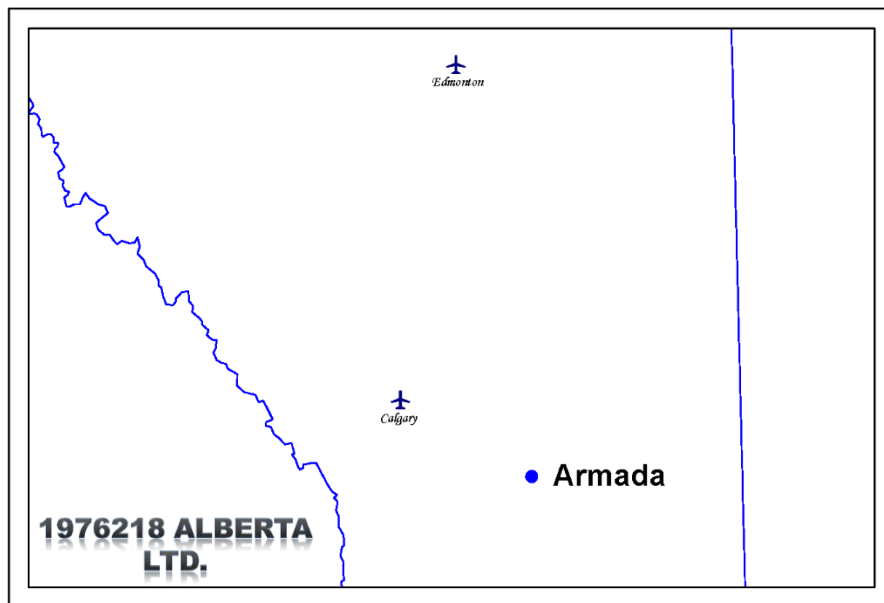


## Facility Divestiture: Natural Gas Plant & Gathering System Armada, Alberta

**1976218 ALBERTA LTD.**

**1976218 Alberta Ltd.** ("197" or the "Company") has engaged **Sayer Energy Advisors** to assist the Company with the sale of its interest in the Armada Gas Plant and associated natural gas gathering system located in the Armada area of Alberta (the "Armada Facilities").

At Armada, 197 holds a 49.9975% working interest in the Armada Facilities located at 01-18-017-18W4 and the associated natural gas gathering system. The Armada Facilities are operated by **Canadian Natural Resources Limited** which holds a 42.863% working interest. The remaining 7.1395% working interest is held by **1951629 Alberta Inc.**



The Company's net operating income from the Armada Facilities the ten months ended October 31, 2021 was approximately \$96,000. The Company forecasts net operating income for 2022 to be approximately \$131,000. The net operating income forecast is based on the operator's 2022 budget forecast and does not include a potential 1.1 MMcf/d of natural gas throughput as further outlined in the following pages. The Company estimates additional net operating income from the potential volumes to be approximately \$164,250 for 2022.

## PROCESS & TIMELINE

Sayer Energy Advisors is accepting cash offers for the Armada Facilities until **12:00 pm on Thursday, February 17, 2022.**

Timeline		
Week of January 10, 2022		Preliminary Information Distributed
Week of January 17, 2022		Data Room Opens
<b>February 17, 2022</b>	<b>12:00 noon</b>	<b>Bid Deadline</b>
February 1, 2022		Effective Date
March 2022		Closing Date

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

**Sayer Energy Advisors is accepting cash offers from interested parties until noon on Thursday, February 17, 2022.**

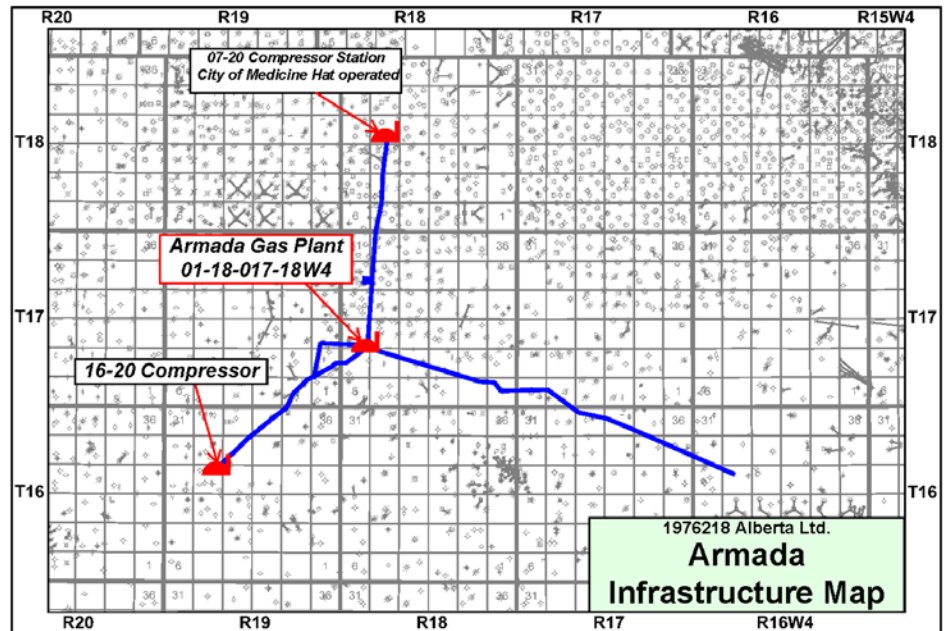


## Armada Facilities

## Township 16-18, Range 16-19 W4

At Armada, 197 holds a 49.9975% working interest in the Armada Facilities located at 01-18-017-18W4 and the associated natural gas gathering system. The Armada Facilities are operated by **Canadian Natural Resources Limited** which holds a 42.863% working interest. The remaining 7.1395% working interest is held by **1951629 Alberta Inc.**

The Armada Gas Plant was built in 1979 by **Cochrane Oil & Gas Ltd.** as a midstream asset for area producers and the Company acquired its working interest in 2016. The Armada Facilities service 145 producing wells in the area.



The Armada Facilities were designed for sweet natural gas throughput of 30 MMcf/d. The natural gas gathering system consists of 16.4 km of 6" pipeline, 20.0 km of 4" pipeline and 12.4 km of 3" pipeline and two compressors which are tied into the Armada Gas Plant. The compressors are third-party owned.

### Armada Gas Plant 01-18-017-18W4



A required turnaround of the Armada Gas Plant is scheduled for 2022 with an estimated start date of May 2, 2022. The budgeted cost net to the Company for the turnaround is estimated to be approximately \$225,500. The turnaround includes the following items:

- Overhaul on compressor Unit #3303 (100,000 hrs.)
- Regulatory driven PSV's Servicing
- Regulatory driven Vessel Inspections
- Regulator NGL Bullet Internal Inspection
- Glycol reboiler repair or replacement



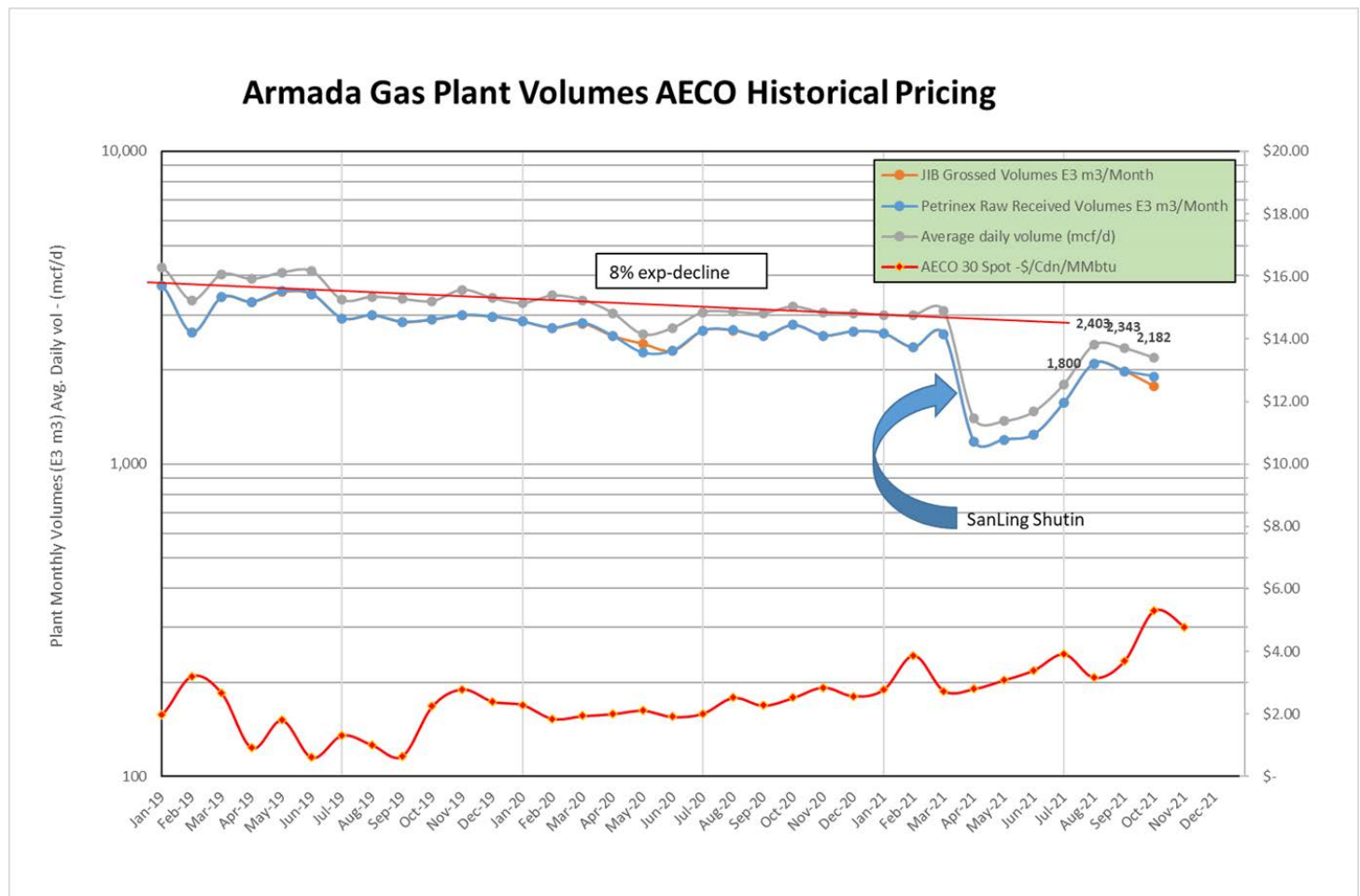


The Company's net operating income from the Armada Facilities for the ten months ended October 31, 2021 was approximately \$96,000. The Company forecasts net operating income for 2022 to be approximately \$131,000. The net operating income forecast is based on the operator's 2022 budget forecast and does not include a potential 1.1 MMcf/d of natural gas throughput as further outlined below. The Company estimates additional net operating income from the potential volumes to be approximately \$164,250 for 2022.

The throughput at the Armada Gas Plant for the ten months ended October 31, 2021 was approximately 666 MMcf of natural gas. The Company forecasts throughput for 2022 to be approximately 777 MMcf.

The throughput volumes from Canadian Natural, **Revolution Oil & Gas Corporation** and **Sutton Energy Ltd.** make up approximately 88% of the throughput at the Armada Gas Plant. Additional volumes come from several operators including the **City of Medicine Hat**, **Nuova Strada Ventures Ltd.**, **Pure Oil & Gas Co. Ltd.**, **Razor Energy Corp.**, **Spartan Delta Corp.**, **TAQA North**, **Torxen Energy Ltd.** and **Wilcox Energy Corp.**

Current throughput is 2.2 MMcf/d of natural gas. As shown on the following chart, current throughput is lower than in previous years due to the volumes of **SanLing Energy Ltd.** being shut-in when SanLing became insolvent in 2021. Certain SanLing assets were acquired through a Court-approved vesting order dated November 23, 2021. The Company estimates the acquired volume to be approximately 1.0-1.1 MMcf/d of natural gas. The potential additional volumes are pipeline connected to the Armada Facilities. These volumes have not been included in the 2022 budget and are not currently online.

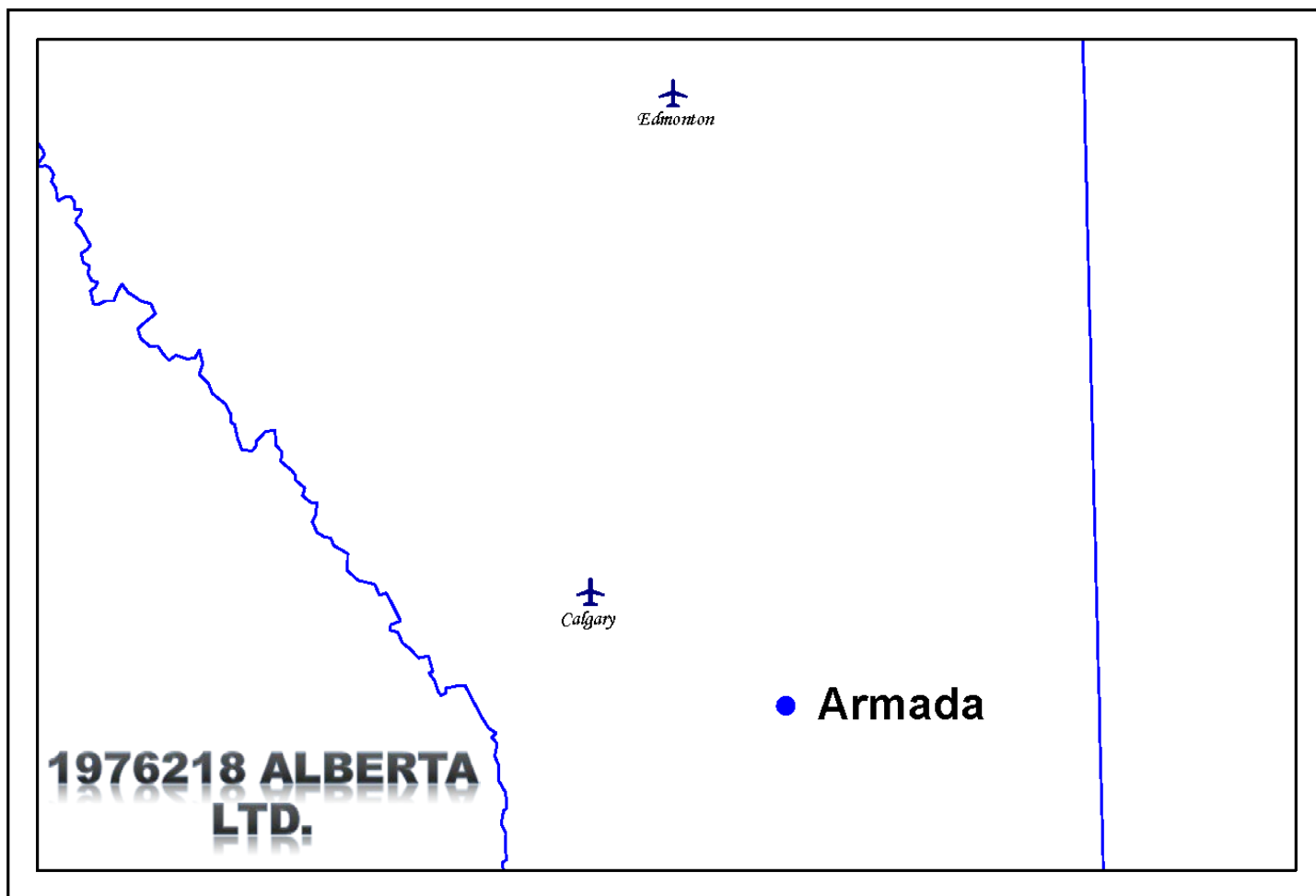




# 1976218 Alberta Ltd.

## Winter 2022

### Facility Divestiture



#### 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: operating agreement, operating budget, and other relevant financial and technical information.

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

