



Wellhead Purchase Agreement

Date: May 10, 2021

Time: 6:58 PM

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To: Seek Energy Ltd
2612 -2nd Ave. NW
Calgary, AB
Canada, T2N 0H8

From: Trafigura Canada General Partnership
3450, 400- 3rd Ave SW
Calgary, Alberta
Canada, T2P 4H2

Attn: Accounting Group

Email: accounting@seekenergy.ca

Attn: Mr. Grant Evaskevich

Phone: 4032946756

Email: Grant.Evaskevich@trafigura.com

Ref#: WP-10101 / 00

Agreement written by Trafigura Canada General Partnership

Agreement Date: Jan 1, 2020 (NEW SYSTEM REPLACED Feb 21 2013 Agt)
Seller: Seek Energy Ltd
Buyer: Trafigura Canada General Partnership
Term: The term of this contract shall be from Jan 1, 2020 to Jan 31, 2020 and evergreen month to month thereafter. The contract is subject to termination at the end of the initial term which ends Jan 31, 2020 or any successive month by either party giving at least 30 days advance written notice.
Payment: Payment is due on the 25th following the month of receipt/delivery of product; If the 25th is a Holiday or Saturday, payment is due on the previous CDN business day; If the 25th is a Sunday or Monday Holiday, payment is due on the next CDN business day. Payable in CDN funds.

Special Terms:

Schedule: 1

Product and Delivery Point: Purchase of LSB at Kingston Sask Pipeline from 12-22-007-11W2 (SKBTB4L3907) dating from Jan 1, 2020 using schedule pricing.
Price: The Trafigura pool price for LSB crude @ Cromer adjusted for battery quality and transportation..
Quantity: 0.0 M3 per Month 1m3 SB
Conversion Rate: 6.29287 BBL/M3

Schedule: 2

Product and Delivery Point: Purchase of Midale at Vermilion Loughheed Terminal from 11-12-006-15W2 (SKBTB4M0505) dating from Jan 1, 2020 using schedule pricing.
Price: The Trafigura pool price for Midale @ Cromer adjusted for battery quality and transportation..
Quantity: 0.0 M3 per Month 40 m3 SB
Conversion Rate: 6.29287 BBL/M3

Please confirm that this Contract accurately reflects the terms and conditions of our agreement. If a reply is not received within five (5) business days, it will constitute acceptance of the terms stated therein. If the terms presented herein constitute your understanding of the agreement, please sign and return one fully executed copy.



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Accepted on this date: May 17/21
Seek Energy Ltd

By: [Signature]

Title: VP LAND

Trafigura Canada General Partnership

By: [Signature]

Mr. Grant Evaskevich

Title: [Signature]

GENERAL TERMS
CRUDE OIL PURCHASE AND SALE AGREEMENT
WELLHEAD

1. GENERAL TRANSACTION PROVISIONS:

- (a) **purchase and sale:** Subject to the terms and conditions set forth in this Agreement, Seller agrees to sell and deliver and Buyer agrees to purchase and accept the Quantity of Crude Oil during the Term for the Price. Delivery and acceptance of the Crude Oil shall occur at the Delivery Point.
- (b) **seller representations:** Seller represents and warrants that, during the Term:
- (i) the Crude Oil is at least of the Quality noted in the Confirmation;
 - (ii) prior to delivery and acceptance of the Crude Oil by the Buyer, the Crude Oil will be processed to such an extent that it complies with all requirements that the Buyer and the pipeline or other carriers receiving the Crude Oil on behalf of the Buyer (the "Carriers") may prescribe from time to time for water, bottom sediment or other impurities and does not contain organic chlorides, oxygenated hydrocarbons or any other deleterious substances;
 - (iii) it has full right and authority to sell and deliver the Crude Oil to the Buyer and receive payment therefore;
 - (iv) upon such sale and delivery, the Crude Oil is free of all liens, royalties, encumbrances or other adverse claims of any nature whatsoever.
- (c) **seller covenants:** Seller shall:
- (i) provide to Buyer upon reasonable request, documentation and other material as may be required to evidence compliance with Sections 1(b)(iii);
 - (ii) hold the production in appropriate storage facilities at or near the locations at which the Crude Oil is produced;
 - (iii) not sell or otherwise transfer, dispose, encumber or permit the encumbrance of all or any part of the Quantity of Crude Oil in favour of any other person or entity other than the Buyer without the express written consent of the Buyer;
 - (iv) in the event that Seller sells or otherwise transfers, disposes, encumbers or permits the encumbrance of all or any part of the working or other interests set forth in Exhibit 1, only be released from its obligations under this Agreement to the extent that Buyer agrees in writing to release Seller from its obligations; and
 - (v) in the event that Seller buys or otherwise acquires additional working or other interests in the lands set forth in Exhibit 1, to sell and deliver to Buyer all Crude Oil produced from such lands and attributable to such additional interests on the terms and conditions set forth in this Agreement, except to the extent that Buyer advises Seller in writing that it does not wish to purchase and accept such Crude Oil on such terms and conditions.
- (d) **title/risk/indemnity:** Title to and all risk associated with the Crude Oil (including risk of loss) passes from Seller to Buyer upon acceptance of the Crude Oil by Buyer or its Carrier at the Delivery Point and as between Seller and Buyer, Seller will have control and possession of the Crude Oil and be responsible for all damages or injury occurring and attributable to the Crude Oil before acceptance of the Crude Oil by Buyer or its Carrier at the Delivery Point and Buyer will have control and possession of the Crude Oil and be responsible for all damages or injury occurring and attributable to the Crude Oil upon and after acceptance of the Crude Oil by Buyer or its Carrier at the Delivery Point. Each party is liable to and agrees to indemnify and save harmless the other party against any costs or claims arising while the while the Crude Oil is in the indemnifying party's control and possession, unless such costs or claims are due to the other party's acts or omissions.
- (e) **quantity/delivery:** The Quantity of Crude Oil delivered shall be determined by use of tank tables or mutually acceptable industry automatic measuring equipment with adjustments to volume and density to 15° C and for compressibility and shrinkage as well as deductions for bottom sediment

and water. Measurements may be witnessed by representatives of the Buyer and Seller. For pricing purposes, Crude Oil shall be deemed to be delivered in equal daily quantities during each month that delivery occurs. A delivery ticket signed by Buyer and Seller (or their representatives) shall, absent manifest error, conclusively evidence the relevant measurements.

- (f) **non-compliance indemnity:** If any representation or warranty made by Seller in Section 1(b) is or becomes false or misleading or if Seller breaches any covenant made in Section 1(c) (a "Default"), Seller will be liable for and agrees to indemnify and save harmless Buyer against any costs, expenses, damages, claims, demands, penalties and other liabilities (including, reasonable legal fees) associated with such Default. In addition, the Buyer may, without prejudice to any of its other remedies, exercise any combination of the following remedies:
- (i) return any non-complying Crude Oil to Seller at Seller's sole cost and expense;
 - (ii) refuse to accept delivery of all or any part of the Quantity of Crude Oil without relieving Seller of its obligations to indemnify and hold harmless Buyer with respect to any Crude Oil accepted prior to such approval; and
 - (iii) hold the proceeds of the sale of the Quantity of Crude Oil without interest until a performance bond or other specific indemnity or security satisfactory to Buyer has been furnished or the Default has been fully remedied.

Notwithstanding the foregoing, if the Default by Seller is a breach of Section 1(c)(iv) or Section 1(c)(v), Seller shall be required to pay Buyer, within five business days of receiving a statement therefore, an amount equal to the product of: (A) the positive difference between a commercially reasonable sales price for the Crude Oil and the Price; and (B) the Quantity of Crude Oil that Seller failed to sell and deliver to Buyer.

- (g) **carrier penalties:** If Buyer incurs a non-performance penalty ("Penalty") due to Seller's failure to deliver the Quantity of Crude Oil and such failure is not excused by Force Majeure (as hereinafter defined), Seller shall be liable for and indemnify and save Buyer harmless from the Penalty and shall pay Buyer the amount of such Penalty within five business days of receiving a statement therefore from Buyer. If the Penalty is due to the failure of more than one seller (including Seller) to the Buyer, Seller shall be responsible for only its proportionate share of such Penalty.
- (h) **force majeure:** In this Agreement "**Force Majeure**" means any event beyond the reasonable control of the party claiming same but excludes:
- (vi) events to the extent they are caused or continued by the claiming party's negligence, lack of commercially reasonable due diligence or lack of financial capability;
 - (vii) the availability of a more attractive market or purchaser;
 - (viii) Seller's inability to transact Crude Oil;
 - (ix) inefficiencies or poor economics related to Crude Oil production operations.

If a party defaults under this Agreement, to the extent such was due to Force Majeure, such defaulting party will be relieved from all liability to the other in respect of such failure, there will be no obligation on the parties to make-up any quantity of Crude Oil not transacted as a result of the Force Majeure and each party will be liable for its own resultant losses and costs. The party seeking to rely upon Force Majeure must, as soon as practical (A) give notice of the event with reasonable detail and expected duration; (B) use all reasonable efforts to remedy the event and; (C) give notice when the event has been remedied, and failure to do any of the foregoing shall prevent the claiming party from relying upon Force Majeure to the extent of such failure.

Without limiting the foregoing, if Buyer or its Carriers are required under applicable laws or by shortage of available facilities, equipment or capacity therein, to apportion acceptance of Crude Oil being received from its sellers, such shall constitute Force Majeure for the Buyer and if the Buyer claims such Force Majeure, the Buyer must reduce the amount of all affected Crude Oil received from all similarly affected sellers on a pro rata basis determined by volume.

2. **PAYMENT:**

- (a) **invoicing/payment:** A party's right to receive payment is conditional upon there being no continuing default by such party. Seller shall invoice Buyer after each month of the Term and Buyer shall pay the amount owing to Seller by the later of the 25th day of the month following the month of Crude Oil delivery and 10 days after receipt of Seller's invoice. If payment is due on a non-business day that is a Sunday or Monday, payment shall be due on the next immediately following business day; otherwise payments due on non-business days are due on the immediately preceding business day. Payment may be made by cheque delivered to the Seller's address specified in the Confirmation, by industry cheque exchange or by wire or electronic funds transfer as may be designated by the Seller from time to time. Unless otherwise specified in the Confirmation, all payments are to be in immediately accessible and available funds in the currency of the Price. If the Buyer, under this or any other agreement, is owed money by Seller, Buyer may aggregate and net such amounts so as to discharge such obligations to the extent of such effective netting and the party owing an amount after such netting shall pay such amount.
- (b) **late payment:** Amounts due and not paid when required may, at the owed party's discretion, bear interest at the National Bank of Canada, Calgary Main Branch prime annual lending rate for Canadian dollar commercial loans plus 2% until all principal plus accrued interest is paid.
- (c) **taxes:** The Price is exclusive of all taxes including GST. If any such tax is imposed under applicable laws on the Price or the sale, delivery or use of the Crude Oil, Buyer shall pay such tax, and the parties agree to collect and remit such tax in accordance with the applicable law.

3. **ADEQUATE ASSURANCE:** If, in the reasonable opinion of a Party (the "Demanding Party"), the ability of the other party to make any payment or perform any obligation under this Agreement is or becomes impaired or if the Demanding Party has reasonable grounds for insecurity regarding the payment or performance of any obligation under this Agreement by the other party, the Demanding Party may, without prejudice to any of its other remedies, require the other party to provide security to the Demanding Party to secure such payment or performance or both. If the other party fails to provide such security to the Demanding Party within five business days of the Demanding Party's written demand therefore, such failure shall constitute a default of the other party for the purposes of this Agreement. As used herein, "security" shall mean a letter of credit, or a mutually agreed upon alternative security, in a form and amount as agreed to by both parties.

4. **DEFAULT:** In addition to those noted in Section 1(f) and Section 3, the following constitute defaults (to the extent not caused by the other party's prior default) under this Agreement:

- (a) if a party fails to make, when due, any payment required under this Agreement or any other agreement between the parties and such is not remedied within 2 business days after notice is given by the non-defaulting party;
- (b) if a party breaches any other provision of this Agreement (other than as noted in Sections 4(a)) or any other agreement between the parties and such breach is not remedied within 3 business days after notice is given by the non-defaulting party;
- (c) if any representation or warranty made by a party hereunder or in any other agreement between the parties shall prove to be or has become false or misleading in any material respect; or
- (d) if a party becomes bankrupt or insolvent (however evidenced) or is the subject of any reorganization, moratorium, receivership, liquidation, winding-up or other similar proceeding under any bankruptcy, insolvency or similar laws affecting creditor rights.

Should a default occur, in addition to those rights noted in Section 1(f), the non-defaulting party may, without further demand or notice to the defaulting party: (i) suspend delivery of Crude Oil or payment for Crude Oil already delivered, as applicable; (ii) terminate this Agreement immediately on notice; (iii) realize upon any security held; (iii) setoff against any amounts owed or owing to the defaulting party under this or any other agreement (whether or not yet due); (iv) exercise any combination of these rights and/or any other rights or remedies under applicable law. The non-defaulting party shall apply the proceeds of any such exercise of rights against the obligations

owed hereunder free from any claim of the defaulting party. However, no party shall be liable to the other for loss of prospective profit, incidental, special, consequential or indirect damages, except as set forth in Section 1(f).

5. MISCELLANEOUS:

- (a) A waiver by a party of one or more obligations of the other shall be effective only if in writing and signed by the waiving party and no waiver shall waive any other obligations, whether of a like or different nature.
- (b) This Agreement represents the entire Agreement between the parties regarding the Transaction and may be amended or superseded only by written agreement signed by both parties.
- (c) Time is of the essence in this Agreement.
- (d) Headings are for convenience only and shall not affect the interpretation hereof.
- (e) Neither party may assign this Agreement without the written consent (not to be unreasonably withheld) of the other party.
- (f) The parties shall preserve as confidential the terms of this Agreement and disclose same only to its employees who have a need to know or as may be required by applicable law.
- (g) All notices and other communications may be given by personal delivery or facsimile delivery to the addresses or facsimile numbers of the parties noted in the Confirmation. If delivery occurs on a non-local business day or after 5:00 p.m. on a local business day, delivery shall be deemed to have occurred on the next following local business day. Timing of facsimile deliveries shall be evidenced by the confirmation of transmission by the facsimile machine of the sending party. Either party may change its notice or method of payment information by providing 10 business days prior written notice to the other.
- (h) If any amount must be converted into another currency in order to calculate an amount owing hereunder, the party making the conversion must use the average of the Bank of Canada daily spot rates quoted at noon Ottawa time for the calendar month immediately preceding the date of the relevant calculation..
- (i) Termination of this Agreement shall not affect or prejudice any of the rights of the party's accruing prior to such termination.
- (j) All matters related to this Agreement shall be interpreted in accordance with the laws in effect in Alberta and the venue for any judicial action shall be Calgary, Alberta.
- (k) Terms used herein and having a generally accepted meaning in the oil and gas industry in Western Canada shall have such meaning herein.
- (l) This agreement is an "eligible financial contract" for the purposes the *Bankruptcy and Insolvency Act (Canada)* and the *Canadian Creditors' Arrangement Agreement*.

* END OF GENERAL TERMS *