
INTER-COMPANY MEMORANDUM

TO: TOM PAVIC, BEN RYE – SAYER ADVISORS
FROM: BARRY REID – 1976218 ALBERTA LTD.
CC:
SUBJECT: COMPANY UPDATE – FEBRUARY 7TH, 2022
DATE: FEBRUARY 7TH, 2022

2021 Year-end Update

The Company has received its December JIB from CNRL. A copy is attached.

Two items have been identified as adjustments to the 2021 year-end numbers:

- We received notice from CNRL that when the fee change happened in July 2021, there was an error in the gross facility revenue stream of \$43,978.39 or net \$21,987.79 to 1976218 Ab.
- There has also been an error with the paid JIB revenue volumes as compared to the Petrinex volumes for the months of Oct, Nov & Dec 2021.

<u>Production Month</u>	<u>Oct-21</u>	<u>Nov-21</u>	<u>Dec-21</u>
	31	30	31
<u>Petrinex Volumes (Gross)</u>			
Petrinex Total Received (E3 m3) AB GS 0082463 1-18 LP	1905.3	1762.4	1498
AB GS 0082466 1-18 HP			
Petrinex Total Received (E3 m3)	1905.3	1762.4	1498.0
Net JIB volume (input)	883.7	818.8	683.3
Grossed up volume from JIB	1767.5	1637.7	1366.7
Difference Δ Volume (E3 m3)	137.8	124.7	131.3
Difference Δ (%)	7.2%	7.1%	8.8%

The attached email string details these items which will be reflective in the January 2022 JIB.

As a result, the 2021 full year and 2022 Budget numbers were revised as below.

- 2021 net cash flow to the 1976218 Ab. is estimated to be \$106,158.
- 2022 Gross CF revised to \$572,466 based on a blended fee income of \$26.14/E3 m3 (CNRL volume of 25%).

	2021	2022 forecast CNRL MB 21-02			
Gross CF	\$ 515,767	\$ 572,466	Avg Fee income	\$26.14	E3/m3
OPEX (with OH)	\$ (269,763)	\$ (306,697)	CNRL Volume	25%	
Gas Plant - Net CF	\$ 246,004	\$ 265,769			
1976218 Alberta Ltd. Net Cash Flow (49.9975%)	\$ 122,996	\$ 132,878			
Net Adjustment for Fee Input Error	\$ (21,988)				
Adjustment estimate for 2021 Volume corrections.	\$ 5,150				
Adjusted Net Annual Cash Flow to 1976218 Ab.	\$ 106,158				
Throughput (E3 m3/year))	22,019	21,900			
Throughput (mcf/year)	781,543	777,312			
Average daily throughput (mcf/d)	2,141	2,130			
OPEX (\$/mcf)	\$ (0.345)	\$ (0.395)			
OPEX (\$/E3 m3)	\$ (12.25)	\$ (14.00)			

SanLing Asset Sale

Revolution Oil & Gas confirmed today that they are awaiting AER well transfer approval for the 10 well licenses acquired through the SanLing receivership. The submission has been outstanding for ~60 days under new AER guidelines at which time volumes will flow to the Armada 1-18 Gas Plant. We are estimating additional annual net cash flow of ~ \$165K to the Company based on a rate of 30 E3 m3/day. These volumes are *not* included in the CNRL 2022 Budget forecast.

Barry Reid



Operator Invoice - JIB

Partner

428620
1976218 ALBERTA LTD.
35 WEST TERRACE DR
COCHRANE, AB T4C 1R5

Operator

CANADIAN NATURAL RESOURCES LIMITED
2500 855 2 ST SW
CALGARY, AB T2P 4J8
(403) 517-6700 GST: 121346357

Invoice

Op Accounting Month	January 2022
Invoice Number	756891
Invoice Date	3-Feb-2022
Invoiced	(11,141.70)

Cost Centre	A/E	Description	Amount	GST	Cash Call	Invoiced
80046499		ARMADA 1-18-17-18W4 GAS PLANT	(11,141.70)			(11,141.70)
Total Operations			(11,141.70)			(11,141.70)
Report Total			(11,141.70)			(11,141.70)

Operations Statement

Partner

428620
1976218 ALBERTA LTD.
35 WEST TERRACE DR
COCHRANE, AB T4C 1R5

Operator

CANADIAN NATURAL RESOURCES LIMITED
2500 855 2 ST SW
CALGARY, AB T2P 4J8
(403) 517-6700 GST: 121346357

Invoice

Invoice Number 756891
Op Accounting Month January 2022
Invoiced (11,141.70)

Operator

CC 80046499 ARMADA 1-18-17-18W4 GAS PLANT, 100/01-18-017-18W4/00

OP Account	Minor Account Description	Partner Percent	Activity Month	Amounts		Volumes		
				Gross	Partner	GST	Gross	Partner
Processing Income								
6280.110	Processing Income - Gas Plant	100.00000000	Dec 21	(20,503.96)	(20,503.96)		(683.30)	(683.30)
	Total Processing Income			(20,503.96)	(20,503.96)		(683.30)	(683.30)
	Total Revenue			(20,503.96)	(20,503.96)		(683.30)	(683.30)
Parts & Supplies								
6010.105	Parts & Supplies	49.99750000	Feb 21	188.05	94.02		0.00	0.00
6010.105	Parts & Supplies	49.99750000	Nov 21	174.85	87.42		0.00	0.00
6010.105	Parts & Supplies	49.99750000	Dec 21	203.36	101.68		0.00	0.00
	Total Parts & Supplies			566.26	283.12		0.00	0.00
Labour - Op. Costs								
6020.105	Salaries Operations	49.99750000	Jan 22	3,342.14	1,670.98		64.32	32.13
6020.110	Benefits Operations	49.99750000	Dec 21	105.68	52.83		0.00	0.00
6020.110	Benefits Operations	49.99750000	Jan 22	807.25	403.61		0.00	0.00
6020.120	Engineering, Superv., Consulting	49.99750000	Dec 21	220.00	109.99		0.00	0.00
	Total Labour - Op. Costs			4,475.07	2,237.41		64.32	32.13
Other Labour								
6030.115	Contract Admin	49.99750000	Dec 21	1.98	0.99		0.00	0.
6030.125	Safety Related Costs	49.99750000	Jan 21	6.73	3.36		0.00	0.00
6030.125	Safety Related Costs	49.99750000	Nov 21	167.69	83.84		0.00	0.00
6030.125	Safety Related Costs	49.99750000	Dec 21	4.60	2.29		0.00	0.00
6030.125	Safety Related Costs	49.99750000	Jan 22	7.55	3.77		0.00	0.00
6030.130	Vehicle Costs	49.99750000	Nov 21	0.03	0.01		0.00	0.00
6030.130	Vehicle Costs	49.99750000	Dec 21	353.40	176.68		0.00	0.00
6030.130	Vehicle Costs	49.99750000	Jan 22	187.58	93.78		0.00	0.00
6030.140	Field Supplies Costs	49.99750000	Dec 21	33.86	16.93		0.00	0.00
6030.145	Office Costs	49.99750000	Nov 21	0.01	0.00		0.00	0.00
6030.145	Office Costs	49.99750000	Dec 21	0.01	0.00		0.00	0.00
	Total Other Labour			763.44	381.65		0.00	0.00
Repairs & Maintenance								

GROSS = 1366.67
RETURNS = 1498.0
Δ = 131.3 E3m³

Operator

CC

80046499

ARMADA 1-18-17-18W4 GAS PLANT, 100/01-18-017-18W4/00

	OP Account	Minor Account Description	Partner Percent	Activity Month	Amounts		Volumes	
					Gross	Partner GST	Gross	Partner
Fuel & Power	6050.105	Repairs & Maintenance	49.99750000	Dec 21	827.05	413.51	0.00	0.00

Operator

CC

80046499

ARMADA 1-18-17-18W4 GAS PLANT, 100/01-18-017-18W4/00

OP Account	Minor Account Description	Partner Percent	Activity Month	Amounts			Volumes	
				Gross	Partner	GST	Gross	Partner

breid55@shaw.ca

From: Shelley Paiement <Shelley.Paiement@cnrl.com>
Sent: Monday, February 7, 2022 3:42 PM
To: breid55@shaw.ca; Michelle Thoen; 'Greg Wood'
Cc: PA Fees Group
Subject: RE: Was appraised that CNRL was overcharged on their Volumes - we were charged 30.00 when it should have been 14.55/e3m3m per the mail ballot

Hi Barry

I have reviewed the fees that were booked for the months of Oct 21, Nov 21 and Dec 21. There were two 3rd party ownership changes that have affected the volumes. The volumes that have been missed will be part of the current amendments being processed.

Total missed volumes:

Oct 2021	137.8
Nov 2021	124.8
Dec 2021	131.0

If you need anything else, please let me know.

Thanks
Shelley

From: breid55@shaw.ca <breid55@shaw.ca>
Sent: Friday, February 4, 2022 2:38 PM
To: Shelley Paiement <Shelley.Paiement@cnrl.com>; Michelle Thoen <Michelle.Thoen@cnrl.com>; 'Greg Wood' <gregbwood@shaw.ca>
Subject: RE: Was appraised that CNRL was overcharged on their Volumes - we were charged 30.00 when it should have been 14.55/e3m3m per the mail ballot

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Shelley,

Is this overcharge of July 2021 – Dec 2021 on the Production month or accounting month?
I just received the January 2022 Jib statement (Dec production month) and paid JIB volumes are lower than Petrinex volumes.
So, along with the fee input error, there also appears to be a volume input error for the last 3-months.
I am hoping you may be able to clarify.

Production Month		Oct-21	Nov-21	Dec-21
		31	30	31
Petrinex Volumes (Gross)				
Petrinex Total Received (E3 m3) AB GS 0082463 1-18 LP		1905.3	1762.4	1498
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Difference Δ Volume (E3 m3)		137.8	124.7	131.3
Difference Δ (%)		7.2%	7.1%	8.8%
Sales From 1-18 Plant		1843.3	1729.5	1452.9
AS GP 0001734		0	0	0
Fuel		43.9	63.8	63.8
Vent		0.8	0.8	0.9
Shrinkage/Fuel Etc.		3.3%	1.9%	3.0%

Have a great weekend.
Barry

From: Shelley Paiement <Shelley.Paiement@cnrl.com>
Sent: Thursday, February 3, 2022 9:06 AM
To: breid55@shaw.ca; Michelle Thoen <Michelle.Thoen@cnrl.com>; 'Greg Wood' <gregbwood@shaw.ca>
Subject: RE: Was appraised that CNRL was overcharged on their Volumes - we were charged 30.00 when it should have been 14.55/e3m3m per the mail ballot

Good morning,

The amounts in Michelle's email are just the total net change to the facility charge revenues originally paid to the facility owners under facility CC 80046499. It is the total of the adjustments to each owner and not meant to offset. The offset is the reduction of the fees charged against CNR wells. The total reduction in fees to CNR wells is \$43,978.39.

If you require anything further let me know.

Thanks
Shelley Paiement
Facility Charge Analyst

From: breid55@shaw.ca <breid55@shaw.ca>
Sent: Thursday, February 3, 2022 8:39 AM
To: Michelle Thoen <Michelle.Thoen@cnrl.com>; 'Greg Wood' <gregbwood@shaw.ca>
Cc: Shelley Paiement <Shelley.Paiement@cnrl.com>
Subject: RE: Was appraised that CNRL was overcharged on their Volumes - we were charged 30.00 when it should have been 14.55/e3m3m per the mail ballot

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Michelle,

I don't understand the numbers below. If CNRL was overcharge, Is the \$18K below a credit? If it is, the offset debit totals to the #co's don't offset. Can you please supply a calculation sheet with details.

Is it CNRL's intent to address the concerns I listed in my January 20th letter?

Regards,
Barry

From: Michelle Thoen <Michelle.Thoen@cnrl.com>

Sent: Tuesday, February 1, 2022 11:24 AM

To: 'Greg Wood' <gregbwood@shaw.ca>; breid55@shaw.ca

Cc: Shelley Paiement <Shelley.Paiement@cnrl.com>

Subject: Was appraised that CNRL was overcharged on their Volumes - we were charged 30.00 when it should have been 14.55/e3m3m per the mail ballot

Hi Greg/Barry

I have just been made aware that CNRL was over charged on their volumes by the accounting department. This has now been fixed and the amount of overpayment in revenue is below to each company. I believe that amendments will be done this month to correct this overpayment.

This revenue was overpaid from **July 2021~ Dec 2021**

CANADIAN NATURAL RESOURCES PARTNERSHIP	42.863	\$	18,848.94
1951629 ALBERTA INC.	7.1395	\$	3,141.66
1976218 ALBERTA LTD.	49.9975	\$	21,987.79
		\$	<u><u>43,978.39</u></u>

I just wanted to give you a heads up that this is now corrected in our system.

Thanks
Michelle

Michelle Thoen, B.Sc.
Joint Venture Representative
Phone: 587-955-0372

