



*Armada Gas Plant 01-18-017-18W4M*

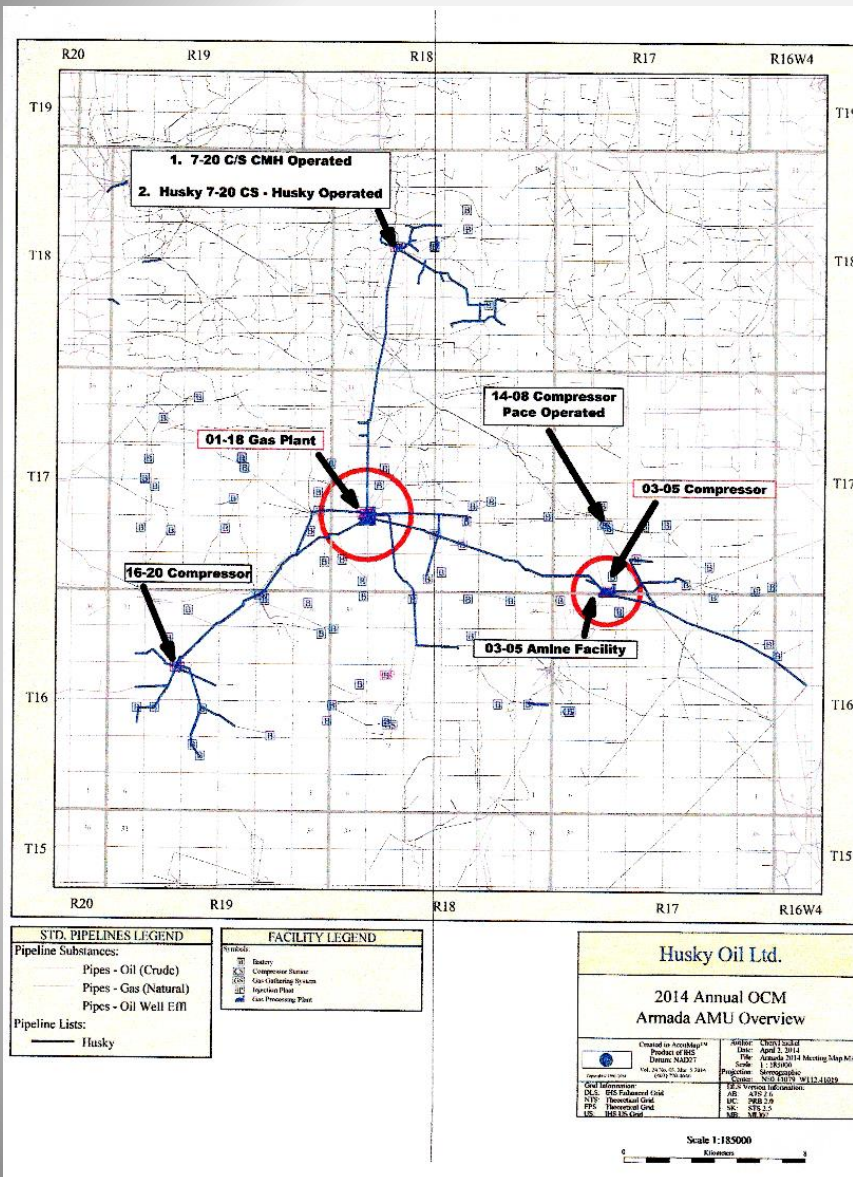
**1976218 ALBERTA  
LTD.**

**December 2021**

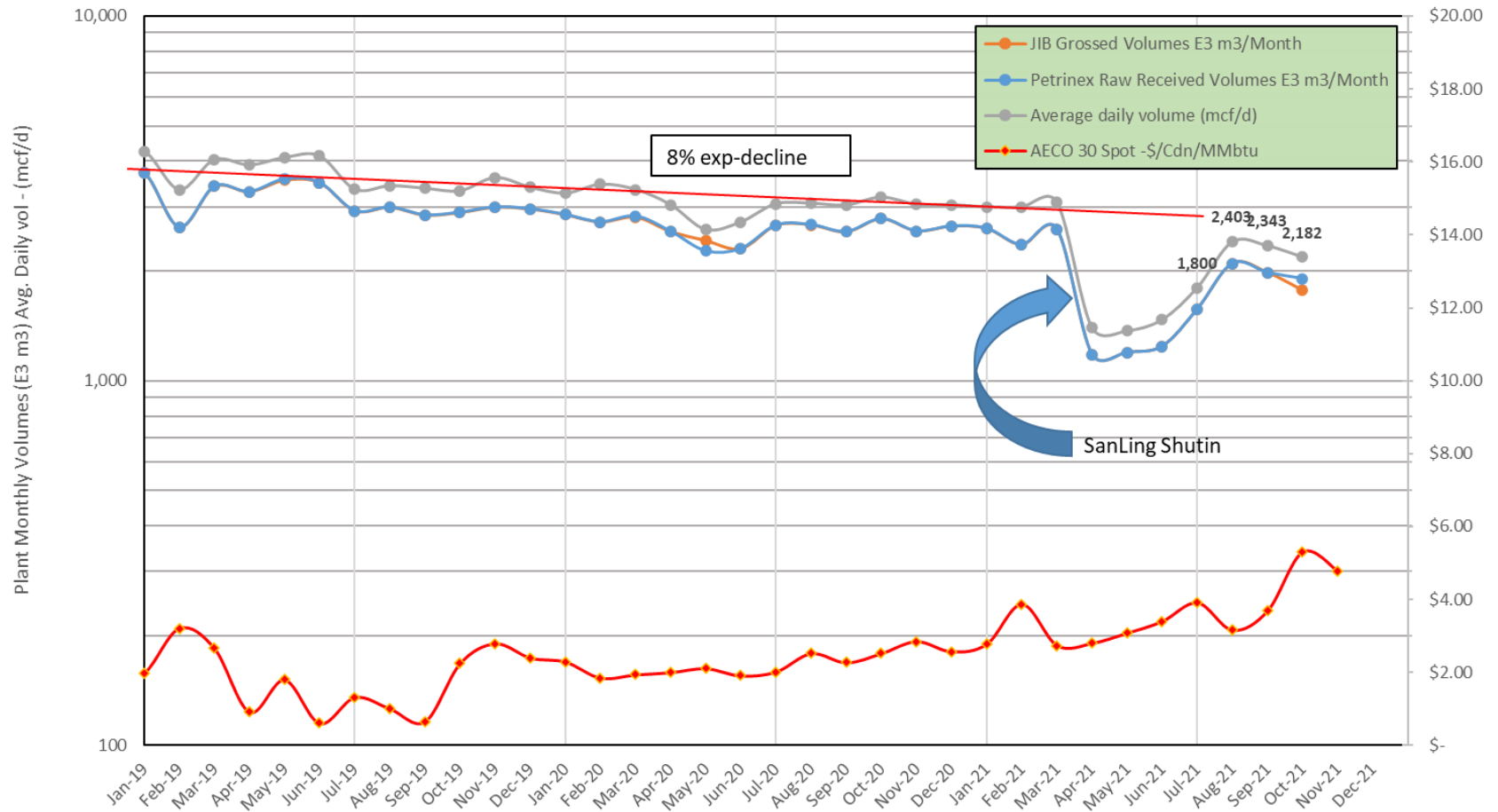


# Armada: 1-18-017-18W4M Gas Plant & GGS

- Built in 1979 by Cochrane Oil & Gas
- Built as a Midstream asset for area producers
- Designed for 30 MMcf/d
- Sweet Gas
- 16.4 Km of 6" Pipeline
- 20.0 Km of 4" Pipeline
- 12.4 Km of 3" Pipeline
- Present Throughput 2,182 mcf/d
- 145 producing wells
- 3 Compressors tied into Plant – 3<sup>rd</sup> Party owned.
- Operator CNRL 42.863% (purchased from Husky June 1, 2016)
- 1976218 Ab Purchased 49.9975% Jan 1, 2016



## Armada Gas Plant Volumes AECO Historical Pricing



<u>Armada Gas Plant Volumes by Operator</u>					
Sum of Vol	Column Labels				
	Aug 2021	Sep 2021	Oct 2021	Grand Total (3-Month)	Percent of Total
Row Labels					
SUTTON ENERGY LTD.	893.3	777.8	696.3	2367.4	39.6%
CANADIAN NATURAL RESOURCES PARTNERSHIP	482.3	482.4	495.9	1460.6	24.4%
SPHERE ENERGY CORP.	491.6	467.9	127.5	1087	
REVOLUTION OIL & GAS CORPORATION			339.4	339.4	23.8%
NUOVA STRADA VENTURES LTD.	63.9	61.5	61.7	187.1	
RAZOR ENERGY CORP.	47	66.1	56.3	169.4	
TAQA NORTH	46.2	45.4	46.1	137.7	
CITY OF MEDICINE HAT	39.6	44.2	42.4	126.2	
PURE OIL & GAS CO. LTD.	15.3	15.3	15.2	45.8	
CAMBIAR INVESTMENT CORP.	6.2	5.4	4.7	16.3	
SPARTAN DELTA CORP.		6.5	8.2	14.7	
WILCOX ENERGY CORP.	3.6	4.6	1.6	9.8	
TORXEN ENERGY LTD.	0	0	7.4	7.4	
VELVET ENERGY LTD.	6.8			6.8	
D. L. CAMPBELL	1.3	1.2	1.2	3.7	
WIM JALINK	1.2	1.2	1.2	3.6	
MCCHIP RESOURCES INC.	0.3	0.2	0.2	0.7	
WOLF COULEE RESOURCES INC.-RECEIVER	0	0	0	0	
SANLING ENERGY LTD.-RECEIVER	0	0	0	0	
HOUSTON OIL & GAS LTD. - RECEIVER	0	0	0	0	
ZARGON OIL & GAS PARTNERSHIP - CCAA	0	0	0	0	
POOLING ORDER NO. P202	0			0	
Grand Total (3-Month)	2098.6	1979.7	1905.3	5983.6	

### **The Armada Gas Facilities Story**

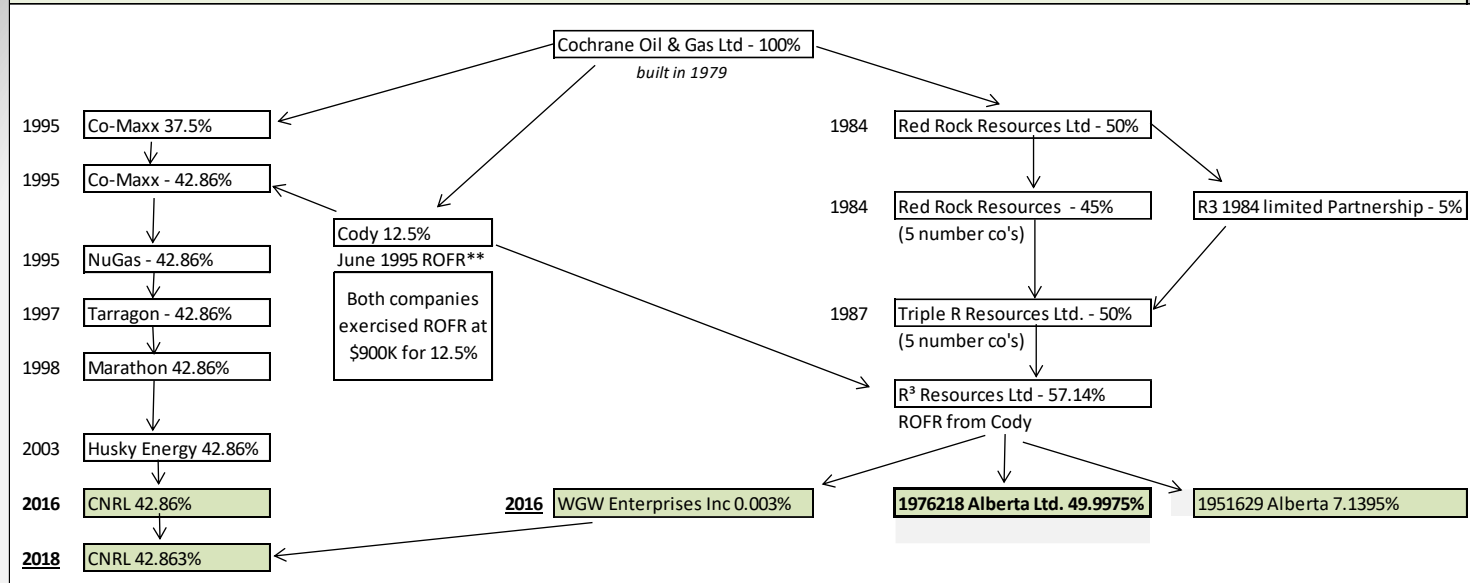
1. In 1984, Red Rock Resources Ltd. purchased a 50% working interest in the Armada Gas Plant from Cochrane Oil & Gas Ltd.  
Red Rock Shareholders consisted of five numbered companies (236630, 236632, 236634, 236636 and 357397 Alberta Ltd. 236630, 236632 and 357397 Alberta Ltd. each had a 25% interest and 236634 and 236636 Alberta Ltd. had a 12.5% each in the acquisition.
2. At the same time the R3 1984 Limited Partnership was formed and obtained a 5% interest by financing 50% of the refrigeration unit that was being installed, leaving Red Rock with a 45% interest.
3. In 1987, Triple R Resources Ltd. was formed with the same five shareholders. Borrowed \$3,200,000 from Barclays Bank of Canada and purchased Red Rock's 45% interest in Armada. The Limited Partnership units were also acquired at that time.
4. Red Rock Resources then dividended the \$3,200,000 to its shareholders, who then purchased the preferred shares in Triple R.
5. Triple R then transferred its interest in the facilities in exchange for the preferred shares.
6. In 1995, R3 Resources Ltd, as manage for the five shareholders, exercised a ROFR, on their behalf when Cody Energy decided to sell their 12.5% interest, giving the group and additional 7.14% interest, for a total of 57.14%.
7. Each of the numbered companies have either amalgamated or had a name change as follows:  
  
236630 Alberta Ltd. amalgamated with Galloway Holdings Ltd. to become Galloway Resources Inc.  
236632 Alberta Ltd. became WGW Holdings Ltd. then amalgamated with Sapphire Investments Inc. to become WGW Enterprises Inc.  
236634 Alberta Ltd. amalgamated with JKB Investments Ltd. with JKB Investments Ltd. being the surviving company.  
236636 Alberta Ltd. changed its name to Winwood Energy Inc.  
357397 Alberta Ltd. amalgamated IHMCO Investments Ltd. with IHMCO Investments Inc. being the surviving company

The surviving companies are the current owners of the Armada Gas Facilities and are managed under a Management Agreement by R3 Resources Ltd.

August 18, 2015  
W.G. Wright



## CNRL Armada 1-18-18-19W4M Historical Ownership



Armada Gas Plant 01-18-017-18W4M - Financial Historical and Forecast							
		2017	2018	2019	2020	2021 YTD (11 months)	2022 forecast CNRL MB 21-02
Gross CF		\$ 982,153	\$ 795,761	\$ 705,450	\$ 587,771	\$ 474,757	\$ 569,400
OPEX (with OH)		\$ (276,905)	\$ (270,858)	\$ (262,253)	\$ (340,259)	\$ (251,037)	\$ (306,697)
Gas Plant - Net CF		\$ 705,248	\$ 524,903	\$ 443,198	\$ 247,512	\$ 223,719	\$ 262,703
1976218 Alberta Ltd. Net Cash Flow (49.9975%)		\$ 352,606	\$ 262,438	\$ 221,588	\$ 123,750	\$ 111,854	\$ 131,345
							CNRL Budget 60 E3 m3/day **
Throughput (E3 m3/year))		48,590	42,378	37,782	31,456	18,759	21,900
Throughput (mcf/year)		1,724,640	1,504,156	1,341,027	1,116,483	665,820	777,312
Daily throughput (mcf/d)		4,725	4,121	3,674	3,059	1,824	2,130
OPEX (\$/mcf)		\$ (0.161)	\$ (0.180)	\$ (0.196)	\$ (0.305)	\$ (0.377)	\$ (0.395)
OPEX (\$/E3 m3)		\$ (5.70)	\$ (6.39)	\$ (6.94)	\$ (10.82)	\$ (13.38)	\$ (14.00)
Fees (E3m3)	CNRL	\$ 14.55	CNRL 3-year term expires March 31, 2023 based on 75% of Original Plant Fee				
	Plant (pre July 1, 2021)	\$ 19.40	All Contracts 30 day Notice				
	1-Jul-21	\$ 30.00	**This forecast does not included SanLing Assets purchased by Revolution. Est 30 E3 m3				
Fees (\$/mcf)	CNRL	\$ 0.410	At present Fees (\$30/E3m3), additional Plant CF /year = \$328,500 NET additional CF to 1976218 =\$164,241/year				
	Plant (pre July 1, 2021)	\$ 0.547					
	1-Jul-21	\$ 0.845					
Governing Agreements:	COO Plant and GGS - April 1984 Amending Letter Agreement - Oct 16, 1996						