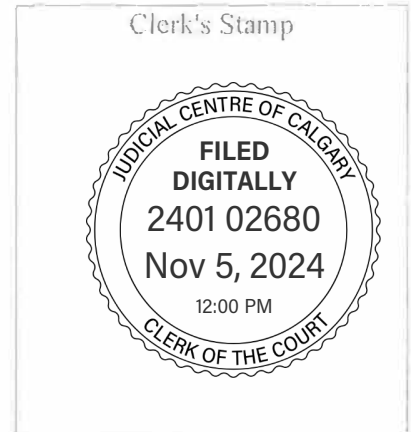


FORM 49  
[RULE 13.19]

COURT FILE NO. 2401-02680  
COURT COURT OF KING'S BENCH OF  
ALBERTA IN BANKRUPTCY AND  
INSOLVENCY  
JUDICIAL CENTRE CALGARY



IN THE MATTER OF THE *COMPANIES' CREDITORS*  
*ARRANGEMENT ACT*, R.S.C. 1985, C. C-36, AS AMENDED

AND IN THE MATTER OF THE PLAN OF COMPROMISE OR  
ARRANGEMENT OF RAZOR ENERGY CORP., RAZOR HOLDINGS  
GP CORP., AND BLADE ENERGY SERVICES CORP.

DOCUMENT **AFFIDAVIT OF HEATHER WILKINS**

ADDRESS FOR  
SERVICE AND  
CONTACT  
INFORMATION OF  
PARTY FILING  
THIS DOCUMENT

**BENNETT JONES LLP**  
Barristers and Solicitors  
4500, 855 – 2nd Street S.W.  
Calgary, Alberta T2P 4K7  
Attention: Keely Cameron/Sarah Aaron  
Telephone No.: 403-298-3324  
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Client File No.: 91565.2

**AFFIDAVIT #4 OF HEATHER WILKINS**

**Affirmed November 5, 2024.**

I, Heather Wilkins, of Calgary, Alberta, AFFIRM AND SAY THAT:

1. I am the Vice President Finance of Conifer Energy Inc. (“**Conifer**”) and as such have personal knowledge of the matters described herein, except where stated to be based on information and belief, in which case I believe the same to be true.

2. Conifer is an energy production company with headquarters in Calgary, Alberta, specializing in the production and distribution of oil and natural gas predominantly in the areas of Judy Creek, Redwater and Greater Swan Hills. Conifer is a working interest partner in certain oil and gas assets in which Razor Energy Corp. ("**Razor**") also has an interest.
3. Conifer was established to complete an *en bloc* transaction of the oil and gas assets of Accel Energy Canada Limited and Accel Canada Holdings Limited which were purchased through their insolvency proceedings and cure costs were assumed. This purchase was conducted by way of two asset transactions, wherein Conifer experienced no real difficulty in getting licenses or other permits and registrations required transferred or reissued.
4. I have had an opportunity to review Affidavit #11 of Doug Bailey ("**Bailey Affidavit**") sworn October 28, 2024. I swear this affidavit in response to the Bailey Affidavit and further to my September 3, 2024 Affidavit ("**Affidavit #3 of Heather Wilkins**").
5. Terms not otherwise defined herein have the meaning provided in the Bailey Affidavit.

#### **I. Judy Creek Gas Plant**

6. Conifer and Razor both own interests in the Judy Creek Gas Conservation Plant ("**Judy Creek Gas Plant**") and the South Swan Hills Unit. Conifer is the operator of the Judy Creek Gas Plant and Razor is the operator of the South Swan Hills Unit.
7. The Judy Creek Gas Plant consists of several functional units. Conifer, Razor, and eight other Corporations have varying ownership interests in the functional units that make up the facility.
8. A critical component of the role of Operator is ensuring that the Owners pay amounts owing to ensure that there are sufficient funds available for the maintenance and operation of joint assets.
9. Exhibit "A" to the Agreement for the Ownership and Operation of the Judy Creek Gas Plant ("**CO&O Agreement**") (1999 Operating Procedure) provides the operating procedure for the Judy Creek Gas Plant ("**Operating Procedure**"). Section 601 of the

Operating Procedure provides for the allocation of costs (“**Operator's Costs**” or “**JIBs**”) amongst owners according to each Owner's working interest. The primary purpose of the CO&O Agreement is for the sharing of costs. Attached as **Exhibit “A”** is a copy of the CO&O Agreement including the 1999 Operating Procedure.

10. Under the CO&O Agreement, Owners get priority access to capacity in the Judy Creek Gas Plant but must pay their costs.
11. Section 1103 of the Operating Procedure notes that lack of finances is not considered a force majeure event and does not suspend any obligation for payment. Further, incorporated into the CO&O Agreement is the 1996 PASC Accounting Procedure. Attached hereto as **Exhibit “B”** is a true copy of the 1996 PASC Accounting Procedure.
12. Key provisions of the 1996 PASC Accounting Procedure include:
  - (a) Section 103 requires that Non-Operators pay their bills within 30 days of receipt thereof;
  - (b) Section 104 and 105 authorize the Operator to require each Non-operator to advance its proportionate share of the estimated costs;
  - (c) Section 107 provides that a Non-operator *cannot* withhold payment of any portion of a bill unless the Operator agrees, rather the disputed bill must be paid, with the intent that any *bona fide* disputes would allow for a later refund.
13. No agreement to withhold payment has been provided to Razor. Razor is clearly in default of its obligations under the CO&O Agreement entitling Conifer to withhold privileges.
14. Conifer has provided monthly invoices to Razor and Razor should have ongoing access to EnergyLink which provides real time access to joint interest billings.
15. In addition to regular reporting, Conifer delivered four Notices of Default to Mr. Bailey, the President & Chief Executive Officer of Razor, on September 20, 2021; June 16, 2022; July 21, 2022; and March 9, 2023. Attached as Exhibit “C” to the Affidavit of Heather Wilkins Affirmed on February 15, 2024 are copies of the Notices of Default.

16. With the exception of the June 16, 2022 Notice of Default and Lien Letter, the rest included an itemized statement showing the amount owed. Conifer immediately revoked Razor's voting privileges and despite its right to withhold information, Conifer continues to provide information to Razor regarding amounts owing in good faith.
17. Despite this Razor has refused to pay. Since Conifer took over as operator of the Judy Creek Gas Plant in March 2021, Razor has only made 13 payments to Conifer totaling \$315,192.57.
18. In December 2023, after providing multiple notices to Razor in respect of its significant arrears and given concerns that Conifer had with the accumulation of further arrears should Razor continue to fail to meet its obligations, Conifer disconnected Razor from the Judy Creek Gas Plant (the "**Lock Out**").
19. On February 16, 2024, Razor brought an application as part of proposal proceedings under the *Bankruptcy and Insolvency Act*, for a declaration that Conifer was in breach of the stay of proceedings and for a direction that Conifer cease restricting Razor's access to the Judy Creek Gas Plant.
20. Justice Lema issued his decision on February 21, 2024 directing Conifer to restore the system connections that Razor had but also provided that for post-filing obligations, Conifer could rely on its contractual rights regarding payment ("**Decision**").
21. On this basis, Conifer reached out to Razor to discuss terms for providing access to the Judy Creek Gas Plant, which terms included providing payment in advance of services, in accordance with its contractual entitlement, but no agreement was reached. No further requests have been made by Razor to regain access to the Judy Creek Gas Plant since on or before February 22, 2024.
22. Conifer filed notice to appeal the Decision on February 23, 2024.

## II. Razor's Failure to Pay Post-Filing

23. Razor has refused to make any post-filing payments to Conifer. The Fourth Report states at paragraph 35(d) that the reason for non-payment is that Razor is disputing the charges given that Conifer has not processed Razor's gas.
24. This is incorrect, Conifer is processing some of Razor's gas through the Judy Creek Gas Plant notwithstanding the disconnection. Razor's production from its non-operated proportionate share of Swan Hills Unit No. 1 and 100% operated East Swan Hills Unit continues to flow through the Judy Creek Gas Plant through the Swan Hills Gas Gathering System and Conifer's operated South Swan Hills Gas Gathering System. In particular, Razor continues to send gas from the East Swan Hills Unit directly to the Judy Creek Gas Plant.
25. Razor is directly flowing gas from some of its operated wells into the Judy Creek Gas Plant for processing, taking advantage of the fact that Conifer could not fully lock Razor out unless Conifer blocked other parties from accessing the Judy Creek Gas Plant, which Conifer did not do as it would have put Conifer, Razor and the other owners in contractual default as parties to a Gas Handling Agreement which requires the processing of third party volumes, which in turn the owners all share the benefit from.
26. Conifer is processing approximately 1/3 of the volumes of Razor's gas that it processed prior to the Lock Out.
27. In addition to costs for processing Razor's gas post filing, Razor is also responsible for its proportionate share of costs for maintaining the facility, regardless of usage levels.
28. Conifer does not consent to Razor's continuing breaches of its contractual obligations and failure to pay amounts owing to Conifer. Such failure to pay harms not only Conifer but also other owners of the Judy Creek Gas Plant.
29. At the time of swearing this affidavit, Razor owes Conifer the following post filing amounts:
  - (a) \$1,339,876.51 in net joint billings, lease rentals and revenues;

- (b) Between \$150,000 and \$250,000 to cure the month of November 2024; and
  - (c) \$676,720.00 in deposit invoices.
30. At the time of swearing this affidavit, Razor owes Conifer the following pre filing amounts:
- (a) \$8,893,850.06 in net joint billings, lease rentals and revenues.
31. Conifer made multiple attempts to work with Razor to enable compliance. Conifer provided Razor with multiple extensions in the hope that Razor would proceed in good faith to develop a plan to address its arrears, yet no progress was made. Between November 3, 2023 and January 30, 2024, Conifer had at least three phone calls, four meetings, and multiple email exchanges with Razor to discuss, among other things, Razor's unresolved arrears and the impending lockout if arrears went unpaid.
32. No reasonable plan was provided by Razor. In order to mitigate its damages, Conifer started exercising its entitlement to setoff under the terms of the Operating Procedure. However, despite the set off, Razor's arrears continued to grow.
33. The failure of Razor to pay has resulted in real prejudice to Conifer as it has been forced to defer its own capital plans and development programs, and must draw on its own credit facilities to make up for Razor's breaches, incurring interest charges as a result. The effect of which is, even if Conifer is ultimately able to recover pre- and post-filing amounts owed by Razor, it will not recover from the loss of opportunity and interest charges that it has incurred.
34. Further, Canadian Natural Resources Limited ("CNRL"), is seeking to reallocate Razor's unpaid share of costs to Conifer and other joint owners of the Swan Hills Unit No. 1. As such failure to pay pre-filing amounts harms Conifer in terms of both amounts owed directly by Razor to Conifer but also to CNRL which will be reallocated to Conifer and others. The amount to be reallocated to Conifer is \$6.7 million. Resulting in Conifer under the proposed structure bearing approximately \$15.6 million of Razor's pre-filing obligations. Some of these amounts may ultimately be offset by recoveries from third parties via outstanding equalization/13-month adjustments, which could reduce the pre-

filing arrears to as low as \$1.0 million. However, collection from these third parties is not guaranteed.

35. Given Conifer's concerns regarding the defaults noted above, Conifer appeared before Justice Mah on September 11, 2024 seeking a direction that Razor be required to pay post-filing arrears or failing which a charge be placed over all of its assets (excluding CNRL's assets) that would survive a sale of the assets to secure payment of the escalating arrears owed to Conifer.
36. Justice Mah released *Razor Energy Corp (Re)*, 2024 ABKB 553 ("**Mah Decision**"), denying Conifer's application relying in part on representations from Razor that "the Corporate Transaction contemplates full payment of post-filing arrears to Conifer."
37. Conifer has sought leave to appeal the Mah Decision which is scheduled to be heard on November 27, 2024.

### **III. The Corporate Transaction**

38. In reviewing the Corporate Transaction and Subscription Agreement, Conifer has four main areas of concern. Despite the Purchaser's intent to assume Razor's working interest in the Judy Creek Gas Plant and associated infrastructure, the proposed agreements:
  - (a) do not provide for full payment of post-filing arrears to Conifer;
  - (b) provide for no payment of pre-filing arrears yet seeks to benefit from those costs;
  - (c) appear to release Razor and the Purchaser from its pre-filing obligations to Conifer, but does not clearly also waive any corresponding entitlements to benefits resulting from any accounting adjustments related to pre-closing; and
  - (d) seek to assign to ResidualCo, Conifer's right of first refusal ("**ROFR**") dispute.
39. Razor has provided no formal dispute nor did it make any inquiries regarding either the pre- or post-filing amounts invoiced to Razor. I had understood prior to reviewing Mr. Bailey's Affidavit that these amounts would be satisfied by the Corporate Transaction.

40. Despite Razor's assertions in their recent materials, I do not believe that the calculation of these amounts is complicated, and even if they were, under the CO&O Agreement they must be paid to Conifer in advance before Razor is entitled to dispute them. This has not been done by Razor. Further, none of the other owners have disputed their share of the amounts, rather they have made payments in accordance with the CO&O Agreement.
41. The amounts to be paid are determined based on the activity period each charge relates to, which does not always correspond to the date the invoice is sent. Variable operating costs related to the Judy Creek Gas Plant have been billed to owners based on historical throughput percentages, in accordance with the CO&O Agreement and related Accounting Procedure. Razor has disputed charges based on their share of throughput decreasing, however, the mechanism to account for changes in throughput is the annual equalization/13-month adjustment calculation which is due 180 days after the end of the calendar year. Razor is an owner of the Judy Creek Gas Plant and is therefore responsible for paying its share of operating costs so the facility can continue functioning and be properly maintained. It is not reasonable to expect Conifer, as facility operator, to bear all the operating costs until the final throughput volumes are known after the end of the year. Further, fixed operating costs are billed based on the ownership interest in the facility and have nothing to do with throughput, however, Razor has also failed to accept/pay these amounts.
42. The CO&O Agreement requires the assumption of all obligations including outstanding costs as part of the assignment of an Owner's interest.
43. Clause 901 of the Operating Procedure states, in part, as follows:

Except as provided in this Article IX, no Owner shall sell, transfer, assign, mortgage or otherwise dispose of all or part of its interest in the Facility or any Functional Unit. An Owner who intends to dispose of all or a part of its interest in the Facility or any Functional Unit (in this Article called "the Disposing Owner") shall comply with the provisions of ALTERNATE C immediately below....
44. Conifer is prepared to work reasonably with the purchaser to institute a payment plan, as the purchaser is doing with municipalities, in respect of pre-filing amounts owing should



the purchaser not be able to fully pay amounts owing prior to or immediately following closing.

45. Conifer has experience with such payment plans from its own purchase of assets out of insolvency.

#### **IV. Right of First Refusal**


46. According to Conifer's records, Razor and Conifer each hold a 50% interest in Functional Unit "H" of the Judy Creek Gas plant.
47. On or about March 15, 2023, Razor executed an assignment agreement (the "**Assignment Agreement**") with Futera Power ("**Futera**"), purporting to assign to Futera 100% of its right, title, estate and interest in a single Functional Unit, Functional Unit "H". Despite its contractual obligations to do so, Razor provided no notice to Conifer of its intention to transfer its interest in Functional Unit "H". Razor's failure to provide notice deprived Conifer its contractual right to exercise its right of first refusal for the purchase of Razor's interest. Attached hereto as **Exhibit "C"** is a copy of the Notice of Assignment.
48. After Conifer raised concerns about this transaction and advised Razor that it intended to exercise its ROFR entitlement, Razor sought to withdraw the Assignment Agreement in a letter dated August 9, 2023, claiming that "closing did not occur and no conveyance of any interest in this Functional Unit "H" occurred then or since." Razor denied any wrongdoing taking the position that clause 902(a) entitled Razor to dispose of its interest in Functional Unit "H" without notice to other Owners. Attached hereto as **Exhibit "D"** is a copy of the August 9, 2023 correspondence.
49. By correspondence dated March 7, 2024 Conifer's counsel advised Razor of its continued interest in exercising its ROFR. Attached hereto as **Exhibit "E"** is a copy of the March 7, 2024 correspondence.
50. Despite Razor having advised that the "closing did not occur and no conveyance of any interest in this Functional Unit "H" occurred then or since", page 2 of Schedule I to the


Subscription Agreement lists Futera Power as being a party to the CO&O Agreement on page 396.

- 51. Conifer does not recognize Futera Power as being a party to the CO&O Agreement.
- 52. Further, Razor is now, through Schedule D of the Subscription Agreement, seeking to exclude its liabilities in relation to the ROFR.

**V. Lack of Consultation**

- 53. Throughout this process Conifer has received very little engagement by Razor. Razor has not provided Conifer with responses to questions or concerns regarding the invoices which they now seek to avoid paying.
- 54. On May 22, 2024, Conifer attended a virtual meeting of creditors and stakeholders in the CCAA process to learn about potential transactions, and on May 28, 2024, issued a number of questions and concerns regarding what it had heard at such meetings. Those concerns were never fully addressed. Attached as **Exhibit "F"** is a copy of the May 28, 2024 correspondence from counsel for Conifer.
- 55. Razor did not consult with Conifer regarding the terms of the Corporate Transaction despite Conifer being a significant stakeholder and having raised a number of concerns throughout this process.
- 56. I provide this Affidavit in response to Razor's application and for no improper purpose.

AFFIRMED BEFORE ME )  
 at Calgary, Alberta, this )  
 5<sup>th</sup> day of November, 2024. )  
 )  
 \_\_\_\_\_ )  
 A Commissioner for Oaths )  
 in and for Alberta )  
 )  
**Kendra Larson** )  
**Student-at-Law** )

 )  
 \_\_\_\_\_ )  
 HEATHER WILKINS )

This is **Exhibit "A"** referred to in the Affidavit Heather Wilkins sworn before me this 5th day of November, 2024

A handwritten signature in blue ink that reads "K Larson". The signature is written in a cursive style with a large initial "K".

**Kendra Larson**  
**Student-at-Law**

---

A Commissioner for Oaths in and for Alberta

**EXECUTION COPY**

**AGREEMENT FOR THE  
OWNERSHIP AND OPERATION**

**of the**

**JUDY CREEK GAS PLANT**

**EFFECTIVE MARCH 1, 2011**

Agreement for the Ownership and Operation  
of the Judy Creek Gas Plant

HEAD DOCUMENT

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**APPENDIX XII** DISPUTE RESOLUTION

**APPENDIX XIII** ENVIRONMENTAL MATTERS

**APPENDIX XIV** GREEN HOUSE GAS

**Agreement for the Ownership and Operation  
of the Judy Creek Gas Plant**

**HEAD DOCUMENT**

**This Agreement is dated as of the first day of March, 2011 among:**

**439 ROYALTY CORP.**, a body corporate having an office in the City of Calgary in the Province of Alberta;

-AND-

**APACHE CANADA LTD.**, a body corporate having an office in the City of Calgary in the Province of Alberta;

-AND-

**ARC RESOURCES GENERAL PARTNERSHIP**, a general partnership represented by its Managing Partner ARC Resources Ltd., having an office in the City of Calgary in the Province of Alberta;

-AND-

**BUCOLIC RESOURCES LTD.**, a body corporate having an office in the City of Calgary in the Province of Alberta;

-AND-

**CANADIAN KENWOOD COMPANY**, a Minnesota limited partnership with an office in the City of Minneapolis in the State of Minnesota, USA;

-AND-

**CHAIR HOLDINGS LIMITED**, a body corporate having an office in the City of Toronto in the Province Ontario;

-AND-

**CHAIR RESOURCES INC.**, a body corporate having an office in the City of Toronto in the Province of Ontario;

-AND-

**DEVON CANADA**, a general partnership having an office in the City of Calgary in the Province of Alberta;

-AND-

**DIVOT ENERGY CORPORATION**, a body corporate having an office in the City of Calgary in the Province of Alberta;

-AND-

**ITERATION ENERGY**, an Alberta general partnership, represented by its managing partner Iteration Energy Ltd. having an office in the City of Calgary in the Province of Alberta

-AND-

**JANE'S OIL COMPANY LTD.**, a body corporate having an office in the City of Calgary in the Province of Alberta;

-AND-

**LINTUS RESOURCES LIMITED**, a body corporate having an office in the City of Calgary in the Province of Alberta;

-AND-

**PENGROWTH ENERGY CORPORATION**, a body corporate having an office in the City of Calgary in the Province of Alberta;

-AND-

**PENN WEST PETROLUEM LTD.**, a body corporate having an office in the City of Calgary in the Province of Alberta;

-AND-

**SABRE ENERGY PARTNERSHIP**, a general partnership having an office in the City of Calgary in the Province of Alberta;

-AND-

**TAQA NORTH**, an Alberta partnership represented by its managing Partner, TAQA North Ltd., having an office in the City of Calgary in the Province of Alberta;

WHEREAS the Owners hereto currently own or control certain working interests and production of Inlet Substances in the Judy Creek Area; and

WHEREAS certain Owners own and operate the Judy Creek Gas Conservation Plant pursuant to the Agreement for the Construction, Ownership and Operation of the Judy Creek Gas Conservation Plant dated January 1, 1990 and the Amending Agreement to such agreement April 1, 1992; and

WHEREAS certain Owners own and operate the Judy Creek Ethane Extraction Plant pursuant to the Agreement for the Construction, Ownership and Operation of the Judy Creek Ethane Extraction Plant dated December 21, 1985; and

WHEREAS certain Owners currently own and operate the Judy Creek ATCO Tie-in pursuant to the draft Agreement for the Construction, Ownership and Operation of the ATCO Tie-in dated February 1, 2000; and

WHEREAS the Owners of the Judy Creek Gas Plant Functional Unit hereto wish to create a separate Functional Unit for the Station 8 Compressor that was previously part of the Judy Creek Gas Plant Functional Unit; and



WHEREAS the Owners hereto wish to supersede the aforementioned agreements to provide for the ownership and operation of the Facility and for the overall purpose of gathering and processing Owner's Substances.

Now therefore in consideration of the premises and the mutual covenants hereinafter contained, the Owners hereto covenant and agree to replace the aforementioned superseded Agreements in the following form:

## ARTICLE I - INTERPRETATION

### 101. Definitions

All capitalized terms used herein shall have the meaning assigned in the Operating Procedure and, in addition, the following words and phrases shall have the following respective meanings, namely:

- (a) "Effective Date" means March 1, 2011;
- (b) "Judy Creek Area" means the area around the Judy Creek Gas Plant that delivers natural gas to the Judy Creek Gas Plant
- (c) "Natural Gas" means all natural gas including all fluid hydrocarbons which are not defined as crude oil under the provisions of the Oil and Gas Conservation Act for the province of Alberta and any amendments thereto and substitutions therefore;
- (d) "Outside Substances" means all Natural Gas owned by a party other than an Owner and delivered to the Facility;
- (e) "Owner's Substances" means all Natural Gas owned by an Owner and delivered to the Facility.

### 102. Headings

The headings of the Articles and Clauses of this Agreement have been inserted for convenience of reference only and shall not affect the interpretation hereof.

### 103. References

Unless otherwise expressly stated the words "hereinbefore", "hereinafter", "hereunder", "herein", and "hereof" in the Head Document refer to the provisions of this Head Document and references to Articles, Clauses, Subclauses or Paragraphs in the Head Document refer to Articles, Clauses, Subclauses or Paragraphs of this Head Document.

### 104. Conflicts

If any provision contained in this Head Document conflicts with a provision contained in Exhibit "A", the provision in the Head Document shall prevail. If any provision contained in an Appendix conflicts with a provision contained in the Operating Procedure, the provision in the Operating Procedure shall prevail, except when using a defined term in Appendix III entitled "ACCOUNTING PROCEDURE", in which case the meaning assigned to that term in Appendix III entitled "ACCOUNTING PROCEDURE" shall prevail for the purposes of Appendix III entitled "ACCOUNTING PROCEDURE". If there is a conflict between any provision in this Agreement and the Regulations, the Regulations shall govern, except that the allocation of responsibility for losses as provided herein (including, without restricting the generality of the foregoing, Article V of the Operating Procedure) shall govern the relationship of the Owners. If there is a conflict as provided above, the Head Document, the Operating Procedure or the Appendix, as the case may be, shall be modified accordingly to the extent necessary to resolve such conflict and, as so modified, shall continue in full force and effect.

## ARTICLE II - EXHIBIT "A"

### 201. Exhibit "A"

Exhibit "A", being the Operating Procedure and a series of Appendices, which sets forth certain business and technical matters relating to Joint Operations, is attached hereto and forms part of this Agreement. Only the following Appendices, as indicated below, are part of this Agreement:

**FORMS PART  
OF THIS  
AGREEMENT AS  
APPENDIX NO.:**

- |   |      |
|---|------|
| (a) <b>"FACILITY AND FUNCTIONAL UNIT PARTICIPATION"</b><br>which describes the Facility which is subject to this Agreement and the ownership each Owner has in such Facility;   | I    |
| (b) <b>"DESCRIPTION OF FACILITY AND FUNCTIONAL UNITS AND SCHEMATIC"</b><br>which provides the descriptions which are necessary to identify the location of the Facility, the Functional Units and may also include schematic diagrams and maps related to the Facility;   | II   |
| (c) <b>"ACCOUNTING PROCEDURE"</b><br>which describes the costs and related credits the Operator is allowed to bill the Owners, which, in respect to Joint Operations conducted hereunder, the Operator has incurred on behalf of the Owners and certain other rights, obligations and limitations related to the Joint Account;   | III  |
| (d) <b>"STRUCTURE AND SHARING OF THE JOINT ACCOUNT"</b><br>which describes the structure of the Joint Account and sets forth the basis of sharing costs among the Owners and distributing fee income among the Owners;  | IV   |
| (e) <b>"CAPACITY USAGE"</b><br>which describes, pursuant to Clause 604; nominal Capacities, the priority to use Capacity and the fees related to Surplus Capacity usage by Owners and non-Owners;   | V    |
| (f) <b>"INSURANCE"</b><br>which describes; the types, limits, responsibilities for carrying and similar insurance management matters pertaining to the Facility and Joint Operations;   | VI   |
| (g) <b>"SPECIFICATIONS OF INLET SUBSTANCES AND FUNCTIONAL UNIT PRODUCTS"</b><br>which describes the specifications of Inlet Substances and Functional Unit Products;  | VII  |
| (h) <b>"PRODUCT ALLOCATION AND SETTLEMENT PROCEDURE"</b><br>which, subject to Articles VII and VIII of the Operating Procedure, describes the procedure for allocating Functional Unit Products and settling imbalances;  | VIII |
| (i) <b>"MEASUREMENT"</b><br>which, subject to Article VII of the Operating Procedure, describes the procedures and responsibilities for measurement where such procedures and responsibilities are specific to measuring Inlet Substances, components of Inlet Substances and Functional Unit Products within the respective Functional Unit, at the Functional Unit Inlet and at the Functional Unit Outlet; | IX   |

- |  |      |
|--|------|
| (j) <b>"INVESTMENT VALUES"</b><br>which is a record of historical Facility Capital Costs borne by the Owners;  | X    |
| (k) <b>"ENLARGEMENT AND DOWNSIZING"</b><br>which describes the terms and conditions by which the Owners agree to have Operator proceed with an Enlargement or Downsizing, including the terms and conditions of Owner's participation; | XI   |
| (l) <b>"DISPUTE RESOLUTION"</b><br>which describes the dispute resolution and arbitration processes to be followed by the Owners;  | XII  |
| (m) <b>"ENVIRONMENTAL MATTERS"</b><br>which sets out the rights of the Owners and the responsibility of Operator to identify, report and react to environmental matters; and   | XIII |
| (n) <b>"GREEN HOUSE GAS"</b><br>which sets forth terms and conditions by which Owners agree to have Operator account for emissions of green house gas or purchases of green house gas credits to satisfy regulatory requirements       | XIV  |

202. Amendment of Operating Procedure and Appendices

- (a) Subject to Subclause 202(c) hereto, and Subclause 204(h) of the Operating Procedure, the Operating Procedure and the Appendices may only be revised, amended or replaced by the unanimous agreement of the Owners.
- (b) An affirmative vote of Owners of the affected Functional Unit having a combined Functional Unit Participation of ninety five percent (95%) and conducted in accordance with Clause 204 of the Operating Procedure, excepting thereout Subclause 204(b) therein, shall be deemed to constitute unanimous agreement between all of the Owners and each Owner, whether such Owner voted or was deemed to have voted, shall be bound thereby.
- (c) The operation of this Clause shall not restrict the Operator from revising Appendices as provided for under this Agreement, and when required, to accurately reflect routine consequential changes, such as revisions to Functional Unit Participations and amalgamations.
- (d) Operator shall provide each Owner with one copy of any revision, amendment or replacement in a timely manner.

### ARTICLE III - PURPOSE OF THIS AGREEMENT AND THE FACILITY

301. Agreement Purpose

The purpose of this Agreement is to document the terms of ownership of the Facility and the allocation of Capital Costs and Operating Costs, provide terms for the operation of the Facility and set out the basis upon which a share of the Functional Unit Products shall be allocated and distributed to each Person delivering Inlet Substances to a Functional Unit Inlet.

302. Facility Purpose

The purpose of the Facility is to gather and process Inlet Substances from the Judy Creek Area and to produce Functional Unit Products. It is the intent of the Owners that all Owner's Substances will have priority over Outside Substances.

**ARTICLE IV - BASIS OF PARTICIPATION**401. Initial Participation

The Owners of the Facility agree that as of the Effective Date, Functional Unit Participation, expressed as a percentage, shall be the proportion which the aggregate investment value of each Owner in a Functional Unit bears to the aggregate investment value of all Owners in a Functional Unit.

The Owners of the Facility agree that as of the Effective Date, Facility Participation, expressed as a percentage, shall be the Processing Plant Functional Unit Participation.

402. Investment Values

Investment value shall be calculated by Operator for each Functional Unit and shown in Appendix X entitled "INVESTMENT VALUES". The Owners agree that, as of the Effective Date, the initial investment value for each Functional Unit is deemed to be as set out in Clause 101 of Appendix X entitled "INVESTMENT VALUES"

403. Future Participation

The basis of participation in an Enlargement of the Facility or any Functional Unit shall be determined pursuant to Exhibit "A", under Appendix XI entitled "ENLARGEMENT AND DOWNSIZING".

**ARTICLE V - COMMITMENT TO DELIVER TO THE FACILITY**501. Commitment to Deliver to the Facility

(a) Alternate D immediately below shall apply:

ALTERNATE A. Owner's Substances produced in the \_\_\_\_\_ area are hereby dedicated to the Facility.

ALTERNATE B. Owner's Substances produced from the wells listed under the Appendix titled "WELLS" are hereby dedicated to the Facility.

ALTERNATE C. Owner's Substances produced from the \_\_\_\_\_ zone in the wells listed under the Appendix titled "WELLS" are hereby dedicated to the Facility.

ALTERNATE D. The Owners agree that there is no commitment to deliver Owner's Substances to the Facility.

ALTERNATE E. ((Other))

(b) Subject to the provisions of this Agreement, and unless excused by the Operating Committee or otherwise precluded from delivery under the Regulations, each Owner shall only be committed to deliver or cause to be delivered in accordance with alternate A, B, C or E of Clause 501(a) all of its Owner's Substances, up to Alternate N/A immediately below:

ALTERNATE A. \_\_\_ such Owner's share of Functional Unit Capacity,

ALTERNATE B. \_\_\_ the overall available surplus Functional Unit Capacity in the Facility, and the Operator shall accept all Owner's Substances if delivered within the specifications as set out in the Appendix titled "SPECIFICATIONS OF INLET SUBSTANCES AND FACILITY PRODUCTS".

## ARTICLE VI - OPERATIONS AND OPERATORSHIP

### 601. Initial Operator

The Owners hereby designate Pengrowth Energy Corporation ("Pengrowth") as the Operator of the Facility and Pengrowth accepts such designation.

### 602. Ownership and Operation of the Facility

The Facility shall be owned and operated according to the terms of this Agreement.

### 603. Ownership

Each Owner shall own an undivided percentage interest in each Functional Unit equal to its Functional Unit Participation. Operator shall hold such interests in trust for the Owners subject to the provisions of this Agreement.

### 604. Capacity

- (a) Each Owner shall have the right to use Capacity Ownership. The Capacity and terms and conditions related to the use of Capacity shall be as set forth in Appendix V entitled "CAPACITY USAGE".
- (b) The Facility is designed for, and is deemed to have Capacity to handle Inlet Substances meeting the specifications set forth in Appendix VII entitled "SPECIFICATIONS OF INLET SUBSTANCES AND FUNCTIONAL UNIT PRODUCTS". As of the Effective Date, the deemed Capacities of each of the Functional Units is as shown below:

Processing Plant	2215	10 <sup>3</sup> m <sup>3</sup> /day of Inlet Substances
Ethane Extraction Plant	2275	10 <sup>3</sup> m <sup>3</sup> /day of Inlet Substances
Swan Hills Gas Gathering	1,000	10 <sup>3</sup> m <sup>3</sup> /day of Inlet Substances
South Swan Hills Gathering	1000	10 <sup>3</sup> m <sup>3</sup> /day of Inlet Substances
Judy Creek Gas Gathering	2300	10 <sup>3</sup> m <sup>3</sup> /day of Inlet Substances
Virginia Hills Gathering	600	10 <sup>3</sup> m <sup>3</sup> /day of Inlet Substances
Station 8 Compression	1,350	10 <sup>3</sup> m <sup>3</sup> /day of Inlet Substances
ATCO Residue Gas Tie-in	1,690	10 <sup>3</sup> m <sup>3</sup> /day of Inlet Substances

The foregoing capacities may be redetermined under this Agreement and set forth in Appendix V entitled "CAPACITY USAGE".

## ARTICLE VII - EFFECTIVE DATE

### 701. Effective Date

This Agreement shall be effective on the Effective Date if on or before March 1, 2011. Owners having Facility Participations totalling one hundred percent (100%), as set forth in Exhibit "A", under Appendix I entitled "FUNCTIONAL UNIT PARTICIPATION", have executed and delivered to the Operator one (1) counterpart of this Agreement. The Operator shall promptly notify all Owners of the Effective Date. If an Effective Date is not established by the first day of March 1, 2011, this Agreement shall become null and void and cease to bind any person having executed same, unless the representatives of those proposed Owners who have then executed and delivered counterparts unanimously agree to extend the time.

## ARTICLE VIII - PRIOR COMMITMENTS

### 801. Prior Commitments

The Owners hereby acknowledge that prior to the Effective Date of this Agreement, the operation and ownership of all of the Functional Units except the Ethane Extraction Functional Unit and the ATCO Residue Gas Tie-In was subject to the Agreement for the Ownership and Operation of the Judy Creek Gas Conservation Plant, executed in 1990, and any amendments thereto (the "1990 Agreement"), and that the Ethane Extraction Functional Unit was subject to the Agreement for the Construction, Ownership and Operation of the Judy Creek Ethane Extraction Plant (the "Ethane Plant Agreement") and the ATCO Residue Gas Tie-In Functional Unit was subject to the draft Agreement for the Construction, Ownership and Operation of the ATCO Gas Tie-In (The ATCO Tie-In Agreement). Subject to Clause 802, the Owners hereby acknowledge that any commitments, expenditures, covenants, obligations, duties, responsibilities, rights and agreements of Operator made, arising or incurred in accordance with the 1990 Agreement, the Ethane Plant Agreement and ATCO Gas Tie-In Agreement, have been made, incurred or performed by the Operator on behalf of the Owners of those respective facilities, and the Owners hereby ratify and confirm the same and agree to be responsible for them in accordance with each Owner's Functional Unit Participation, except to the extent that they arise from the Gross Negligence of the Operator.

### 802. Existing Conditions

The Owners hereby acknowledge that prior to the Effective Date of this Agreement, the conditions existing prior to and included in the operation of Clause 801 shall be the responsibility of the Owners

## ARTICLE IX - OPERATING AND ACCOUNTING PROCEDURES

### 901. Operating Procedure

The Operating Procedure is the Operating Procedure contained in the 1999 PJVA Model Construction, Ownership and Operating Agreement and has not been modified except as specifically noted in Exhibit "A".

### 902. Accounting Procedure

The ACCOUNTING PROCEDURE is the 1996 PASC Accounting Procedure and has not been modified except as specifically noted in Appendix III entitled "ACCOUNTING PROCEDURE".

### 903. Prevailing Provisions

In the event that modifications are made to either the Operating Procedure or the Accounting Procedure and such modifications are not appropriately noted pursuant to Clauses 901 and 902 then the applicable provisions in the standard Operating Procedure and ACCOUNTING PROCEDURE named in Clauses 901 and 902 are deemed to prevail.

## **ARTICLE X - NO AMENDMENT EXCEPT IN WRITING**

### 1001. No Amendment Except in Writing

No amendment or variation of the provisions of this Head Document shall be binding upon any Owner unless and until it is evidenced in writing and executed by each of the Owners.

## **ARTICLE XI - AGREEMENT EXECUTION**

### 1101. Execution in Counterpart

This Agreement may be executed in as many counterparts as are necessary and all executed counterparts shall constitute one Agreement.

The Operator shall promptly supply each Owner with copies of a full set of counterpart execution pages.

IN WITNESS WHEREOF the Owners have executed this Agreement each on the date shown above its execution hereof.

DATE: MARCH 2, 2011

OWNER: ITERATION ENERGY  
*by its managing partner*  
Chinook Energy Inc.  
(Company Name)

PER: *Blair Longdo*

NAME: Blair Longdo, P. Eng.  
Manager, Joint Venture

TITLE: \_\_\_\_\_

ADDRESS FOR SERVICE: # 700, 700-2<sup>ND</sup> STREET S.W.  
CALGARY, AB  
T2P 2W1

Representative: BLAIR LONGDO

Fax No.: 403-264-4797

E-mail: blair@chinookenergyinc.com

**This is the Execution Page of the Agreement for the Ownership and Operation of the Judy Creek Gas Plant**



2018. Tax

Where any increase or decrease in costs results from the imposition of the proposed Goods and Services Tax or any similar value-added tax the increase or decrease in costs shall be borne by the OWNERS on the appropriate bases specified in the Agreement. These bases are FUNCTIONAL UNIT PARTICIPATION, volumetric throughput or other bases as specified. If any amount of value-added tax is levied in respect to any service or good supplied by the OPERATOR to a FUNCTIONAL UNIT and such tax is payable to the OPERATOR under the law as agent of the Crown, the FUNCTIONAL UNIT account shall be charged accordingly.

**IN WITNESS WHEREOF** the Owners have executed this agreement each on the date shown opposite its execution hereof.



Date: February 17, 2011

ARC Resources General Partnership

Address in Alberta:

ARC Resources General Partnership  
by its Managing Partner  
ARC Resources Ltd.  
Suite 1200, 308 – 4<sup>th</sup> Avenue S.W.  
Calgary, Alberta, Canada  
T2P 0H7

This is the execution page of the Agreement entitled "Agreement for the Ownership and Operation of the Judy Creek Conservation Plant"

IN WITNESS WHEREOF the Owners have executed this Agreement each on the date shown above its execution hereof.

DATE: January 1, 2011

PENN WEST PETROLEUM  
By its Managing Partner  
PENN WEST PETROLEUM LTD.  
(Company Name)



Mark Fitzgerald,  
Senior Vice-President, Production

**ADDRESS FOR SERVICE:**

Penn West Petroleum  
c/o Penn West Petroleum LTd.  
200, 207 – 9<sup>th</sup> Avenue S. W.  
Calgary, Alberta  
T2P 1K3

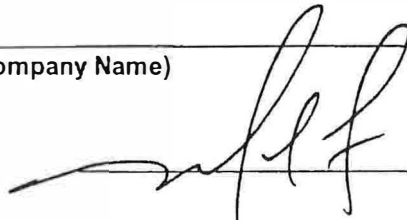
Attention: Joint Venture  
Facsimile: 403-218-4191

**This is the Execution Page of the  
Agreement for the Ownership and Operation of the Judy Creek Gas Plant**

IN WITNESS WHEREOF the Owners have executed this Agreement each on the date shown above its execution hereof.

DATE: May 26, 2011

OWNER: Penn West Petroleum Ltd.  
(Company Name)

PER: 

NAME: Mark Fitzgerald

TITLE: Senior Vice President, Production

ADDRESS FOR SERVICE: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Representative: \_\_\_\_\_

Fax No.: \_\_\_\_\_

E-mail: \_\_\_\_\_

**This is the Execution Page of the Agreement for the Ownership and Operation of the Judy Creek Gas Plant**

IN WITNESS WHEREOF the Owners have executed this Agreement each on the date shown above its execution hereof.

DATE: Feb 1, 2017

OWNER: RAZOR ENERGY CORP  
(Company Name)

PER: 

NAME: DOUG BAILEY

TITLE: PRESIDENT & CEO

ADDRESS FOR SERVICE: 800, 500 - 5 AVENUE SW  
CALGARY AB  
T2P 3L5

Representative: Joint Venture

Fax No.: 403 - 262 - 0339

E-mail: \_\_\_\_\_

**This is the Execution Page of the Agreement for the Ownership and Operation of the Judy Creek Gas Plant**

IN WITNESS WHEREOF the Owners have executed this Agreement each on the date shown above its execution hereof.

DATE: \_\_\_\_\_

OWNER: \_\_\_\_\_  
(Company Name)

PER: \_\_\_\_\_

NAME: \_\_\_\_\_

TITLE: \_\_\_\_\_

ADDRESS FOR SERVICE: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Representative: \_\_\_\_\_

Fax No.: \_\_\_\_\_

E-mail: \_\_\_\_\_

**This is the Execution Page of the  
Agreement for the Ownership and Operation of the Judy Creek Gas Plant**

**EXECUTION COPY  
EXHIBIT "A"  
TO AN AGREEMENT FOR THE  
OWNERSHIP AND OPERATION OF THE  
JUDY CREEK GAS PLANT**

**1999 OPERATING PROCEDURE**

**EFFECTIVE MARCH 1, 2011**

**Petroleum Joint Venture Association**

**EXHIBIT "A" to**

**AGREEMENT FOR THE CONSTRUCTION, OWNERSHIP  
AND OPERATION OF THE  
JUDY CREEK GAS PLANT  
EFFECTIVE MARCH 1, 2011**

**Elections and Modifications to the 1999 Operating Procedure**

(a) The following clauses of the Operating Procedure include the following elections, alternates, options or values:

101(k) Enlargement: one hundred thousand dollars (\$100,000)

204 Voting Procedures:

(b) Negative Vote: fifty percent (50%); fifty percent (50%)

(e)(i) General Vote: three (3) or more Owners; seventy-five percent (75%)

(e)(ii) General Vote: three (3) or more Owners; seventy-five percent (75%)

(f) Removal of Operator: two (2) or more Owners; ninety percent (90%)

(f)(i) Removal of Operator: ninety percent (90%)

(g) Replacement of Operator: two (2) or more Owners; seventy-five percent (75%)

(h)(i) Amendment of Appendices: Appendices III, IV, V, VIII, XI, XII; three (3) or more Owners; ninety-five percent (95%)

(h)(ii) Amendment of Appendices: Appendices VI, VII, IX, XIII and the fees charged for use Surplus Capacity by Owners and non-Owners in Appendix V

(1) Amendment of Appendices: three (3) or more Owners; seventy-five percent (75%)

(2) Amendment of Appendices: three (3) or more Owners; seventy-five percent (75%)

(i) Termination: three (3) or more Owners; ninety-five percent (95%)

602(b)(iii) Set-off: Alternate A

805 Distribution of Proceeds: Alternate B

(Complete one only of the following for Alternate chosen for 805 above).

A: \_\_\_\_\_

Alternate B: **five** dollars per one thousand cubic metres ( $\$5.00/10^3\text{m}^3$ ) in the case of natural gas.  
**ten** dollars per cubic metre ( $\$10.00/\text{m}^3$ ) in the case of natural gas liquids and substances other than petroleum and natural gas (but not including sulphur);

C: \_\_\_\_\_

901 Disposal of Interest: Alternate C

902 Unrestricted Disposal:

(d) shall X / shall not \_\_ apply

(e) shall X / shall not \_\_ apply

(b) The Operating Procedure is modified as follows:

101 added definition:

(i) "Downsizing" means a modification that reduced the Capacity of the Facility or any Functional Unit;

101 removed definitions:

(m) "Facility Inlet" means the point at which Inlet Substances first enter the Facility;

(n) "Facility Outlet" means the point at which Facility Products leave the Facility;

(p) "Facility Products" means all substances recovered from the processing or handling of Inlet Substances in the Facility, which are available for delivery from the Facility, excluding such substances as are unavoidable lost, consumed as fuel or flared in Joint Operations;

101 revised definitions:

(l) "Facility" changed to definition (m) and line 4 before "UNITS" deleted "MAP";

(o) "Facility Participation" to the following: (n) "Facility Participation" means for the purposes of voting will be equal to the Processing Plant Functional Unit Participation;

(t) "Functional Unit" changed to definition (r), line 2 before "UNITS" deleted "MAP", line 3 deleted (and means the whole of the Facility if there is no separation into Functional Units);

(aa) "Initial Construction" changed to definition (y), line 3 after "specifications" changed "Facility" to "Functional Unit", after "Products to the" changed "Facility" to "Functional Unit"

(ee) "Market Price" changed to definition (cc), all occurrences of "Facility" have been changed to "Functional Unit"

105 (b) - line 2 changed "Facility" to "Functional Unit", before "Functional Unit" added "revisions to"

202. Chairman replaced by Chairperson

Revise Sub-clause 204:

(a) (iii) deleted as Relative Weighting is not used at this Facility;

(e) (iii) deleted as Relative Weighting is not used at this Facility;

(h) (ii)(3) deleted as Relative Weighting is not used at this Facility;

210. added "and Downsizing" to heading, line one after "Enlargement" added "or Downsizing"

302. line 1 preceding "ninety" deleted word "one"



303. line 2 before "appointed" added the missing word "shall be"
- 305(c), 806, 807, 808 and 809 "Facility Products" has been changed to "Functional Unit Products"
307. line 1 deleted "Facility Participation" and added "Functional Unit Participations"
- 401(l)(m) and (q) – after "Modification" added "or Downsizing"
- 403 deleted "Facility Participation and"
- 501 (a) lines 3, 6 & 9 after "Affiliates" added "and their respective"
- 501 (b) line 3 after "Affiliates" added "and their respective"
- 602 3<sup>rd</sup> line changed "Facility Products" to "Functional Unit Products"
- 801 "Facility Products" changed to "Functional Unit Products" and Appendix entitled "FACILITY PRODUCT ALLOCATION PROCEDURE" changed to "PRODUCT ALLOCATION AND SETTLEMENT PROCEDURE"
- 802 and 803 Appendix entitled "FACILITY PRODUCT ALLOCATION PROCEDURE" changed to "PRODUCT ALLOCATION AND SETTLEMENT PROCEDURE"
- 804 all occurrences of "Facility Products" have been changed to "Functional Unit Products"
- 805 line 1 added "and provided that these fees shall not apply in circumstances where the Operator is required to sell on behalf of the Owners or in circumstances where the Operating Committee and or the Operator have decided that it is preferred for the Operator to sell on behalf of the Owners,"; line 4 and 8 deleted "Facility" and added "Functional Unit"; "Alternate A and C" have been removed.
- 902 (a) line 3 deleted "it's entire Facility Participation" and added "all of it's Functional Unit Participations"
- 903 (b) (ii) Appendix is entitled "FACILITY AND FUNCTIONAL UNIT PARTICIPATION"
- 1103 (a) line 5 corrected "blockage" to "blockade"

Revise Clause 1109 Statute of Limitations

The two (2) year period for seeking a remedial order under section 3(1)(a) of the *Limitations Act*, R.S.A. 2000 c. L-12, including any amendments thereto or replacements thereof, for any claim (as defined that Act) arising in connection with this Agreement is extended to:

- (a) for claims disclosed by an audit, two (2) years after the time this Agreement permitted that audit to be performed; or
- (b) for all other claims, four (4) years.

Revise Clause 1112. United States Taxes as follows

"If for the purposes of the United States Internal Revenue Code of 1986, as amended ("the Code"), this Agreement or the relationship established thereby constitutes a partnership as defined in Section 761 (a) of the Code, each Owner who is entitled under such Section to elect, hereby elects to have such partnership excluded from the application of Subchapter K of Chapter 1 of Subtitle A of the Code, or such portion thereof as the Secretary of the Treasury of the United States, or his delegate, permits to be so excluded. Operator, or a designated Affiliate is authorized to execute such election on behalf of the applicable Owners and to file the election with the proper United States government office or agency. Operator, or a designated Affiliate, is further authorized and directed to execute and file such additional and further evidence of such election as may be required, all at the expense solely of those Owners subject to the Code. However, if Operator is not subject to the Code with respect to the Facility, the

obligations of Operator under this Clause shall be fulfilled by the Owner, or a designated Affiliate, who is subject to the Code with respect to the Facility and who, among those Owners subject to the Code, holds the greatest Facility Participation. For this purpose, no Owner or Affiliate of an Owner shall give any notice or take any action inconsistent with this election.

Add Appendix XIV – Green House Gas Cost/Credit Allocation

- (c) If any provision contained in the Operating Procedure conflicts with a provision contained in this Elections and Modifications Form, the provision in the Elections and Modifications Form shall prevail.

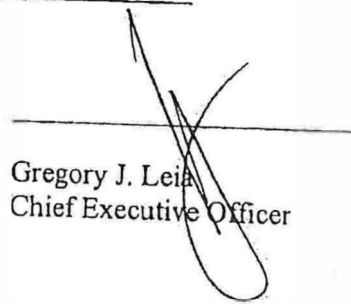
IN WITNESS WHEREOF the Owners have executed this Agreement each on the date shown above its execution hereof.

DATE: October 1, 2021

OWNER: Tenth Avenue Petroleum Corp.  
(Company Name)

PER: \_\_\_\_\_

NAME: Gregory J. Leis  
TITLE: Chief Executive Officer



ADDRESS FOR SERVICE: 203, 221 - 10 Avenue SE  
Calgary, Alberta  
T2G 0V9

Representative: \_\_\_\_\_

Fax No.: \_\_\_\_\_

E-mail: \_\_\_\_\_

This is the Execution Page of the Agreement for the Ownership and Operation of the Judy Creek Gas Plant

**IN WITNESS WHEREOF** the Owners have executed this Agreement each on the date shown above its execution hereof.

**Company Name:** ACCEL Canada Holdings Limited

DocuSigned by:  
  
C311B5F071424FE...

**PER:**

**NAME:** Michael Williams

**TITLE:** President & CEO

**Date:** November 3, 2017

**ADDRESS FOR SERVICE:**

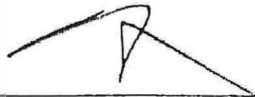
1400, 222- 3rd Avenue S.W..  
Calgary, Alberta  
T2P 0B4

**Counterpart Execution Page to the Agreement for the Ownership and Operation of the  
Judy Creek Gas Plant (F02212)**

IN WITNESS WHEREOF the Owners have executed this Agreement each on the date shown above its execution hereof.

DATE: Feb 1, 2017

OWNER: RAZOR ENERGY CORP  
(Company Name)

PER: 

NAME: DOUG BAILEY

TITLE: PRESIDENT & CEO

ADDRESS FOR SERVICE: 800, 500 - 5 AVENUE SW  
CALGARY AB  
T2P 3L5

Representative: Joint Venture

Fax No.: 403 - 262 - 0339

E-mail: \_\_\_\_\_

This is the Execution Page of the Agreement for the Ownership and Operation of the Judy Creek Gas Plant

**IN WITNESS WHEREOF** the Owners have executed this Agreement each on the date shown above its execution hereof.

Date: January 31, 2017

Razor Energy Corp.



\_\_\_\_\_  
Doug Bailey  
President & CEO

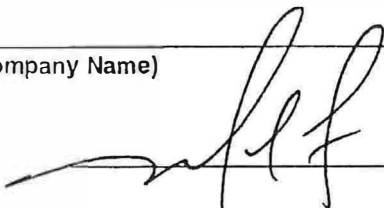
ADDRESS FOR SERVICE:

Razor Energy Corp.  
1250, 645 – 7<sup>th</sup> Avenue S.W.  
Calgary, Alberta  
T2P 4G8

IN WITNESS WHEREOF the Owners have executed this Agreement each on the date shown above its execution hereof.

DATE: May 26, 2011

OWNER: Penn West Petroleum Ltd.  
(Company Name)

PER: 

NAME: Mark Fitzgerald

TITLE: Senior Vice President, Production

ADDRESS FOR SERVICE: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Representative: \_\_\_\_\_

Fax No.: \_\_\_\_\_

E-mail: \_\_\_\_\_

This is the Execution Page of the Agreement for the Ownership and Operation of the Judy Creek Gas Plant

ITERATION ENERGY  
by its managing partner  
ITERATION ENERGY LTD.

DATE: APRIL 20, 2011

Per: \_\_\_\_\_



Blair Longdo, P. Eng.  
Manager, Joint Venture

Address for service:

700, 700 – 2<sup>nd</sup> Street SW  
Calgary, Alberta  
T2P 2W1

This is the execution page of the agreement entitled "Agreement for the Ownership and Operation of the Judy Creek Gas Conservation Plant".



IN WITNESS WHEREOF the Owners have executed this Agreement each on the date shown above its execution hereof.

DATE: MARCH 2, 2011

OWNER: ITE RATION ENERGY  
*by its managing partner*  
*Chinook Energy Inc.*  
(Company Name)

PER: *Blair Longdo*

NAME: Blair Longdo, P. Eng.  
Manager, Joint Venture

TITLE: \_\_\_\_\_

ADDRESS FOR SERVICE: # 700, 700 - 2<sup>ND</sup> STREET S.W.

CALGARY, AB

T2P 2W1

Representative: BLAIR LONGDO

Fax No.: 403-264-4797

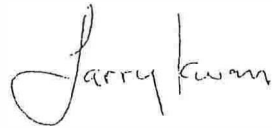
E-mail: blair@chinookenergyinc.com

**This is the Execution Page of the Agreement for the Ownership and Operation of the Judy Creek Gas Plant**

2018. Tax

Where any increase or decrease in costs results from the imposition of the proposed Goods and Services Tax or any similar value-added tax the increase or decrease in costs shall be borne by the OWNERS on the appropriate bases specified in the Agreement. These bases are FUNCTIONAL UNIT PARTICIPATION, volumetric throughput or other bases as specified. If any amount of value-added tax is levied in respect to any service or good supplied by the OPERATOR to a FUNCTIONAL UNIT and such tax is payable to the OPERATOR under the law as agent of the Crown, the FUNCTIONAL UNIT account shall be charged accordingly.

**IN WITNESS WHEREOF** the Owners have executed this agreement each on the date shown opposite its execution hereof.



Date: February 17, 2011

ARC Resources General Partnership

Address in Alberta:

ARC Resources General Partnership  
by its Managing Partner  
ARC Resources Ltd.  
Suite 1200, 308 – 4<sup>th</sup> Avenue S.W.  
Calgary, Alberta, Canada  
T2P 0H7

This is the execution page of the Agreement entitled "Agreement for the Ownership and Operation of the Judy Creek Conservation Plant"

IN WITNESS WHEREOF the Owners have executed this Agreement each on the date shown above its execution hereof.

DATE: January 1, 2011

---

PENN WEST PETROLEUM  
By its Managing Partner  
PENN WEST PETROLEUM LTD.  
(Company Name)




---

Mark Fitzgerald,  
Senior Vice-President, Production

**ADDRESS FOR SERVICE:**

Penn West Petroleum  
c/o Penn West Petroleum Ltd.  
200, 207 - 9<sup>th</sup> Avenue S. W.  
Calgary, Alberta  
T2P 1K3

Attention: Joint Venture  
Facsimile: 403-218-4191

**This is the Execution Page of the  
Agreement for the Ownership and Operation of the Judy Creek Gas Plant**

2018. **Tax**

Where any increase or decrease in costs result from the imposition of the proposed Good and Services Tax or any similar value-added tax the increase or decrease in costs shall be borne by the OWNERS on the appropriate bases specified in the Agreement. These bases are FUNCTIONAL UNIT PARTICIPATION, volumetric throughput or other bases as specified. If any amount of value-added tax is levied in respect to any service or good supplied by the OPERATOR to a FUNCTIONAL UNIT, and such tax is payable to the Operator under the law as agent of the Crown, the FUNCTIONAL UNIT account shall be charged accordingly.

IN WITNESS WHEREOF the Owners have executed this Agreement as of the day and year shown opposite its execution hereof.

Date: January 1, 2011

**PENN WEST PETROLEUM**, a general partnership,  
by its Managing Partner,  
**PENN WEST PETROLEUM LTD.**



Per: \_\_\_\_\_  
Mark Fitzgerald, Sr. Vice President, Production

**ADDRESS IN ALBERTA:**

Penn West Petroleum  
Suite 200, 207 9<sup>th</sup> Avenue S.W.  
Calgary, Alberta T2P 1K3  
Fax: 403-218-4191

This is the Execution Page of the "Agreement for the Ownership and Operation of the Judy Creek Conservation Plant".

439 ROYALTY CORP.

Date: 10 NOV 2010

Per: 

Martin Abbott, President

Address for Service:

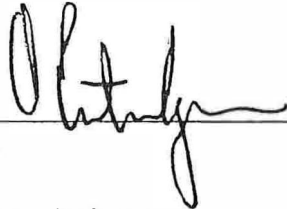
200, 1210 – 11 Ave SW  
Calgary, AB T3C 0M4  
Attention: President  
Fax: 403-571-4444

This is the execution page of the agreement entitled "Agreement for the Ownership and Operation of the Judy Creek Gas Conservation Plant".

**IN WITNESS WHEREOF** the Owners have executed this Agreement each on the date shown above its execution hereof.

**Company Name:** Conifer Energy Inc.

**PER:**



---

**NAME:** Anton Esterhuizen

**TITLE:** VP Joint Venture and Land

**DATE:** February 1, 2021

**ADDRESS FOR SERVICE:**

Conifer Energy Inc.  
#1400 – 222 3<sup>rd</sup> Avenue SW  
Calgary, Alberta  
T2P 0B4

Fax: 403-300-0201

**This is the Execution Page of the Agreement for the Ownership and Operation of the Judy  
Gas Plant (F02212)**

**EXHIBIT "A"**  
**TO AN AGREEMENT FOR THE**  
**CONSTRUCTION, OWNERSHIP AND OPERATION OF THE**  
**JUDY CREEK GAS PLANT**  
**EFFECTIVE MARCH 1, 2011**

**Elections and Modifications to the 1999 Operating Procedure**

(a) The following clauses of the Operating Procedure include the following elections, alternates, options or values:

101 (k) Enlargement: one hundred thousand dollars (\$100,000)

204 Voting Procedures:

(b) Negative Vote: fifty percent (50%); fifty percent (50%)

(e)(i) General Vote: three (3) or more Owners; seventy five percent (75%)

(e)(ii) General Vote: three (3) or more Owners; seventy five percent (75%)

(f) Removal of Operator: two (2) or more Owners; ninety-percent (90%)

(f)(i) Removal of Operator: ninety percent (90%)

(g) Replacement of Operator: two (2) or more Owners; seventy five percent (75%)

(h)(i) Amendment of Appendices: Appendices III, IV, V, VIII, XI, XII; three (3) or more Owners; ninety five percent (95%)

(h)(ii) Amendment of Appendices: Appendices VI, VII, IX, XIII and the fees charged for use Surplus Capacity by Owners and non-Owners in Appendix V

(1) Amendment of Appendices: three (3) or more Owners; seventy five percent (75%)

(2) Amendment of Appendices: three (3) or more Owners; seventy five percent (75%)

(i) Termination: three (3) or more Owners; ninety five percent (95%)

602(b)(iii) Set-off: Alternate A

805 Distribution of Proceeds: Alternate B

(Complete one only of the following for the Alternate chosen for 805 above).

A: \_\_\_\_\_ ( \_\_\_ %)

ALTERNATE B.        **five** dollars per one thousand cubic metres (**\$5.00/10<sup>3</sup>m<sup>3</sup>**) in the case of natural gas;  
                           **ten** dollars per cubic metre (**\$10.00/m<sup>3</sup>**) in the case of natural gas liquids and substances  
 other than petroleum and natural gas (but not including sulphur);

C: \_\_\_\_\_

901 Disposal of Interest:    Alternate C

902 Unrestricted Disposal:

(d)     shall X/ shall \_\_\_not apply

(e)     shall X/ shall not \_\_\_apply

(b) The Operating Procedure is modified as follows:

101 added definition:

(i)     "Downsizing" means a modification that reduced the Capacity of the Facility or any Functional Unit;

101.removed definitions:

(m)     "Facility Inlet" means the point at which Inlet Substances first enter the Facility;

(n)     "Facility Outlet" means the point at which Facility Products leave the Facility;

(p)     "Facility Products" means all substances recovered from the processing or handling of Inlet Substances in the Facility, which are available for delivery from the Facility, excluding such substances as are unavoidably lost, consumed as fuel or flared in Joint Operations;

101. revised definition:

(l)     "Facility" changed to definition (m) and line 4 before "UNITS" deleted "MAP"

(o)     "Facility Participation" to the following: (n) "Facility Participation" means for the purposes of voting will be equal to the Processing Plant Functional Unit Participation

(t)     "Functional Unit" changed to defintion (r), line 2 before "UNITS" deleted "MAP", line 3 deleted (and means the whole of the Facility if there is no separation into Functional Units)

(aa)    "Initial Construction" changed to definition (y), line 3 after "specifications" changed "Facility" to "Functional Unit", after "Products to the" changed "Facility" to "Functional Unit"

(ee)    "Market Price" changed to definition (cc), all occurrences of "Facility" have been changed to "Functional Unit"

105 (b) – line 2 changed "Facility" to "Functional Unit", before "Functional Unit" added "revisions to"

202.     Chairman replaced by Chairperson

Revise Sub-clause 204:

(a) (iii) deleted as Relative Weighting is not used at this Facility:

(e) (iii) deleted as Relative Weighting is not used at this Facility:

(h) (ii)(3) deleted as Relative Weighting is not used at this Facility:

207 – line 1 "Facility" changed to "Functional Unit"

210 – added "and Downsizing" to heading, line one after "Enlargement" added "or Downsizing"



302 – line 1 preceding “ninety” deleted word “one”

303 – line 2 before “appointed” added the missing word “shall be”

307 – line 1 deleted “Facility Participation” and added “Functional Unit Participations”

403 – deleted “Facility” added “Functional Unit”

501 (a) – lines 3, 6 & 9 after “Affiliates” added “and their respective”

501 (b) – line 3 after “Affiliates” added “and their respective”

804 – deleted “Facility” from heading and added “Functional Unit”

(a) paragraph 1, line 1, 3 and 6, paragraph 2 line 2 deleted “Facility” added “Functional Unit”

(b) paragraph 1, line 1, paragraph 2 line 1, 5, 7, 11 and 13, paragraph 3 line 1 and 3 deleted “Facility” added “Functional Unit”

805 - line 1 added “and provided that these fees shall not apply in circumstances where the Operator is required to sell on behalf of the Owners or in circumstances where the Operating Committee and or the Operator have decided that it is preferred for the Operator to sell on behalf of the Owners, ”  
line 4 and 8 deleted “Facility” added “Functional Unit”

902 (a) line 3 deleted “it's entire Facility Participation” and added “all of it's Functional Unit Participations”

1103 (a) – line 5 corrected “blockage” to “blockade”

Revise Clause 1109. Statute of Limitations

The two (2) year period for seeking a remedial order under section 3(1)(a) of the Limitations Act, R.S.A. 2000 c. L-12, including any amendments thereto or replacements thereof, for any claim (as defined in that Act) arising in connection with this Agreement is extended to:

(a) for claims disclosed by an audit, two (2) years after the time this Agreement permitted that audit to be performed; or

(b) for all other claims, four (4) years.

Revise Clause 1112 United States Taxes as follows

“If for the purposes of the United States Internal Revenue Code of 1986, as amended (“the Code”), this Agreement or the relationship established thereby constitutes a partnership as defined in Section 761 (a) of the Code, each Owner who is entitled under such Section to elect, hereby elects to have such partnership excluded from the application of Subchapter K of Chapter 1 of Subtitle A of the Code, or such portion thereof as the Secretary of the Treasury of the United States, or his delegate, permits to be so excluded. Operator, or a designated Affiliate, is authorized to execute such election on behalf of the applicable Owners and to file the election with the proper United States government office or agency. Operator, or a designated Affiliate, is further authorized and directed to execute and file such additional and further evidence of such election as may be required, all at the expense solely of those Owners subject to the Code. However, if Operator is not subject to the Code with respect to the Facility, the obligations of Operator under this Clause shall be fulfilled by the Owner, or a designated Affiliate, who is subject to the Code with respect to the Facility and who, among those Owners subject to the Code, holds the greatest Facility Participation. For this purpose, no Owner or Affiliate of an Owner shall give any notice or take any action inconsistent with this election.”

Add Appendix XIV – Green House Gas Cost/Credit Allocation

- (c) If any provision contained in the Operating Procedure conflicts with a provision contained in this Elections and Modifications Form, the provision in the Elections and Modifications Form shall prevail.

**EXHIBIT "A"**  
**TO AN AGREEMENT FOR THE**  
**OWNERSHIP AND OPERATION OF THE**  
**JUDY CREEK GAS PLANT**  
**EFFECTIVE MARCH 1, 2011**

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## EXHIBIT "A"

### TO AN AGREEMENT FOR THE OWNERSHIP AND OPERATION OF THE JUDY CREEK GAS PLANT EFFECTIVE MARCH 1, 2011

#### 1999 OPERATING PROCEDURE

## ARTICLE I

### INTERPRETATION

#### 101. Definitions

All capitalized terms used herein shall have the meaning assigned in the Head Document and the Accounting Procedure, and, in addition, the following words and phrases shall have the following respective meanings, namely:

- (a) "Accounting Procedure" means Appendix III entitled "ACCOUNTING PROCEDURE";
- (b) "Affiliate" means, with respect to any Owner, any other Person which is affiliated with such Owner, and for the purposes hereof:
  - (i) two Persons will be considered to be affiliated with one another if one (1) of them controls the other, or if both of them are controlled by a common third Person, and
  - (ii) one (1) Person will be considered to control another Person if it has the power to direct or cause the direction of the management and policies of the other Person, whether directly or indirectly, through one (1) or more intermediaries or otherwise, and whether by virtue of the ownership of shares or other equity interests, the holding of voting rights or contractual rights, or otherwise;
- (c) "Agreement" means the Head Document together with the Operating Procedure and the Appendices;
- (d) "Appendix" means any of the appendices (as amended) attached to the Operating Procedure, as indicated in Article II of the Head Document;
- (e) "Capacity" means, with respect to any Functional Unit, the daily volumetric handling capability of such Functional Unit, as set forth initially in the Head Document and as may be redetermined under this Agreement;
- (f) "Capacity Ownership" means an Owner's share of Capacity equal to its Functional Unit Participation;
- (g) "Capital Costs" means all expenditures incurred in connection with the Initial Construction of the Facility (including commissioning and testing immediately after Initial Construction), any Modification or Enlargement and any other expenditures so designated by the Operating Committee;
- (h) "Day" means a period commencing at 0800 hours on any calendar day and ending at 0800 hours on the immediately next succeeding calendar day, or at such other time as may hereinafter be set by the Operating Committee;

- (i) "Downsizing" means a modification that reduced the Capacity of the Facility or any Functional Unit;
- (j) "Effective Date" has the meaning ascribed to it in the Head Document;
- (k) "Enlargement" means an expansion, addition or enhancement to the Facility that:
  - (i) increases the Capacity of an existing Functional Unit or has a total installed cost of one hundred thousand dollars (\$100,000) or more, and is required to process, treat or handle, as the case may be, additional volumes of Inlet Substances or the components thereof, in excess of an Owner's Capacity Ownership in an existing Functional Unit, or
  - (ii) adds a new Functional Unit to the Facility that duplicates the function of an existing Functional Unit or adds a new function to the Facility;
- (l) "Exhibit "A"" means this Operating Procedure and the Appendices;
- (m) "Facility" means all real and personal property of every nature and kind attached to, forming part of or used in connection with Joint Operations, maintained and held by Operator in accordance with this Agreement and as described under the Appendix entitled "DESCRIPTION OF FACILITY AND FUNCTIONAL UNITS AND SCHEMATIC";
- (n) "Facility Participation" means for the purposes of voting will be equal to the Processing Plant Functional Unit Participation
- (o) "Fixed Operating Costs" means those Operating Costs that do not vary with production or throughput volume, such as, but not limited to, property taxes, insurance and surface lease rentals; *license fees*
- (p) "Forecast" means a written statement, initiated by Operator, of the Joint Operations which are anticipated to be conducted during the Forecast Period, together with a written statement of the estimated expenditures to be made in connection with such Joint Operations;
- (q) "Forecast Period" means a period of one (1) Year, provided that if this Agreement does not come into effect as of the beginning of a Year, the first such period for the Year in which this Agreement comes into effect shall comprise the portion of such Year remaining after this Agreement comes into effect;
- (r) "Functional Unit" means a separate component of the Facility described under the Appendix entitled "DESCRIPTION OF FACILITY AND FUNCTIONAL UNITS AND SCHEMATIC", and all real and personal property of every nature and kind attached to, forming part of or used in connection with the operation thereof;
- (s) "Functional Unit Inlet" means with respect to any Functional Unit, the point where Functional Unit Products, Inlet Substances or any portion thereof, first enter such Functional Unit;
- (t) "Functional Unit Outlet" means, with respect to any Functional Unit, the point where Functional Unit Products leave such Functional Unit;
- (u) "Functional Unit Participation" means, with respect to any Functional Unit, the percentage interest ownership of each Owner in such Functional Unit as set forth opposite such Owner's name under the Appendix entitled "FACILITY AND FUNCTIONAL UNIT PARTICIPATION";
- (v) "Functional Unit Products" means all substances recovered from the processing or handling of Inlet Substances or products of other Functional Units in a Functional Unit, which are available for delivery from the Functional Unit, excluding such substances as are unavoidably lost, consumed as fuel or flared in Joint Operations;

- (w) "Gross Negligence" means:
- (i) a marked and flagrant departure from the standard of conduct of a reasonable person acting in the circumstances at the time of the alleged misconduct, or
  - (ii) such wanton and reckless conduct or omissions as constitutes in effect an utter disregard for harmful, foreseeable and avoidable consequences,
- provided that Gross Negligence shall not include any act or omission, insofar as it was done or omitted to be done in accordance with the instructions or express concurrence of the Operating Committee;
- (x) "Head Document" means the agreement to which this Exhibit "A" is attached;
- (y) "Initial Construction" means construction of the Facility completed by Operator pursuant to Article IV prior to the first Day of the Month in which the Facility commences operation and is capable of delivering specification Functional Unit Products to the Functional Unit Outlet for an uninterrupted period of thirty (30) Days;
- (z) "Inlet Substances" means Owner's Substances and Outside Substances;
- (aa) "Joint Account" means the account set up pursuant to Clause 601 showing the charges paid and credits received as a result of Joint Operations and which are to be shared by the Owners in accordance with the terms of this Agreement;
- (bb) "Joint Operations" means all activities resulting in Capital Costs (including, if applicable, Initial Construction), Operating Costs and all other activities undertaken in connection with the Facility, where such activities are conducted for the Joint Account under the terms of this Agreement;
- (cc) "Market Price" means the price at which Functional Unit Products are to be sold pursuant to Article VIII if an Owner does not take its share of Functional Unit Products in kind and separately dispose of the same, which price is not unreasonable having regard to market conditions applicable to similar production in arm's length transactions at the time of such disposition, including, without restricting the generality of the foregoing, such factors as the volumes available, the kind and quality of Functional Unit Products to be sold, the effective date of the sale, the term of the sale agreement, the point of sale of the Functional Unit Products and the type of transportation service available for the delivery of the Functional Unit Products to be sold;
- (dd) "Modification" means an expansion, addition or enhancement to the Facility that is not an Enlargement;
- (ee) "Month" means a calendar month, commencing at the beginning of the first Day thereof and ending at the last Day thereof, or at such other times as may hereafter be set by the Operating Committee;
- (ff) "Non-Operator" means an Owner other than Operator;
- (gg) "Operating Committee" means the committee composed of the duly authorized representatives of each of the Owners, established pursuant to Article II of the Operating Procedure;
- (hh) "Operating Costs" means all costs and expenses, except Capital Costs, incurred in connection with the testing, operation, repair and maintenance of the Facility;
- (ii) "Operating Procedure" means Exhibit "A", excluding the Appendices;
- (jj) "Operator" means the Owner so designated under the Head Document or such other Owner as subsequently may be designated by the Operating Committee;
- (kk) "Outside Substances" means those Inlet Substances which are not Owner's Substances;

- (ll) "Owner" means a party to this Agreement;
- (mm) "Owner's Substances" has the meaning ascribed to it in the Head Document;
- (nn) "Person" means an individual, firm, body corporate, partnership or other legal entity, as the case may be;
- (oo) "Regulations" means all statutes, laws, rules, orders and regulations in effect from time to time (including any amendments thereto or replacements thereof) and made by governments or governmental boards or agencies having jurisdiction over the Facility or Joint Operations;
- (pp) "Surplus Capacity" means with respect to any Functional Unit, that portion of the Capacity which is available from time to time, but which is not being utilized by the Owner(s) entitled to use such Capacity;
- (qq) "Variable Operating Costs" means those Operating Costs that remain after excluding Fixed Operating Costs and that vary with throughput volume of Inlet Substances; and
- (rr) "Year" means a calendar year, commencing at the beginning of the first Day of January and ending at the last Day of December, or at such other times as may hereafter be set by the Operating Committee.

## 102. References

Unless otherwise expressly stated:

- (a) the words "hereinbefore", "hereinafter", "hereunder", "herein", and "hereof" in the Operating Procedure refer to the provisions of this Operating Procedure, and references to Articles, Clauses, Subclauses or Paragraphs in the Operating Procedure refer to Articles, Clauses, Subclauses or Paragraphs of this Operating Procedure;
- (b) whenever the singular, masculine or neuter is used in this Agreement, the same shall be construed as meaning plural or feminine or body politic or corporate or vice versa, as the context so requires;
- (c) all times referred to in this Agreement are in respect of time for the applicable time zone or legislated method of determining time for the area in which the Facility is located;
- (d) all references to "dollars" or "\$" in this Agreement shall mean the lawful currency of Canada, and all payments and receipts shall be made and recorded in lawful currency of Canada;
- (e) wherever the phrase "within" or "at least" is used with reference to a specific number of Days herein, the Day of receipt of the relevant notice or the Day of the relevant event shall be excluded in determining the applicable time period. However, if the time for doing any act expires on a Saturday, Sunday or statutory holiday in either the Province of Alberta or Canada, the time for doing that act shall be extended to the next normal business Day, except as prescribed in the Accounting Procedure with respect to the payment of billings; and
- (f) all conversions between Imperial units and Systems International (metric) units required to be made pursuant to this Agreement shall be conducted utilizing the conversion factors prescribed in the publication entitled "Metric Practice Guide for the Petroleum and Natural Gas Industry and Services, Fifth Edition, 1989", as may be amended or supplemented from time to time.

## 103. Derivatives

If a term is defined, a derivative of that term shall have a corresponding meaning unless the context otherwise requires.



104. Correction of Appendices

If Operator becomes aware of a mistake or mechanical error in the Operating Procedure or an Appendix, Operator shall prepare a corrected Operating Procedure or Appendix and supply each Owner with a copy thereof.

105. Revision of Exhibit "A"

- (a) This Operating Procedure may be revised, amended or replaced by a vote of the Operating Committee in accordance with Clause 202 of the Head Document.
- (b) Appendices shall be revised by Operator as provided for under this Agreement, and when required, to accurately reflect routine consequential changes, such as revisions to Functional Unit Participations and amalgamations.

106. Effective Time of Exhibit "A"

Except as otherwise expressly provided in this Agreement:

- (a) subject to Subclause 106 (b), any revised Operating Procedure or Appendix shall be effective in its revised or amended form as of the time specified by the provision of this Agreement allowing such revision or amendment, or if no such time is specified, such revised or amended Operating Procedure or Appendix shall be effective as of the first Day of the Month next following the date that all required documentation was received by Operator or on such other date or time as directed by the Operating Committee; and
- (b) any Appendix which is corrected pursuant to Clause 104, to rectify an error therein, shall, unless otherwise directed by the Operating Committee, be effective in its corrected form as of the date on which the incorrect version of the Appendix would have been effective, and the incorrect version of the Appendix shall be deemed conclusively never to have been effective.

107. Revised Appendices Deemed Correct

Subject to the provision set forth in Subclause 106 (b), each Appendix, and each revised or corrected version thereof, shall for purposes of this Agreement be deemed conclusively to be correct and binding on the Owners from the time at which it becomes effective until the time at which a revised or corrected version thereof becomes effective.

108. Identification of Revised Appendices

Revised and corrected versions of Appendices shall be numbered consecutively, shall indicate the date on which they become effective, shall reference the ballot issued to the Operating Committee for approval, if applicable, and shall indicate whether they are revised or corrected versions of an Appendix, or both.

109. Preparation and Distribution of Revised Appendices

Each time that an Appendix is to be revised or corrected pursuant to this Agreement, Operator shall effect the required revisions or corrections in a timely and diligent manner and shall provide each Owner with one (1) copy of the revised or corrected version of the Appendix.

## ARTICLE II

### SUPERVISION AND CONTROL OF JOINT OPERATIONS

#### 201. Operating Committee

The Owners shall form an Operating Committee composed of their duly appointed representatives to supervise and control all Joint Operations. As soon as possible after the Effective Date, each Owner shall notify Operator in writing of the names and addresses of its primary representative and one (1) or more alternate representatives. The representative of an Owner shall be deemed to have full power and authority to represent and bind such Owner with respect to all matters within the power of the Operating Committee, and all acts done by such representative in such capacity shall be deemed to be the acts of the Owner appointing such representative. An alternate representative shall have full power to act for an Owner in the absence of the primary representative. An Owner may change any of its representatives from time to time by written notice to Operator. Two (2) or more Owners may appoint the same Person as their representative, who shall in such cases, cast a separate vote for each Owner being represented.

#### 202. Chairperson

The representative of the Operator shall be the chairperson of the Operating Committee.

#### 203. Powers

The Operating Committee shall, in accordance with the terms of this Agreement, exercise overall supervision and control of and shall determine all matters of importance relating to Joint Operations, except for those matters:

- (a) specifically designated in this Agreement to be within the exclusive jurisdiction and control of Operator; or
- (b) specifically excluded in this Agreement from the jurisdiction and control of the Operating Committee.

#### 204. Voting Procedure

Subject to Clause 208, the Operating Committee shall determine all matters properly coming before it by vote, in accordance with the following voting procedure:

##### (a) Voting Interest

For the purpose of determining the number of Owners having voted or deemed to have voted on any matter pursuant to this Article II, Owners who are Affiliates of each other and who vote the same in respect of a matter hereunder shall be deemed to be one (1) Owner only.

Except as may otherwise be provided in this Agreement, each Owner shall have a voting interest equal to:

- (i) its Facility Participation, if the matter materially affects or involves the entire Facility;
- (ii) its Functional Unit Participation in a specific Functional Unit, if the matter relates to such Functional Unit and does not materially affect or involve any other Functional Unit;

Any dispute as to whether a matter materially affects or involves more than one (1) Functional Unit shall be decided by a vote in accordance with Paragraph 204 (e) (i) hereof.

Notwithstanding Subclause 204 (c), if an Owner is precluded from voting pursuant to Paragraph 602 (b) (ii), the voting interest of each non-defaulting Owner shall be revised so as to bear the same ratio to the

other as do their Functional Unit Participations or Facility Participations, so that the voting interests of all non-defaulting Owners equals one hundred percent (100%).

(b) Negative Vote

Notwithstanding Subclause 204 (e) and (h), but subject to Subclauses 204 (f), (g) and (i), no single Owner shall be able to defeat a vote on a matter, unless such Owner's voting interest with respect to such matter is greater than fifty percent (50%), and if a single Owner with a voting interest of fifty percent (50%) or less is the only Owner voting negatively on a matter, such Owner shall be shown to have voted negatively in recording the results of the vote, but such matter shall be conclusively deemed carried in the affirmative.

(c) Deemed Vote

Subject to Subclauses 204 (f), (g) and (i), an Owner who does not vote or abstains from voting on any matter shall be conclusively deemed to have voted in the affirmative on the matter. In recording the result of a vote, such Owner shall be shown as having abstained from voting, been absent from the meeting in which such vote was taken, if applicable, or otherwise having failed to vote on such matter, as the case may be.

(d) Effect of Vote

A determination of a matter by the vote of the Owners in accordance with the provisions of this Agreement shall be binding upon all of the Owners, except as otherwise provided in this Agreement.

(e) General Vote

Except as otherwise provided herein, a matter being voted on by the Operating Committee shall be decided by the affirmative vote of:

- (i) three (3) or more Owners having a combined Facility Participation of seventy five percent (75%) or more, if such matter materially affects or involves the entire Facility;
- (ii) three (3) or more Owners having a combined Functional Unit Participation in the applicable Functional Unit of seventy five percent (75%) or more, if such matter relates to one (1) Functional Unit and does not materially affect or involve any other Functional Unit.

(f) Vote for Removal of Operator

Operator may be removed by the affirmative vote of two (2) or more Owners having a combined Facility Participation of ninety percent (90%) or more of the remaining Facility Participation, after excluding the Facility Participations of Operator and its Affiliates, provided that:

- (i) subject to Clause 303 and Subclause 602 (e), Operator may not be removed by a vote of the Operating Committee if Operator and its Affiliates collectively hold Facility Participations totalling ninety percent (90%) or more, and
- (ii) the provisions of Subclauses 204 (b) and (c) shall not apply to a vote taken under this Subclause 204 (f).

(g) Vote for Replacement Operator

A successor Operator that consents to assume all the duties and obligations of Operator shall be appointed by an affirmative vote of two (2) or more Owners having a combined Facility Participation of seventy five percent (75%) or more. In voting on the appointment of a successor Operator, the departing Operator and its Affiliates shall not be entitled to vote to have the departing Operator or any of its Affiliates succeed the departing Operator. In addition:

- (i) should more than one (1) potential successor Operator be voted on, the potential successor Operator that receives the greatest Facility Participation vote shall be the successor Operator, and the requirement for the specified number of Owners voting in the affirmative and the provisions of Subclauses 204 (b) and (c) shall not apply; and
  - (ii) should two (2) or more potential successor Operators receive an equal Facility Participation voting percentage, the potential successor Operator holding the largest Facility Participation shall be the successor Operator.
- (h) Amendment of Appendices

The Appendices may be revised, amended or replaced from time to time in the following manner:

- (i) Appendices III, IV, V, VIII, XI and XII at the direction of the Operating Committee by an affirmative vote of three (3) or more Owners having a Facility Participation of ninety five percent (95%) or more.
  - (ii) Appendices VI, VII, IX, XIII and the fees charged for use Surplus Capacity by Owners and non-Owners in Appendix V, at the direction of the Operating Committee by an affirmative vote of:
    - (1) Three (3) or more Owners having a Facility Participation of seventy five percent (75%) or more, if such matter materially affects or involves more than one of the Functional Units, or the entire Facility;
    - (2) Three (3) or more Owners having a combined Functional Unit Participation in the applicable Functional Unit of seventy five percent (75%) or more, if such matter relates to one (1) Functional Unit and does not materially affect or involve any other Functional Unit; and
- (i) Vote for Termination of Agreement

Subject to the provisions of Article X, this Agreement may be terminated by the affirmative vote of three (3) or more Owners having a Facility Participation of ninety five percent (95%) or more; provided that the provisions of Subclauses 204 (b) and (c) shall not apply to a vote taken under this Subclause.

- (j) Vote by Proxy

An Owner may appoint a proxy to attend any meeting on its behalf. Such proxy appointment shall be by written instrument signed by the Owner, setting forth the extent of the authority granted to the proxy holder. A proxy appointment shall not be effective unless such instrument is deposited with the chairman of the Operating Committee prior to or during the first meeting in respect of which such proxy has been appointed to attend. An Owner who has submitted an instrument appointing a proxy may revoke such instrument at any time prior to the commencement of or during any meeting to which the proxy appointed thereby is to attend, provided that the revocation of an appointment of proxy during a meeting shall not apply to any vote conducted during that meeting prior to the revocation of that appointment. In addition to revocation in any other manner permitted by law, an instrument appointing a proxy shall be deemed to be automatically revoked for a meeting to which the proxy appointment relates, insofar as the Operating Committee representative of the Owner who appointed the proxy attends that meeting.

- (k) Vote by Notice
- (i) An Owner not represented at a meeting may vote on any matter on the agenda by prior written notice to Operator, indicating the position of such Owner regarding such matter.
  - (ii) Operator may, without calling a meeting, call for a vote on any matter by submitting such matter, together with reasonable details regarding the same, to each Owner by mail ballot notice. Each Owner shall, by notice to Operator, cast its vote within fifteen (15) Days from the date of deemed receipt of such mail ballot notice by the Owners. Such vote shall be binding, unless, within seven (7) Days after sending such mail ballot notice, Operator calls a meeting or is requested to call a meeting to consider the matter in accordance with Clause 205. Operator shall promptly notify the Owners of the result of such vote after the expiry of such fifteen (15) Day period.
  - (iii) All mail ballots shall be numbered consecutively. Such numbering shall include the Year in which the mail ballot is issued.

#### 205. Meetings

The following procedures shall apply to meetings of the Operating Committee:

- (a) The Operating Committee shall hold meetings whenever called by Operator. Operator may call a meeting at any time and from time to time on its own motion. One (1) or more Owners having Facility Participations totalling five percent (5%) or more shall have the right to request the Operator to call a meeting to deal with specific stated items. Operator shall issue the notice of such meeting within ten (10) Days of receipt of a written request by an Owner, and the meeting shall be held within thirty (30) Days of receipt by Operator of such request.
- (b) At least ten (10) Days' notice of each meeting shall be given to each Owner, unless all of the Owners agree in writing or by vote at a meeting, to waive or shorten such notice period. Notice of any meeting shall be accompanied by an agenda together with reasonable details of the matters on the agenda and any motions to be voted on at the meeting. Any Owner shall have the right to require Operator to place an item on the agenda for such meeting, provided such item and reasonable details sufficient to enable the Owners to consider beforehand the nature of such item shall be furnished to the other Owners by such Owner within five (5) Days of the date of deemed receipt of the notice of such meeting. A motion not contained in the agenda or an amendment to be made to a motion which is contained in the agenda shall not be voted on at a meeting unless all of the Owners, whether or not present at such meeting, agree to add or amend such motion; provided that if any motion principally relates to one (1) Functional Unit and does not materially affect or involve any other Functional Unit, such motion may be added to the agenda or amended if all of the Owners, including any Owner not present at the meeting, having Functional Unit Participations in the affected Functional Unit, agree to such addition or amendment.
- (c) Motions voted on at a meeting shall be numbered in accordance with Paragraph 204 (k) (iii).
- (d) A representative of any Owner attending a meeting of the Operating Committee may be accompanied by a reasonable number of advisors, and the chairman may be accompanied by such additional attendees as are required to record the minutes of the meeting or otherwise assist in the conduct thereof.
- (e) All meetings of the Operating Committee shall be held at the office of the Operator or at such other place as the Operating Committee may decide.

#### 206. Minutes

Operator shall keep minutes of the proceedings of each meeting of the Operating Committee and a copy thereof shall be forwarded to each Owner within thirty (30) Days of the date of such meeting. The minutes shall contain the names of all Owners' representatives present at the meeting, indicating their capacity and the Owners that they represent, a description of the matters reviewed, the result of any vote and any dissenting Owner opinion. The minutes for any Operating Committee meeting shall be deemed to be correct as written and distributed, unless an Owner receiving the

minutes gives Operator notice of an error or omission regarding such minutes within thirty (30) Days of the date upon which such minutes were sent to the Owners. Upon receiving such a notice:

- (a) Operator shall promptly correct and re-issue the minutes if Operator agrees with the claim of an error or omission; or
- (b) Operator shall promptly submit the matter to the Operating Committee for resolution by a vote in accordance with Subclause 204 (e) if Operator does not agree with the claim of an error or omission.

Any revised version of the minutes shall be deemed to replace all prior versions of the same and shall be deemed correct as written and distributed, subject to the terms of this Clause, which shall apply to such revised version of the minutes as if they were the original version of the same.

207. Reduction in Owners

Subject to Clause 208, if the number of Owners having a Facility Participation or Functional Unit Participation decreases after the Effective Date to a level equal to or less than the minimum number of Owners required to determine a matter under Subclause 204 (e), (f), (g), (h) or (i), the minimum number of Owners required to determine a matter shall always be one less than the number of Owners entitled to vote.

208. Unanimous Approval

If and for so long as there are only two (2) Owners for voting purposes, Subclauses 204(b), (e), (f), (g), (h) and (i) shall not have any effect, and all matters coming before the Operating Committee shall be determined by the unanimous approval of the representatives of the Owners. At any time where unanimous approval cannot be reached in respect of any matter, either Owner may invoke the provisions of Appendix XII entitled "DISPUTE RESOLUTION", to resolve such matter.

209. Subcommittees

The Operating Committee may from time to time establish subcommittees to deal with defined mandates as provided by the Operating Committee. Any such subcommittee shall not have any powers of supervision or control, but shall only be entitled to report and make recommendations to the Operating Committee.

210. Enlargement and Downsizing

Any Enlargement or Downsizing shall be approved and conducted in accordance with Appendix XI entitled "ENLARGEMENT AND DOWNSIZING".

211. Environmental Matters

Appendix XIII entitled "ENVIRONMENTAL MATTERS" shall only be effective from the first Day of the Month next following execution of this Agreement by one hundred percent (100%) of the Owners, and shall not apply prior to the date of such execution.

## ARTICLE III

### APPOINTMENT AND REPLACEMENT OF OPERATOR

301. Assumption of Duties of Operator

Operator named in the Head Document, and any succeeding Operator appointed hereunder, shall assume the duties and obligations of Operator hereunder and shall have all the rights of Operator hereunder.

302. Resignation of Operator

Operator may resign as Operator on giving each of the Owners a minimum of ninety (90) Days' notice of its intention to do so, provided that such resignation shall be effective at the end of a Month.

303. Replacement of Operator

Operator shall immediately cease to be Operator in the circumstances described in Subclauses (a) and (b) below and in all circumstances described in this Clause a replacement Operator shall be appointed pursuant to Clause 304, if:

- (a) Operator becomes bankrupt or insolvent, commits or suffers any act of bankruptcy or insolvency, is placed in receivership or a receiver/manager or Person filling that role is appointed with respect to its property, seeks debtor relief protection under applicable legislation (including, without restricting the generality of the foregoing, the Bankruptcy and Insolvency Act of Canada and the Companies' Creditors Arrangement Act of Canada) or permits any judgement to be registered against its interest in the Facility or any portion thereof, and without restricting the generality of the foregoing, an Operator shall be deemed insolvent for the purposes of this Clause if it is unable to pay its debts as they fall due in the usual course of business;
- (b) subject to Clauses 307 and 402, Operator assigns or attempts to assign its general powers and responsibilities of supervision and management as Operator hereunder, unless such assignment is to an Affiliate of Operator who is also an Owner;
- (c) the Operating Committee votes pursuant to Subclause 204 (f) to remove Operator and such motion is carried;
- (d) Operator ceases to be an Owner; or
- (e) Operator resigns pursuant to this Article.

304. Appointment of Successor Operator

(a) Interim Operator

Upon Operator resigning or otherwise ceasing to be Operator and until a replacement Operator is appointed, the Owner with the largest Facility Participation, excluding the Facility Participation of the departing Operator and any Affiliate of the departing Operator, shall automatically become the interim Operator. The interim Operator shall immediately cease to be interim Operator upon the appointment of a replacement Operator.

(b) Appointment

If an Operator resigns or otherwise ceases to be Operator, a successor Operator shall be appointed by the Operating Committee. An interim Operator is not disqualified from being elected as the successor Operator.

(c) Two Party Agreement

Notwithstanding Subclauses 204 (g), 304 (a) and (b), if there are only two (2) Owners and Operator resigns or otherwise ceases to be Operator, the Owner who was not Operator previously shall automatically become Operator effective the date that the previous Operator ceases to be Operator, unless, in the case of an assignment by Operator of its Facility Participation pursuant to Article IX, that Owner agrees in writing to allow Operator's assignee to become Operator.

## (d) Consent

Subject to Subclauses 304 (a) and (c), no Owner shall be appointed as Operator unless it has given its written consent to the appointment.

## (e) Re-appointment

No provision of this Article shall be construed to re-appoint as next-succeeding Operator an Operator who has ceased to be Operator or any Affiliate of that former Operator, except with the unanimous consent of the Owners.

## (f) Effective Time

Except as otherwise determined by the Operating Committee, the appointment of a successor Operator (including an automatic appointment as Operator pursuant to the terms of this Article), shall be effective immediately upon the previous Operator ceasing to be Operator.

305. Transfer of Property on Change of Operator

At the effective date of the resignation or replacement of an Operator as provided in this Article, Operator being replaced shall immediately deliver to the successor Operator possession and control of:

- (a) the Facility;
- (b) any and all funds held for the Joint Account;
- (c) any and all Inlet Substances and Functional Unit Products, if any, which have not been delivered in kind;
- (d) all Material held for the Joint Account;
- (e) copies of books of account and records kept for the Joint Account; and
- (f) all documents, agreements and other papers relating to property transferred hereunder.

Upon compliance with such obligation, the departing Operator shall be released and discharged from, and the successor Operator shall assume, all duties and obligations of Operator, except those unsatisfied duties and obligations of the departing Operator which had accrued prior to the effective date of the change of Operator, for which the departing Operator shall continue to remain liable. If the departing Operator holds any real or personal property on behalf of the Owners, such property shall continue to be held by the departing Operator in trust for the Owners until title and possession of such property has been transferred to the successor Operator in trust for the Owners.

306. Inventory and Audit of Accounts on Change of Operator

Subject to Clause 307, within ninety (90) Days after the successor Operator commences to act as Operator, the Operating Committee may cause an audit to be made of the books of account and records kept for the Joint Account and may cause an inventory of Controllable Material to be taken. The cost of the audit and inventory shall be for the Joint Account.

307. Assignment of Operatorship

If Operator wishes its assignee to replace it as Operator after having disposed of all or a portion of its Functional Unit Participations to such assignee pursuant to Article IX, such assignee shall have the right to become Operator if it is an Affiliate of Operator or, if it is not an Affiliate of Operator, if the Operating Committee approves that it shall become Operator.



## ARTICLE IV

### FUNCTIONS AND DUTIES OF OPERATOR

#### 401. Control and Management of Joint Operations

Operator shall consult with the Operating Committee from time to time with respect to decisions to be made for the conduct of Joint Operations, and Operator shall keep the Owners informed in a timely manner with respect to important or significant Joint Operations. Operator is hereby delegated the management of the Facility on behalf of the Owners and shall, subject to the direction of the Operating Committee, conduct or cause to be conducted all Joint Operations diligently, in a good and workmanlike manner, in accordance with good oil field and environmental practice, the Regulations and the terms of this Agreement. In the absence of specific instructions from the Operating Committee, Operator shall conduct or cause to be conducted, all Joint Operations, as would a prudent operator under the same or similar circumstances. Without limiting the generality of any of the foregoing provisions of this Clause, Operator shall conduct and oversee all Joint Operations, and in particular shall:

- (a) make and file all reports as required by governmental authorities relating to Joint Operations;
- (b) maintain in the Province of Alberta complete and accurate accounts, books, records and documents in relation to the Facility and Joint Operations and provide each Owner with reasonable access thereto;
- (c) provide Owners with reports as required and on a frequency and containing the information about Joint Operations as directed by the Operating Committee;
- (d) on behalf of the Owners, complete all applications and obtain all licenses and approvals required by Regulations to conduct Joint Operations;
- (e) promptly pay and discharge all expenses and taxes (other than income taxes) incurred in connection with Joint Operations and keep the Facility free and clear from all adverse claims and liens occasioned by Joint Operations, except claims or liens created under or pursuant to this Agreement or being contested in good faith;
- (f) acquire and maintain all necessary surface rights, Material and services required to conduct Joint Operations and where Operator deems appropriate, use its own equipment and facilities to serve such operations, subject to the Accounting Procedure;
- (g) procure and maintain for the Joint Account the insurance set forth in Appendix VI entitled "INSURANCE" and use reasonable efforts to require contractors and subcontractors to procure and maintain such insurance as Operator deems necessary;
- (h) comply with and, where applicable, require its agents, contractors and their subcontractors to comply with Regulations governing Joint Operations;
- (i) subject to Clause 402, subcontract such portion of Joint Operations as Operator deems appropriate;
- (j) furnish each Owner as soon as practicable with written notice of:
  - (i) physical damage to the Facility in excess of Operator's expenditure limit as provided in the Accounting Procedure; and
  - (ii) any environmental, health, safety or other occurrence which is required to be reported under any Regulation and which either requires remediation costs exceeding the single expenditure limit set forth in the Accounting Procedure or could result in a punishable offence under the Regulations;

(k) extend to each Owner, at that Owner's sole risk and expense, the right to examine and inspect the Facility at all reasonable times in the presence of a representative of Operator and after giving Operator reasonable notice, except for portions of the Facility which are proprietary to a licensor to the extent that such licensor expressly prohibits examinations and inspection by such Owner; and

(l) prepare and submit to the Operating Committee for approval the Forecasts provided for in Clause 605;

provided further that, during Initial Construction of the Facility or any Enlargement, Modification or Downsizing, Operator shall also:

(m) carry out or cause the construction of the Facility and any Enlargement or Modification or the Downsizing;

(n) contract with such Persons as Operator may deem appropriate for the performance of such work or undertaking, or any portion thereof;

(o) supervise all work related to such construction;

(p) acquire all Material required for such construction and the commencement and continuation of Joint Operations;

(q) supervise and have direct charge of all matters regarding design, construction and installation of the Facility and any Enlargement or Modification or any Downsizing; and

(r) provide Owners with reports as required and on a frequency, and containing the information about construction, a Modification or an Enlargement as directed by the Operating Committee;

#### 402. Subcontracting

Provided that Operator is not in default or in the process of being replaced pursuant to Clause 303, Operator may subcontract all or substantially all of its duties and responsibilities to a reliable and competent third party subcontractor or an Affiliate of Operator, with the approval of and on terms approved by the Operating Committee, provided that Operator retains full control and supervision of such subcontractor or Affiliate and that any third party subcontractor is retained on a genuine arm's length basis. It shall be a condition of such subcontracting that the Owners have the right to audit the books and records of the third party subcontractor or Affiliate with respect to its subcontracting activities hereunder on the same terms and conditions as provided under the Accounting Procedure to audit Operator.

#### 403. Operator as an Owner

Operator shall have all of the rights and obligations of an Owner with respect to its Functional Unit Participation.

#### 404. Independent Status of Operator

Operator is an independent contractor in conducting Joint Operations. Operator shall determine the number of employees and contractors respecting its operations, their selection, their hours of labour and their compensation hereunder. All employees and contractors used in its operations hereunder shall be the employees and contractors of Operator.

#### 405. Title

Operator shall hold and maintain title to the Facility and all associated licences and approvals required under the Regulations on behalf of the Owners. Operator shall perform all duties to maintain such licences and approvals in good standing. However, nothing in this Clause shall be construed to require or permit Operator to conduct any Joint Operations without the approval of the Operating Committee, if such approval is required pursuant to the terms of this Agreement.

## ARTICLE V

### INDEMNITY AND LIABILITY

#### 501. Limit of Liability

- (a) Notwithstanding Clause 404 and the obligation in Clause 401 to conduct Joint Operations diligently, in a good and workmanlike manner in accordance with good oilfield and environmental practice, Operator, its Affiliates, and their respective directors, officers, consultants, agents and employees shall not be liable to the other Owners, or any of them, for any loss, expense, injury, death or damage to Owners, whether contractual or tortious, suffered or incurred by the Owners resulting from or in any way attributable to or arising out of any act or omission, whether negligent or otherwise, of Operator or its Affiliates, and their respective directors, officers, consultants, agents, contractors or employees in conducting or carrying out Joint Operations, except when and to the extent that such loss, expense, injury, death or damage is a direct result of, or is directly attributable to the Gross Negligence of Operator or its Affiliates, and their respective directors, officers, consultants, agents, contractors or employees.
- (b) To the extent that the Gross Negligence condition in Subclause (a) of this Clause applies, Operator shall be solely liable for such loss, expense, injury, death or damage and, in addition, shall indemnify and save harmless each other Owner, its Affiliates, and their respective directors, officers, consultants, agents and employees from and against the same and also from and against all actions, causes of action, suits, claims and demands by any Person in respect of such loss, expense, injury, death or damage, and any costs and expenses relating thereto. However, in no event shall the responsibility of Operator prescribed by this Clause 501 extend to losses suffered by the Owners respecting the loss of profits or other consequential or indirect losses, including, without restricting the generality of the foregoing, loss or delay of production.

#### 502. Indemnification of Operator

Except as otherwise provided in Clause 501, the Owners indemnify and save harmless Operator, its Affiliates, and their respective directors, officers, consultants, agents and employees from and against any and all actions, causes of action, suits, claims, demands, costs, losses and expenses resulting from loss, expense, injury, death or damage respecting any Person (including the Owners), which may be brought against or incurred or suffered by Operator, its Affiliates, and their respective directors, officers, consultants, agents or employees or which Operator, its Affiliates, and their respective directors, officers, consultants, agents or employees may sustain, pay or incur by reason of, or which may be attributable to or arise out of, any act or omission of Operator or its Affiliates, and their respective directors, officers, consultants, agents, contractors or employees in conducting Joint Operations.

#### 503. Burden of Responsibility

Except where Operator is to be held solely liable pursuant to the terms of Clause 501, all liabilities and indemnities arising from Joint Operations shall be for the Joint Account and shall be borne by the Owners in the proportions of their respective Functional Unit Participations in the Functional Unit to which such liabilities and indemnities relate. However, if it cannot be clearly determined as to which Functional Unit a liability or indemnity relates, and such liability or indemnity cannot be logically apportioned between the affected Functional Units, such liability or indemnity shall be borne by the Owners in the proportions of their respective Facility Participations.

#### 504. Continuation of Legal Responsibilities

Notwithstanding the assignment by an Owner of all or a portion of its Functional Unit Participation in any Functional Unit, such Owner shall, as regards the other Owners and notwithstanding the terms of such assignment, remain liable for its proportionate share of any liabilities and indemnities which arose in respect of that Functional Unit, the Facility or under this Agreement, prior to the date that such Owner's assignee becomes an Owner with respect to the assigned interest pursuant to Article IX.

505. Environmental Responsibilities

Any Person who becomes an Owner shall be responsible for its proportionate share of environmental liabilities arising in relation to Joint Operations (and the associated indemnities, if any) whether they accrued before or after such Person became an Owner, provided that the Operating Committee may, in its discretion, apply Clause 504 to the accrued environmental liabilities applicable to the Functional Unit Participation assigned by an Owner.

**ARTICLE VI****ACCOUNTING MEASURES**601. Joint Account

Operator shall set up a Joint Account and administer it as set forth in the Accounting Procedure. All proper costs and expenses incurred by Operator in connection with Joint Operations shall be in accordance with the Accounting Procedure, or as otherwise permitted hereunder. Such costs and expenses shall be allocated to the Owners in accordance with Appendix IV entitled "STRUCTURE AND SHARING OF THE JOINT ACCOUNT."

602. Operator's Lien and Remedies

- (a) Effective from the Effective Date, Operator shall have a lien and charge, which is first and prior to any other lien, charge, mortgage or other security interest, with respect to the Functional Unit Participation of each Owner in the Facility and such Owner's share of Functional Unit Products, to secure payment of such Owner's proportionate share of the costs and expenses incurred by Operator for the Joint Account.
- (b) If an Owner fails to pay or advance any of the costs or expenses incurred for the Joint Account which are to be paid or advanced by it within the time period prescribed by the Accounting Procedure, Operator may, without limiting Operator's other rights as contained in this Agreement or otherwise held at law or in equity:
  - (i) charge such Owner compound interest, as computed Monthly, with respect to such unpaid amount from the Day such payment is due until the Day it is paid, at the rate of two percent (2%) per annum higher than the rate designated as the prevailing prime rate for Canadian commercial loans by the principal Canadian chartered bank used by Operator, regardless of whether Operator has notified such Owner in advance of its intention to charge interest with respect to such unpaid amount;
  - (ii) withhold from such Owner any further information and privileges with respect to Joint Operations, including the right to vote pursuant to provisions of Article II, which information and privileges shall be conveyed or restored, as the case may be, to such Owner upon such default being fully rectified;
  - (iii) set-off against the amount unpaid by such defaulting Owner, any sums due or accruing to such Owner from Operator in accordance with ALTERNATE A, immediately below:
 

ALTERNATE A. pursuant to this Agreement;

ALTERNATE B. pursuant to this Agreement and from any other agreement between Operator and such Owner, whether executed before or after the Effective Date;
  - (iv) maintain an action or actions for such unpaid amounts and interest thereon on a continuing basis as such amounts are payable, but not paid by such defaulting Owner, as if the obligation to pay such amounts and the interest thereon were liquidated demands due and payable on the relevant date such amounts were due to be paid, without any right or resort of such Owner to set-off or counter-claim; and

- (v) treat the default as an immediate and automatic assignment to Operator of the proceeds of the sale of such Owner's share of Functional Unit Products. Service of a copy of this Agreement upon a purchaser of such Owner's share of Functional Unit Products, together with written notice from Operator, shall constitute a written irrevocable direction by such defaulting Owner to any such purchaser to pay to Operator the proceeds from any such sale up to the amount owed to Operator by such defaulting Owner hereunder (including any accrued interest with respect thereto), and such purchaser is authorized by such defaulting Owner to rely upon the statement of Operator as to the amount so owed to it by such Owner.

However, Operator may not exercise the rights granted in Paragraphs (iii) - (v) of this Subclause with respect to such default until at least thirty (30) Days following the issuance of a notice to such Owner specifying such default and requiring the same to be remedied.

- (c) The obligation to pay interest at the rate specified in Subclause (b) of this Clause with respect to a default is to apply until such default is rectified and shall not merge into a judgement for principal and interest, or either of them. The Owners waive the application of any Regulations to the contrary, insofar as such waiver is permitted or not prohibited by the Regulations.
- (d) Books and records kept by the Operator for the Joint Account shall constitute proof of the existence of any financial default hereunder, subject, however, to the rights of inspection and audit provided for elsewhere in this Agreement.
- (e) If Operator is the Owner which defaults in paying its share of any cost or expense incurred for the Joint Account, the other Owners may, subject to Subclause 304 (c), appoint an Owner pending the appointment of a successor Operator pursuant to Subclause 204 (g), to exercise any of the rights and remedies otherwise available to Operator pursuant to this Agreement in order to rectify such default.

#### 603. Reimbursement of Operator

If Operator has not received full payment of an Owner's share of the costs and expenses of Joint Operations within three (3) Months following the date the payment was due, each other Owner, upon being billed therefor by Operator, shall contribute a fraction of the unpaid amount, excluding interest thereon, which fraction shall have:

- (a) as its numerator, the applicable Functional Unit Participation of such Owner; and
- (b) as its denominator, the aggregate applicable Functional Unit Participations of all Owners except the defaulting Owner.

Thereupon, each such contributor shall be proportionately subrogated to Operator's rights pursuant to Clause 602 and to the interest thereafter payable thereunder on the unrecovered portion of its contribution. Notwithstanding the foregoing portion of this Clause, if the unpaid amount pertains to more than a single Functional Unit, the reimbursement obligation in this Clause shall be based on the Facility Participations or the aggregate weighted interests in the applicable Functional Units, as the case may be.

#### 604. Commingling of Funds

Operator may commingle with its own funds the moneys which it receives from or for the Joint Account pursuant to this Agreement. Notwithstanding that moneys of a Non-Operator have been commingled with Operator's funds, the moneys of a Non-Operator advanced or paid to Operator, whether for the conduct of Joint Operations or as proceeds from the sale of Functional Unit Products, shall be deemed to be trust moneys and, subject to Clause 602, shall be applied only to their intended use and shall in no way be deemed to be funds belonging to Operator, other than in its capacity as the Non-Operator's trustee.

605. Forecasts

- (a) As soon as practicable after the execution hereof, Operator shall submit to the Operating Committee for approval a Forecast for the Forecast Period. In each subsequent Year, Operator shall submit a Forecast for the Forecast Period to the Operating Committee for approval, on or before the end of the current Year. If the Operating Committee does not approve a Forecast, or any portion thereof, such Forecast or the portion thereof not approved, shall be revised by Operator in accordance with the instructions of the Operating Committee. A copy of each revised Forecast shall be promptly furnished to each Owner.
- (b) Each Forecast shall include a detailed and specific description of expenditures therein, identifying Operating Costs and Capital Costs separately, and providing an estimate of Owner's Substances and Outside Substances to be handled by the Facility. Any single Operating Cost in excess of the single expenditure limit set forth in the Accounting Procedure for which the Operator requests approval through approval of the Forecast should be clearly and separately identified. Each Forecast shall also provide for comparison, a summary of the Forecast and a projection of expected final expenditures for the current Year.
- (c) Approval of a Forecast shall constitute approval of all expenditures in accordance with this Agreement, except single Capital Cost expenditures in excess of the single expenditure limit set forth in the Accounting Procedure. If directed by the Operating Committee, separate approval for projects, categorized as Operating Costs, that have an estimated cost in excess of Operator's single expenditure limit set forth in the Accounting Procedure, shall be required.

**ARTICLE VII****MEASUREMENT**701. Accuracy

- (a) The metering facilities described under Appendix IX entitled "MEASUREMENT", shall be tested at reasonable intervals by Operator. If any question arises as to the accuracy of measurement, any meter shall be tested by Operator upon demand of an Owner and if found to be correct, or to be in error by not more than two percent (2%) with respect to gas measurement, or one and one-half percent (1.5%) with respect to equilibrium liquid product measurement or one-half of one percent (0.5%) with respect to liquid measurement (hereinafter called the "relevant percentage"), the expense of such testing shall be borne by the Owner demanding the test. The expense shall be for the Joint Account if a meter is found to be in error by more than the relevant percentage. An Owner, at its sole cost and risk, may witness any test.
- (b) If, upon any test, the measuring equipment is found to be in error by not more than the relevant percentage, the previous readings of such equipment shall be considered correct in computing the volumes being metered, but such equipment shall be adjusted properly as soon as practicable to record accurately.
- (c) If, upon any test, the measuring equipment is found to be inaccurate by more than the relevant percentage, any previous reading of such equipment shall, subject to applicable legal limitation periods, be corrected to zero (0) error for any period which is known definitely or agreed upon by the Operating Committee; however, if the period is not known definitely or agreed upon by the Operating Committee, such correction shall be for a period covering the last half of the time elapsed since the date of the last test.
- (d) If the measuring equipment is out of service or requires repair, so that the volume being measured is not correctly indicated by the reading thereof, the volume attributable to the period shall be estimated and agreed upon on the basis of the best data available, using the most appropriate of the following methods:
  - (i) by using the readings from any other measuring equipment, if installed and accurately registering;
  - or

- (ii) by correcting the error if the percentage of error is ascertainable by calibrations, test or mathematical calculation; or
  - (iii) by estimating on the basis of actual volumes measured during the preceding periods under similar conditions when the meter was registering accurately.
- (e) Operator shall preserve and make available for inspection by the Owners all original test and sample data, charts and other similar records for a period of at least seven (7) Years after the end of the Year to which they relate, or such further period required by the Operating Committee or the Regulations, as well as any records to which an audit query relates until all such queries are resolved.

#### 702. Unit of Volume and Weight

The standards of measurements shall be governed by the following:

- (a) the unit volume of gas for purposes of measurement shall be one thousand cubic metres ( $10^3 \text{ m}^3$ ) of gas at a temperature of fifteen degrees Celsius ( $15^\circ\text{C}$ ) and an absolute pressure of one hundred one point three two five kilopascals (101.325 kPa);
- (b) the unit of volume of liquids for purposes of measurement shall be one cubic metre ( $1 \text{ m}^3$ ) as defined in the Weights and Measures Act (Canada), as amended; and
- (c) the unit of weight of solids for purposes of measurement shall be one tonne (1 t) being one thousand kilograms (1000 kg).

#### 703. Determination of Volumes

- (a) For purposes of measurement and meter calibration the atmospheric pressure at the point of measurement hereunder shall be assumed to be constant at the pressure stated in Appendix IX entitled "MEASUREMENT" irrespective of the actual elevation or location of any of the meters above sea level or variations in the atmospheric pressure from time to time.
- (b) Volumes of gas measured by orifice meters shall be computed in accordance with the methods prescribed in the publication entitled "Orifice Metering of Natural Gas, Standard 2530, American National Standards Institute/American Petroleum Institute", including the Appendix thereto as updated in 1985, and as amended. Volumes of gas shall be suitably corrected for deviation from Boyle's Law in accordance with the Regulations.
- (c) Volumes of liquids shall be computed taking into consideration the compressibility and specific gravity, if applicable, and volumes so measured shall be corrected to fifteen degrees Celsius ( $15^\circ\text{C}$ ).

#### 704. Change of Measurement Methodology

Notwithstanding any provisions of this Agreement to the contrary, if in order to comply with, or by reason of, the Regulations, the basis or method of measurement hereunder must change, all charges incurred by Operator relating to changing the basis or method of measurement shall be charged to the Joint Account. Operator may change the basis or method of measurement in any manner approved by the Regulations, but if not required to do so, the charges incurred by Operator may be charged to the Joint Account only with the approval of the Operating Committee.

## ARTICLE VIII

### PRODUCTION AND FUNCTIONAL UNIT PRODUCTS

#### 801. Owner's Share of Functional Unit Products

Each Owner shall own the Functional Unit Products that are attributable to Inlet Substances delivered to the Facility by or on behalf of such Owner. Allocation of Functional Unit Products will be in accordance with Appendix VIII entitled "PRODUCT ALLOCATION AND SETTLEMENT PROCEDURE".

#### 802. Losses in Handling, Flaring and Operation of the Facility

Each Owner owning Inlet Substances shall bear a share of any volumes of those Inlet Substances and Functional Unit Products that are lost as a result of rupture, release, flaring or handling in the Facility during each Month in accordance with Appendix VIII entitled "PRODUCT ALLOCATION AND SETTLEMENT PROCEDURE". Notwithstanding that Appendix, if Operator is able to identify the ownership of those lost volumes, those losses shall be borne by the Owners in proportion to their ownership of those volumes.

#### 803. Fuel Gas Usage

Operator shall be entitled to use a portion of the Inlet Substances for fuel in Joint Operations. Fuel gas usage shall be allocated to each Owner in accordance with Appendix VIII entitled "PRODUCT ALLOCATION AND SETTLEMENT PROCEDURE".

#### 804. Disposition of Functional Unit Products

- (a) Each Owner shall separately take in kind or dispose of its share of Functional Unit Products at its own cost. To the extent that an Owner (hereinafter in this Article called "non-taking Owner") fails to take or otherwise adequately dispose of its share of Functional Unit Products, then so long as such failure continues, Operator in its sole discretion, as agent and for the account and at the expense and risk of the non-taking Owner, may sell or purchase at Market Price or store all or any portion of the non-taking Owner's share of Functional Unit Products in any reasonable manner Operator sees fit, subject to the provisions of this Clause.

Each Owner shall provide Operator with such information respecting such Owner's arrangements for the disposition of its share of Functional Unit Products as Operator may reasonably require to fulfil its obligations hereunder. If an Owner fails to provide such information, or if any of the disposition arrangements specified are inadequately provided for or are otherwise unworkable or impracticable, Operator shall forthwith so notify such Owner, who shall be deemed to be a non-taking Owner.

- (b) The authority of Operator to enter into contracts for the sale of the non-taking Owner's share of Functional Unit Products shall be restricted to contracts that are only for such reasonable periods of time as are consistent with the minimum needs of the industry under the circumstances, provided that in no event shall the term thereof exceed one (1) Month, unless such term may be terminated without penalty on no more than one (1) Month's notice, or unless the non-taking Owner has otherwise agreed in writing. Such authority shall be revocable, subject to the terms of any existing contracts for the sale of the non-taking Owner's share of Functional Unit Products and the terms hereof, at the will of the non-taking Owner.

When Operator has so contracted, the non-taking Owner may take its share of Functional Unit Products in kind upon the expiration of the current sales contract, if the non-taking Owner provides written notice to Operator of its intention to resume taking in kind at least thirty (30) Days in advance of the expiration of that arrangement. However, any such revocation shall only be effective so long as such Owner continues to take in kind and separately dispose of its share of Functional Unit Products.



Notwithstanding the foregoing, if due to Regulations or shipping restrictions, arrangements to sell, store or otherwise dispose of Functional Unit Products must be made prior to the date that the same are actually produced, then at the request of the Operator each Owner shall make such arrangements at its own cost prior to the date of production and shall give Operator notice of the same prior to the commencement of the actual Month of production. If any Owner fails to make such arrangements and give such notice, such Owner shall be deemed to have failed to take in kind or dispose of its share of Functional Unit Products to be allocated to it at the actual time and place of production, and Operator shall be entitled to exercise its rights as aforesaid with respect to the non-taking Owner's share of Functional Unit Products as of the date that the non-taking Owner was required to give notice as outlined above.

Insofar as Operator disposes of all or a portion of a non-taking Owner's share of Functional Unit Products pursuant to this Subclause, Operator shall advise the non-taking Owner of the manner pursuant to which it has disposed of such Functional Unit Products and other relevant information pertaining to the disposition within one (1) Month of the commencement of that disposition.

805. Distribution of Proceeds

Subject to the provisions of Clause 804, and unless otherwise agreed to by Operator, and provided that these fees shall not apply in circumstances where the Operator is required to sell on behalf of the Owners or in circumstances where the Operating Committee and or the Operator have decided that it is preferred for the Operator to sell on behalf of the Owners, if Operator disposes of another Owner's share of Functional Unit Products pursuant to Clause 804, Operator shall forthwith pay to that Owner the proceeds of such sale, less any costs associated with such sale and any other moneys payable with respect to the Facility to Operator by that Owner. Such costs shall, unless otherwise agreed to by Operator, include an administration fee to cover Operator's cost of arranging for and carrying out the sale of a non-taking Owner's share of Functional Unit Products not taken in kind and disposed of by that Owner, as described by ALTERNATE B, immediately below:

ALTERNATE B.            **five** dollars per one thousand cubic metres (**\$5.00/10<sup>3</sup>m<sup>3</sup>**) in the case of natural gas;  
  
                                 **ten** dollars per cubic metre (**\$10.00/m<sup>3</sup>**) in the case of natural gas liquids and substances other than petroleum and natural gas (but not including sulphur);

Operator shall include with such payment a statement showing the manner in which the amount was calculated. If Operator does not pay such amount within thirty (30) Days following its receipt, the interest provisions of Subclause 602 (b) shall apply with respect to such outstanding amounts.

806. Audit by Non-Taking Owner

To the extent only that Operator sells all or a portion of the share of Functional Unit Products of a non-taking Owner, the audit provisions of the Accounting Procedure shall, with the necessary changes, apply with respect to such sale between Operator and the non-taking Owner on whose behalf such Functional Unit Products were sold, provided that Operator shall not be required to provide the auditors with access to any of Operator's proprietary marketing information and that the non-taking Owner shall bear all costs of such audit.

807. Operator to be Indemnified

If an Owner does not take in kind and separately dispose of its share of Functional Unit Products and Operator disposes of such Functional Unit Products on behalf of the non-taking Owner pursuant to this Article, the non-taking Owner shall indemnify Operator with respect to any injury, loss or damage which Operator may suffer with respect to such sale by virtue of defects in the non-taking Owner's title to such Functional Unit Products.

808. Indemnification for Royalties and Other Payments

Each Owner shall pay or be responsible for the payment of and shall indemnify the other Owners against liability for any and all royalties, overriding royalties, production payments, taxes and any and all other payments chargeable against its share of Functional Unit Products.

809. Warranty by Owners

Each Owner warrants that it has the right to produce its portion of the Inlet Substances and dispose of its portion of the Functional Unit Products and agrees to indemnify and save harmless the other Owners from all actions, causes of actions, claims and demands that may be made by any Person who has or claims to have an interest in such Inlet Substances or Functional Unit Products.

**ARTICLE IX****DISPOSAL OF FACILITY INTEREST**901. Disposal of an Interest in the Facility

Except as provided in this Article IX, no Owner shall sell, transfer, assign, mortgage or otherwise dispose of all or part of its interest in the Facility or any Functional Unit. An Owner who intends to dispose of all or a part of its interest in the Facility or any Functional Unit (in this Article called "the Disposing Owner") shall comply with the provisions of ALTERNATE C immediately below:

- ALTERNATE A. The Disposing Owner shall be under no obligation to obtain the consent of the other Owners or to provide the other Owners with a right to acquire that Disposing Owner's interest in the Facility.
- ALTERNATE B. The Disposing Owner shall obtain the consent of the other Owners, and shall provide them with information regarding the disposition, including the description of the Functional Unit Participation proposed to be disposed and the identity of the proposed assignee. Such consent shall not be unreasonably withheld, and it shall be reasonable for an Owner to withhold its consent to the disposition if it reasonably believes that the disposition would be likely to have a material adverse effect on its Functional Unit Participation or Joint Operations, including, without limiting the generality of all or any part of the foregoing, a reasonable belief that the proposed assignee does not have the financial capability to meet prospective obligations arising out of this Agreement, provided that an Owner which withholds its consent shall include in its notice its reasons for withholding consent. However, an Owner shall be deemed to have consented to the disposition to the proposed assignee, unless, within twenty (20) Days, the Owner advises the other Owners, by notice, that it is not prepared to consent to such disposition.
- ALTERNATE C. (a) The Disposing Owner shall, by notice, advise each other Owner (in this Article called an "Offeree") of its intention to make the disposition, including in such notice a description of the Functional Unit Participation proposed to be disposed, the identity of the proposed assignee, the price or other consideration for which the Disposing Owner is prepared to make such disposition, the proposed effective date and closing date of the transaction and any other information respecting the transaction which the Disposing Owner reasonably believes would be material to the exercise of the Offerees' rights hereunder (such notice in this Article called "the Disposition Notice").
- (b) If the consideration described in the Disposition Notice cannot be matched in kind and the Disposition Notice does not include the Disposing Owner's bona fide estimate of the value, in cash, of such consideration, an Offeree may, within seven (7) Days of the receipt by the Offerees of the Disposition Notice, request the Disposing Owner to provide such estimate to the Offerees, whereupon the Disposing Owner shall provide such estimate in a timely manner and the election period provided herein to the Offerees shall be suspended until such estimate is received by the Offerees.
- (c) If there is a dispute as to the reasonableness of an estimate of the cash value of the consideration described in the Disposition Notice or provided pursuant to Subclause (b),

as the case may be, the matter shall be referred directly to arbitration under Appendix XII entitled "DISPUTE RESOLUTION" within seven (7) Days of the receipt of such estimate. The Disposing Owner and the applicable Offeree shall thereupon diligently attempt to complete such arbitration in a timely manner. The equivalent cash consideration determined in such arbitration shall thereupon be deemed to be the sale price for the Functional Unit Participation described in the Disposition Notice.

- (d) Within the later of i) thirty (30) Days from the receipt of the Disposition Notice, as modified by any suspension pursuant to Subclause (b) of this Alternate C; or ii), if Subclause (c) of this Alternate C is applicable, fifteen (15) Days from receipt of notice of the arbitrated value determined pursuant to the preceding Subclause, an Offeree may give notice to the Disposing Owner that it elects to purchase the Functional Unit Participation described in the Disposition Notice for the applicable price (in this Article called a "Notice of Acceptance"). A Notice of Acceptance shall create a binding contractual obligation upon the Disposing Owner to sell, and upon an Offeree giving a Notice of Acceptance to purchase, for the applicable price, all of the Functional Unit Participation included in such Disposition Notice on the terms and conditions set forth in the Disposition Notice. However, if more than one Offeree gives a Notice of Acceptance, each such Offeree shall purchase the Functional Unit Participation to which such Notice of Acceptance pertains in the proportion its Functional Unit Participation bears to the total Functional Unit Participation of all such Offerees.
- (e) If the Functional Unit Participation described in the Disposition Notice is not disposed of to one or more of the Offerees pursuant to the preceding Subclause, the disposition to the proposed assignee shall be subject to the consent of the Offerees. Such consent shall not be unreasonably withheld, and it shall be reasonable for an Offeree to withhold its consent to the disposition if it reasonably believes that the disposition would be likely to have a material adverse effect on its Functional Unit Participation or Joint Operations, including, without limiting the generality of all or any part of the foregoing, a reasonable belief that the proposed assignee does not have the financial capability to meet prospective obligations arising out of this Agreement, provided that an Owner which withholds its consent shall include its reasons for withholding consent in its notice. However, an Offeree shall be deemed to have consented to the disposition to the proposed assignee, unless, within the time period prescribed in Subclause (d), the Offeree advises the other Owners, by notice, that it is not prepared to consent to such disposition.
- (f) If the Functional Unit Participation described in the Disposition Notice is not disposed of to one or more of the Offerees pursuant to Subclause (d) of this Alternate C, the Disposing Owner may, subject to obtaining the consents prescribed by the preceding Subclause, dispose of such Functional Unit Participation at any time within one hundred and fifty (150) Days from the issuance of such Disposition Notice, provided that such disposition is not on terms that are more favourable to such proposed assignee than those offered in the Disposition Notice.
- (g) Following a disposition herein or one hundred and fifty (150) Days following the issuance of a Disposition Notice from which a disposition did not result, as the case may be, the provisions of this Clause 901 shall once again apply to the Functional Unit Participation described in the Disposition Notice.

#### 902. Unrestricted Disposals

Notwithstanding anything contained in this Article IX, an Owner may transfer all or a portion of its interest in the Facility without providing prior notice or the option to acquire such interest to the other Owners in the following instances, namely:

- (a) a disposition to an Affiliate of the Owner, or in consequence of a merger or amalgamation of the Owner with another corporation or pursuant to an assignment, sale or disposition made by an Owner of all of its Functional Unit Participations to a corporation in return for shares in that corporation or to a registered partnership in return for an interest in that partnership;
- (b) if a portion of an Owner's interest in the Facility is disposed of as a result of the conversion of a gross overriding royalty interest or other interest to a working interest in a well pursuant to an agreement in existence as of the Effective Date, and the production from such well is required to be delivered to the Facility;
- (c) a disposition made by an Owner of all, or substantially all, or of an undivided interest in all or substantially all, of its petroleum and natural gas rights in the province or territory where the Facility is situated, and for the purposes of this Subclause, "substantially all" means a percentage of ninety percent (90%) or more of the net hectares held by such Owner in that province or territory;
- (d) Subclause (d) shall  /shall not \_\_\_ apply:  
 a disposition made by an Owner of all, or substantially all, or of an undivided interest in all or substantially all, of its petroleum and natural gas rights in wells producing to the Facility, and for the purposes of this Subclause, "substantially all" means a percentage of ninety percent (90%) or more of the working interest held by such Owner in such wells; and
- (e) Subclause (e) shall  /shall not \_\_\_ apply:  
 a disposition made by an Owner of a portion of its petroleum and natural gas rights in wells producing to the Facility, where such disposition is accompanied by the disposition of a proportionate part or share of the Facility.

However, an Owner making such a disposition pursuant to Subclause (a), (b), (c), (d) or (e) of this Clause shall advise the Operator of such disposition in a timely manner, and shall comply with the provisions of Clause 905.

If the transfer is to an Affiliate, the Owner shall execute and deliver to Operator a continuing guarantee of all obligations to be assumed by the Affiliate under this Agreement. Such guarantee shall also provide that the guarantor waives notice of any extensions, modifications or amendments to this Agreement and agrees to be bound thereby; that no such extensions, modifications or amendments will release the guarantor; and that the guarantor will not be released by any waiver of any obligation of the Affiliate by the indulgence or concession granted to it.

### 903. Financing

Notwithstanding anything contained in this Article IX:

- (a) An Owner may mortgage its interest in the Facility; provided that any such mortgage shall expressly provide that the mortgagee shall hold the interest subject to all the terms and provisions of this Agreement, and shall also provide that upon any realization of the security, the party acquiring the interest in the Facility shall be required to assume all obligations of the mortgagor under this Agreement, including the obligations imposed under Clause 905; and
- (b) An Owner may assign its interest in the Facility in connection with an arrangement for the financing of its interest in the Facility provided that:
- (i) any such assignment shall expressly provide that the assignee shall hold the interest subject to all the terms and provisions of this Agreement;
- (ii) until the assignee gives notice to Operator of a default by the assignor under the arrangement for financing and complies with the provisions of Clause 905, the assignor shall not be released from its obligations under this Agreement, shall remain an Owner for the purposes of Exhibit "A", under

Appendix I entitled "FACILITY AND FUNCTIONAL UNIT PARTICIPATION", and the Owners shall be entitled to deal exclusively with the assignor in all matters under this Agreement;

- (iii) until the assignee gives notice to Operator of a default by the assignor under the arrangement for financing and complies with the provisions of Clause 905, the assignor shall have full power and authority to act on behalf of and bind the assignee for all matters respecting this Agreement, and any information, notices or billings served on or by, or any payment to the assignor shall be deemed to have been served on or by or payment made to the assignee and the other Owners shall neither honour notices from nor give notices to the assignee; and
- (iv) any such assignment shall expressly provide that immediately upon receipt by the Operator of notice from the assignee that the assignor is in default under the arrangement for financing, realization of the security or otherwise, the assignee shall be required to assume all obligations of the assignor under this Agreement.

#### 904. Admission of New Owners Through Enlargement

No Person shall become an Owner through an Enlargement except with the approval of the Operating Committee and upon such terms and conditions as may be imposed by the Operating Committee, which shall include the condition that any Person becoming an Owner shall execute and deliver to Operator one (1) counterpart of this Agreement.

#### 905. Disposal of Interest Documentation

- (a) Every disposition of an interest in a Functional Unit shall be made subject to this Agreement and shall not be binding on the other Owners until the first Day of the Month next following the date:
  - (i) the Person acquiring the interest, if not already an Owner, has executed and delivered to Operator one (1) counterpart of this Agreement; and
  - (ii) a copy of the instrument, executed by both the disposing Owner and its assignee, evidencing such change in ownership has been delivered to Operator.

Once such disposition becomes effective, the assignor shall thereupon be relieved from all obligations that thereafter accrue hereunder with respect to the assigned interest, subject to Clauses 504, 505, 902 and 1001.

- (b) Subject to Clause 307, the assignment of any interest in the Facility by an Owner while acting in the capacity of Operator shall not confer upon the Person acquiring such interest the position of Operator.

#### 906. Change of Name

An Owner whose name is changed by due legal process shall notify and supply evidence of the change to Operator as soon as possible.

## ARTICLE X

### TERM AND TERMINATION

#### 1001. Term

This Agreement shall remain in full force and effect from the Effective Date so long as all or any portion of the Facility is held pursuant to this Agreement and so long thereafter as may be necessary to decommission, abandon, dispose of and reclaim the Facility, in accordance with the Regulations, and final settlement of accounts has been made among the Owners, provided that those provisions related to audit, liability, indemnity, disposal and salvage of Material

and enforcement of default shall survive for six (6) Years thereafter or such later time as may be prescribed by the Regulations.

1002. Termination

Subject to the provisions of Clause 1001, this Agreement shall terminate upon a vote of the Operating Committee in accordance with Subclause 204 (i).

1003. Salvage or Disposition

If required by the Regulations or directed by the Operating Committee to salvage the Facility or any Functional Unit or portion thereof as the case may be, Operator shall, for the Joint Account:

- (a) salvage as much of the Facility, Functional Unit or portion thereof, as the case may be, as can economically and reasonably be salvaged or otherwise dispose of the same in the manner determined by the Operating Committee; and
- (b) clean up and restore the site of the Facility, Functional Unit or portion thereof, as the case may be, in accordance with the Regulations and to the satisfaction of any governmental body having jurisdiction with regard thereto and to the reasonable satisfaction of the owner or occupier of the land upon which the Facility is located.

1004. Proceeds and Costs

The proceeds and costs of salvaging, decommissioning, abandonment, reclamation or disposing of any portion of the Facility, incurred pursuant to Clause 1003, shall be shared and borne by the Owners of the Functional Unit to which such salvage or disposal relates, based on each Owner's respective Functional Unit Participation in such Functional Unit.

## ARTICLE XI

### GENERAL PROVISIONS

1101. Enurement

Subject to the provisions of Clause 905, this Agreement shall enure to the benefit of, and be binding upon, the respective heirs, executors, administrators, successors and permitted assigns of the Owners.

1102. No Partnership

Nothing herein contained shall be read or construed as creating a partnership, or as imposing upon any Owner any partnership duty, obligation or liability of any kind, it being the express intention of the Owners that the respective rights, obligations and liabilities of each of the Owners under this Agreement and in respect of the subject matter hereof generally, shall be several, and not joint or joint and several.

1103. Force Majeure

- (a) For the purposes of this Clause, "force majeure" means an occurrence beyond the reasonable control of the Owner claiming suspension of an obligation hereunder, which has not been caused by such Owner's negligence and which such Owner was unable to prevent or provide against by the exercise of reasonable diligence at a reasonable cost and includes, without limiting the generality of the foregoing, an act of God, war, revolution, insurrection, blockade, riot, strike, a lockout or other industrial disturbance, fire, lightning, unusually severe weather, storms, floods, explosion, accident, shortage of labour or materials, or government restraint, action, delay or inaction.

- (b) If any Owner is prevented by force majeure from fulfilling any obligations hereunder, the obligations of that Owner, insofar as its obligations are affected by the force majeure, shall be suspended while the force majeure continues to prevent the performance of such obligation and for that time thereafter as that Owner may reasonably require to commence to fulfil such obligation. An Owner prevented from fulfilling any obligation by the force majeure shall promptly give the other Owners notice of the force majeure and the affected obligations, including reasonably full particulars in respect thereof.
- (c) The Owner claiming suspension of an obligation as aforesaid shall promptly remedy the cause and effect of the applicable force majeure, insofar as it is reasonably able so to do, and such Owner shall promptly give the other Owners notice when the force majeure ceases to prevent the performance of the applicable obligation. However, the terms of settlement of any strike, lockout or other industrial disturbance shall be wholly in the discretion of such Owner, notwithstanding Subclause (a), and that Owner shall not be required to accede to the demands of its opponents in any strike, lockout or industrial disturbance solely to remedy promptly the force majeure thereby constituted.
- (d) Notwithstanding anything contained in this Clause, lack of finances shall not be considered a force majeure, nor shall any force majeure suspend any obligation for the payment of money hereunder.

#### 1104. Notices

All notices and other communications to be given in connection with this Agreement shall be in writing and shall be sufficiently given:

- (a) if delivered by hand or by courier to an Owner at its address for service, such delivery shall be deemed received by the Owner when actually delivered, if such delivery is during Owner's normal business hours, on any Day other than a Saturday, a Sunday or statutory holiday. If such notice or other communication is not delivered during the Owner's normal business hours, such notice or other communication shall be deemed to have been received by Owner on the Day next following the date of delivery, other than a Saturday, Sunday or statutory holiday;
- (b) except during any period of actual or impending postal disruption, if sent by first class mail, or by airmail if sent from outside Canada or the United States, postage prepaid, to an Owner at its address for service, such mailing shall be deemed received by the Owner on the fourth Day following the date of mailing (Saturdays, Sundays and statutory holidays excepted). However, if postal service is interrupted or operating with unusual or imminent delay, such notice or other communication shall not be sent by such means during such interruption or period of delay; and
- (c) to an Owner which has provided a direct telecommunication number as part of its address for service, if sent by telecommunication to the Owner's designated telecommunication number, such transmission shall be deemed received by the Owner when actually received, if such transmission is during Owner's normal business hours on any Day other than a Saturday, Sunday or a statutory holiday. If such notice or other communication is not received during the Owner's normal business hours, such notice or other communication shall be deemed to have been received by Owner on the Day next following the date of transmission, other than a Saturday, Sunday or a statutory holiday.

For the purposes of this Clause 1104, the address for service for each Owner initially shall be the address set forth below its signature on the execution page of the Head Document. Operator may change its address for service by giving written notice thereof to each of the other Owners, and any other Owner may change its address for service by giving written notice thereof to Operator.

#### 1105. Suits

An Owner who is sued on an alleged cause of action arising out of Joint Operations shall forthwith notify every other Owner.

1106. Compliance with Laws and Regulations

In exercising their respective rights and discharging their respective obligations under this Agreement, the Owners shall comply in all material respects with all Regulations.

1107. Governing Law

This Agreement shall be governed by and construed in accordance with the laws of the Province of Alberta and the laws of Canada applicable therein, and each of the Owners submits to the jurisdiction of the courts of the Province of Alberta for the interpretation and enforcement hereof.

1108. Waiver

No waiver by any Owner of any breach (whether actual or anticipated) of any of the covenants, provisions or conditions herein contained shall take effect or be binding upon that Owner unless the same is expressed in writing under the authority of that Owner. Any waiver so given shall extend only to the particular breach so waived and shall not limit or affect any rights with respect to any other or future breach.

1109. Statute of Limitations

The two (2) year period for seeking a remedial order under section 3(1)(a) of the Limitations Act, R.S.A. 2000 c. L-12, including any amendments thereto or replacements thereof, for any claim (as defined in that Act) arising in connection with this Agreement is extended to:

- (a) for claims disclosed by an audit, two (2) years after the time this Agreement permitted that audit to be performed; or
- (b) for all other claims, four (4) years.

1110. Further Assurances

Each Owner shall from time to time and at all times do all such further acts and execute and deliver all further documents as may be reasonably required in order to perform and carry out the terms of this Agreement.

1111. Partitioning

No Owner shall resort to any action for partition, or sale in lieu of partition, of any real property comprised in the Facility, or any portion thereof.

1112. United States Taxes

If for the purposes of the United States Internal Revenue Code of 1986, as amended ("the Code"), this Agreement or the relationship established thereby constitutes a partnership as defined in Section 761 (a) of the Code, each Owner who is entitled under such Section to elect, hereby elects to have such partnership excluded from the application of Subchapter K of Chapter 1 of Subtitle A of the Code, or such portion thereof as the Secretary of the Treasury of the United States, or his delegate, permits to be so excluded. Operator, or a designated Affiliate, is authorized to execute such election on behalf of the applicable Owners and to file the election with the proper United States government office or agency. Operator, or a designated Affiliate, is further authorized and directed to execute and file such additional and further evidence of such election as may be required, all at the expense solely of those Owners subject to the Code. However, if Operator is not subject to the Code with respect to the Facility, the obligations of Operator under this Clause shall be fulfilled by the Owner, or a designated Affiliate, who is subject to the Code with respect to the Facility and who, among those Owners subject to the Code, holds the greatest Facility Participation. For this purpose, no Owner or Affiliate of an Owner shall give any notice or take any action inconsistent with this election.



1113. Confidentiality

Each Owner entitled to information obtained hereunder or pursuant to this Agreement may use such information for its sole benefit. However, the Owners shall take such measures with respect to Joint Operations and internal security as are appropriate in the circumstances to keep confidential from third Persons all such information, except information which the Owners have expressly agreed among themselves to release and information disclosed by an Owner:

- (a) when and to the extent required by the Regulations and securities laws applicable to such Owner, provided that such Owner shall invoke any confidentiality protection permitted by such Regulations and securities laws;
- (b) to an Affiliate, provided that such Owner shall be deemed to have required such Affiliate to maintain the confidential status of the disclosed information in accordance with this Clause 1113, that such Affiliate shall be deemed to have accepted such obligation and that such Owner shall be liable for any loss suffered by the other Owners, or any of them, because of the failure of such Affiliate to maintain such information confidential;
- (c) to a third Person to which such Owner is seeking to assign all or a portion of its interest hereunder, provided that a binding covenant is obtained from such third Person prior to disclosure which provides, inter alia, that none of such information shall be disclosed by it to any other third Person; and
- (d) to the technical, financial or other professional consultants of such Owner which require such information to provide their services to such Owner or to a bank or other financial institution from which such Owner is attempting to obtain financing, provided that a binding covenant is obtained from such consultant or financier, as the case may be, prior to such disclosure, which provides, inter alia, that none of such information shall be disclosed by it to any other third Person or used for any purposes other than advising such Owner or providing financing to such Owner, as the case may be.

However, the confidentiality obligation in this Clause shall not extend to information to the extent it is in the public domain, provided that specific items of information shall not be considered to be in the public domain merely because more general information is in the public domain.

Notwithstanding the foregoing provisions of this Clause, any Owner which otherwise ceases to be bound by the provisions of the Agreement shall nevertheless remain bound by the provisions of this Clause with respect to information obtained hereunder or pursuant to this Agreement until and to the extent that such information is in the public domain.

1114. General Business Conduct

Except as otherwise provided herein, none of the Owners nor any of their Affiliates, directors, officers, consultants, agents or employees shall give or receive any commission, fee, rebate, gift or entertainment of significant cost or value in connection with this Agreement.

1115. Supersedes Previous Agreements

Unless otherwise provided in the Head Document, this Agreement supersedes all other previous agreements, documents, writings and verbal understandings among the Owners relating to the Facility, and expresses all of the terms and conditions agreed upon by the Owners with respect to the Facility.

1116. Time of the Essence

Time is of the essence in this Agreement.

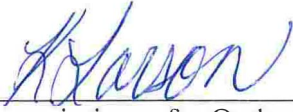
1117. No Implied Covenants

The Owners have expressed herein their entire understanding and agreement concerning the subject matter of this Agreement. No implied covenant, condition or term shall be read into this Agreement, nor shall any prior oral or written understanding entered into modify or compromise any of the terms and conditions herein.

1118. Waiver of Relief

The Owners acknowledge that any default, forfeiture or assignment provisions contained in this Operating Procedure are reasonable and equitable. Each Owner waives any and all rights which it may have at law, in equity or by the Regulations, against default, forfeiture or penalty if such provisions are invoked.

This is **Exhibit "B"** referred to in the Affidavit Heather Wilkins sworn before me this 5th day of November, 2024



**Kendra Larson**  
**Student-at-Law**

---

A Commissioner for Oaths in and for Alberta

PASC  
PASC ACCOUNTING PROCEDURE

Recommended by the Petroleum Accountants Society of Canada

EXHIBIT " "

Attached to and a part of \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

ARTICLE I - GENERAL PROVISIONS

101. Definitions

In this Accounting Procedure the following words and phrases shall have the following respective meanings, namely:

- (a) "Administrative Services" means support services such as accounting, purchasing, clerical, secretarial, and administrative whether On-Site or not.
- (b) "Affiliate" means, with respect to the relationship between corporations, that one of them is controlled by the other or that both of them are controlled by the same person, corporation or body politic; and for this purpose a corporation shall be deemed to be controlled by those persons, corporations or bodies politic who own or effectively control, other than by way of security only, sufficient voting shares of the corporation (whether directly through the ownership of shares of the corporation or indirectly through the ownership of shares of another corporation which owns shares of the corporation) to elect the majority of its board of directors, provided that a partnership which is a party and which is comprised solely of corporations which are Affiliates, as described above, shall be deemed to be an Affiliate of each such corporation and its other Affiliates.
- (c) "Agreement" means the Agreement to which this Accounting Procedure is attached.
- (d) "Alliance" means a contractual arrangement whereby a third party provides services to the Operator and which involves the sharing of employees and/or office spaces.

- (e) "Completion" means the installation in, on, or with respect to a well of all such production casing, tubing and wellhead equipment and all such other equipment and material necessary for the permanent preparation of the well for the taking of petroleum substances therefrom up to and including the outlet valve on the wellhead and includes, as necessary, the perforating, stimulating, treating, fracturing and swabbing of the well and the conduct of such production tests with respect to such well as are reasonably required to establish the initial production of the well.
- (f) "Construction Project" means construction, abandonment and reclamation of facilities or installation activity undertaken for the Joint Account, including each subsequent addition thereto or alteration thereof and Equipping wells but does not include Drilling. For purposes of Clause 302 of this Accounting Procedure, each addition or alteration hereunder will be considered as a separate Construction Project except that multiple projects of a similar nature being constructed under a single program will be consolidated as a single Construction Project. Replacement of Material in kind should be considered Operations and Maintenance unless the Owners agree otherwise.
- (g) "Controllable Material" means Material which at the time is so classified in the Controllable Material Price Catalogue as most recently recommended by the Petroleum Accountants Society of Canada.
- (h) "Drilling" means all activities with respect to the drilling of a well, including surface access and the construction of roads to and from the site of the well, preparation of the site of the well, the installation of all surface and intermediate casing respecting the well, logging, coring, capping, deepening, abandoning, reclaiming, plugging back, sidetracking, re-drilling, production testing of a well or the converting of a well to a source, injection, observation or producing well and including stratigraphic tests, and includes Completion but does not include Equipping, routine clean-out and pump or rod pulling operations which are Operations and Maintenance. Without limiting the generality of the foregoing this also includes environmental or socioeconomic studies required by governmental authorities as a prerequisite to the issuance of approval for the drilling of such well.
- (i) "Equipping" means the installation of such equipment as is required to produce petroleum substances from a completed well, including, without restricting the generality of the foregoing, a pump (or other artificial lift equipment), the installation of the flow lines and production tankage serving the well and, if necessary, a heater, dehydrator or other wellsite facility for the initial treatment of petroleum substances produced from the well to prepare such production for transportation to market, but specifically excludes any such equipment, installation, or facility that is (or is intended to be) a production facility.

- (j) "Exploration" means geological, geophysical and geochemical examinations and other investigations relating to geology, and any related environmental studies, other than Drilling, for the purpose of defining field limits or defining development well locations, conducted pursuant to the terms of the Agreement.
- (k) "Initial Construction" means construction conducted to place the Joint Property on stream to the date of initial operations.
- (l) "Joint Account" means the account showing, in Canadian funds, the charges paid and credits received as a result of Joint Operations and which are to be shared by the Owners in accordance with the terms of the Agreement.
- (m) "Joint Operations" means Exploration, Drilling, Completion, Equipping, Construction Projects, and Operations and Maintenance activities conducted pursuant to the terms of the Agreement.
- (n) "Joint Property" means all property subject to the Agreement.
- (o) "Material" means equipment or supplies acquired for use in the conduct of Joint Operations, which shall be classified as follows:
  - (1) Condition "A" means that which is new;
  - (2) Condition "B" means that which has been used but is suitable for its original function without reconditioning;
  - (3) Condition "C" means that which has been used and would be suitable for its original function after reconditioning or that which cannot be reconditioned for, but has a limited service in, its original function;
  - (4) Condition "D" means that which is not suitable for its original function but is usable for another function;
  - (5) Condition "E" means that which is junk.
- (p) "New Price" means the current price of Condition "A" Material at the nearest reputable supply store where such Material is available or at the nearest receiving point to which such Material could be delivered, whichever is closer to the Joint Property. Tubular goods fifty and eight tenths millimetres (50.8 mm) or two inches (2 inches) in diameter and over shall be priced on a carload basis. Costs of special services to tubular goods, including transportation for that service, shall be included when determining the New Price. Any cash discount that may be allowed by a dealer shall not be deducted in determining the New Price.
- (q) "Non-Operator" means an Owner or a Party to the Agreement other than the Operator.

- (r) "Operations and Maintenance" means activities and Material required to directly operate, repair, and maintain wells and facilities on the Joint Property.
- (s) "Operator" means the Owner or Party designated pursuant to the Agreement to conduct Joint Operations.
- (t) "On-Site" means within the legal boundaries of the Joint Property or in the Production Office or in the general vicinity of the Joint Property when in direct conduct of Joint Operations.
- (u) "Owner" or "Party" means a person, partnership, corporation or other entity who is bound by the Agreement.
- (v) "Production Engineering" means facilities and operations engineering support for Operations and Maintenance. This includes the following activities:
  - (1) facilities engineering which includes evaluation, optimization, testing, and if required, modifications to wellsite facilities, pipelines, production satellites, oil treating facilities, gas treating facilities, production storage and custody transfer facilities, gas and natural gas liquid injection facilities, produced water handling and injection facilities, fresh water supply and handling facilities, gas compression facilities, controls and data acquisition, loss prevention, utilities, corrosion control and classification, environmental protection, quality control and assurance, operational problem resolution and process optimization and maintenance planning.
  - (2) operations engineering which includes preparation of expense recompletion programs, remedial workover and stimulation programs (acidizing, fracturing, slick line and wireline programs, coiled tubing, snubbing, nitrogen and carbon dioxide programs); preparation of well control and safety programs; design and optimization of artificial lift systems (dynamometer and fluid level analysis, well bore gradient and interpretation, water analysis, pressure, volume, temperature data, open and cased hole logs, absolute open flow data and the like required to evaluate well performance and workover candidate); and optimization of downhole completion assemblies excluding reservoir performance optimization but including tubing force analysis and packer design, wellhead design, sand control equipment and procedures, downhole equipment for quality assurance and quality control as well as metallurgical design for critical service, selection of workover candidate to rectify mechanical problems, design and implementation of field bottom hole pressure survey and interpretation of pressure data, and interpretation of data required for optimization of downhole completion assemblies.
- (w) "Production Office" means an office or a portion of an office, the primary function of which is to directly serve the daily Operations and Maintenance.

- (x) "Professional Consulting Services" means the services of a professional individual or firm employed to provide professional advice for the benefit of Joint Operations.
- (y) "Supervision" means the supervision of employees and/or contract labour directly employed On-Site in the conduct of Joint Operations.
- (z) "Technical Services" means the services providing specific engineering, geological or other professional skills such as, but not limited to those performed by engineers, geologists, geophysicists, technologists, environmentalists, safety specialists, and surface landmen required to handle specific operating conditions and problems for the benefit of Joint Operations which are not Production Engineering or Administrative Services.
- (aa) "Warehouse" means a building, pipe yard and/or storage point where idle equipment is stored.

102. Statement and Billings

The Operator shall bill each Non-Operator on or before the last day of each month for its proportionate share of the Joint Account for the preceding month. Such bills shall be accompanied by statements which identify the authority for expenditure, lease or facility, and all charges and credits, summarized in accordance with the Joint Interest Billing Exchange Chart of Accounts as most recently recommended by the Petroleum Accountants Society of Canada classifications, as a minimum.

In the event that production revenue settlement statements are submitted by the Operator, sufficient volumetric, pricing, and revenue information by product, production month and year shall be provided to enable each Non-Operator to correctly calculate and record its income and pay its obligations attached thereto.

103. Payments by Non-Operators

Unless otherwise provided in the Agreement, each Non-Operator shall pay all bills as rendered pursuant to Clause 102 of this Accounting Procedure within thirty (30) days of receipt thereof. When the due date falls on a weekend or a statutory holiday, the payment will be due on the preceding business day.

104. Capital Advances

Unless otherwise provided in the Agreement, the Operator may require each Non-Operator to advance its proportionate share of the estimated costs to be paid in the succeeding month for approved capital projects for Joint Operations. If the Operator so elects, it shall, not earlier than thirty (30) days prior to the first day of each month,



submit to each Non-Operator a reasonably detailed estimate of the costs proposed to be paid for the Joint Account in that month, with a request for payment by each Non-Operator of its proportionate share thereof. Each Non-Operator shall pay the Operator its proportionate share of the costs so estimated on or before the fifteenth (15th) day of the month for which the advance is requested or twenty (20) days after receipt of such estimate, whichever is later.

The Operator shall adjust each monthly billing to reflect advances received from the Non-Operator. Expenditures in excess of the advances shall be billed to and paid by each Non-Operator pursuant to Clause 103 of this Accounting Procedure. Amounts advanced by each Non-Operator in excess of actual costs shall be refunded by the Operator with the related billing for the month in which the advance was paid. Any such excess amounts not refunded will, at each Non-Operator's option, bear interest, payable by the Operator for the account of each Non-Operator, at the rate specified pursuant to Clause 106 of this Accounting Procedure from the day the billing is rendered pursuant to Clause 102 of this Accounting Procedure.

105. Operating Fund

Unless otherwise provided in the Agreement, the Operator may require each Non-Operator to advance for an operating fund its proportionate share of \_\_\_\_\_ percent (\_\_\_\_%) of an approved forecast of expenditures for Operations and Maintenance for a year. The amount of this operating fund shall be increased or decreased annually in accordance with the current year's approved forecast of expenditures for Operations and Maintenance. This adjustment shall be done within ninety (90) days after the end of the previous year or when the current year's forecast is approved, whichever is later. Each Non-Operator shall remit such advance thirty (30) days after receipt of request for payment. After the establishment of the operating fund, each Non-Operator shall remit its share of actual costs in accordance with each month's billing, thus maintaining the operating fund intact.

106. Unpaid Accounts

Unless otherwise provided for in the Agreement, if payment of any bills or requests for advances is not made within the time stipulated in this Accounting Procedure, the unpaid amount may, at the Operator's option, bear interest payable by the Non-Operator and compounded monthly, for the account of the Operator at the rate of two percent (2%) per annum higher than the average prime rate charged by the principal Canadian Chartered bank used by the Operator, regardless of whether the Operator has notified such Non-Operator in advance of its intention to charge interest with respect to such unpaid amount, for the period in which such interest is payable.

107. Adjustment and Right to Protest/Question Bills

- (a) A Non-Operator shall not withhold payment of any portion of a bill presented by the Operator due to protest or question related to such a bill unless there is a significant item under dispute and the Operator agrees to the Non-Operator withholding payment for the disputed item. Questions by the Non-Operator related to bills shall be responded to by the Operator within fourteen (14) days of receipt of the Non-Operator's query. In the event the Operator agrees that the questioned charges require adjustment, such adjustment shall be made by the Operator within thirty (30) days after such agreement to the adjustment. Notwithstanding the foregoing provisions, the Operator shall not unreasonably deny the Non-Operator's request to withhold payment for significant disputed charges which require adjustment and for which written notice has been received.
- (b) Subject to Subclause 107(c) hereof, payment of any bills or requests for advances shall not prejudice the right of the Non-Operator to protest or question the correctness thereof; provided however, all bills and statements rendered to the Non-Operator during any calendar year shall be presumed to be true and correct after the later of twenty-six (26) months following the end of such calendar year or any approved extensions pursuant to Subclause 108(b) of this Accounting Procedure, unless before the end of the said twenty-six (26) months the Non-Operator takes written exception thereto and makes claim on the Operator for an adjustment.
- (c) If within the period referred to in Subclause 107(b) hereof, the Non-Operator or the Operator establishes that an error in the books, accounts and records relating to Joint Operations existing in the said period also existed previous to the period, the Operator shall make the required adjustments retroactively either to the inception of the error or in a manner as approved by the Owners. The provisions of this Subclause are neither intended to extend the Non-Operator's audit rights to access books and records beyond the twenty-four (24) month audit limitation pursuant to Subclause 108(a) of this Accounting Procedure; nor is it intended that the Non-Operator request such an adjustment without being able to adequately support the request. The adjustments shall be subject to the Non-Operator's right to audit.
- (d) The provisions of this Clause shall not prevent adjustments resulting from physical inventory of Controllable Material pursuant to Article V of this Accounting Procedure.

This is **Exhibit "C"** referred to in the Affidavit Heather Wilkins sworn before me this 5th day of November, 2024



**Kendra Larson**  
**Student-at-Law**

---

A Commissioner for Oaths in and for Alberta

**ASSIGNMENT AGREEMENT**

**(Assignment of the Interest of Assignor in Functional Unit "H" to the Judy Creek Gas Plant)**

THIS AGREEMENT made as of the 15<sup>th</sup> day of March 2023

BETWEEN:

**RAZOR ENERGY CORP., a body corporate, having an office in the City of Calgary, in the Province of Alberta**  
(the "Assignor")

- and -

**FUTERA POWER, a body corporate, having an office in the City of Calgary, in the Province of Alberta**  
(the "Assignee")

WHEREAS:

- (A) Assignor is a party to the agreement or agreements (such agreement or agreements, including all amendments thereto, if any, hereinafter referred to as the "Agreement") set out in Schedule "A" hereto;
- (B) Pursuant to an Asset Purchase Agreement dated March 15, 2023, Assignor has conveyed to Assignee 100% of the right, title, estate and interest of Assignor in the Facility and to the extent of the Facility the Agreement, effective as of the 15<sup>th</sup> day of March 2023 ("Effective Date");
- (C) Assignor wishes to assign to Assignee 100% of Assignor's right, title, estate and interest in and to the Agreement only insofar as it pertains to the Facility;

NOW THEREFORE THIS AGREEMENT WITNESSES THAT in consideration of the premises hereto and the covenants and agreements hereinafter set forth and contained, the parties hereto covenant and agree as follows:

1. Assignor hereby assigns, transfers, sets over and conveys unto Assignee, effective as of the Effective Date, 100% of Assignor's right, title, estate and interest in and to the Facility and Agreement, to have and to hold the same for its sole use and benefit absolutely.
2. Assignee hereby accepts the assignment herein provided and covenants and agrees with Assignor to assume as of the Effective Date, and thereupon and thereafter to be bound by and observe, carry out and perform and fulfill all of the covenants, conditions, obligations and liabilities of Assignor under the Agreement, to the same extent and with the same force and effect as though Assignee had been named a party to the Agreement as of the Effective Date in the place and stead of Assignor.
3. The address of Assignee for notices under the Agreement shall be:

**FUTERA POWER**  
Suite 900, 500 – 5<sup>th</sup> Avenue SW

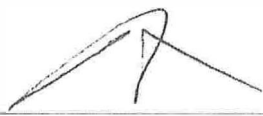
Calgary, AB T2P 3L7  
Attention: Joint Venture  
Email: JV@razor-energy.com  
FAX: (403) 262-0339

The parties hereto shall, from time to time and at all times hereafter, without further consideration, do all such further acts and execute and deliver all such further documents as shall be reasonably required to give full effect to the provisions hereof.

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


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

**RAZOR ENERGY CORP.**  
(Assignor)

Per:  \_\_\_\_\_

Doug Bailey  
President and Chief Executive Officer

**FUTERA POWER**  
(Assignee)

Per:  \_\_\_\_\_

Lisa Mueller  
President

**SCHEDULE "A"**

ATTACHED TO AND FORMING PART OF AN ASSIGNMENT AGREEMENT MADE AS OF THE 15<sup>TH</sup> DAY OF MARCH 2023 BETWEEN **RAZOR ENERGY CORP.**, AS ASSIGNOR, AND **FUTERA POWER**, AS ASSIGNEE

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**Agreement**

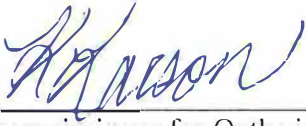
Agreement for the Ownership and Operation of the Judy Creek Gas Plant effective March 1, 2011 (Draft)

(as may have been amended)

**"Facility"**

**Functional Unit "H" – 100% of an undivided 50% working interest**

This is **Exhibit "D"** referred to in the Affidavit Heather Wilkins sworn before me this 5th day of November, 2024

A handwritten signature in blue ink that reads "K Larson". The signature is written in a cursive style with a horizontal line underneath the name.

**Kendra Larson**  
**Student-at-Law**

---

A Commissioner for Oaths in and for Alberta



August 9, 2023

**Via: Email to:**  
anton.esterhuizen@coniferenergy.ca

CONIFER ENERGY INC.  
2500, 700 – 9<sup>th</sup> Avenue S.W.  
Calgary, AB  
T2P 3V4  
Attention: Anton Esterhuizen / Joint Ventures

**Re: Withdrawal Notice – “Not Disposed of Interest” related to  
Assignment of interest from Razor Energy Corp to Futera Power  
JUDY CREEK GAS PLANT – Functional Unit “H” only – Atco Residue Gas  
Tie-In (the “Facility”) operated under the  
Effective: March 15, 2023  
RAZOR FILE: JF00005**

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Razor Energy Corp. (“Razor”) hereby formally withdraws the preemptively provided Assignment Agreement (qualified as an unrestricted disposal under 902(a) and not subject to option to acquire under 901(c) of the same Article IX) from Razor to Futera Power (“Futera”) as closing did not occur and no conveyance of any interest in this Functional Unit H occurred then or since. As a result of the failure to close, Razor requests the return of the Assignment Agreement and execution page that was provided so that we can ensure they are properly destroyed.

Should you require any further information in relation to this Withdrawal of the Facility Assignment, please contact the undersigned at (587) 794-4719 or by email at [gthiessen@razor-energy.com](mailto:gthiessen@razor-energy.com).

Sincerely,

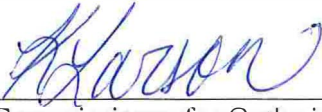
**RAZOR ENERGY CORP.**

A faint, handwritten signature in blue ink, appearing to read "Geoff Thiessen".

Geoff Thiessen  
Land Manager



This is **Exhibit "E"** referred to in the Affidavit Heather Wilkins sworn before me this 5th day of November, 2024

A handwritten signature in blue ink that reads "K Larson". The signature is written in a cursive style and is positioned above a horizontal line.

**Kendra Larson**  
**Student-at-Law**

A Commissioner for Oaths in and for Alberta



Bennett Jones

Bennett Jones LLP  
4500 Bankers Hall East, 855 - 2nd Street SW  
Calgary, Alberta, Canada T2P 4K7  
Tel: 403.298.3100 Fax: 403.265.7219

**Keely Cameron**  
Partner  
Direct Line: 403.298.3324  
e-mail: cameronk@bennettjones.com

March 7, 2024

**Via E-Mail**

Sean F. Collins  
Partner  
McCarthy Tétrault LLP  
4000, 421 - 7th Avenue SW  
Calgary, AB T2P 4K9

Dear Mr. Collins:

**Re: ITMO the Plan of Compromise or Arrangement of Razor Energy Corp., Razor Royalties Limited Partnership, Razor Holdings GP Corp., and Blade Energy Services Corp. Estate Nos.: 25-3037334, 25-3037340, 25-3037338, and 25-3037330 (collectively, the "CCAA Proceedings")**

We are counsel to Conifer Energy Inc. ("**Conifer**") in connection with the above-captioned CCAA Proceedings. Further to the Information Memorandum dated February 2024 from Peters & Co. Limited, we understand that Razor Energy Corp. ("**Razor**") and FTI Consulting Canada Inc. ("**FTI**") are seeking offers to purchase all or any of the upstream oil and gas assets of Razor, which assets may include Razor's interest in Functional Units of the Judy Creek Gas Plant, as defined in the operating procedure affixed as Exhibit "A" to the Agreement for the Construction, Ownership and Operation of the Judy Creek Gas Plant dated March 1, 2011 ("**Operating Procedure**"). Terms capitalized in this letter and not otherwise defined have the meanings given to them in the Operating Procedure.

By way of this letter, we hereby put you on notice that Conifer wishes to exercise its ROFR rights in respect of Functional Unit "H".

As you are aware from previous correspondence, Conifer takes the position that its entitlement to a ROFR in respect of Functional Unit "H" arose when Razor purported to assign its interest in Functional Unit "H" to Futera Power ("**Futera**") effective March 15, 2023. As stated in Conifer's September 26, 2023 letter to Douglas Bailey and Geoff Thiessen of Razor and in further correspondence related thereto, Razor's failure to notify Conifer prior to executing an assignment agreement with Futera (attached) breached Razor's obligation to provide Disposition Notice and deprived Conifer of the opportunity to exercise its right of first refusal. A right which Conifer has advised that it intends to exercise.

March 7, 2024

Page 2

Disposition of Razor's interest in any Functional Unit is governed by Clause 901 of the Operating Procedure, which states that no Owner may sell, transfer, assign, mortgage or otherwise dispose of all or part of its interest in the Facility or any Functional Unit otherwise than in accordance with the procedure established in Alternate C, which procedure includes the following:

The Disposing Owner shall, by notice, advise each other Owner (in this Article called an "Offeree") of its intention to make the disposition, including in such notice a description of the Functional Unit Participation proposed to be disposed, the identity of the proposed assignee, the price or other consideration for which the Disposing Owner is prepared to make such disposition, the proposed effective date and closing date of the transaction and any other information respecting the transaction which the Disposing Owner reasonably believes would be material to the exercise of the Offerees' rights hereunder (such notice in this Article called "the Disposition Notice").

Razor was required to provide Disposition Notice to Conifer and other Owners in connection with any proposed disposition of Functional Units, whereby remaining Owners could exercise a right of first refusal in accordance with the procedure established under Clause 901. Once Conifer advised of its intention to exercise its rights, Razor took the position that neither the assignment nor the disposition had actually occurred despite having provided notice of same. Razor refused to provide the Disposition Notice.

Conifer maintains its right to the Disposition Notice which arose upon Razor contemplating disposition to Futera. Conifer demands that Razor proceed to issue the Disposition Notice by no later than March 14, 2024, so that Conifer can proceed to exercise its right of first refusal.

Yours truly,

**BENNETT JONES LLP**



Keely Cameron  
Partner

KC:/sn  
Encl.

cc: Kelly J. Bourassa (Blake, Cassels & Graydon LLP via email)



Bennett Jones

**ASSIGNMENT AGREEMENT**  
**(Assignment of the Interest of Assignor in Functional Unit "H" to the Judy Creek Gas Plant)**

THIS AGREEMENT made as of the 15<sup>th</sup> day of March 2023

BETWEEN:

**RAZOR ENERGY CORP., a body corporate, having an office in the  
City of Calgary, in the Province of Alberta**  
(the "Assignor")

- and -

**FUTERA POWER, a body corporate, having an office in the City of  
Calgary, in the Province of Alberta**  
(the "Assignee")

WHEREAS:

- (A) Assignor is a party to the agreement or agreements (such agreement or agreements, including all amendments thereto, if any, hereinafter referred to as the "Agreement") set out in Schedule "A" hereto;
- (B) Pursuant to an Asset Purchase Agreement dated March 15, 2023, Assignor has conveyed to Assignee 100% of the right, title, estate and interest of Assignor in the Facility and to the extent of the Facility the Agreement, effective as of the 15<sup>th</sup> day of March 2023 ("Effective Date");
- (C) Assignor wishes to assign to Assignee 100% of Assignor's right, title, estate and interest in and to the Agreement only insofar as it pertains to the Facility;

NOW THEREFORE THIS AGREEMENT WITNESSES THAT in consideration of the premises hereto and the covenants and agreements hereinafter set forth and contained, the parties hereto covenant and agree as follows:

1. Assignor hereby assigns, transfers, sets over and conveys unto Assignee, effective as of the Effective Date, 100% of Assignor's right, title, estate and interest in and to the Facility and Agreement, to have and to hold the same for its sole use and benefit absolutely.
2. Assignee hereby accepts the assignment herein provided and covenants and agrees with Assignor to assume as of the Effective Date, and thereupon and thereafter to be bound by and observe, carry out and perform and fulfill all of the covenants, conditions, obligations and liabilities of Assignor under the Agreement, to the same extent and with the same force and effect as though Assignee had been named a party to the Agreement as of the Effective Date in the place and stead of Assignor.
3. The address of Assignee for notices under the Agreement shall be:

**FUTERA POWER**  
Suite 900, 500 – 5<sup>th</sup> Avenue SW

Calgary, AB T2P 3L7  
Attention: Joint Venture  
Email: JV@razor-energy.com  
FAX: (403) 262-0339

The parties hereto shall, from time to time and at all times hereafter, without further consideration, do all such further acts and execute and deliver all such further documents as shall be reasonably required to give full effect to the provisions hereof.

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

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

**RAZOR ENERGY CORP.**  
(Assignor)

Per: \_\_\_\_\_

Doug Bailey  
President and Chief Executive Officer

**FUTERA POWER**  
(Assignee)

Per: \_\_\_\_\_

Lisa Mueller  
President

**SCHEDULE "A"**

ATTACHED TO AND FORMING PART OF AN ASSIGNMENT AGREEMENT MADE AS OF THE 15<sup>TH</sup> DAY OF MARCH 2023 BETWEEN RAZOR ENERGY CORP., AS ASSIGNOR, AND FUTERA POWER, AS ASSIGNEE

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**Agreement**

Agreement for the Ownership and Operation of the Judy Creek Gas Plant effective March 1, 2011 (Draft)

(as may have been amended)

**"Facility"**

Functional Unit "H" – 100% of an undivided 50% working interest

This is **Exhibit "F"** referred to in the Affidavit Heather Wilkins sworn before me this 5th day of November, 2024



**Kendra Larson**  
**Student-at-Law**

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A Commissioner for Oaths in and for Alberta



Bennett Jones

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Our File No.: 091565.00002

May 28, 2024

**Via E-Mail**

Sean Collins  
McCarthy Tétrault LLP  
4000, 421 - 7th Avenue SW  
Calgary, AB T2P 4K9

Kelly Bourassa  
Blake, Cassel and Graydon LLP  
Suite 3500, Bankers Hall East Tower  
855 - 2nd Street S.W.  
Calgary, Alberta, T2P 4J8

Dear Counsel:

**Re: In the Matter of the Notice of Intention to Make a Proposal of Razor Energy Corp.,  
Razor Royalties Limited Partnership, Razor Holdings GP Corp., and Blade Energy  
Services Corp.**

We write further to the key stakeholder virtual meeting that was held on May 22, 2024 and the slide presentation that was subsequently circulated (the "**Slides**"). Conifer Energy Inc. ("**Conifer**") has a number of concerns with the proposal articulated based on the limited information that has been provided.

To assist Conifer in determining its position we reiterate our request that the other bids be disclosed to Conifer and that contact information for the proposed purchaser be provided so that Conifer can arrange a meeting with them.

Additionally, we request responses to the following preliminary questions:

1. The presentation was unclear. Is Razor proposing to pay any pre-filing amounts owed to Conifer or is the proposed distribution only in relation to post filing arrears?
2. Has there been any consideration to how SHU No.1 working interest owners, will be kept whole on a redistribution by the unit operator of Razor pre-and-post filing obligations? The amount to be redistributed to Conifer will be in excess of \$5M.
3. As you may be aware, under applicable legislation, partners of Razor may become obligated to make surface and crown mineral lease payments should Razor fail to pay arrears as is being



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suggested in the presentation. Are any steps proposed to protect Razor's partners from these obligations?

4. Why is the distribution proposed on page 8 of the Slides not based on the pro rata share of the debt owed to those entities? Additionally, the table on page 8 of the Slides seems to suggest that creditors from the Kaybob operated area will be made whole under the proposed distribution and Virginia Hills creditors get more than their total claims. Is this an error?
5. Were any attempts made to negotiate an arrangement with municipalities for property taxes?
6. How has the amount of Conifer's claim been determined for the purposes of page 8 of the Slides? Is any process being considered to ensure that claims are properly valued?
7. What are the proposed terms for the interim financing?
8. Please provide a breakdown of the intended uses for the working capital requirements.
9. Who would be the beneficiaries of a key employee retention program and how much money would be allocated to the program? What are the payment terms for same?
10. Does Razor intend to recognize Conifer's ROFR that was executable prior to filing and assign Razor's interest thereunder to Conifer and agree to the agreed ROFR Value being applied to/set-off against pre-filing amounts owing to Conifer?
11. Please provide a copy of the initial offer provided by the proposed preferred purchaser and details of any negotiations regarding the assumption of the Arena debt, cure costs and the proposal to proceed by way of a reverse vesting order.

Conifer confirms that it will accept the information requested above subject to the same conditions of confidentiality that it has previously agreed to.

We look forward to receipt of the requested information. We anticipate that we will have additional questions regarding the Purchaser following receipt of the foregoing information.

Yours truly,

**BENNETT JONES LLP**

*Keely Cameron*

Keely Cameron

KC

cc: Sarah Aaron, Bennett Jones LLP (via email)

