic77  | 16-35-049-06W4   | 100%             | Non-licenced Facility | \$10,000        | \$0             | \$0             | \$10,000  |
| No Lic92  | 04-22-051-06W4   | 100%             | Non-licenced Facility | \$10,000        | \$0             | \$0             | \$10,000  |
| No Lic168 | 05-24-050-06W4   | 100%             | Non-licenced Facility | \$10,000        | \$0             | \$0             | \$10,000  |
| No Lic208 | 06-23-051-06W4   | 100%             | Non-licenced Facility | \$10,000        | \$0             | \$0             | \$10,000  |
| No Lic21  | 12-19-050-06W4   | 100%             | Non-licenced Facility | \$7,000         | \$0             | \$0             | \$7,000   |
| No Lic69  | 15-31-050-06W4   | 100%             | Non-licenced Facility | \$7,000         | \$0             | \$0             | \$7,000   |
| No Lic90  | 01-25-050-06W4   | 100%             | Non-licenced Facility | \$7,000         | \$0             | \$0             | \$7,000   |
| No Lic100 | 05-09-050-06W4   | 100%             | Non-licenced Facility | \$7,000         | \$0             | \$0             | \$7,000   |

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## Liability Assessment

| Licence   | Surface Location | Working Interest | Type                  | Net Abandonment | Net Reclamation | Net Remediation | Total ARO |
|-----------|------------------|------------------|-----------------------|-----------------|-----------------|-----------------|-----------|
| No Lic103 | 06-22-050-06W4   | 100%             | Non-licenced Facility | \$7,000         | \$0             | \$0             | \$7,000   |
| No Lic111 | 07-10-050-06W4   | 100%             | Non-licenced Facility | \$7,000         | \$0             | \$0             | \$7,000   |
| No Lic191 | 07-13-049-06W4   | 100%             | Non-licenced Facility | \$7,000         | \$0             | \$0             | \$7,000   |
| F25873    | 08-16-050-11W4   | 50%              | Compressor            | \$1,750         | \$2,500         | \$2,500         | \$6,750   |
| F38377    | 13-17-044-05W4   | 100%             | Single Well Battery   | \$3,500         | \$0             | \$0             | \$3,500   |
| No Lic13  | 08-16-050-06W4   | 100%             | Non-licenced Facility | \$3,500         | \$0             | \$0             | \$3,500   |
| No Lic54  | 13-17-044-06W4   | 100%             | Non-licenced Facility | \$3,500         | \$0             | \$0             | \$3,500   |
| No Lic56  | 01-10-049-06W4   | 100%             | Non-licenced Facility | \$3,500         | \$0             | \$0             | \$3,500   |
| No Lic94  | 04-18-044-06W4   | 100%             | Non-licenced Facility | \$3,500         | \$0             | \$0             | \$3,500   |
| No Lic95  | 04-21-050-06W4   | 100%             | Non-licenced Facility | \$3,500         | \$0             | \$0             | \$3,500   |
| No Lic105 | 06-24-044-06W4   | 100%             | Non-licenced Facility | \$3,500         | \$0             | \$0             | \$3,500   |
| No Lic140 | 06-24-044-06W4   | 100%             | Non-licenced Facility | \$3,500         | \$0             | \$0             | \$3,500   |
| No Lic143 | 07-14-049-06W4   | 100%             | Non-licenced Facility | \$3,500         | \$0             | \$0             | \$3,500   |
| No Lic165 | 10-21-049-06W4   | 100%             | Non-licenced Facility | \$3,500         | \$0             | \$0             | \$3,500   |
| No Lic186 | 10-31-050-06W4   | 100%             | Non-licenced Facility | \$3,500         | \$0             | \$0             | \$3,500   |
| No Lic196 | 12-15-051-06W4   | 100%             | Non-licenced Facility | \$3,500         | \$0             | \$0             | \$3,500   |
| No Lic200 | 13-21-050-06W4   | 100%             | Non-licenced Facility | \$3,500         | \$0             | \$0             | \$3,500   |
| No Lic201 | 14-24-044-06W4   | 100%             | Non-licenced Facility | \$3,500         | \$0             | \$0             | \$3,500   |
| No Lic220 | 15-06-050-06W4   | 100%             | Non-licenced Facility | \$3,500         | \$0             | \$0             | \$3,500   |
| No Lic229 | 15-06-050-06W4   | 100%             | Non-licenced Facility | \$3,500         | \$0             | \$0             | \$3,500   |
| No Lic18  | 16-23-049-06W4   | 100%             | Non-licenced Facility | \$0             | \$0             | \$0             | \$0       |
| No Lic53  | 16-35-049-06W4   | 100%             | Non-licenced Facility | \$0             | \$0             | \$0             | \$0       |

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## Liability Assessment

| Licence   | Surface Location | Working Interest | Type                  | Net Abandonment | Net Reclamation | Net Remediation | Total ARO |
|-----------|------------------|------------------|-----------------------|-----------------|-----------------|-----------------|-----------|
| No Lic57  | 01-19-050-06W4   | 100%             | Non-licenced Facility | \$0             | \$0             | \$0             | \$0       |
| F9228     | 05-16-043-06W4   | 100%             | Compressor            | \$0             | \$0             | \$0             | \$0       |
| No Lic14  | 04-21-050-06W4   | 100%             | Non-licenced Facility | \$0             | \$0             | \$0             | \$0       |
| No Lic58  | 05-16-043-06W4   | 100%             | Non-licenced Facility | \$0             | \$0             | \$0             | \$0       |
| No Lic63  | 01-13-050-06W4   | 100%             | Non-licenced Facility | \$0             | \$0             | \$0             | \$0       |
| No Lic109 | 04-22-050-06W4   | 100%             | Non-licenced Facility | \$0             | \$0             | \$0             | \$0       |
| No Lic83  | 04-30-050-06W4   | 100%             | Non-licenced Facility | \$0             | \$0             | \$0             | \$0       |
| No Lic123 | 07-20-043-06W4   | 100%             | Non-licenced Facility | \$0             | \$0             | \$0             | \$0       |
| No Lic138 | 06-15-051-06W4   | 100%             | Non-licenced Facility | \$0             | \$0             | \$0             | \$0       |
| No Lic112 | 09-02-051-06W4   | 100%             | Non-licenced Facility | \$0             | \$0             | \$0             | \$0       |
| No Lic126 | 10-18-050-06W4   | 100%             | Non-licenced Facility | \$0             | \$0             | \$0             | \$0       |
| No Lic157 | 07-24-049-06W4   | 100%             | Non-licenced Facility | \$0             | \$0             | \$0             | \$0       |
| No Lic158 | 09-27-049-06W4   | 100%             | Non-licenced Facility | \$0             | \$0             | \$0             | \$0       |
| No Lic162 | 11-25-049-06W4   | 100%             | Non-licenced Facility | \$0             | \$0             | \$0             | \$0       |
| No Lic170 | 11-28-049-06W4   | 100%             | Non-licenced Facility | \$0             | \$0             | \$0             | \$0       |
| No Lic172 | 12-09-051-06W4   | 100%             | Non-licenced Facility | \$0             | \$0             | \$0             | \$0       |
| No Lic179 | 12-27-049-06W4   | 100%             | Non-licenced Facility | \$0             | \$0             | \$0             | \$0       |
| No Lic189 | 12-35-049-06W4   | 100%             | Non-licenced Facility | \$0             | \$0             | \$0             | \$0       |
| No Lic198 | 13-13-050-06W4   | 100%             | Non-licenced Facility | \$0             | \$0             | \$0             | \$0       |
| No Lic232 | 13-32-049-06W4   | 100%             | Non-licenced Facility | \$0             | \$0             | \$0             | \$0       |

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**APPENDIX D: SUMMARY OF SITE VISITS**

## Liability Assessment

| Licence | Surface Location | Site Comments   | Infrastructure Inventory   | Reclamation Cost |
|---------|------------------|---|--|------------------|
| 0423789 | 04-29-043-06W4   | <p>Nov 1, 2018. Minimal disturbance wellsite and access road within pasture land on hummocky terrain. Built up approach and culvert off west gravel road (powerline along field fence line). Access has two tire tracks present which are bare with no gravel (could be justified, minimal rutting). Infrastructure present within metal cattle guards next to well center with underlying gravel at surface. Moderate weeds within cattle guards.</p> <p>Planned reclamation includes amending former infrastructure areas (gravel removal under infrastructure, topsoil, seeding and temporary fencing). Assumes approach will be released by land owner.</p>   | Well head, shack, AST, methanol tank and pipeline riser within cattle guard area. Built up approach and culvert.   | \$17,600         |
| 0089092 | 01-25-050-12W4   | <p>Nov 3, 2018. Wellsite, access road and temporary campsite are located within cropland. Approach and culvert located along east range road. East-West portion of access road is along a field trail that continues past the access road (rutting similar on and off access, likely used by landowner and possibly pre-existing). The wellsite is cropped up to the tech fence surrounding the infrastructure. No evidence of a former flare pit area was noticed.</p> <p>Planned reclamation includes partial disturbance methodology around infrastructure area, soil salvage, contouring, subsoil preparation, soil replacement, and topsoil addition. Any rutting along the cropped area of access road also ad-</p> | Tech fence surrounding a well head connected to a shack with methanol tank (riser from ground disconnected from shack, and a bermed produced water tank. | \$20,000         |

## Liability Assessment

| License | Surface Location | Site Comments  | Infrastructure Inventory  | Reclamation Cost |
|---------|------------------|--|---|------------------|
|         |                  | dressed including Para tilling and topsoil preparation. approximately 1-2 days of iron work on the lease and 1 day along the access road. Assumes approach, culvert and east to west portion of the access road will be released by land owner due to continued use.   |   |                  |
| 0453157 | 03-15-049-11W4   | <p>Nov 3, 2018. Multi-Wellsite (100/12-15, 102/11-15 and 100/11-10) located within cropland. Approach and metal gate are present at the entrance. Wellsite appears to be progressively reclaimed and cropped except for infrastructure area within tech fence. Originally reported as 100/05-15-049-11W4/0 however, well license is for 100/12-15-049-11 W4M (the well LSDs on survey, well LSDs on AbaData and well LSDs on signs on the wells don't seem to match. Sign at gate said 3-15 sequoia which is the surface location).</p> <p>Planned reclamation includes amending former infrastructure areas (gravel removal under infrastructure, minor contouring, topsoil addition/distribution and tilling as required. Assumes land owner will release the approach and metal gate. Full wellsite stripping and contouring is not expected.</p> | Three well heads, 3 shacks and 3 methanol tanks, 1 larger storage tank. | \$24,000         |

## Liability Assessment

| Licence | Surface Location | Site Comments   | Infrastructure Inventory  | Reclamation Cost |
|---------|------------------|---|---|------------------|
| 0141230 | 04-21-043-06W4   | <p>Nov 1, 2018. Minimal disturbance wellsite and access road within native grasslands (grazing lease). Access off Hwy 41. Paved approach and gravel to a field entrance gate (Texas gate next to fence post gate, possibly the pasture operations gate). Access is minimal disturbance and has up to 30 cm deep ruts for the entire length to small teardrop on-site. A pipeline ROW is present through the site from NW to SE corner. A trail continues offsite SE along the pipeline ROW. Surface gravel is present around and under the infrastructure which is inside a cattle fence. Fence posts along east boundary and a portion of south boundary are in place. Remaining area of the site off the teardrop has comparable topography and vegetation to offsite (heavily grazed field).</p> <p>Planned reclamation includes amending former infrastructure areas (gravel removal under infrastructure, topsoil addition as required, seeding, temporary fencing, boundary fence removal, fill and seed ruts on access road, temporary fencing). Assumes approach will be released by landowner.</p> | Well head, 2 risers tied above ground to an AG box piped to well, 4 pilings next to risers, metal cattle guard around infrastructure (portions on the ground) | \$25,200         |
| 0446686 | 13-03-049-11W4   | <p>Nov 3, 2018. Multi-Wellsite (13-4 and 13-10) and access road located within native prairie (pasture). Gate at access entrance from Pinecrest access road that extends from highway to the west. Access is unimproved with two tire tracks (5 cm-20 cm deep) through prairie along existing trail. A soil pipeline ramp is present along the access road at the</p>   | Tech fence, 13-4 and 13-10 well heads, Shack with methanol tank, larger tank, pipeline riser to shack.  | \$33,200         |

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## Liability Assessment

| Uicence | Surface Location | Site Comments  | Infrastructure Inventory   | Reclamation Cost |
|---------|------------------|--|--|------------------|
|         |                  | <p>pipeline crossing. A trail continues past the wellsite but does not have the deep rutting like the access road. Well-site was minimally disturbed, slightly leveled around tech fence and infrastructure. A soil berm is located south of the infrastructure (likely for drainage concerns to lowland to the south). A small depression in the hill side on in the northwest corner was noted (possibly natural or possibly a former flare pit). A larger depression was noted offsite between the field fence line and west wellsite boundary (likely a land owner sand pit or material used for the pipeline crossing ramp). Increased foxtail barley and problem weeds along access road and infrastructure were noted. Planned reclamation includes amending former infrastructure areas (gravel removal under infrastructure, remove pipeline crossing soil mound and soil berm, topsoil addition as required, seeding, temporary fencing, fill and seed ruts on access road, temporary fencing removal after vegetation establishes).</p> |  |                  |
| 0174810 | 16-15-050-11W4   | <p>Nov 4, 2018. The wellsite, surveyed access road and production access road are located within pasture. Paved approach and wood post gate are present (survey says existing). Access has two tracks (15-30 cm deep and ~30 cm wide) to a turn around teardrop with tech fence surround the infrastructure. The remaining lease is progressively reclaimed to compliment offsite. Some gravel present around infrastructure.</p>  | <p>Tech fence, well, shack and methanol tank, larger shack, condensate tank (laying on ground surface)</p> | \$42,800         |

Liability Assessment

| Licence | Surface Location | Site Comments  | Infrastructure Inventory         | Reclamation Cost |
|---------|------------------|--|----------------------------------|------------------|
|         |                  | Planned reclamation includes reclaiming teardrop turn-around, access road and infrastructure areas (remove gravel, disc sod mat, site soil salvage, contouring, subsoil preparation, soil replacement and topsoil addition (infrastructure area), seeding and fence removal after vegetation establishes) - approximately 2-3 days of iron work on lease and 1 days on the access road (Para till, disk and seed Assumes approach will be released by land owner due to existing and continued use   |                                  |                  |
| 0118872 | 16-09-051-15W4   | <p>Nov.3, 2018. Wellsite, surveyed access road and production access road (approximately 330 m) are located within cropland. Production access is slightly built up though the crop to the well and has an approach and culvert. Slight turn around at wellhead and small tech fence. The remaining wellsite is progressively reclaimed (cropped) with no vegetation or landscape issues noticed. Surveyed access is reclaimed with no reclamation concerns. No evidence of a former flare pit area was noticed.</p> <p>Planned reclamation includes full disturbance methodology (turn around area on lease and access road soil salvage (TWS may be required for access soil salvage (\$2500)), contouring, subsoil preparation, soil replacement) assumes no seeding and weed control due to cropland land use- approximately 2 days of iron work on the wellsite and 2-3 days of iron work on the access road. Assumes land owner will release the approach and culvert.</p> | Well head with small tech fence. | \$47,920         |



Liability Assessment

| Licence | Surface Location | Site Comments   | Infrastructure Inventory  | Reclamation Cost |
|---------|------------------|---|---|------------------|
| 0459789 | 13-34-049-11W4   | <p>Nov 3, 2018 Multi-Well site (100/16-34 and 100/14-33) with built up teardrop around infrastructure is located within cropland. Approach is present from north township road. Infrastructure area and access path area have some gravel present. A soil berm is located along the south and east boundary of the teardrop, likely due to low lying areas present to the east and south. A slight depression was noticed on the hillside near the SW boundary.</p> <p>Planned reclamation includes full disturbance methodology, (gravel removal, contouring, subsoil preparation, soil replacement) assumes no seeding and weed control due to cropland land use- approximately 4-5 days of iron work. Assumes land owner will release the approach.</p>                            | 100/16-34 well head, 100/14-33 well head, two shacks with methanol tanks, one larger storage tank, one pipeline riser connecting to east shack. | \$48,320         |
| 0284736 | 04-14-049-12W4   | <p>Nov 3, 2018. Well site, surveyed Access road and portion of production access road are located within cropland. Surveyed access has an approach but is reclaimed. Production access road has a sign at the approach, and is gravelled through a farm yard, and proceeds west to the site (east to west portion is cropped over but not fully reclaimed (approx. 110 m). A gravelled pad with infrastructure remains around the well (~5m around the infrastructure). The remaining area of the well site is reclaimed and incorporated into the cropland with no signs of vegetation or land scape issues. No evidence of a former flare pit area was noted. Reclamation plan includes infrastructure area gravel removal, soil salvage, contouring, subsoil preparation, soil</p> | Well head connected by pipe to shack with methanol tank, and production tank. A pipeline also rises to the production pipes.                    | \$53,320         |

## Liability Assessment

| Licence | Surface Location | Site Comments  | Infrastructure Inventory   | Reclamation Cost |
|---------|------------------|--|--|------------------|
|         |                  | replacement) - approximately 4-5 days of iron work on the wellsite and 1-2 day of iron work on the access road (stripping topsoil and recontouring subsoil and soil replacement (TWS may be required for access soil salvage (\$2500)). Assumes that the land owner will sign off on the approach and gravel access through the farm yard.   |  |                  |
| 0235532 | 13-07-044-05W4   | Nov 1, 2018. Full disturbance wellsite and access road within pasture. Paved approach with a wood/barbed-wire gate into lease (overhead power crosses). Pipeline corridor along east lease boundary. Moderate surface gravel and foxtail barley up to and around cattle guard surrounding infrastructure. Site has moderate amounts of additional weeds to control throughout the lease (sweet clover, tansy).<br><br>Planned reclamation includes full disturbance methodology (gravel removal likely not required, (disc sod mat, site soil salvage, contouring, subsoil preparation, soil replacement, seeding, fencing and fence removal after vegetation establishes) - approximately 4-5 days of iron work. Assumes approach will be released by land owner. | Well head, 6 or more pilings next to well, pipeline riser and pipeline barricade poles, cattle guard fence.  | \$58,240         |
| 0093316 | 15-35-050-15W4   | Nov 3, 2018. Wellsite and access road (257 m) are located within cropland. Paved approach and culvert along paved township road are present. Access is cropped but the contour is poor (stubble length is variable and wavy on access, but not offsite - likely cropped though built access road). Small teardrop (some gravel) around infrastructure but is   | Well head, shack with methanol tank, small soil mound next to wellhead, small plastic produced water tank, mobile production shack (on trailer), above ground production lines from shack, with two pipelines to ground. | \$59,000         |

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## Liability Assessment

| Licence | Surface Location | Site Comments  | Infrastructure Inventory                          | Reclamation Cost |
|---------|------------------|--|---|------------------|
|         |                  | <p>level with cropped area onsite/offsite. No tech fence around infrastructure. The remaining lease is progressively reclaimed (cropped) with no vegetation or landscape issues noticed. No evidence of a former flare pit area noticed.</p> <p>Planned reclamation includes full disturbance methodology on small teardrop area on lease and access road soil salvage (TWS may be required for access soil salvage (\$2500)), contouring, subsoil preparation, soil replacement) assumes no seeding and weed control due to cropland land use- approximately 4-5 days of iron work on the wellsite and 2-3 days of iron work on the access road. Assumes land owner will release the approach and culvert</p>                       |   |                  |
| 0204912 | 10-16-044-06W4   | <p>Nov 1, 2018. Wellsite is fully disturbed within pasture. Minimal disturbance and reclaimed access road within harvested wheat crop (non-improved approach and open post-wire gate). Remainder of access and wellsite are within pasture/forested land which are fenced off and grazed by cattle (many cattle were present within the fence at the time of the assessment). Hummocky topography on and offsite. Wellhead and cattle guard remain. Site is partially reclaimed. Slight teardrop ditch noticeable and a 20 m x 5 m slight depressed area on south boundary (east side) corner was noted (possible former flare pit area). Minor amounts of weeds present but entire site is well vegetated with pasture species.</p> | Well head, cattle guard, and lease boundary fence | \$59,520         |

## Liability Assessment

| Licence | Surface Location | Site Comments   | Infrastructure Inventory  | Reclamation Cost |
|---------|------------------|---|---|------------------|
|         |                  | Planned reclamation includes full disturbance methodology (disc sod mat, site soil salvage, contouring, subsoil preparation, soil replacement, seeding and fence removal after vegetation establishes) - approximately 4-5 days of iron work. Assumes approach will be released by land owner. Assumes access road does not require reclamation or weed control.  |   |                  |
| 0241710 | 16-29-049-09W4   | <p>Nov 2, 2018. Wellsite and access road within heavily grazed pasture (hummocky topography). Approach present with culvert and metal fence along east range road. Cut and fill access road is utilized by land owner and has had grading recently (minimal gravel near approach). Wellsite utilized by 100 and 102 wells. Post and wire fence surrounding the infrastructure onsite (moderate weeds and some gravel in this area). Site was likely built and recontoured for production. No visual evidence of a former flare pit noted.</p> <p>Planned reclamation includes full disturbance methodology (disc sod mat, site soil salvage, contouring, subsoil preparation, soil replacement, seeding and fence removal after vegetation establishes) - approximately 4-5 days of iron work. Assumes approach and access will be released by land owner due to continued use. Assumes access road does not require reclamation or weed control.</p> | Well head, two above ground pipelines, multiple above ground pipes connected to 4 operation shacks and one storage tank, one methanol tank. | \$59,520         |

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## Liability Assessment

| Licence | Surface Location | Site Comments   | Infrastructure Inventory  | Reclamation Cost |
|---------|------------------|---|---|------------------|
| 0075591 | 02-19-050-10W4   | Nov 2, 2018. Well site and access road located within improved prairie (pasture field). Access road enters from east range road and is fully disturbed (cut and filled, with ditches on the hillsides). East portion of access shared with 1-19 well. Wood post fence around infrastructure (moderate weeds within). 2m x 2m x 0.5m round depression noticed NW corner (possible former flare pit area). Planned reclamation includes full disturbance methodology (disc sod mat, site soil salvage, contouring, subsoil preparation, soil replacement, seeding and fence removal after vegetation establishes) - approximately 4-5 days of iron work. Assumes approach and access will be released by land owner due to continued use. Assumes access road does not require reclamation or weed control. | Well, two produced water tanks (bermed), methanol tank, operating shack, two risers from shack to ground, 4 dead end risers | \$59,520         |
| 0172188 | 11-18-044-06W4   | Nov 4, 2018. Well site and surveyed access road are located within pasture. Production access road from locked metal gate with sign from the east at the end of a paved road. Access routes are minimal disturbance with slight tire tracks and compaction to the infrastructure onsite. The well site was likely fully disturbed. A gate is present from the west with a pipeline sign, but the surveyed access is reclaimed into hayland and pasture. The well site has a boundary fence and metal gate (not the full extent of the boundary). Bales are piled in the southeast corner of the well site. No evidence of a former flare pit area was noticed.  | Well head, shack and methanol tank, riser from shack to ground, buried barrel 4 m north of well center                      | \$60,400         |

## Liability Assessment

| Licence | Surface Location | Site Comments   | Infrastructure Inventory   | Reclamation Cost |
|---------|------------------|---|--|------------------|
|         |                  | Planned reclamation includes full disturbance methodology (disc sod mat, site soil salvage, contouring, subsoil preparation, soil replacement, seeding and fence removal after vegetation establishes) - approximately 4-5 days of iron work on the wellsite. Access road Para till, disc, seed and temporary fence. Assumes approach will be released by land owner.   |  |                  |
| 0259353 | 16-35-049-11W4   | <p>Nov 4, 2018. Multi-Wellsite (100/16-35 and 102/16-35) located within pasture. A metal gate and approach from the 100/16-35 well is present (102 well shares wellsite and access road with the 100/16-35 well with a lease extension to the west). The extension is within cropland and the remaining wellsite and access are within pasture. The rutted access is unimproved and leads to a teardrop around a tech fence surrounding the 100/16-35 well infrastructure. The teardrop has some surface gravel, moderate weeds, and a ditch is noticeable along the south extent. The 102/16-35 well is abandoned, with only a riser at the well center area.</p> <p>Planned reclamation includes full disturbance methodology (disc sod mat, gravel removal, site soil salvage, contouring, subsoil preparation, soil replacement, seeding and fence removal after vegetation establishes) - approximately 4-5 days of iron work. Access road Para till, disc, seed and temporary fence. Assumes approach will be released by land owner. Assumes approach and gate will be</p> | 102 well: abandoned with a riser at well center. 100 well: tech fence, well, 2 shacks with piping and methanol tanks, storage tank, riser to well and shacks, 3 metal I beams on surface next to but outside tech fence. | \$60,400         |

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## Liability Assessment

| Licence | Surface Location | Site Comments   | Infrastructure Inventory   | Reclamation Cost |
|---------|------------------|---|--|------------------|
|         |                  | released by land owner due to continued use   |  |                  |
| 0032895 | 04-18-044-06W4   | <p>Nov 4, 2018. Well site and access road located within forested (aspen forest) area adjacent to residential land use. Gravelled approach off of paved road. Multiple residential houses nearby. Site has a chain link security fence surrounding the well site. Gravelled teardrop (wood post fence surrounding teardrop) on lease around infrastructure. A 10 x 10m depression west of the teardrop is present (possible sump location). Poor growth and very weedy throughout. 9 monitoring wells noticed along the perimeter of the fence (possible groundwater contamination). The well site and access road were likely fully disturbed during construction.</p> <p>Planned reclamation includes full disturbance methodology (gravel removal, site soil salvage, contouring, subsoil preparation, soil replacement, seeding or tree planting) and fence removal after vegetation establishes) - approximately 5-6 days of iron work. Assumes approach and culvert will be released by land owner.</p> | Well head, shack, shack with methanol tank, two larger tanks, riser from ground to shack, chain link fence | \$65,200         |

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## Liability Assessment

| Licence | Surface Location | Site Comments   | Infrastructure Inventory  | Reclamation Cost |
|---------|------------------|---|---|------------------|
| 0306333 | 12-19-044-06W4   | <p>Nov 4, 2018. Wellsite located within cleared aspen forest. Approach is off a low grade gravel road on the west side of the site. A topsoil cleared teardrop is present with some gravel around infrastructure, the remaining lease is grassed with forest encroachment. A topsoil mound is located south of the tear drop and coarse woody debris piles are located in each lease corner. A trail is present continuing east through the lease. A smaller ATV trail also continues though the lease to the northeast.</p> <p>Planned reclamation includes full disturbance methodology (disc or mow sod mat, site soil salvage, contouring, subsoil preparation, soil replacement, seeding or tree planting and fence removal after vegetation establishes) - approximately 5 days of iron work. Assumes approach will be released by land owner due to continued use.</p> | Well head, shack with methanol tank, storage tank, two risers from ground to pipes to facilities.                           | \$65,200         |
| 0145299 | 04-21-050-10W4   | <p>Nov 4, 2018. Multi-Wellsite (100/04-21 and 102/04-21) and access road are located within upland forest and mix pasture land. Paved approach, culvert and locked metal gate from paved service road. Portion of access from approach is gravelled and utilized by the landowner on continuing trail. The access road diverges with a Texas gate at the entrance of the forested access road. This portion of access road is built up and heavily rutted (some ruts are very recent, approximately 100 m of access). A grassed slightly raised teardrop with heavy weeds is present within the wellsite around the infrastructure within a tech fence. The</p>   | Tech fence, 100/4-21 and 102/4-21 well, shack with methanol tank, pipeline riser, square bermed area (no tank within berms) | \$65,200         |

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## Liability Assessment

| Licence | Surface Location | Site Comments  | Infrastructure Inventory   | Reclamation Cost |
|---------|------------------|--|--|------------------|
|         |                  | <p>remaining wellsite was historically cleared with some willow, sedge (wet areas) and grass regrowth.</p> <p>Planned reclamation includes full disturbance methodology (disc sod mat, site soil salvage, contouring, subsoil preparation, soil replacement, seeding and fence removal after vegetation establishes) - approximately 4-5 days of iron work on lease and 1-2 days along the access road. Assumes approach, culvert, metal gate and gravelled portion of the access will be released by land owner due to continued use. Also assumes land owner will want the lease and access seeded to pasture instead of reclaimed back to forest.</p> |  |                  |
| F26000  | 12-36-043-06W4   | <p>Nov 1, 2018. Compressor station with multiple infrastructure facilities onsite. Cattle guard at entrance and site is fenced with pasture surrounding. Infrastructure foot print was leveled by cutting 0.5 m from the west and advancing to the east.</p> <p>Planned reclamation includes full disturbance methodology (gravel removal, (disc sod mat, site soil salvage, contouring, subsoil preparation, soil replacement, seeding and fence removal after vegetation establishes) - approximately 5-6 days of iron work. Assumes approach and access road will be released by land owner.</p>  | <p>Compressor, flare stack, 3 smaller shacks, AST, and 5 pipelines rising above ground noticed. Also, an area with empty containers/barrels, pipe and debris. Texas gate at lease entrance. &gt;500m access has hill cuts and fills, but is utilized for access to multiple sites (likely not associated with site).</p> | \$65,520         |

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Liability Assessment

| Licence | Surface Location | Site Comments   | Infrastructure Inventory  | Reclamation Cost |
|---------|------------------|---|---|------------------|
| 0020039 | 06-32-049-11W4   | Nov 2, 2018. Well site and built up access road with ditches within cropland. Approach and culvert at south edge of field along gravel road. The southern half of the access is shared by the 4-32 well (however entire AR is associated with 6-32). Small teardrop has minor surface gravel around well and pipes leading to riser. No signs of vegetation concerns within the crop area of the lease. Access and teardrop have moderate weeds. No visual signs indicating residual impacts from a former spill/release were noted. Planned reclamation includes full disturbance methodology (site and access road soil salvage (TWS may be required for access soil salvage (\$2500)), contouring, subsoil preparation, soil replacement) assumes no seeding and weed control due to cropland land use- approximately 4-5 days of iron work on the well site and 4-5 days of iron work on the access road. Assumes land owner will release the approach and culvert. | Well head and above ground pipes leading to pipeline riser. No fencing around infrastructure.   | \$72,160         |
| 0228752 | 07-14-049-12W4   | Nov 2, 2018. Well site and production access road (610 m) located within cropland. Surveyed access road appears reclaimed within cropland. Approach with metal gate and well sign along east range road. Access road is cut and filled. Small teardrop around infrastructure (no noticeable ditch or contour) and tech fence around infrastructure. Weeds moderate and minor gravel around infrastructure. Weeds also noted along production access (not cropped). No visual evidence of a former flare pit noted.  | Well, two shacks with 2 methanol tanks, bermed produced water AST. Pipeline from shacks to below surface. A small plastic tank was also noticed on the ground with product inside next to the shacks. | \$72,160         |

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## Liability Assessment

| Licence | Surface Location | Site Comments   | Infrastructure Inventory   | Reclamation Cost |
|---------|------------------|---|--|------------------|
|         |                  | Planned reclamation includes full disturbance methodology (site and access road soil salvage (TWS may be required for access soil salvage (\$2500)), contouring, subsoil preparation, soil replacement) - approximately 4-5 days of iron work on the wellsite and 4-5 days of iron work on the access road. Assumes land owner will release the metal gate and approach.  |  |                  |
| 0073014 | 10-18-050-10W4   | <p>Nov 2, 2018. Wellsite and access road located within cropland. Existing gate improved to a Texas gate and approach are present. Access road is fully constructed with ditches. The wellsite consists of a teardrop. A large erosion rill along the access road hill is present (erosion and public safety concerns). Fencing surrounds the infrastructure. Moderate weeds along access road and teardrop. No visual signs of a former flare pit area were noted.</p> <p>Planned reclamation includes full disturbance methodology (site and access road soil salvage (TWS may be required for access soil salvage (\$2500)), contouring, subsoil preparation, soil replacement) assumes no seeding and weed control due to cropland land use- approximately 4-5 days of iron work on the wellsite and 3-4 days of iron work on the access road. Assumes land owner will release the Texas gate and approach.</p> | Well head, two shacks and connecting pipes, small methanol tank, produced water UST and risers, two pipelines from shack going underground | \$72,160         |

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## Liability Assessment

| Licence | Surface Location | Site Comments   | Infrastructure Inventory  | Reclamation Cost |
|---------|------------------|---|---|------------------|
| F36200  | 14-32-050-13W4   | <p>Nov 3, 2018. Large compressor facility with multiple structures located within cropland (locked - could not access inside). Large metal security fence around production facilities. TransCanada pipeline station within footprint. Area is fairly level, noticeable compacted soils throughout where trucks drive, weeds are abundant.</p> <p>Planned reclamation includes full disturbance methodology (increased hydrovac time and GD preparation, gravel removal, fence removal, site soil salvage, contouring, sub-soil preparation, soil replacement and topsoil addition) - approximately 6-7 days of iron work. Assumes approach will also be reclaimed as another field approach is located next to the east fence line</p> | Overhead power line and control panel, TransCanada pipeline station (2 shacks and piping, risers), compressor station, multiple production shacks and piping, risers (~7, one with a metal berm), storage container, 9 tanks (methanol and fuel tanks, no large storage tanks), two bermed USTs, storage container, pipe debris and storage area, office shack. | \$73,040         |
| 0044865 | 06-22-049-11W4   | <p>Nov 3, 2018. The wellsite is located within cropland and pasture grass (cropland is likely the end land use). The access road is grassed and used for field entrance (approx. 480 m). A paved approach and culvert located off of highway to the west is present. The access road is slightly built up (constructed) with some gravel to the tech fence surrounding the wellsite infrastructure. The wellsite has a tear drop present. The approach and western half of the access is shared with 3 other wells. The northwest portion of the lease and south of the access it utilized by the farmer for equipment storage. A fence is present along the access road.</p>   | Tech fence, well head, riser to a shack with a methanol tank, infrastructure pad, bermed produced water UST.  | \$74,560         |

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## Liability Assessment

| Licence | Surface Location | Site Comments   | Infrastructure Inventory   | Reclamation Cost |
|---------|------------------|---|--|------------------|
|         |                  | Planned reclamation includes full disturbance methodology (site infrastructure area and access road soil salvage (TWS may be required for access soil salvage (\$2500)), contouring, subsoil preparation, soil replacement) assumes no seeding and weed control due to cropland land use, fence remove along access road- approximately 4-5 days of iron work on the wellsite infrastructure area and 4-5 days of iron work on the access road. Assumes land owner will release the approach and culvert. Land owner may release the access road since it is utilized for equipment storage however, we assumed reclamation for this site.  |  |                  |
| 0000840 | 11-32-050-12W4   | Nov 3, 2018. Wellsite and access road (approx. 789 m) are located within cropland. Approach and sign present off of west range road. Constructed (built up) access road (some gravel noticed) proceeding to a teardrop containing infrastructure. Weeds are moderate along access and teardrop. Remaining area of wellsite is progressively reclaimed and cropped with no landscape or vegetation concerns noticed. No evidence of a former flare pit area was noticed. Planned reclamation includes full disturbance methodology (site and access road soil salvage (TWS may be required for access soil salvage (\$2500)), gravel removal, contouring, subsoil preparation, soil replacement) assumes no seeding and weed control due to cropland land use- approximately 4-5 days of iron work on the wellsite | Well head connected to a shack with methanol and large produced water tank that is bermed. A smaller produced water tank within a plastic tub is located next to the well (tank is rusted though). Wooden plank supports former infrastructure area (south of the shack) | \$77,120         |

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## Liability Assessment

| Licence | Surface Location | Site Comments   | Infrastructure Inventory  | Reclamation Cost |
|---------|------------------|---|---|------------------|
|         |                  | and 5-6 days of iron work on the access road. Assumes land owner will release the approach.   |   |                  |
| 0063652 | 06-19-049-11W4   | <p>Nov 2, 2018. Approach and Texas gate at entrance from west gravel road. Eastern segment of access road is built up within pasture/slough area (culvert in place). Remaining portion of access road access is full disturbance (cut and fill) within cropland (some minor rutting) - long road (850 m). Additional Texas fence at crop entrance. Well site is located within cropland and has a small teardrop and tech fence around infrastructure. No vegetation or landscape issues noted within crop portion of the lease. Minor gravel and weeds within teardrop and access road. No visual evidence of a former flare pit noted.</p> <p>Planned reclamation includes full disturbance methodology (site and access road soil salvage (TWS may be required for access soil salvage (\$2500)), contouring, subsoil preparation, soil replacement) assumes no seeding and weed control due to cropland land use- approximately 4-5 days of iron work on the well site and 4 days of iron work on the access road. Assumes land owner will release the approach, two Texas gates and culvert along the western portion of the access through the pasture slough area.</p> | Well head with pipes to pipeline riser and shack, AST (produced water), two used oil barrels next to the shack. | \$79,440         |

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## Liability Assessment

| Licence | Surface Location | Site Comments  | Infrastructure Inventory  | Reclamation Cost |
|---------|------------------|--|---|------------------|
| F46148  | 04-05-050-11W4   | <p>Nov 2 2018. Large compressor facility with multiple structures within pasture. Large metal security fence around production facilities to the east, post fence surrounding west storage area. Approach off south gravel road. Area is fairly level, noticeable compacted soils throughout where trucks drive, weeds are abundant.</p> <p>Planned reclamation includes full disturbance methodology (disc sod mat, site soil salvage, contouring, subsoil preparation, soil replacement and topsoil addition, seeding and fence removal after vegetation establishes) - approximately 5-6 days of iron work. Assumes approach will be released by land owner due to continued use.</p>   | <p>East area within high security fence:<br/>Compressor shack, 2 separator and control shacks, office and communication tower, two large tanks within metal berm, container and two small tanks within metal berms, and storage area with oilfield debris.</p> <p>West area within post fencing: flare stack in place, old pump jacks, tanks, shacks, tubing, vessels, miscellaneous piping and debris stored around the perimeter.</p> | \$82,720         |
| 0098111 | 09-13-049-12W4   | <p>Nov 2, 2018. Wellsite and production access road (560 m) located within hayland. Surveyed access road appears reclaimed. Approach Texas gate, trail and well sign along south boundary of the quarter then north along fence line of slough to wellsite. Access cut and fill near slough and south boundary. Remaining portion of road is level with field. Small teardrop around infrastructure (no noticeable ditch or contour) and tech fence around infrastructure. Weeds moderate and minor gravel and infrastructure. No visual evidence of a former flare pit noted.</p> <p>Planned reclamation includes full disturbance methodology (site and access road soil salvage (TWS may be required for access soil salvage (\$2500)), contouring, subsoil</p> | <p>Tech fence, well head, shack with riser to underground pipeline, UST within berm, large AST, small circular foaming agent AST, and methanol AST.</p>   | \$91,920         |

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## Liability Assessment

| Uicence | Surface Location | Site Comments  | Infrastructure Inventory  | Reclamation Cost |
|---------|------------------|--|---|------------------|
|         |                  | preparation, soil replacement) - approximately 4-5 days of iron work on the wellsite and 4-5 days of iron work on the access road. Assumes land owner will release the Texas gate and approach.  |   |                  |
| 0020674 | 06-04-050-11W4   | Nov 2, 2018. Facility and access road (long, 750m) within cropland (no concerns noted in cropped area). Access from south gravel road (portion of access also utilized by 3-4 wellsite). Texas gate and approach present. Access built up (not gravelled) with ditches to small teardrop and tech fence around infrastructure areas.<br>Planned reclamation includes full disturbance methodology (site and access road soil salvage (TWS may be required for access soil salvage (\$2500)), contouring, subsoil preparation, soil replacement) assumes no seeding and weed control due to cropland land use- approximately 4-5 days of iron work on the wellsite and 7 days of iron work on the access road. Assumes land owner will release the Texas gate and approach. | Well head in shack with small riser outside of shack. Methanol tank, and 3 connected risers going under ground.   | \$94,000         |
| 0336660 | 01-24-075-11W6   | The site has been built by cutting 1m from the SW corner of the lease and pushing it to the NE corner. The NE corner has 3m of fill and the SE corner has 1m of fill. Interim cleanup has consisted of building a pad for production facilities and a truck pull-through. The topsoil has been spread on the west side of location and some is wind-rowed on the west side. <i>To Reclaim: topsoil will have to be</i>   | The site has a wellhead with pumpjack, highline, meter shack, several production shacks, 3 AST's (with secondary containment), Flarestack with knockout and tank farm with secondary containment. | \$62,800         |

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## Liability Assessment

| Ucense  | Surface Location | Site Comments  | Infrastructure Inventory   | Reclamation Cost |
|---------|------------------|--|--|------------------|
|         |                  | <i>pushed to the perimeter of location, 3m of material can be pushed from the NE corner and 1m pushed from the SE corner back to the west and SW. Contour for drainage and replace topsoil.</i>  |  |                  |
| 0356752 | 10-24-075-11W6   | The site has been built by cutting 5 m from the N side of the lease and pushing it to the S side. No interim cleanup has been completed. The topsoil is in windrows on all perimeters. To Reclaim: 5m of material can be pushed from the S side to the N side. Contour for drainage and replace topsoil. 528 m of Access Road has had the topsoil rolled to the E and W sides and is currently windrowed. A culvert is present in an ephemeral draw. To reclaim the access the road will have to be contoured for topography and drainage, the culvert removed and topsoils rolled back. | Wellhead   | \$124,420        |
| 0356699 | 07-24-075-11W6   | The site has been built by cutting 5 m from the NW corner of the lease and pushing it to the SE corner. The SE corner has 4m of fill. Interim cleanup has consisted of building a pad for production facilities and teardrop. The topsoil has been spread outside the teardrop. To Reclaim: topsoil will have to be pushed to the perimeter of location, 4m of material can be pushed from the SE corner to the NW corner and fill in the NE corner. Contour for drainage and replace topsoil.   | Wellhead, pumpjack, highline, riser with pig launcher, 3 AST's, meter shack. | \$103,880        |

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## Liability Assessment

| Licence | Surface Location | Site Comments  | Infrastructure Inventory | Reclamation Cost |
|---------|------------------|--|--------------------------|------------------|
| 0383155 | 15-02-067-06W6   | The wellsite has been reclaimed. Some white spruce is present in the middle of the access road and wellsite (this suggests to me that they may have been planted, as opposed to growing on the perimeter). A DSA and veg assessment could be done in Summer to determine the need for planting | None                     | \$3,000          |

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