



VANDE WATER MANAGEMENT CORP.

WATER DISPOSAL DIVESTITURE

# Vande Water Management Corp.

## OVERVIEW INFORMATION

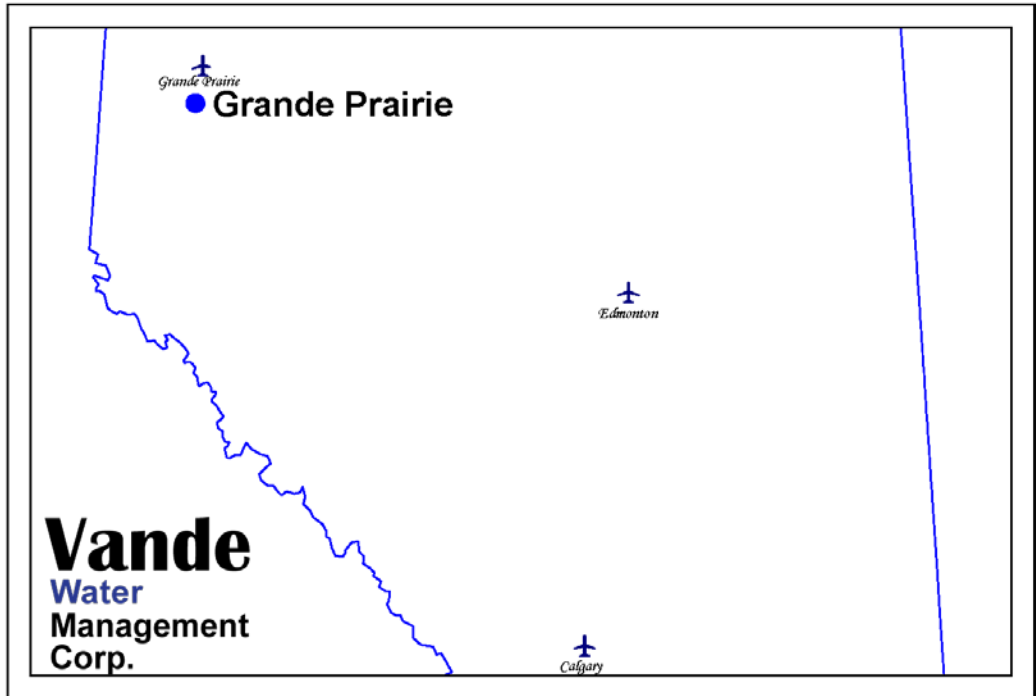
Bid Deadline: 12:00 pm May 12, 2022

**Water Disposal Divestiture:  
Grande Prairie, Alberta**



Vande Water Management Corp. (“Vande” or the “Company”) has engaged Sayer Energy Advisors to assist the Company with the sale of its water injection project in the Grande Prairie area of Alberta (the “Project”).

Vande holds a 100% working interest in a water disposal project strategically located in a highly developed area approximately 19 kilometres south of Grande Prairie. The Project has all season access from major roads and is ready for completion and construction of an injection facility.



The Project consists of an existing vertical disposal well located at 100/07-25-069-06W6/0 and a monitoring/injection well at 100/16-24-069-06W6/0. The disposal well is designed for water injection into the Cardium Formation. Vande owns the mineral rights in the Cardium Formation in Section 25-069-06W6.

**PROCESS & TIMELINE**

Sayer Energy Advisors is accepting cash offers relating to this process until **12:00 pm on Thursday May 12, 2022.**

Timeline		
<p>Week of April 11, 2022</p> <p>Week of April 11, 2022</p> <p><b>May 12, 2022</b></p> <p>May 1, 2022</p> <p>June 2022</p>	<p><b>12:00 noon</b></p>	<p>Preliminary Information Distributed</p> <p>Data Room Opens</p> <p><b>Bid Deadline</b></p> <p>Effective Date</p> <p>Closing Date</p>

*Sayer Energy Advisors does not conduct a “second-round” bidding process; the intention is to attempt to conclude a transaction(s) with the party(ies) submitting the most acceptable proposal(s) at the conclusion of the process.*

**Sayer Energy Advisors is accepting cash offers from interested parties until noon on Thursday, May 12, 2022.**



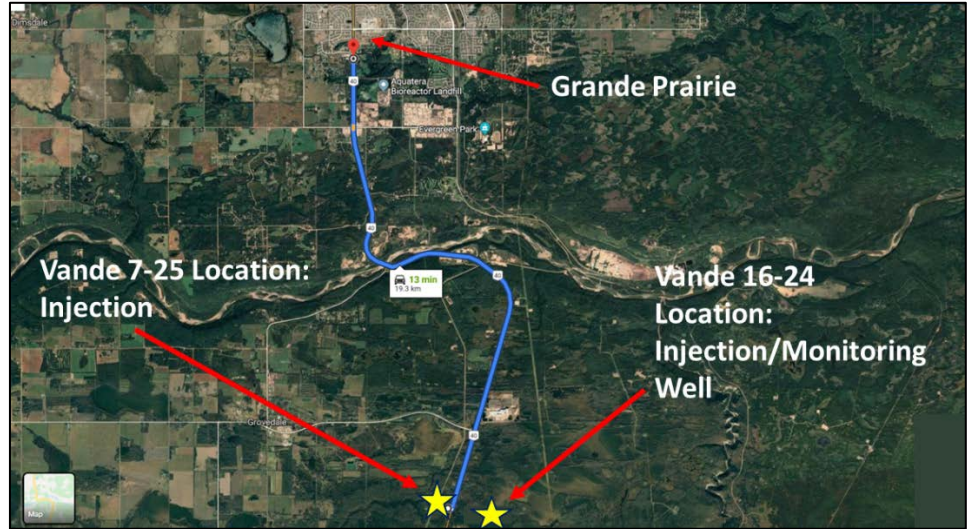
## Grande Prairie Project

## Township 69, Range 6 W6

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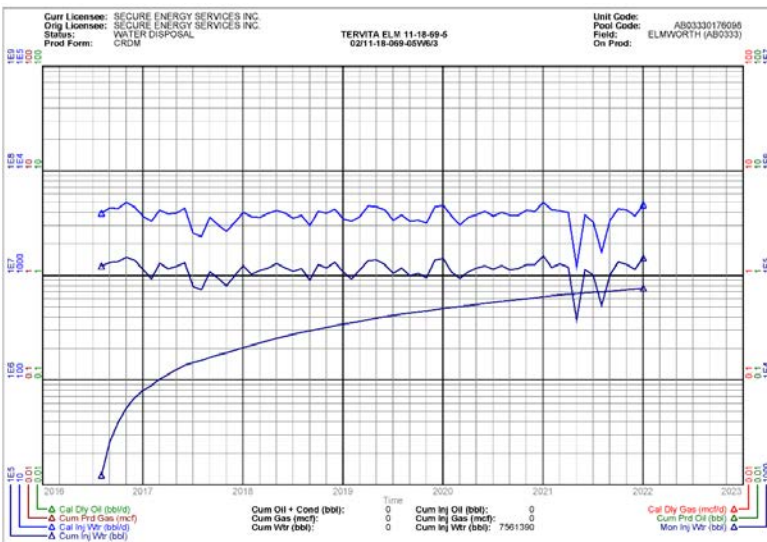
The disposal well is designed for water injection into the Cardium Formation. Vande owns the mineral rights in the Cardium Formation in Section 25-069-06W6.

The 07-25 injection well is licensed and able to accept Class II and Class Ib waste fluids. The well was previously approved for a total inlet rate of a maximum of 864 m<sup>3</sup>/d of water.

The 07-25 well was originally drilled in December 2006 and completed in the Dunvegan Formation. The 16-24 Cardium monitoring well is 0.78 kilometres away from the 07-25 well and was also completed in the Dunvegan Formation. The monitoring well is also a good candidate for 500 m<sup>3</sup>/d injection which can be implemented when the injection facility can warrant additional capacity.

The drilling and completions activity in this area has created a high demand for water disposal. The Project would prevent operators from hauling fluid long distances for disposal.

The Project is centered in an area with extremely high demand for disposal. Fluid production in the area is primarily from the Montney Formation. This suggests a large amount of potential for third party water disposal.



There are several offsetting Cardium injection wells which indicate the disposal capability including the well *Tervita Elm 102/11-18-069-05W6/3*, as shown on the adjacent injection plot.

The 02/11-18 well injected approximately 146,840 bbl (23,334 m<sup>3</sup>) of water into the Cardium Formation in January 2022. The 02/11-18 well has cumulative injection of 7.6 million barrels (1.2 million m<sup>3</sup>) of water to date.





The viability of the Cardium Formation for water disposal is supported by favourable reservoir characteristics, parameters, reservoir confinement, absence of hydrocarbons from nearby production and the aerial extent of the Cardium aquifer.

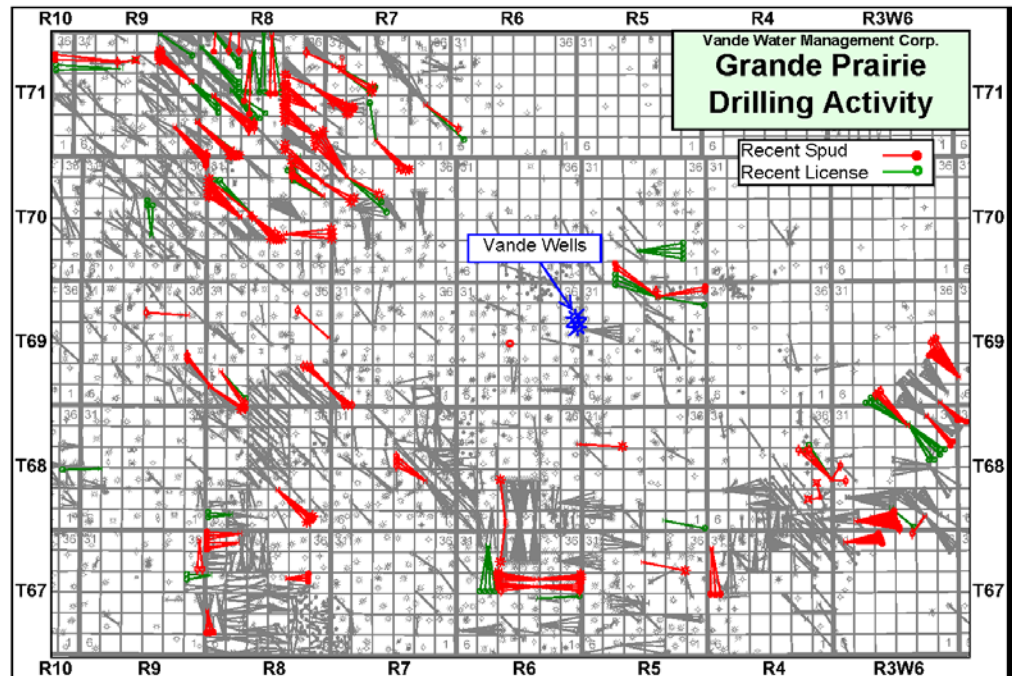
The Company has identified the Cardium Formation at *Grande Prairie* as having 18% average porosity over 12 metres of thickness at a depth of 793.8 to 810.0 metres in the 07-25 well. The Cardium sandstone is a coarsening upward sand sequence dominated by quartz, with lower and upper shoreface deposition.

The Cardium Formation is water saturated and there are no offsetting producing Cardium wells within the predicted zone. The nearest Cardium oil production is 35 miles to the south west at Wapiti.

The Cardium zone is confined by an impermeable cap and base rock. Vertical confinement is assured by the underlain shales of the Kaskapau and the tight sands and interbedded shales of the Cardium zone along with the overlain shales of the Muskiki formations. The general structure dips in a south direction at 17 metres per mile.

Based on a projected injection rate of 21 m<sup>3</sup>/hr over a 20-year period, Vande calculated the area of influence for the 07-25 well to be 0.736 kilometres for Class 1b disposal.

The offsetting map shows wells licensed in the last two years in green and wells drilled in the last two years in red. Active producers in the area include **Hammerhead Resources Inc., NuVista Energy Ltd., Ovintiv Canada ULC, Paramount Resources Ltd., Pipestone Energy Corp., Prairie Thunder Resources Ltd., Ridgeback Resources Inc., Spartan Delta Corp., Tourmaline Oil Corp., and Whitecap Resources Inc.**



## Project Development

Vande anticipates that the Project could be up and running within three months. The necessary steps to get the Project operational would be to first perform a re-completion on the 07-25 disposal well and carry out injection test requirements for D51 submission.

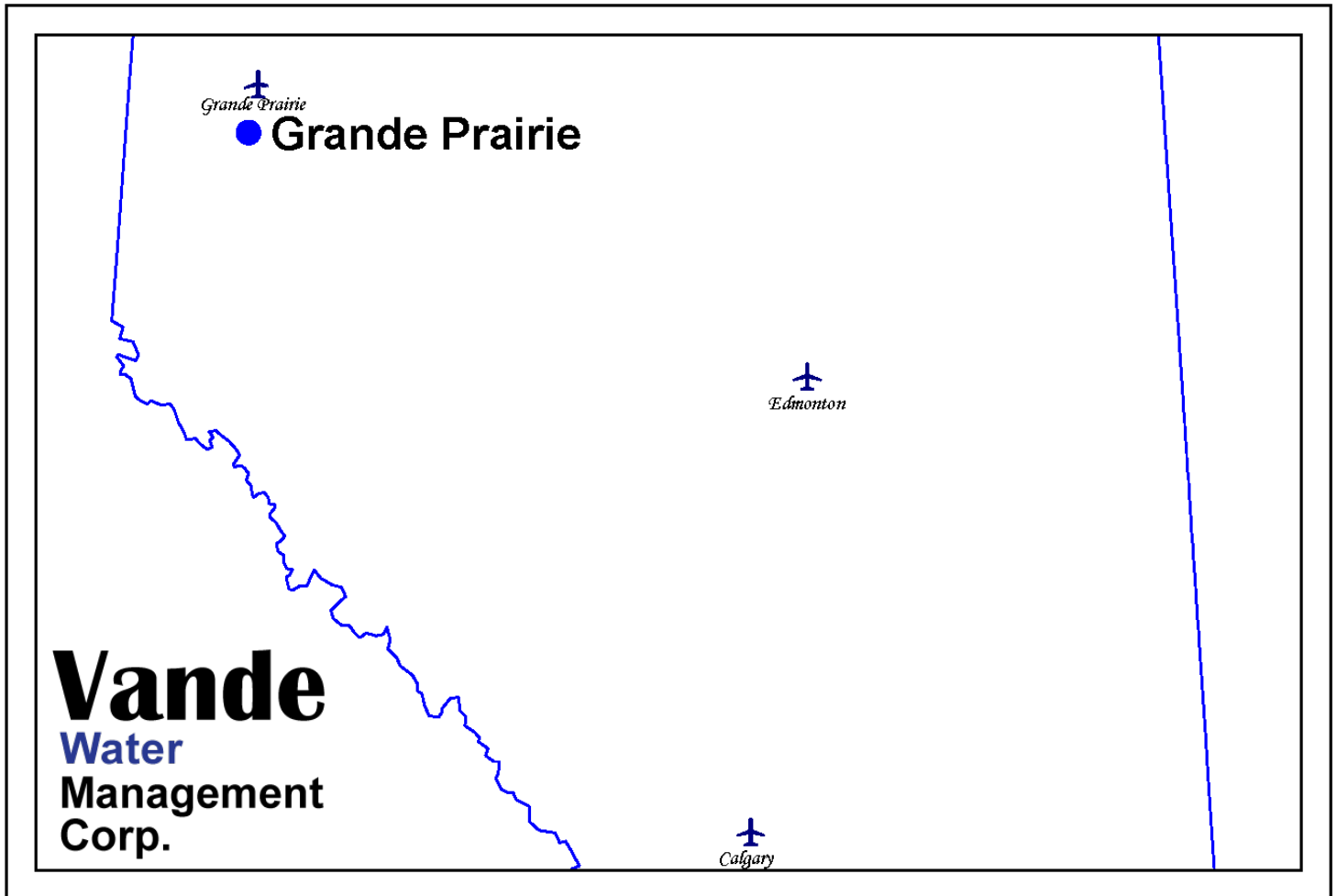
Following this, mechanical and electrical drawing packages construction and installation of equipment will be completed as listed on the Plot Plan/Process Flow Diagram which is available in the confidential virtual data room for review by parties that execute a confidentiality agreement.

Total costs associated with the startup of the disposal facility are estimated to be approximately \$3.5 million with \$3.25 million in remaining required capital. Vande is forecasting operating cash flow of approximately \$2.6 million per year based on projected third-party daily disposal volumes of 600 m<sup>3</sup>/d and a disposal fee of \$14.70/m<sup>3</sup>.





# Vande Water Management Corp. Water Disposal Divestiture Spring 2022



## CONTACT:

Parties wishing to receive access to the confidential information with detailed technical information relating to this opportunity should execute the confidentiality agreement which is available on Sayer Energy Advisors' website ([www.sayeradvisors.com](http://www.sayeradvisors.com)) and return one copy to Sayer Energy Advisors by courier, email ([brye@sayeradvisors.com](mailto:brye@sayeradvisors.com)) or fax (403.266.4467).

Included in the confidential information is the following: summary land information, facility plot plan and process flow diagram, permit applications and approvals, budget forecasts, and other relevant technical information.

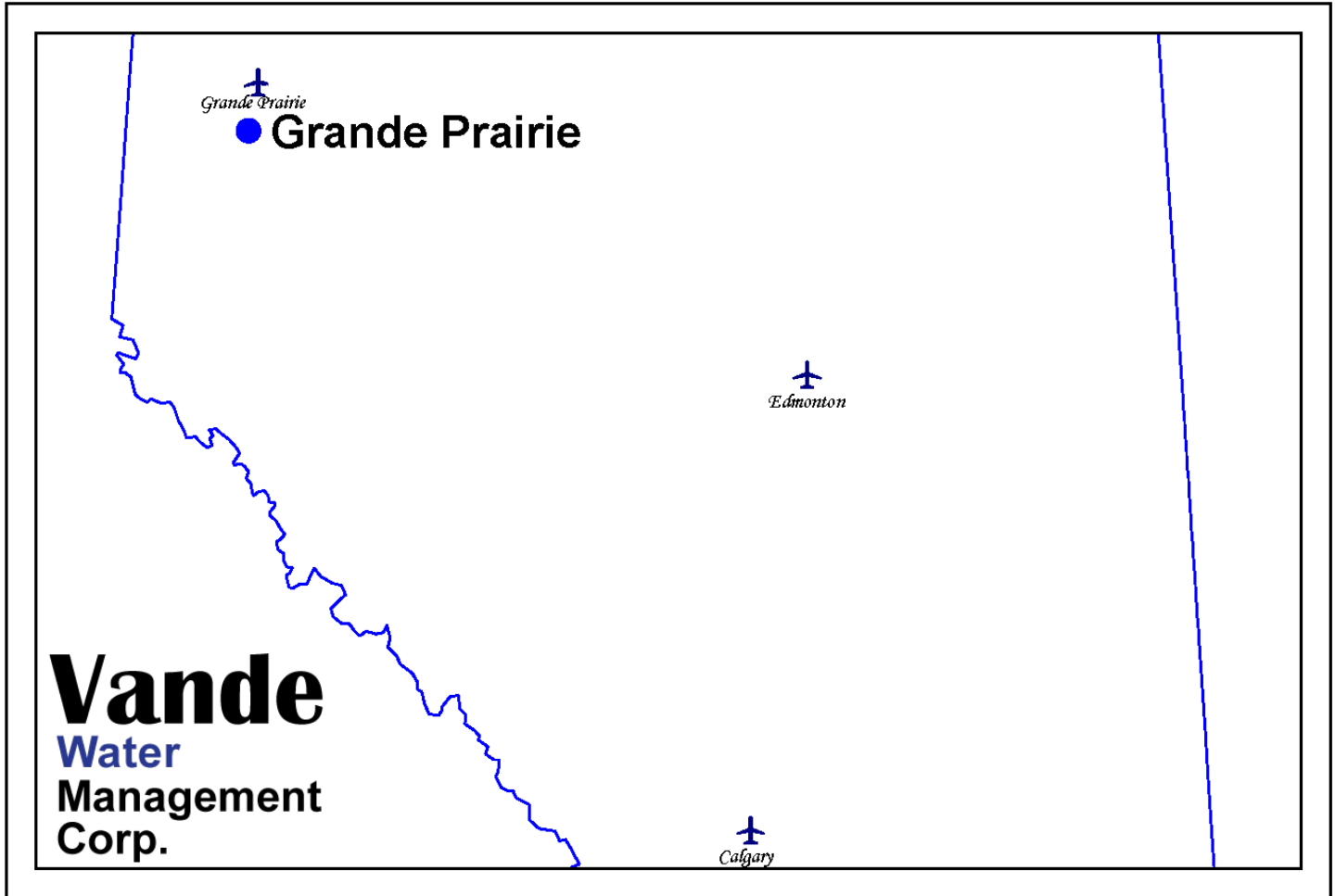
To receive further information on the Project please contact Ben Rye, Tom Pavic or Grazina Palmer at 403.266.6133.



## Overview

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Overview Map Showing Location of Project



## Grande Prairie Project

Township 69, Range 6 W6

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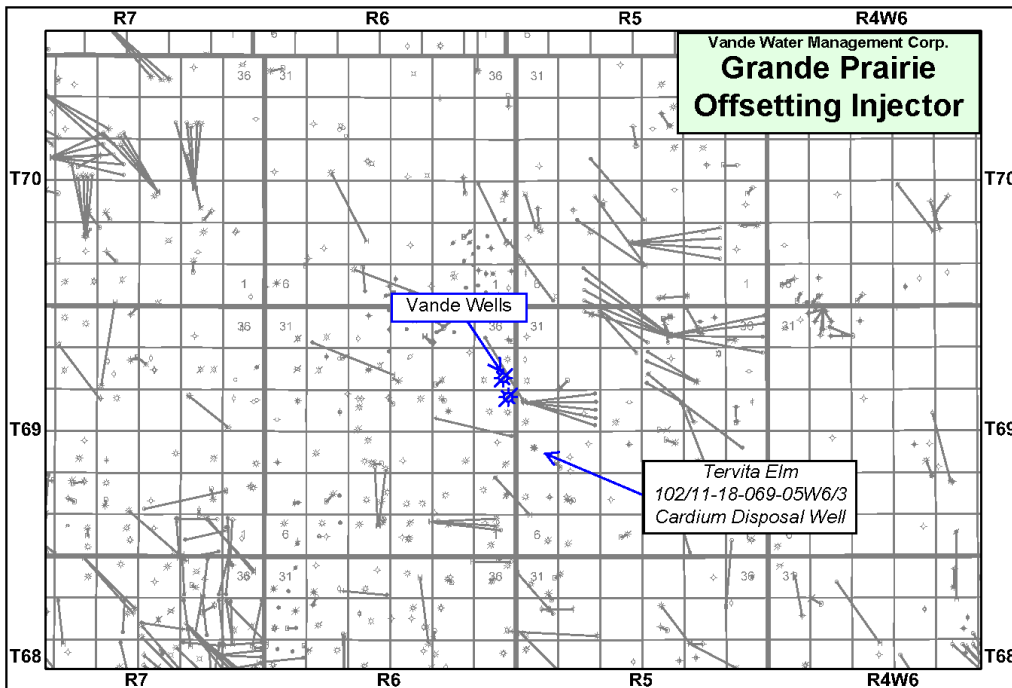
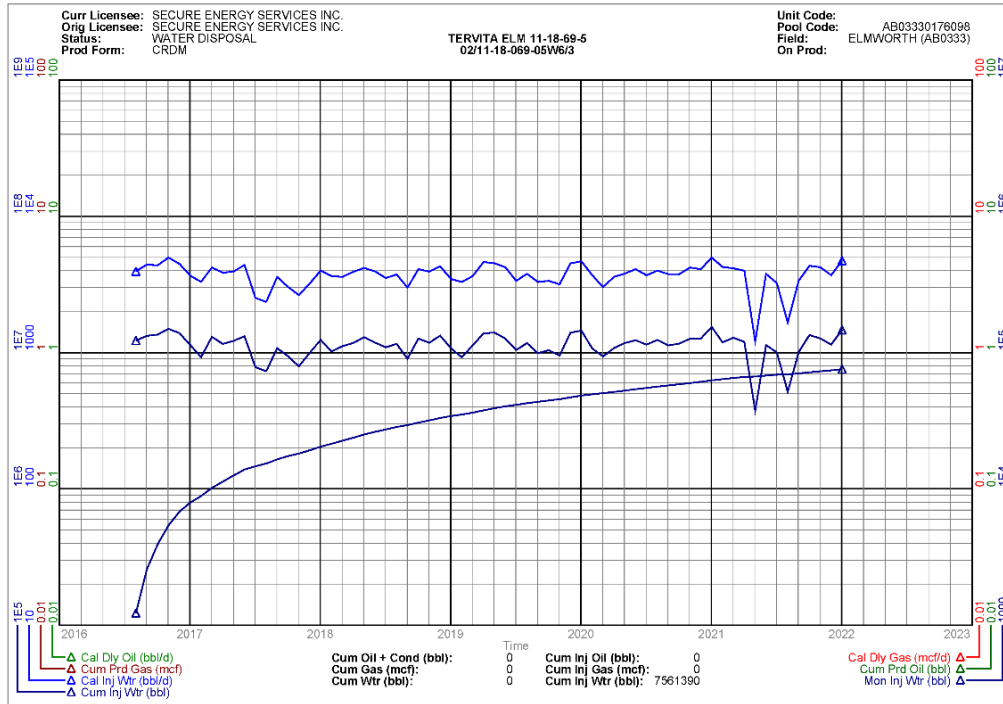
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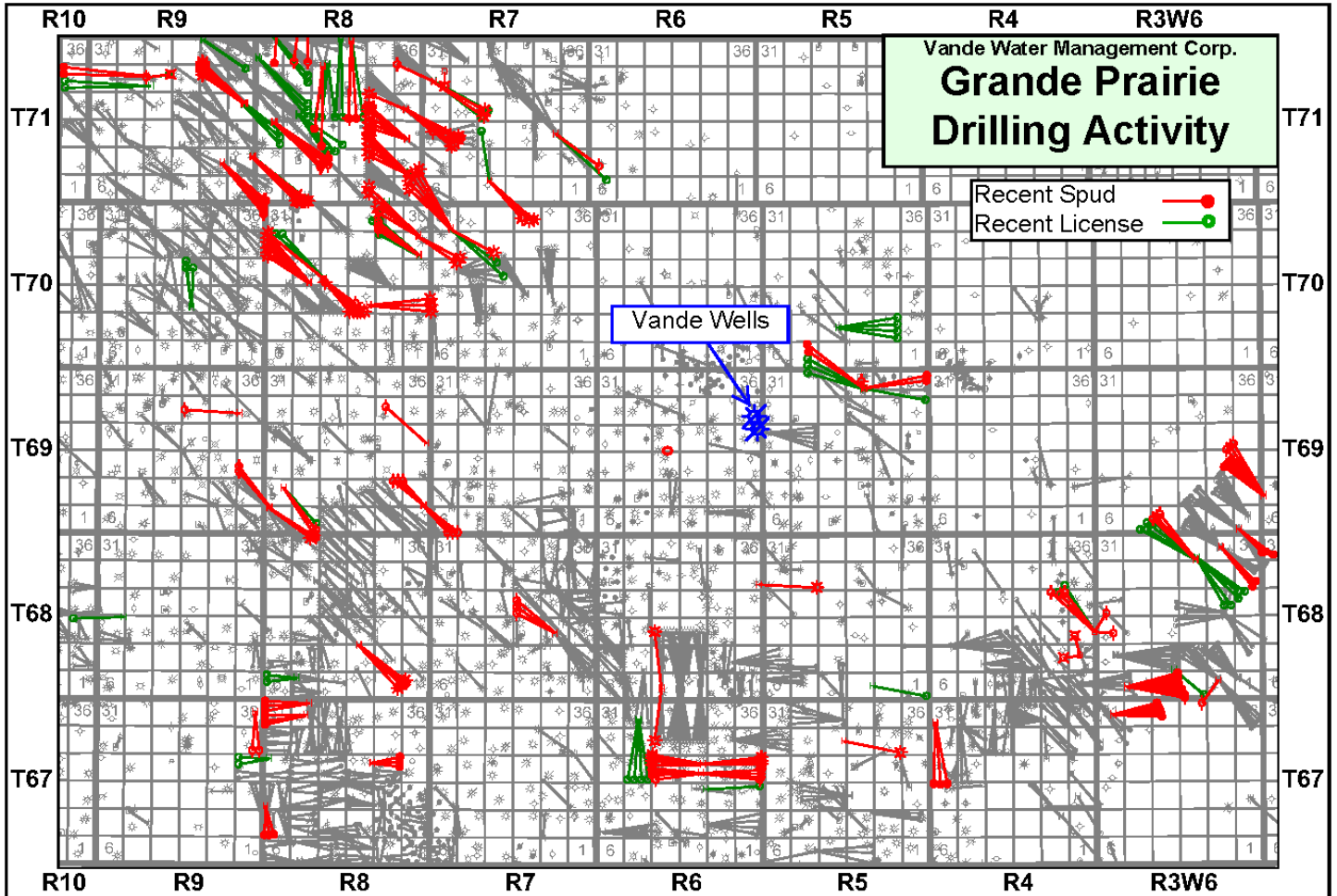


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## Grande Prairie Well List

See well list in Excel.



directing party to the information required to be disclosed.

5. The restrictions set forth in Clauses 2 and 3 above shall not apply to any part of the Confidential Information which is:
  - (a) now in the public domain or becomes part of the public domain other than through an act of the Recipient or its Representatives; or
  - (b) in the lawful possession of the Recipient prior to its disclosure by Vande; or
  - (c) subject to disclosure required by law, rule or regulation provided that Vande is given notice pursuant to Clause 4 prior to such disclosure; or
  - (d) made available to the Recipient or its Representatives from a source who may reasonably be believed to legally hold such information and who is not bound to Vande under a confidentiality agreement.
  
6. Recipient acknowledges the competitive value of the Confidential Information. Accordingly, without limitation and in addition to any rights of Vande and its joint venture partners against the Recipient arising by any breach hereof, the Recipient shall:
  - (a) be liable to Vande for all losses, costs, damages and expenses whatsoever which they may suffer, sustain, pay or incur; and in addition,
  - (b) indemnify Vande against any and all actions, proceedings, claims, demands, losses, costs, damages and expenses whatsoever which may be brought against or suffered by Vande or which Vande may suffer, sustain, pay or incur;resulting from disclosure by the Recipient, or its Representatives, of all or any part or parts of the Confidential Information.
  
7. At any time, at the request of Vande, Recipient shall immediately return or cause to be returned to Vande all of the Confidential Information which may have been released to the Recipient. Recipient shall not retain any copies or other reproductions or extracts of the Confidential Information. Furthermore, Recipient shall, if so requested by Vande, provide certification from an officer of the Recipient to Vande that the terms and conditions of this Clause have been complied with. The Recipient will return all requested Confidential Information except to the extent that computer systems are back-up or archived. The Recipient will be able to retain a copy of any analysis of Confidential Information in respect to a possible transaction with Vande for any internal management and/or board of directors recommendations or approvals.
  
8. Recipient understands and agrees that no contract or agreement providing for the sale of the Project shall be deemed to exist between the Recipient and Vande unless and until a definitive offer to purchase has been accepted in writing by Vande. For greater clarity the Recipient acknowledges that this Agreement does not constitute a definitive offer to purchase. Recipient hereby waives, in advance, any claims (including, without limitation, breach of contract) in connection with the sale of the Project unless and until a definitive offer to purchase from Recipient has been accepted in writing by Vande.
  
9. This Confidentiality Agreement shall remain in force for a period of one year from the date hereof, or until such time as all of the Confidential Information becomes part of the public

- domain through conventional processes and through no violation of this Agreement, whichever comes first.
10. Recipient understands that in providing access to the Confidential Information, Vande makes no representation or warranty as to the accuracy or completeness of the Confidential Information. Recipient agrees that neither Vande nor anyone representing Vande shall have any liability to the Recipient or any of its Representatives as a result of the use of the information by it or its Representatives.
  11. This Agreement shall be construed and determined according to the laws of the Province of Alberta.
  12. Recipient acknowledges and agrees that Vande may be irreparably injured by a breach of this Confidentiality Agreement that could not be adequately compensated for by damages. Vande and its joint venture partners shall be entitled to equitable relief, including injunctive relief and specific performance, in the event of a breach of any of the provisions of this Confidentiality Agreement. Such remedies shall be in addition to all other remedies available at law or in equity.
  13. Recipient understands and agrees that:
    - (a) Vande shall be free to conduct the process for the sale of the Project in its sole discretion and shall determine, without limitation, the course and nature of negotiations with any prospective buyer and the acceptance of a definitive offer to purchase without prior notice to the Recipient, its Representatives or any other person or corporate entity; and
    - (b) Recipient shall not have any claims whatsoever against Vande or any of its directors, officers, stockholders, owners, affiliates, representatives, advisors or agents arising out of or relating to the sale of the Project other than as a party to a definitive offer to purchase accepted in writing by Vande and then only against Vande and in accordance with the terms of said offer to purchase.
  14. Recipient hereby acknowledges that it is aware and that it will advise its Representatives privy to the Confidential Information that applicable security laws prohibit any person who has received from an issuer material, non-public information concerning the matters which are the subject of this Agreement from purchasing or selling securities of such issuer or from communicating such information to any other person, under circumstances in which it is reasonably foreseeable that such person is likely to purchase or sell such securities.
  15. Recipient shall not initiate or arrange, directly or indirectly, or maintain contact regarding Vande's business operations, prospects or finances (except as contemplated herein and for those contacts made in the ordinary course of business unrelated to the possible transaction) with any officer, director, employee, consultant or other representative of Vande, or with any customer, supplier, sales representative, or competitor of Vande except with the express written permission of Vande. Any such permission granted by Vande may be revoked at any time.
  16. If any provision of this agreement is wholly or partially unenforceable for any reason, such unenforceability shall not affect the enforceability of the balance of this Confidentiality Agreement.

17. This Confidentiality Agreement shall be binding upon, and enure to the benefit of, the parties hereto, and their respective successors and permitted assigns.

The Recipient accepts the Confidential Information to be provided relating to the Project subject to the terms and conditions set forth in this Confidentiality Agreement.

Yours truly,

\_\_\_\_\_  
COMPANY NAME

\_\_\_\_\_  
OFFICER'S SIGNATURE

\_\_\_\_\_  
OFFICER'S PRINTED NAME & TITLE

I certify that no changes have been made to this Confidentiality Agreement that have not been clearly marked and initialed.

**CONFIDENTIAL INFORMATION DELIVERY OPTIONS:** *(please check one)*

\_\_\_\_ Electronic or \_\_\_\_ Hard copy (binder)

\_\_\_\_\_  
NAME OF CONTACT PERSON TO FORWARD INFORMATION

\_\_\_\_\_  
CONTACT ADDRESS

\_\_\_\_\_  
TELEPHONE NUMBER

\_\_\_\_\_  
EMAIL ADDRESS

**Option to Attach Business Card Here:**

**Accepted by Vande Water Management Corp. this \_\_\_\_ day of \_\_\_\_\_, 20\_\_**

\_\_\_\_\_  
Scott Lauinger  
President & CEO