

COURT FILE NUMBER

2401-05179

COURT

COURT OF KING'S BENCH OF ALBERTA

JUDICIAL CENTRE

CALGARY

PROCEEDING

IN THE MATTER OF THE COMPANIES' CREDITORS
ARRANGEMENT ACT, R.S.C. 1985, c. C-36, as amended



AND IN THE MATTER OF THE COMPROMISE OR
ARRANGEMENT OF ALPHABOW ENERGY LTD.

DOCUMENT

AFFIDAVIT OF MR. ROCCO SCHURINK

ADDRESS FOR SERVICE AND
CONTACT INFORMATION OF
PARTY FILING THIS DOCUMENT

DLA PIPER (CANADA) LLP

2700, 10220 – 103 Avenue NW

Edmonton, Alberta T5J 0K4

**Attention: Jerriitt Pawlyk / Anthony Mersich /
Isaac Belland**

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File No.: 103704-00007

AFFIDAVIT OF MR. ROCCO SCHURINK

Sworn August 5, 2025

I, ROCCO SCHURINK, of the City of Sylvan Lake, in the Province of Alberta, SWEAR AND SAY THAT:

1. I am the President of MEGlobal, a position I have held since January 2025 and the Global EH&S Operations Excellence Director for EQUATE (defined below) and MEGlobal, a position I have held since December 2022. I have over 35 years of experience in the petrochemical industry, have been involved with MEGlobal since its inception in 2004 and have been directly responsible for overseeing the CO₂ Agreement at issue in this matter, since 2012. As such, I have personal knowledge of the facts and matters hereinafter deposed to, save and except where the same are stated to be made upon information and belief, and where so stated, I believe them to be true.
2. Unless indicated otherwise, any capitalized terms in this affidavit have the same meaning as defined terms in MEGlobal's Response Brief dated August 7, 2025.

3. Below, I briefly address my professional and academic background. Attached hereto and marked as **Exhibit "A"** is a copy of my Curriculum Vitae.
4. Prior to my role as the Global EH&S Operations Excellence Director, I was the Vice President of Operations for North America at MEGlobal since 2016. In that role I was responsible for all manufacturing activities, including the development and implementation of the strategies, programs and policies required to support and achieve the business objectives of MEGlobal in North America. I was also responsible for the operation of MEGlobal's manufacturing plants in Alberta, Canada.
5. I previously held various other positions at MEGlobal, including:
 - (a) Vice President of Operations at MEGlobal (May 2012 – December 2015);
 - (b) Site Leader & Senior Production Leader at MEGlobal (July 2011 – May 2012);
 - (c) Director of Global Supply Chain and Procurement at MEGlobal International FZE (July 2010 – January 2012); and
 - (d) Site Leader & Senior Production Leader at MEGlobal (July 2004 – July 2010).
6. When I initially joined MEGlobal in July 2004, I was a secondee from Dow Benelux B.V., where I had been employed since October 1989. The roles I held while employed by Dow Benelux B.V. are listed in my Curriculum Vitae.
7. I hold a MSc in Chemical Engineering from the University of Groningen in the Netherlands.
8. I make this affidavit on behalf of MEGlobal in opposition to AlphaBow Energy Ltd.'s ("**AlphaBow**") Application. AlphaBow seeks the following relief, all of which MEGlobal opposes:
 - (a) To amend certain portions of the subscription agreement (the "**Subscription Agreement**" and such amendments being the "**Proposed Amendments**") between AlphaBow and 2628071 Alberta Ltd. ("**2628071**" or the "**Purchaser**"), in respect of the transaction approved by the Transaction Approval and Reverse Vesting Order granted by the Honourable Justice P.R. Jeffrey on December 19, 2024 (the "**RVO**" and such transaction being the "**RVO Transaction**");
 - (b) To declare that the CO₂ Stream Purchase and Sale Agreement dated December 1, 2004, as amended (the "**CO₂ Agreement**"), together with the Ground Lease dated February 1, 2005 (scheduled to the CO₂ Agreement), will be retained by the Purchaser under the RVO Transaction (as amended by the Proposed Amendments) free and clear of any liabilities, claims and encumbrances other than the Retained Liabilities defined in the Subscription Agreement (the "**Liability Extinguishing Relief**"); and
 - (c) To declare that the CO₂ Agreement is valid and binding upon its counterparties.
9. In preparing this affidavit, I have reviewed MEGlobal's business records relating to the CO₂ Agreement, including correspondence and internal memoranda. I have also been provided with and reviewed various documents relating to these proceedings by MEGlobal's counsel, DLA Piper (Canada) LLP, specifically Mr. Jerritt Pawlyk and Mr. Anthony Mersich ("**MEGlobal's Counsel**").

INTRODUCTION

10. MEGlobal is an unlimited liability corporation registered under the laws of Nova Scotia as an extra-provincial corporation in Alberta. Attached hereto as **Exhibit "B"** is a corporate search for MEGlobal dated August 5, 2025.
11. MEGlobal was originally a joint venture between entities ultimately held by The Dow Chemical Company ("**TDCC**") and Petrochemical Industries Company K.S.C. ("**PIC**"). PIC is a subsidiary of the Kuwait Petroleum Corporation, the State of Kuwait's national oil corporation, and directly and indirectly owns and operates petrochemical facilities in the State of Kuwait and abroad. When the joint venture was originally formed, MEGlobal and TDCC, along with TDCC's affiliates, entered into several agreements, including the CO₂ Agreement.
12. In 2015, MEGlobal was sold to EQUATE Petrochemical Company K.S.C.C., ("**EQUATE**") headquartered in Kuwait City, Kuwait, which is ultimately held by the following entities: Dow, Inc. (TDCC's parent company) (42.5%), PIC (42.5%), Boubyan Petrochemicals Co K.S.C. (9%), and Kuwait Projects Company (Holding) K.S.C. Public (6%). As such, MEGlobal is currently a wholly-owned subsidiary of EQUATE.
13. MEGlobal is a world leader in the manufacture, supply and marketing of merchant monoethylene glycol ("**MEG**") and diethylene glycol ("**DEG**"). MEG and DEG are collectively known as ethylene glycol ("**EG**"). EG is a raw material used in a wide variety of products and applications including the manufacture of polyester fibers, antifreeze formulations and other industrial products.
14. MEGlobal operates three manufacturing Facilities in Alberta, Canada. Two of these manufacturing Facilities - Prentiss I and Prentiss II – are located in the Prentiss industrial complex near Red Deer and are the Facilities at issue. These two Facilities have been in operation since the mid-1980s and mid-1990s, respectively.
15. I am advised by MEGlobal's Counsel that on December 19, 2024, Justice Jeffrey granted the RVO approving a share transaction between AlphaBow and 2628071 Alberta Ltd. ("**2628071**"). The CO₂ Agreement was not included as a Retained Contract under the Subscription Agreement, as approved by the Court.

THE CO₂ AGREEMENT

16. On December 1, 2004, MEGlobal (as successor in interest to MEGlobal Canada Inc.) and A&O (as successor in interest to Alberta & Orient Glycol Company Ltd., together with MEGlobal defined as "**Seller**" in the CO₂ Agreement) entered into the CO₂ Agreement with Glencoe Resources Ltd. ("**Glencoe**", defined as "**Buyer**" in the CO₂ Agreement) and Dow Chemical Canada ULC (as successor in interest to Dow Chemical Canada Inc., defined as "**third party**" in the CO₂ Agreement) for the sale of CO₂ gas from MEGlobal's Facilities. This CO₂ stream is a byproduct of the EG manufacturing process.
17. As of October 1, 2014, MEGlobal holds 100% of the shares in A&O.
18. Through a series of assignments, AlphaBow became the successor to Glencoe's interest as Buyer under the CO₂ Agreement. Specifically, on June 1, 2015, Glencoe assigned its interest to OEI Holdings Trust, and on December 1, 2016, OEI Holdings Trust assigned its interest to 1994450 Alberta Inc. Attached hereto as **Exhibit "C"** are copies of the Assignment and Novation

Agreements dated June 1, 2015 and December 1, 2016, together with documents showing that 1994450 Alberta Inc. changed its name to Sequoia Operating Corp. and subsequently to AlphaBow Energy Ltd.

19. The disclaimed CO₂ Agreement has been amended three times through amending agreements dated January 1, 2019, December 1, 2019, and January 1, 2020. Attached hereto and marked as **Exhibit "D"** is a copy of the disclaimed CO₂ Agreement and all three amendments.
20. The Ground Lease dated February 1, 2005, which forms part of the disclaimed CO₂ Agreement attached as **Schedule "D"** thereto (the "**Ground Lease**"), provides AlphaBow with approximately one hectare of land at MEGlobal's Prentiss site where AlphaBow's equipment is currently located.
21. Section 13.12 of the disclaimed CO₂ Agreement requires prior written consent for any assignment. Section 13.12(e) specifically requires that the non-assigning party be satisfied with "the financial capability, creditworthiness, business reputation and operating practices of the proposed assignee, both current and historical."
22. The term of the disclaimed CO₂ Agreement would have expired on December 31, 2028. MEGlobal would have had the right to opt out of any extension by providing at least two years' notice.
23. Based on publicly available information and MEGlobal's business records, I understand that the counterparties to the disclaimed CO₂ Agreement have been subject to insolvency proceedings over the past decade. Specifically, Glencoe Resources Ltd., Sequoia Resources Corp., and AlphaBow Energy Ltd. have all been involved in insolvency proceedings in some capacity. Attached hereto as **Exhibit "E"** are bankruptcy/CCAA searches for these entities.

MEGLOBAL'S CLAIM IN THESE PROCEEDINGS

24. The financial difficulties leading to AlphaBow's CCAA filing were not sudden or unexpected. Based on my review of MEGlobal's business records and my involvement in managing this relationship:
 - (a) In January 2018, AlphaBow (then operating as Sequoia Operating Corp.) issued a Notice of Permanent Shutdown of the assets citing operational challenges;
 - (b) Although the shutdown notice was rescinded in November 2018, AlphaBow continued to experience financial difficulties;
 - (c) In mid-2023, AlphaBow was ordered by the Alberta Energy Regulator ("**AER**") to shut down all operations; and
 - (d) AlphaBow failed to make required payments under the CO₂ Agreement, ultimately accumulating the debt that forms the basis of the MEGlobal Claim for \$10,293,055.20; and
 - (e) AlphaBow filed for CCAA protection on April 26, 2024.
25. MEGlobal and A&O submitted a timely proof of claim in the amount of \$10,293,055.20 on October 23, 2024, in accordance with the Claims Process Order and prior to the Claims Bar Date (the "**MEGlobal Claim**"). Attached hereto as **Exhibit "F"** is the email confirmation of timely submission and a copy of the MEGlobal Claim.

26. I have reviewed MEGlobal's business records relating to the amounts claimed. **Exhibit "G"** is a summary of AlphaBow's account prepared from MEGlobal's accounting records, which details the components of the MEGlobal Claim as follows:
- (a) Unpaid amounts under the CO₂ Agreement for CO₂ deliveries (with pricing that varied from \$2.50 to \$12.50 per tonne based on prevailing oil prices), take-or-pay obligations (which arose when AlphaBow refused deliveries, triggering payments of \$20 per tonne for volumes not taken), and greenhouse gas credits (calculated according to carbon pricing formulas in Schedule E of the First Amendment to the CO₂ Agreement, which were intended to incentivize continued CO₂ sequestration during periods of less favourable market conditions);
 - (b) Unpaid Ground Lease rent totaling \$98,963.00 for the period from 2018 through April 26, 2024 (pre-filing). Notably, AlphaBow has not paid any rent owing under the Ground Lease throughout these CCAA proceedings;
 - (c) Interest on overdue amounts calculated at the contractual rate of prime plus 2% through April 26, 2024; and
 - (d) Post-filing obligations that have accrued since April 26, 2024, being the continuation of the same charges described in (a) and (b) above during the CCAA proceedings.
27. The MEGlobal Claim of \$10,293,055.20 is divided between pre-filing amounts of \$6,700,734.11 and post-filing amounts of \$3,592,321.09.
28. I am advised by MEGlobal's Counsel that, pursuant to section 11.3(4) of the *Companies' Creditors Arrangement Act*, RSC 1985, c C-36 (the "CCAA"), the Court may not approve the assignment of the disclaimed CO₂ Agreement unless it is satisfied that all monetary defaults in relation to the disclaimed CO₂ Agreement, other than those arising by reason only of the company's insolvency, the commencement of proceedings under the CCAA or the company's failure to perform a non-monetary obligation, will be remedied.
29. I am advised by MEGlobal Counsel that the Monitor has not provided any notice to MEGlobal that the MEGlobal Claim has been disallowed or revised.

THE DECEMBER 19, 2024 HEARING

30. I am advised by MEGlobal Counsel that in the application materials for the December 19, 2024 hearing before Justice Jeffrey, the CO₂ Agreement was initially listed as an asset to be included in an asset sale to 2628069 Alberta Ltd. ("**2628069**"), a different entity from 2628071.
31. According to the Monitor's Sixth Report dated December 13, 2024, 2628071 and 2628069 are affiliated entities with some common shareholders and a common director. Based on information provided by Cascade Capture Ltd. ("**Cascade**") and the letter set out in Ben Li's June 2025 affidavit, I understand that Cascade is the nominee of 2628069.
32. I am advised by MEGlobal's Counsel and believe that on December 16, 2024, MEGlobal's Counsel contacted Mr. David Mann, counsel for 2628069, 2628071 and Cascade, to inquire whether 2628069 intended to assume the disclaimed CO₂ Agreement and, if so, how and when the Cure Costs of \$10,293,055.20 would be paid. In the email, MEGlobal's Counsel attached the MEGlobal

Claim and advised that this amount represented the Cure Costs associated with the CO₂ Agreement. Attached hereto as **Exhibit "H"** is a copy of this email exchange.

33. Attached hereto and marked as **Exhibit "I"** is a copy of Mr. Mann's December 18, 2024 email in which he advised that the CO₂ Agreement would be disclaimed and removed from the asset purchase agreement schedules.
34. On December 12 and 20, 2024, Rick Ironside, on behalf of Cascade, emailed me claiming Cascade would be the new operators of the Prentiss CO₂ facilities following their successful bid in the CCAA process. This contradicted what MEGlobal's Counsel had been told about the CO₂ Agreement being disclaimed. I am advised by MEGlobal's Counsel that on December 23, 2024, AlphaBow's co-counsel, Ms. Sarah Aaron, clarified that "Cascade does not believe that the contracts were assigned, but rather is looking to work out a deal with MEGlobal on a go forward basis." Attached hereto and marked as **Exhibit "J"** is a copy of correspondence regarding this clarification.
35. I am advised by MEGlobal's Counsel that during the December 19, 2024 hearing before Justice Jeffrey, co-counsel for AlphaBow, Ms. Cameron, represented to the Court that under the Subscription Agreement "[C]ure [C]osts are being assumed." Specifically, I am advised that Ms. Cameron stated: "so your costs are being assumed by all of the purchasers including -- under the [S]ubscription [A]greement which, I'm sure you've seen it's a touchy issue on some reverse vesting order matters and this one, [C]ure [C]osts are being assumed." Attached hereto and marked as **Exhibit "K"** is a copy of the transcript from the December 19, 2024 hearing, at page 5, lines 24-31.
36. I am further advised by MEGlobal's Counsel that the Subscription Agreement required 2628071 to identify any contracts it intended to retain two days prior to the December 19, 2024 hearing. The CO₂ Agreement was not identified as a Retained Contract by this deadline. Furthermore, as noted above, on December 18, 2024, counsel for 2628071 explicitly advised that the CO₂ Agreement was "not being assumed" (**Exhibit "I"**).
37. Based on 2628071's failure to designate the CO₂ Agreement by the required deadline and its explicit confirmation that the CO₂ Agreement was "not being assumed," I understood the CO₂ Agreement to be disclaimed. This was confirmed when Mr. Mann stated on December 24, 2024 that "the current state of the contract is that it has been disclaimed" - a statement that AlphaBow's counsel, who was copied on the email, did not dispute or correct. Attached hereto and marked as **Exhibit "L"** is a copy of Mr. Mann's December 24, 2024 email.
38. I am unaware of any appeal of the RVO or the asset sale order in favour of 2628069.

POST-DISCLAIMER DISCUSSIONS AND ACTIONS

39. Following the December 24, 2024 confirmation that the CO₂ Agreement had been disclaimed and was not being assigned, I understood that MEGlobal was free to explore new commercial arrangements with other parties. In reliance on this disclaimer, MEGlobal began evaluating alternative uses for the CO₂ stream.
40. On January 8, 2025, I participated in a short video conference call with representatives of Cascade during which Cascade provided an update on the AER proceedings and for the first time requested the potential for a new CO₂ supply arrangement.

41. Subsequently, on January 23, 2025, I participated in another short video conference call with representatives of Cascade during which I mentioned that a financial vetting would be required before proceeding any further and provided Cascade with the contact information for MEGlobal's internal financial team via email.
42. On January 28, 2025, I was informed by MEGlobal's internal financial team that an introductory video conference call had occurred on January 27, 2025. I understand that the attendees for that call were: Mr. Sony Joseph (MEGlobal's Finance Director-North America & Europe), Mr. Jeffrey Ireland (MEGlobal's Site Controller), Rick Ironside, Tony Kinnon, and Margaret Souleles (Cascade's CFO).
43. My colleagues advised me that, during that short, introductory call, Cascade presented their business plan and ownership structure. Cascade's ownership structure was complex and difficult to follow. Accordingly, MEGlobal asked Cascade during that call to prepare a chart setting out Cascade's ownership structure. In addition, MEGlobal advised Cascade that it had concerns regarding its ability to satisfy its financial obligations under a CO₂ supply agreement. Cascade indicated they would need less than \$1 million to get the Prentiss assets and injection system running, but also stated they needed to raise additional funds. They proposed providing a letter of credit as financial security.
44. On January 28, 2025, I met with Messrs. Joseph and Ireland to discuss the issues of selling CO₂ to another new oil and gas company and the financial difficulties they often face. We were particularly concerned that Cascade was a recent startup without audited financials. We agreed that, even with a letter of credit or some form of financial guarantee, MEGlobal would only be covered on a short-term basis. I agreed to prepare a presentation for EQUATE's Executive Management Team with MEGlobal's internal team's analysis and recommendation.
45. On February 11, 2025, I emailed a formal business recommendation to Naser Aldousari, the EQUATE CEO, not to engage with Cascade. This recommendation was based on significant financial concerns and Cascade's inability to provide adequate payment security.
46. On April 8, 2025, MEGlobal's Counsel sent a formal demand letter to AlphaBow requiring:
 - (a) Removal of all AlphaBow's equipment from MEGlobal's Prentiss site at AlphaBow's sole cost, risk and expense;
 - (b) Contact with MEGlobal's site representative by April 22, 2025 to schedule removal;
 - (c) Compliance with all Safety Requirements during removal; and
 - (d) Restoration of the land.

Attached hereto and marked as **Exhibit "M"** is a copy of the April 8, 2025 demand letter.

2628071'S REVERSAL ON THE CO₂ AGREEMENT

47. On June 18, 2025, MEGlobal first learned that 2628071 intended to retain the disclaimed CO₂ Agreement as part of the RVO Transaction - approximately six months after the RVO was granted and after being told repeatedly that the CO₂ Agreement had been disclaimed.

48. MEGlobal has not had any calls with Cascade or any other affiliate of the Purchaser regarding a new CO₂ supply agreement since the January 27, 2025 call.

MEGLOCAL'S POSITION ON ASSIGNMENT AND EXTENSION

49. Following the analysis of our internal team, my colleagues and I determined the only commercially reasonable choice MEGlobal had was not to engage with Cascade. Based on MEGlobal's experience with AlphaBow's insolvency, MEGlobal determined it would not consent to any assignment of the CO₂ Agreement to 2628071.
50. I am aware, based on publicly available corporate information and my involvement in this matter, that at least one individual associated with AlphaBow is also associated with 2628071. Specifically, Rick Ironside, who served as COO of AlphaBow is apparently serving in an executive position of 2628071. Attached hereto and marked as **Exhibit "N"** is a corporate search for 2628071 dated June 18, 2025, which shows it was incorporated on July 2, 2024.
51. I am informed by Katherine N. O'Connell, General Counsel – The Americas, MEGlobal, that she instructed MEGlobal's Counsel to communicate to 2628071 that MEGlobal was not interested in negotiating a new deal and would not extend the CO₂ Agreement past its current term. I am further advised that on July 9, 2025, Anthony Mersich communicated the above directly to Mr. Mann. If the disclaimed CO₂ Agreement is resurrected, MEGlobal intends to exercise its right to terminate the CO₂ Agreement by providing the required two years' notice. Since the disclaimed CO₂ Agreement would have expired on December 31, 2028, any relationship would have terminated in approximately three and a half years. Given this limited timeframe, any economic benefits 2628071 claims it would derive from the resurrected CO₂ Agreement would be short-lived.


PREJUDICE TO MEGLOCAL

52. I am advised by MEGlobal's Counsel that when AlphaBow obtained approval of the RVO, it represented to this Court in paragraph 26(h) of the Seventh Affidavit of Ben Li that all Cure Costs for Retained Contracts would be paid in accordance with the Claims Process. Attached hereto and marked as **Exhibit "O"** is an excerpt from the Seventh Affidavit of Ben Li showing paragraph 26.
53. If this Court approves the Proposed Amendments despite MEGlobal's objections, MEGlobal will suffer significant and irreparable prejudice and harm that cannot be compensated by any remedy available to MEGlobal:
- (a) MEGlobal will be forced into a commercial relationship with an entity that does not meet MEGlobal's creditworthiness requirements or the requirements for assignment under Section 13.12(e) of the CO₂ Agreement;
 - (b) The MEGlobal Claim for over \$10 million, which was properly filed in accordance with the Claims Process Order and never disputed or disallowed by the Monitor, will be extinguished without payment;
 - (c) MEGlobal will bear ongoing operational and financial risk from a counterparty it has reasonably determined lacks adequate financial capability to fulfill its obligations until December 31, 2028, when the CO₂ Agreement would terminate; and

(d) MEGlobal will be forced to continue hosting AlphaBow's equipment on its Prentiss site despite being owed \$98,963.00 in unpaid Ground Lease obligations.

54. I swear this affidavit in support of MEGlobal's request that this Honourable Court deny AlphaBow's Application. For six months following the December 19, 2024 RVO, MEGlobal relied on repeated confirmations from MEGlobal's Counsel and the Court's order that the CO₂ Agreement had been excluded from the transaction. MEGlobal acted on this understanding by demanding equipment removal and declining new arrangements with Cascade. Now, without explanation for the delay or any proposal to address the MEGlobal Claim for \$10,293,055.20, AlphaBow seeks to force MEGlobal into a commercial relationship with an uncreditworthy counterparty that will extend an unfair and unjust arrangement until December 31, 2028, when the CO₂ Agreement will terminate, making any benefit to the Purchaser temporary at best.

SWORN BEFORE ME at the City of Red Deer,
in the Province of Alberta, this 5th day of
August, 2025.



A Commissioner for Oaths in and for the
Province of Alberta



ROCCO SCHURINK

Isaac Belland
Barrister and Solicitor

THIS IS EXHIBIT "A" referred to in
the Affidavit of **ROCCO SCHURINK**
SWORN BEFORE ME this 5th day
of August, 2025.



A COMMISSIONER FOR OATHS in and
for the Province of Alberta.

Isaac Belland
Barrister and Solicitor

Rocco Schurink

Sylvan Lake, AB

Rocco.Schurink1@MEGlobal.biz

PROFILE

Senior leader with over 35 years' experience successfully leading manufacturing, technology, process safety, supply chain and procurement activities in MEGlobal and Dow. Proven track record of energizing and developing people to drive continuous improvement through organizational redesign, optimizing existing assets and strategic execution of capital and expense projects. Multiple sites, functional and geography experience.

- **Manufacturing experience** – 33 years of EOEG manufacturing and engineering experience in multiple roles, plants and geographies of which 10 years as vice president of operations for MEGlobal.
- **Business Leadership** – 24 years' experience leading and energizing people to deliver safe, reliable operation with continuous performance improvement in several functional disciplines and geographic locations. Strong advocate for Process Safety, Reliability & Technology Advancement, and EH&S activities with a very hands on and visible to all levels management style.
- **Business Acumen** – uses financial data in all aspects of making decisions from project authorizations, spot purchases of raw material for extra production, contract negotiation and renewal, operational and logistical optimization etc. across the MEGlobal portfolio to ensure the best results are delivered to the company.
- **People & Interpersonal Skills** – people person who challenges and empowers his team to achieve higher level of performance. Enjoys energizing and developing passion in others to motivate them to deliver the common goal. Believes in building enthusiasm and teamwork through effectively celebrating success together. Builds strong relationships at all levels of an organization. Effective and open communicator to all levels in the organization.
- **Analytical Thinker** – drives data driven decision-making throughout organization. Effective problem solver. Result oriented, identifies and removes obstacles which interfere with work group or functional performance.
- **Accountability for Results** - exceptional bias for action and focused on continuous improvement of functional and business performance.

PERSONAL INFORMATION

- Name: Rocco Schurink
- Nationality: Canadian
- Current Position: President MEGlobal Canada ULC and Global Director EH&S and Operational Excellence EQUATE Group
- Location: Prentiss, Alberta, Canada
- Language skills: Dutch (native), English

Education

- 1989 - University Groningen (The Netherlands): Master's Degree in Chemical Engineering

PROFESSIONAL EXPERIENCE

MEGlobal

MEGlobal Canada, Prentiss, Alberta, President Jan 2025-current

Responsible to define and implement / support implementation of strategic initiatives for MEGlobal Canada, reporting to the CEO, while continuing to be the Global Director EHS& and Operational Excellence for the EQUATE Group.

MEGlobal Canada, Prentiss, Alberta, Global Director EH&S and Operational Excellence EQUATE Group Dec 2022-current.

Responsible for the EHS and regulatory organization within EQUATE Group globally. Additionally, responsible for operational excellence strategy, and defining EQUATE Group's ESG strategy, reporting to VP Operations in EQUATE.

MEGlobal Canada, Prentiss, Alberta, Vice President North American Operations Jan 2016-current

Additional to the responsibility covered in the next section, responsible for construction and soon to be operation of the new MEGlobal plant in Texas. VP NA Operations reports to VP Operations in EQUATE. MEGlobal is a wholly owned subsidiary of EQUATE Petrochemical Company since Dec 2015.

MEGlobal Canada, Prentiss, Alberta, Vice President Operations May 2012 – Dec 2015

Accountable for all manufacturing activities of the company including the development and implementation of the strategies, programs and policies required to support and achieve the business objectives of MEGlobal. Accountable for establishing the organization and supportive work processes and systems for the manufacturing function. The VP operations reports directly to the President and CEO and is responsible for the safe and reliable operation of MEGlobal's three EO-EG production plants located in Fort Saskatchewan and Red Deer, Alberta, Canada.

MEGlobal Canada, Prentiss, Alberta, Site Leader & Senior Production Leader July 2011 – May 2012

Early return to Alberta as per company request to assume P2, ESEOB production and site leader roles while continuing to lead the supply chain organization till 2012. Focus on EH&S sound and reliable operation of these assets. Worked closely with HR function to mitigate the impact of early 2011 attrition to the organization with focus on: competitive compensation, re-hiring and reduction in operational certification time.

MEGlobal International FZE, Dubai, UAE, Director of Global Supply Chain and Procurement July 2010–January 2012

Overall responsibility for the safe and efficient distribution of 3 million tons of glycol products globally. This includes operation of owned and leased logistical assets, managing relationships and supply with MEGlobal owned production facilities, Dow and PIC JV's in the Middle East and third-party suppliers and swap contracts.

MEGlobal Canada, Prentiss, Alberta, Site Leader & Senior Production Leader July 2004 – July 2010

MEGlobal Site Leader with responsibility for maintaining the positive relationship with the local community representing the company locally and with government agencies. Strong involvement with United Way of Central Alberta participating in annual citizen review. Overall responsibility and accountability for the safe and effective operation of the Prentiss-1 Glycol plant. This includes plant assets, personnel and achievement of the plant related business goals. Drives continuous improvement in line with business strategy and needs through structured work processes such as Six Sigma, Managing Implementation work process. Delivers business and administrative leadership to an empowered, work process driven, plant organization.

The Dow Chemical Company

Red Deer, Alberta, Global Process Control Technology Leader

December 2001 – July 2004

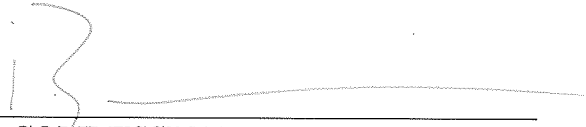
Relocated to Alberta to be core member of the site leadership team on the former UCC Prentiss site after the merger with the Dow Chemical Company. Process Control Leader for the Ethylene Oxide and Ethylene Glycol business, with 11 plants globally. Responsible for driving the basic and advanced automation improvement and compliance projects implementing in excess of \$40MM in automation projects.

Terneuzen, The Netherlands ES&S Leader Terneuzen site January 2000 – December 2001

Responsible for leading and integrating the emergency services and security department on the Terneuzen site into one integrated and efficient organization. Achieved early compliance with the European Seveso II guidelines defining organization size, education and training levels after thorough and detailed site risk analysis.

Plaquemine, Louisiana, USA Subject Matter Expert EOEG & Derivates Technology	January 1999 - January 2000
Fort Saskatchewan, Alberta, Canada Technology liaison EOEG Expansion project	April 1997- December 1997
Terneuzen, The Netherlands Improvement Engineer, EOEG plant	January 1995 – April 1997
Terneuzen, The Netherlands Production Engineer, EOEG plant	June 1991 - January 1995
Terneuzen, The Netherlands Process Control Engineer, EOEG plant	October 1989 – June 1991

THIS IS EXHIBIT "B" referred to in
the Affidavit of **ROCCO SCHURINK**
SWORN BEFORE ME this 5th day
of August, 2025.



A COMMISSIONER FOR OATHS in and
for the Province of Alberta.

Isaac Belland
Barrister and Solicitor

Government Corporation/Non-Profit Search
of Alberta ■ Corporate Registration System

Date of Search: 2025/08/05
Time of Search: 10:26 AM
Search provided by: DLA PIPER (CANADA) LLP
Service Request Number: 45169468
Customer Reference Number: 103704-00007

Corporate Access Number: 2119579858
Business Number:
Legal Entity Name: MEGLOBAL CANADA ULC

Legal Entity Status: Active
Extra-Provincial Type: Other Prov/Territory Corps
Method of Registration: Amalgamation
Registration Date: 2016/03/18 YYYY/MM/DD
Date Of Formation in Home Jurisdiction: 2015/12/23 YYYY/MM/DD
Home Jurisdiction: NOVA SCOTIA
Home Jurisdiction CAN: 3295057

Head Office Address:
Street: 1300, 1959 UPPER WATER ST., PURDY'S WHARF TOWER II
City: HALIFAX
Province: NOVA SCOTIA
Postal Code: B3J3R7
Email Address: CA_CORPORATESERVICES@PWC.COM

Primary Agent for Service:

Last Name	First Name	Middle Name	Firm Name	Street	City	Province	Postal Code	Email
AZMUDEH	ANDREW		PWC LAW LLP	3100-C, 111 - 5TH AVENUE SW	CALGARY	ALBERTA	T2P5L3	CA_CORPORATESERVICES@PWC.COM

Directors:

Last Name: AL DOUSARI
First Name: NASER
Street/Box Number: BLOCK 7, BUILDING 48, STREET 2, AVENUE 10
City: SABAH AL SALEM
Country: KUWAIT

Last Name: MAILE
First Name: ANDREW
Street/Box Number: 1969 UPPER WATER STREET

City: HALIFAX
Province: NOVA SCOTIA
Postal Code: B3J3R7

Last Name: RYAN
First Name: ANGELA
Street/Box Number: 1969 UPPER WATER STREET
City: HALIFAX
Province: NOVA SCOTIA
Postal Code: B3J3R7

Last Name: SHENOY
First Name: SUDHIR
Street/Box Number: 1502 EVITA, HIRANANDANI GARDENS, POWAI
City: MUMBAI MAHARASHTRA
Postal Code: 400076
Country: INDIA

Last Name: STADLWIESER
First Name: CLARENCE
Street/Box Number: 1969 UPPER WATER STREET
City: HALIFAX
Province: NOVA SCOTIA
Postal Code: B3J3R7

Voting Shareholders:

Last Name: EQUATE PETROCHEMICAL COMPANY K.S.C.C.
Street: BLOCK 12, CENTRAL AHMADI, P.O. BOX 100
City: AHMADI PACI NO 20795699
Postal Code: 61001
Country: KUWAIT
Percent Of Voting Shares: 100

Holding Shares In:

Legal Entity Name
ALBERTA & ORIENT GLYCOL COMPANY ULC

Other Information:

Amalgamation Predecessors:

Corporate Access Number	Legal Entity Name
2119577639	MEGLOCAL CANADA ULC

Last Annual Return Filed:

File Year	Date Filed (YYYY/MM/DD)
2025	2025/04/11

Filing History:

List Date (YYYY/MM/DD)	Type of Filing
2016/03/18	Register Extra-Provincial Amalgamation
2016/08/18	Change Attorney
2021/03/28	Attorney for Service converted to Agent for Service
2025/02/12	Change Agent for Service
2025/02/12	Change Director / Shareholder
2025/04/11	Enter Annual Returns for Alberta and Extra-Provincial Corp.

The Registrar of Corporations certifies that, as of the date of this search, the above information is an accurate reproduction of data contained in the official public records of Corporate Registry.



THIS IS EXHIBIT "C" referred to in
the Affidavit of **ROCCO SCHURINK**
SWORN BEFORE ME this 5th day
of August, 2025.



A COMMISSIONER FOR OATHS in and
for the Province of Alberta.

Isaac Belland
Barrister and Solicitor

ASSIGNMENT AND NOVATION AGREEMENT

THIS AGREEMENT made as of the 1st day of June 2015

BETWEEN:

GLENCOE RESOURCES LTD., a body corporate, having an office at the City of Calgary, in the Province of Alberta
(hereinafter referred to as the "Assignor")

- and -

OEI HOLDINGS TRUST, by its trustee, OES Corporation (wholly owned by OMERS Administration Corporation) a body corporate, having an office in the City of Calgary, in the Province of Alberta
(hereinafter referred to as "OMERS" or "Assignee")

The body or bodies corporate identified as Third Party in Schedule "A" attached hereto (whether one or more, hereinafter collectively referred to as the "Third Party")

WHEREAS the Assignor and the Third Party are parties to or successors in interest to parties to the agreement or agreements described and set forth in Schedule "A" attached hereto, such agreement or agreements, including all amendments, if any thereto (hereinafter referred to as the "said Agreement");

AND WHEREAS Assignor is transferring operatorship of the Prentiss CO2 Facility related to the said Agreement effective July 1, 2015 and therefore for operating purposes, Assignor is assigning its entire right, title, estate and interest in the said Agreement to OMERS (the "Assigned Interest").

AND WHEREAS the Third party is willing to consent to such transfer and conveyance and to recognize and accept the Assignee as a party to the said Agreement in the place and stead of the Assignor to the extent of the interest assigned and conveyed as aforesaid;

NOW THEREFORE THIS AGREEMENT WITNESSETH THAT, in consideration of the premises and of the mutual covenants hereinafter set forth, the parties hereto mutually covenant and agree as follows;

1. The Assignor hereby assigns, transfers, sets over and conveys unto the Assignee, effective as of **July 1, 2015**, (hereinafter referred to as the "Effective Date"), the Assigned Interest in and to the said Agreement to hold the same unto the Assignee for its sole use and benefit absolutely, subject nevertheless to the terms and conditions of the said Agreement.

2. The Assignee hereby accepts the written assignment and transfer to it of the Assigned Interest in the said Agreement, and the Assignee hereby covenants and agrees with the Assignor and the Third Party that it shall and will from and after the Effective Date, be bound by and observe, perform and fulfill each and every covenant, agreement, term, condition and stipulation thereafter accruing on the part of the Assignor in the said Agreement reserved and contained so far as the same relates to the interest hereby assigned and conveyed
3. The Assignee expressly acknowledges that in all matters relating to the said Agreement, insofar as it relates to the Assigned Interest, vis-à-vis the Third Party only, subsequent to the Effective Date and prior to delivery of a fully executed copy of this Agreement to the Third Party, in all matters including but not limited to all accounting, conduct of operations and disposition of production thereunder, the Assignor, to the extent of the Assignee's interest, will be deemed to have been acting as trustee for and as duly authorized agent on behalf of the Assignee for the benefit of the Third Party only and the Assignee hereby expressly ratifies, adopts and confirms all acts or omissions of the Assignor in its capacity as trustee and agent to the end that all acts and omissions shall for the purposes be construed as having been made or done by the Assignee vis-à-vis the Third Party only.
4. The Third Party, by its execution hereof, does hereby consent to the within conveyance and accepts the Assignee as a party to the said Agreement and does hereby covenant and agree that the Assignee shall be entitled to hold and enforce all of the rights and privileges of the Assignor insofar as they relate to the Assigned Interest conveyed as aforesaid, and the said Agreement shall continue in full force and effect with the Assignee substituted as a party thereto in the place and stead of the Assignor with regard to the interest hereby assigned and conveyed, and the Third party hereby expressly waives all its pre-emptive purchase rights, if any, so as to permit the Assignee to acquire such interest of the Assignor in and to the said Agreement.
5. The Third Party, by its execution hereof, does hereby wholly release and discharge the Assignor from the observance and performance of its covenants and agreements in the said Agreement accruing from and after the Effective Date insofar as the same relates to the Assigned Interest assigned and conveyed, to the same extent as if the said Agreement had been wholly terminated in relation thereto by the mutual agreement of the Third Party and the Assignor as of the Effective Date of **PROVIDED THAT** nothing herein contained shall be construed as a release of the Assignor from any obligation or liability under the said Agreement which obligation or liability had accrued prior to the Effective Date, saving and excepting only any obligation to give notice to the Third Party of such disposition by the Assignor to the Assignee and the Third Party, by its execution hereof, expressly consents to the disposition.
6. This Agreement may be executed in counterpart and when a counterpart has been executed by each party, all counterparts together shall constitute one Agreement.
7. The address of the Assignee for all notices to be hereafter served on it under the said Agreement, but subject to the provisions thereof as to notices, shall be:

OEI Holdings Trust, by its trustee OES Corporation
c/o OMERS Energy Inc.
Centennial Place, East Tower
3000, 520 – 3rd Avenue S.W.
Calgary, Alberta
T2P 0R3
Attention: VP Land and Corporate Development

9. The parties hereto shall, from time to time and at all times hereafter, do all such further acts and execute all such further deeds and documents as shall be reasonably required in order to fully perform and carry out the terms and conditions of this Agreement.
10. This Agreement shall enure to the benefit of and be binding upon the parties hereto and their respective successors and assigns.

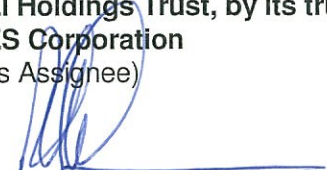
IN WITNESS WHEREOF the parties hereto have executed this Agreement as of the date first above written.

GLENCOE RESOURCES LTD.
(As Assignor)



Doug Geeraert, Executive Vice President

**OEI Holdings Trust, by its trustee
OES Corporation**
(As Assignee)



Peter Carwardine, VP Land and Corporate Development



Kevin Casper, COO

Execution Page to an Assignment and Novation Agreement dated the **1st** day of **June 2015** (effective **July 1, 2015**) between **Glencoe Resources Ltd.** (Assignor) **OEI Holdings Trust, by its trustee, OES Corporation** (Assignee) and Third Party.


THIRD PARTY

ALBERTA & ORIENT GLYCOL COMPANY
LIMITED



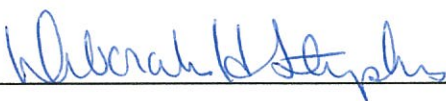
C. L. Dueck
Director / Business Manager

MEGLOCAL CANADA INC.



R. Schurink
VP operations

DOW CHEMICAL CANADA ULC



President



Third Party Execution Page to an Assignment and Novation Agreement dated the **1st** day of **June 2015 (effective July 1, 2015)** between **Glencoe Resources Ltd.** (Assignor) **OEI Holdings Trust, by its trustee, OES Corporation** (Assignee) and Third Party.

SCHEDULE "A"

Attached to and forming a part of an Assignment and Novation Agreement dated the **1st** day of **June 2015 (effective July 1, 2015)** between **Glencoe Resources Ltd.** (Assignor) **OEI Holdings Trust, by its trustee, OES Corporation** (Assignee) and Third Party.

"The Agreement"

Prentiss C02 Stream Purchase and Sale Agreement dated December 1, 2004 among Alberta & Orient Glycol Company Limited, MEGlobal Canada Inc., Glencoe Resources Ltd. and Dow Chemical Canada Inc. (as may be amended from time to time)

"Assigned Interest"

100% interest

"Third Party"

ALBERTA & ORIENT GLYCOL COMPANY LIMITED
MEGLOBAL CANADA INC.
DOW CHEMICAL CANADA ULC

ASSIGNMENT AND NOVATION AGREEMENT

THIS AGREEMENT made as of the 1st day of June 2015

BETWEEN:

GLENCOE RESOURCES LTD., a body corporate, having an office at the City of Calgary, in the Province of Alberta
(hereinafter referred to as the "Assignor")

- and -

OEI HOLDINGS TRUST, by its trustee, OES Corporation (wholly owned by OMERS Administration Corporation) a body corporate, having an office in the City of Calgary, in the Province of Alberta
(hereinafter referred to as "OMERS" or "Assignee")

The body or bodies corporate identified as Third Party in Schedule "A" attached hereto (whether one or more, hereinafter collectively referred to as the "Third Party")

WHEREAS the Assignor and the Third Party are parties to or successors in interest to parties to the agreement or agreements described and set forth in Schedule "A" attached hereto, such agreement or agreements, including all amendments, if any thereto (hereinafter referred to as the "said Agreement");

AND WHEREAS Assignor is transferring operatorship of the Ground Lease associated with the Prentiss C02 Facility related to the said Agreement effective July 1, 2015 and therefore for operating purposes, Assignor is assigning its entire right, title, estate and interest in the said Agreement to OMERS (the "Assigned Interest").

AND WHEREAS the Third party is willing to consent to such transfer and conveyance and to recognize and accept the Assignee as a party to the said Agreement in the place and stead of the Assignor to the extent of the interest assigned and conveyed as aforesaid;

NOW THEREFORE THIS AGREEMENT WITNESSETH THAT, in consideration of the premises and of the mutual covenants hereinafter set forth, the parties hereto mutually covenant and agree as follows;

1. The Assignor hereby assigns, transfers, sets over and conveys unto the Assignee, effective as of **July 1, 2015**, (hereinafter referred to as the "Effective Date"), the Assigned Interest in and to the said Agreement to hold the same unto the Assignee for its sole use and benefit absolutely, subject nevertheless to the terms and conditions of the said Agreement.

2. The Assignee hereby accepts the written assignment and transfer to it of the Assigned Interest in the said Agreement, and the Assignee hereby covenants and agrees with the Assignor and the Third Party that it shall and will from and after the Effective Date, be bound by and observe, perform and fulfill each and every covenant, agreement, term, condition and stipulation thereafter accruing on the part of the Assignor in the said Agreement reserved and contained so far as the same relates to the interest hereby assigned and conveyed
3. The Assignee expressly acknowledges that in all matters relating to the said Agreement, insofar as it relates to the Assigned Interest, vis-à-vis the Third Party only, subsequent to the Effective Date and prior to delivery of a fully executed copy of this Agreement to the Third Party, in all matters including but not limited to all accounting, conduct of operations and disposition of production thereunder, the Assignor, to the extent of the Assignee's interest, will be deemed to have been acting as trustee for and as duly authorized agent on behalf of the Assignee for the benefit of the Third Party only and the Assignee hereby expressly ratifies, adopts and confirms all acts or omissions of the Assignor in its capacity as trustee and agent to the end that all acts and omissions shall for the purposes be construed as having been made or done by the Assignee vis-à-vis the Third Party only.
4. The Third Party, by its execution hereof, does hereby consent to the within conveyance and accepts the Assignee as a party to the said Agreement and does hereby covenant and agree that the Assignee shall be entitled to hold and enforce all of the rights and privileges of the Assignor insofar as they relate to the Assigned Interest conveyed as aforesaid, and the said Agreement shall continue in full force and effect with the Assignee substituted as a party thereto in the place and stead of the Assignor with regard to the interest hereby assigned and conveyed, and the Third party hereby expressly waives all its pre-emptive purchase rights, if any, so as to permit the Assignee to acquire such interest of the Assignor in and to the said Agreement.
5. The Third Party, by its execution hereof, does hereby wholly release and discharge the Assignor from the observance and performance of its covenants and agreements in the said Agreement accruing from and after the Effective Date insofar as the same relates to the Assigned Interest assigned and conveyed, to the same extent as if the said Agreement had been wholly terminated in relation thereto by the mutual agreement of the Third Party and the Assignor as of the Effective Date of **PROVIDED THAT** nothing herein contained shall be construed as a release of the Assignor from any obligation or liability under the said Agreement which obligation or liability had accrued prior to the Effective Date, saving and excepting only any obligation to give notice to the Third Party of such disposition by the Assignor to the Assignee and the Third Party, by its execution hereof, expressly consents to the disposition.
6. This Agreement may be executed in counterpart and when a counterpart has been executed by each party, all counterparts together shall constitute one Agreement.
7. The address of the Assignee for all notices to be hereafter served on it under the said Agreement, but subject to the provisions thereof as to notices, shall be:

OEI Holdings Trust, by its trustee OES Corporation
c/o OMERS Energy Inc.
Centennial Place, East Tower
3000, 520 – 3rd Avenue S.W.
Calgary, Alberta
T2P 0R3
Attention: VP Land and Corporate Development

9. The parties hereto shall, from time to time and at all times hereafter, do all such further acts and execute all such further deeds and documents as shall be reasonably required in order to fully perform and carry out the terms and conditions of this Agreement.
10. This Agreement shall enure to the benefit of and be binding upon the parties hereto and their respective successors and assigns.


IN WITNESS WHEREOF the parties hereto have executed this Agreement as of the date first above written.

GLENCOE RESOURCES LTD.
(As Assignor)



Doug Geeraert, Executive Vice President

**OEI Holdings Trust, by its trustee
OES Corporation**
(As Assignee)




Peter Carwardine, VP Land and Corporate Development

Kevin Casper, COO

Execution Page to an Assignment and Novation Agreement dated the **1st** day of **June 2015** (effective **July 1, 2015**) between **Glencoe Resources Ltd.** (Assignor) **OEI Holdings Trust, by its trustee, OES Corporation** (Assignee) and Third Party.

THIRD PARTY

MEGLOCAL CANADA INC.

A handwritten signature, possibly "H", written above a horizontal line.A handwritten signature, possibly "R. Johnson", written above a horizontal line.

VP operations

Third Party Execution Page to an Assignment and Novation Agreement dated the **1st** day of **June 2015 (effective July 1, 2015)** between **Glencoe Resources Ltd.** (Assignor) **OEI Holdings Trust,** by its trustee, **OES Corporation** (Assignee) and Third Party.

SCHEDULE "A"

Attached to and forming a part of an Assignment and Novation Agreement dated the **1st** day of **June 2015 (effective July 1, 2015)** between **Glencoe Resources Ltd.** (Assignor) **OEI Holdings Trust, by its trustee, OES Corporation** (Assignee) and Third Party.

"The Agreement"

Ground Lease Agreement dated February 1, 2005 between MEGlobal Canda Inc. (Lessor) and Glencoe Resources Ltd. (Lessee) (as may be amended from time to time)
(as may be amended from time to time)

"Assigned Interest"

100% interest

"Third Party"

MEGLOBAL CANADA INC.

ASSIGNMENT AND NOVATION AGREEMENT

THIS AGREEMENT made as of the 1st day of December 2016

BETWEEN:

OEI HOLDINGS TRUST, by its trustee, **OES Corporation** (wholly owned by **OMERS Administration Corporation**) a body corporate, having an office in the City of Calgary, in the Province of Alberta
(hereinafter referred to as “**OMERS**” or the “**Assignor**”)

- and -

1994450 ALBERTA INC. a body corporate, having an office in the City of Calgary, in the Province of Alberta
(hereinafter referred to as “**1994450**” or the “**Assignee**”)

The body or bodies corporate identified as Third Party in Schedule “A” attached hereto
(whether one or more, hereinafter collectively referred to as the “**Third Party**”)

WHEREAS the Assignor and the Third Party are parties to or successors in interest to parties to the agreement or agreements described and set forth in Schedule “A” attached hereto, such agreement or agreements, including all amendments, if any thereto (hereinafter referred to as the “**said Agreement**”);

AND WHEREAS Assignor is transferring operatorship of the Prentiss CO2 Facility related to the said Agreement effective December 1, 2016 and therefore for operating purposes, Assignor is assigning its entire right, title, estate and interest in the said Agreement to the Assignee (the “**Assigned Interest**”).

AND WHEREAS the Third Party is willing to consent to such transfer and conveyance and to recognize and accept the Assignee as a party to the said Agreement in the place and stead of the Assignor to the extent of the interest assigned and conveyed as aforesaid;

NOW THEREFORE THIS AGREEMENT WITNESSETH THAT, in consideration of the premises and of the mutual covenants hereinafter set forth, the parties hereto mutually covenant and agree as follows;

1. The Assignor hereby assigns, transfers, sets over and conveys unto the Assignee, effective as of **December 1, 2016**, (hereinafter referred to as the “**Effective Date**”), the Assigned Interest in and to the said Agreement to hold the same unto the Assignee for its sole use and benefit absolutely, subject nevertheless to the terms and conditions of the said Agreement.
2. The Assignee hereby accepts the written assignment and transfer to it of the Assigned Interest in the said Agreement, and the Assignee hereby covenants and agrees with the Assignor and the Third Party that it shall and will from and after the Effective Date, be bound by and observe, perform and fulfill each and every covenant, agreement, term, condition and stipulation thereafter accruing on the part of

the Assignor in the said Agreement reserved and contained so far as the same relates to the interest hereby assigned and conveyed.

3. The Assignee expressly acknowledges that in all matters relating to the said Agreement, insofar as it relates to the Assigned Interest, vis-à-vis the Third Party only, subsequent to the Effective Date and prior to delivery of a fully executed copy of this Agreement to the Third Party, in all matters including but not limited to all accounting, conduct of operations and disposition of production thereunder, the Assignor, to the extent of the Assignee's interest, will be deemed to have been acting as trustee for and as duly authorized agent on behalf of the Assignee for the benefit of the Third Party only and the Assignee hereby expressly ratifies, adopts and confirms all acts or omissions of the Assignor in its capacity as trustee and agent to the end that all acts and omissions shall for the purposes be construed as having been made or done by the Assignee vis-à-vis the Third Party only.
4. The Third Party, by its execution hereof, does hereby consent to the within conveyance and accepts the Assignee as a party to the said Agreement and does hereby covenant and agree that the Assignee shall be entitled to hold and enforce all of the rights and privileges of the Assignor insofar as they relate to the Assigned Interest conveyed as aforesaid, and the said Agreement shall continue in full force and effect with the Assignee substituted as a party thereto in the place and stead of the Assignor with regard to the interest hereby assigned and conveyed, and the Third Party hereby expressly waives all its pre-emptive purchase rights, if any, so as to permit the Assignee to acquire such interest of the Assignor in and to the said Agreement.
5. The Third Party, by its execution hereof, does hereby wholly release and discharge the Assignor from the observance and performance of its covenants and agreements in the said Agreement accruing from and after the Effective Date insofar as the same relates to the Assigned Interest assigned and conveyed, to the same extent as if the said Agreement had been wholly terminated in relation thereto by the mutual agreement of the Third Party and the Assignor as of the Effective Date **PROVIDED THAT** nothing herein contained shall be construed as a release of the Assignor from any obligation or liability under the said Agreement which obligation or liability had accrued prior to the Effective Date, saving and excepting only any obligation to give notice to the Third Party of such disposition by the Assignor to the Assignee and the Third Party, by its execution hereof, expressly consents to the disposition.
6. This Agreement may be executed in counterpart and when a counterpart has been executed by each party, all counterparts together shall constitute one Agreement.
7. The address of the Assignee for all notices to be hereafter served on it under the said Agreement, but subject to the provisions thereof as to notices, shall be:

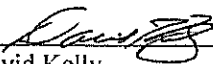
1994450 Alberta Inc.
Suite 2900, 605 – 5th Avenue SW
Calgary, Alberta T2P 3H5
Attention: Joint Venture Department


8. The parties hereto shall, from time to time and at all times hereafter, do all such further acts and execute all such further deeds and documents as shall be reasonably required in order to fully perform and carry out the terms and conditions of this Agreement.
9. This Agreement shall enure to the benefit of and be binding upon the parties hereto and their respective successors and assigns.

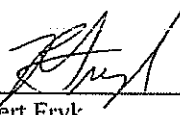
IN WITNESS WHEREOF the parties hereto have executed this Agreement as of the date first above written.

OEI HOLDINGS TRUST,
by its trustee **OES CORPORATION**
(As Assignor)

1994450 ALBERTA INC.
(As Assignee)

Per: 
David Kelly
Production Manager

Per: 
Vicki Benoit
Chief Operating Officer

Per: 
Robert Fryk
Chief Operating Officer

Execution Page to an Assignment and Novation Agreement dated the 1st day of **December 2016** (effective **December 1, 2016**) between **OEI Holdings Trust, by its trustee, OES Corporation** (Assignor), **1994450 Alberta Inc.** (Assignee) and Third Party.

THIRD PARTY

ALBERTA & ORIENT GLYCOL COMPANY ^{ULC R.S.} ~~LIMITED~~

Per:  _____

Per: _____

MEGLOCAL CANADA ^{ULC R.S.} ~~INC.~~

Per:  _____

Per: _____

DOW CHEMICAL CANADA ULC

Per: _____

Per: _____

Third Party Execution Page to an Assignment and Novation Agreement dated the 1st day of **December 2016** (effective **December 1, 2016**) between **OEI Holdings Trust, by its trustee, OES Corporation** (Assignor), **1994450 Alberta Inc.** (Assignee) and Third Party.

THIRD PARTY

ALBERTA & ORIENT GLYCOL COMPANY LIMITED

Per: _____

Per: _____

MEGLOCAL CANADA INC.

Per: _____

Per: _____

DOW CHEMICAL CANADA ULC

58 Per: Heborah H. Stephens

Per: _____

Third Party Execution Page to an Assignment and Novation Agreement dated the 1st day of **December 2016** (effective **December 1, 2016**) between **OEI Holdings Trust**, by its trustee, **OES Corporation** (Assignor), **1994450 Alberta Inc.** (Assignee) and Third Party.

SCHEDULE "A"

Attached to and forming a part of an Assignment and Novation Agreement dated the 1st day of December 2016 (effective December 1, 2016) between OEI Holdings Trust, by its trustee, OES Corporation (Assignor), 1994450 Alberta Inc. (Assignee) and Third Party.

"The Agreement"

Prentiss CO2 Stream Purchase and Sale Agreement dated December 1, 2004 among Alberta & Orient Glycol Company Limited, MEGlobal Canada Inc., Glencoe Resources Ltd., and Dow Chemical Canada Inc. (as may be amended from time to time)

"Assigned Interest"

100% Interest

"Third Party"

ALBERTA & ORIENT GLYCOL COMPANY LIMITED
MEGLOCAL CANADA INC.
DOW CHEMICAL CANADA ULC

ASSIGNMENT AND NOVATION AGREEMENT

THIS AGREEMENT made as of the 1st day of December 2016

BETWEEN:

OEI HOLDINGS TRUST, by its trustee, **OES Corporation** (wholly owned by **OMERS Administration Corporation**) a body corporate, having an office in the City of Calgary, in the Province of Alberta
(hereinafter referred to as “OMERS” or the “Assignor”)

- and -

1994450 ALBERTA INC. a body corporate, having an office in the City of Calgary, in the Province of Alberta
(hereinafter referred to as “1994450” or the “Assignee”)

The body or bodies corporate identified as Third Party in Schedule “A” attached hereto
(whether one or more, hereinafter collectively referred to as the “Third Party”)

WHEREAS the Assignor and the Third Party are parties to or successors in interest to parties to the agreement or agreements described and set forth in Schedule “A” attached hereto, such agreement or agreements, including all amendments, if any thereto (hereinafter referred to as the “said Agreement”);

AND WHEREAS Assignor is transferring operatorship of the Ground Lease associated with the Prentiss CO2 Facility related to the said Agreement effective December 1, 2016 and therefore for operating purposes, Assignor is assigning its entire right, title, estate and interest in the said Agreement to the Assignee (the “Assigned Interest”).

AND WHEREAS the Third Party is willing to consent to such transfer and conveyance and to recognize and accept the Assignee as a party to the said Agreement in the place and stead of the Assignor to the extent of the interest assigned and conveyed as aforesaid;

NOW THEREFORE THIS AGREEMENT WITNESSETH THAT, in consideration of the premises and of the mutual covenants hereinafter set forth, the parties hereto mutually covenant and agree as follows;

1. The Assignor hereby assigns, transfers, sets over and conveys unto the Assignee, effective as of **December 1, 2016**, (hereinafter referred to as the “Effective Date”), the Assigned Interest in and to the said Agreement to hold the same unto the Assignee for its sole use and benefit absolutely, subject nevertheless to the terms and conditions of the said Agreement.
2. The Assignee hereby accepts the written assignment and transfer to it of the Assigned Interest in the said Agreement, and the Assignee hereby covenants and agrees with the Assignor and the Third Party that it shall and will from and after the Effective Date, be bound by and observe, perform and fulfill

each and every covenant, agreement, term, condition and stipulation thereafter accruing on the part of the Assignor in the said Agreement reserved and contained so far as the same relates to the interest hereby assigned and conveyed.

3. The Assignee expressly acknowledges that in all matters relating to the said Agreement, insofar as it relates to the Assigned Interest, vis-à-vis the Third Party only, subsequent to the Effective Date and prior to delivery of a fully executed copy of this Agreement to the Third Party, in all matters including but not limited to all accounting, conduct of operations and disposition of production thereunder, the Assignor, to the extent of the Assignee's interest, will be deemed to have been acting as trustee for and as duly authorized agent on behalf of the Assignee for the benefit of the Third Party only and the Assignee hereby expressly ratifies, adopts and confirms all acts or omissions of the Assignor in its capacity as trustee and agent to the end that all acts and omissions shall for the purposes be construed as having been made or done by the Assignee vis-à-vis the Third Party only.
4. The Third Party, by its execution hereof, does hereby consent to the within conveyance and accepts the Assignee as a party to the said Agreement and does hereby covenant and agree that the Assignee shall be entitled to hold and enforce all of the rights and privileges of the Assignor insofar as they relate to the Assigned Interest conveyed as aforesaid, and the said Agreement shall continue in full force and effect with the Assignee substituted as a party thereto in the place and stead of the Assignor with regard to the interest hereby assigned and conveyed, and the Third Party hereby expressly waives all its pre-emptive purchase rights, if any, so as to permit the Assignee to acquire such interest of the Assignor in and to the said Agreement.
5. The Third Party, by its execution hereof, does hereby wholly release and discharge the Assignor from the observance and performance of its covenants and agreements in the said Agreement accruing from and after the Effective Date insofar as the same relates to the Assigned Interest assigned and conveyed, to the same extent as if the said Agreement had been wholly terminated in relation thereto by the mutual agreement of the Third Party and the Assignor as of the Effective Date **PROVIDED THAT** nothing herein contained shall be construed as a release of the Assignor from any obligation or liability under the said Agreement which obligation or liability had accrued prior to the Effective Date, saving and excepting only any obligation to give notice to the Third Party of such disposition by the Assignor to the Assignee and the Third Party, by its execution hereof, expressly consents to the disposition.
6. This Agreement may be executed in counterpart and when a counterpart has been executed by each party, all counterparts together shall constitute one Agreement.
7. The address of the Assignee for all notices to be hereafter served on it under the said Agreement, but subject to the provisions thereof as to notices, shall be:

1994450 Alberta Inc.
Suite 2900, 605 – 5th Avenue SW
Calgary, Alberta T2P 3H5
Attention: Joint Venture Department


8. The parties hereto shall, from time to time and at all times hereafter, do all such further acts and execute all such further deeds and documents as shall be reasonably required in order to fully perform and carry out the terms and conditions of this Agreement.
9. This Agreement shall enure to the benefit of and be binding upon the parties hereto and their respective successors and assigns.

IN WITNESS WHEREOF the parties hereto have executed this Agreement as of the date first above written.

OEI HOLDINGS TRUST,
by its trustee **OES CORPORATION**
(As Assignor)

1994450 ALBERTA INC.
(As Assignee)

Per: 
David Kelly
Production Manager

Per: 
Vicki Benoit
Chief Operating Officer

Per: 
Robert Fryk
Chief Operating Officer

Execution Page to an Assignment and Novation Agreement dated the 1st day of **December 2016 (effective December 1, 2016)** between **OEI Holdings Trust, by its trustee, OES Corporation (Assignor), 1994450 Alberta Inc. (Assignee)** and Third Party.

THIRD PARTY

MEGLOCAL CANADA INC. ^{ULC R.S.}

Per:  _____

Per: _____

Third Party Execution Page to an Assignment and Novation Agreement dated the 1st day of **December 2016** (effective **December 1, 2016**) between **OEI Holdings Trust**, by its trustee, **OES Corporation** (Assignor), **1994450 Alberta Inc.** (Assignee) and Third Party.

SCHEDULE "A"

Attached to and forming a part of an Assignment and Novation Agreement dated the 1st day of **December 2016 (effective December 1, 2016)** between **OEI Holdings Trust, by its trustee, OES Corporation** (Assignor), **1994450 Alberta Inc.** (Assignee) and Third Party.

"The Agreement"

Ground Lease Agreement dated February 1, 2005 between MEGlobal Canada Inc. (Lessor) and Glencoe Resources Ltd. (Lessee) (as may be amended from time to time)

"Assigned Interest"

100% Interest

"Third Party"

MEGLOCAL CANADA INC.



April 5, 2017

NOTICE TO INDUSTRY

RE: 1994450 Alberta Inc.

Effective February 6, 2017, 1994450 Alberta Inc. changed its name to Sequoia Operating Corp.

All notices, correspondence, invoices and payments formerly addressed to 1994450 Alberta Inc. should now be issued in the name of Sequoia Operating Corp. and sent to the following address:

**Sequoia Operating Corp.
2900, 605 – 5th Avenue S.W.
Calgary, AB
T2P 3H7**

**Phone: (587) 393-5059
Fax: (587) 393-5060**

GST #736 658 725 RT0001

The Government of Alberta Certificate of Amendment dated February 6, 2017 reflecting the name change is attached.

Please circulate this notice to all departments within your organization and amend your records accordingly. Should you require any further information please contact your regular point of contact at Sequoia Operating Corp.

Sequoia Operating Corp.

2900, 605 – 5th Avenue SW, Calgary, AB T2P 3H5
Main Phone: 587-393-5059
Fax: 587-393-5060

CORPORATE ACCESS NUMBER: 2019944509

**Government
of Alberta ■**

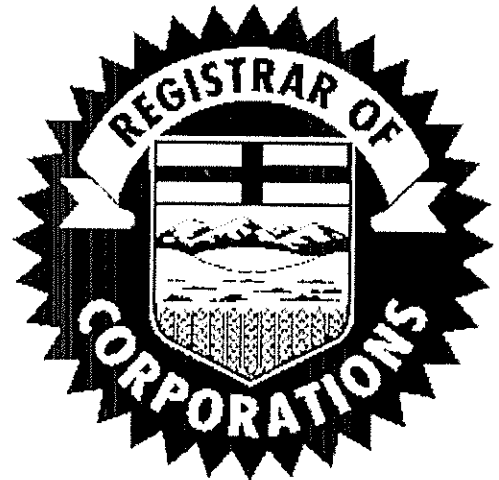
BUSINESS CORPORATIONS ACT

CERTIFICATE

OF

AMENDMENT

1994450 ALBERTA INC.
CHANGED ITS NAME TO SEQUOIA OPERATING CORP. ON 2017/02/06.



Name Change Alberta Corporation - Registration Statement

Alberta Amendment Date: 2017/02/06

Service Request Number: 26493491

Corporate Access Number: 2019944509

Legal Entity Name: 1994450 ALBERTA INC.

French Equivalent Name:

Legal Entity Status: Active

Alberta Corporation Type: Named Alberta Corporation

New Legal Entity Name: SEQUOIA OPERATING CORP.

New French Equivalent Name:

Nuans Number: 120150879

Nuans Date: 2017/02/03

French Nuans Number:

French Nuans Date:

Professional Endorsement Provided:

Future Dating Required:

Annual Return

No Records returned

Attachment

Attachment Type	Microfilm Bar Code	Date Recorded
Share Structure	ELECTRONIC	2016/09/21
Other Rules or Provisions	ELECTRONIC	2016/09/21
Restrictions on Share Transfers	ELECTRONIC	2016/09/21

Registration Authorized By: XIAODI JIN
SOLICITOR

This information is collected in accordance with the *Business Corporations Act*. It is required to update an Alberta corporation's articles for the purpose of issuing a certificate of amendment. Collection is authorized under s. 33(a) of the *Freedom of Information and Protection of Privacy Act*. Questions about the collection can be directed to Service Alberta Contact Centre staff at cr@gov.ab.ca or 780-427-7013 (toll-free 310-0000 within Alberta).

1. Name of Corporation

2. Corporate Access Number

1994450 ALBERTA INC.

2019944509

3. Item number 1 of the Articles of the above named corporation are amended in accordance with Section 173(1)(a) of the *Business Corporations Act* as follows.

The name of the Corporation be changed to:

SEQUOIA OPERATING CORP.

FILED

February 2, 2011
McCarthy Tétrault LLP
Calgary, Alberta

Per [Signature]

4. Authorized Representative/Authorized Signing Authority for the Corporation

[Signature]
Last Name, First Name, Middle Name (optional)

[Signature]
Relationship to Corporation

[Signature]
Telephone Number (optional)

[Signature]
Email Address (optional)

20110201
Date of submission (yyyy-mm-dd)

[Signature]
Signature



MEGlobal Canada ULC
1300, 1969 Upper Water Street
Purdy's Wharf Tower II
Halifax, NS
B3J 3R7

-delivered via email-

September 25, 2018

Attn: Deborah Queliza

Re: MEGlobal Canada invoice 950038933 dated 18APR2017; \$135,165.19

Please be advised that Sequoia Operating Corp changed its name to AlphaBow Energy Ltd ("ABE") by way of an amendment to its articles of incorporation effective June 1, 2018.

ABE is in receipt of the above noted invoice however ABE is disputing the charges and will not be paying this invoice for the following reasons:

- The invoice date of April 18, 2017 is twenty-eight (28) months past the 2014 contract year of which this invoice is related to and therefore beyond the terms set out in Sec 7.2(d) and Sec. 7.3(c) of the Prentiss CO2 Stream Purchase and Sale Agreement and is likely time barred, if not statute barred
- These facilities were operated by Glencoe Resources Ltd for the period of January to May 2014
 - Glencoe Resources Ltd was granted a receivership order dated January 23, 2017
 - ABE acquired Glencoe Resources' interest by way of an Approval and Vesting Order dated November 15, 2017 which we believe erased all arrears not specifically assumed within the Approval and Vesting Order

If you require further information or details, please contact me at deankaiser@alphabowenergy.com

Kind regards,

ALPHABOW ENERGY LTD

Dean Kaiser


Director of Finance

Cc: Rick Ironside

AlphaBow Energy Ltd.

1800, 222 – 3rd Avenue SW, Calgary, AB T2P 0B4
Main Phone: 587-393-5059
Fax: 587-393-5060

THIS IS EXHIBIT "D" referred to in
the Affidavit of **ROCCO SCHURINK**
SWORN BEFORE ME this 5th day
of August, 2025.



A COMMISSIONER FOR OATHS in and
for the Province of Alberta.

Isaac Belland
Barrister and Solicitor

**PRENTISS CO₂ STREAM
PURCHASE AND SALE AGREEMENT**

BETWEEN:

**ALBERTA & ORIENT GLYCOL COMPANY LIMITED
and
MEGLOCAL CANADA INC.
(together as Seller)**

and

**GLENCOE RESOURCES LTD.
(as Buyer)**

and

**DOW CHEMICAL CANADA INC.
(as third party)**

Dated as of December 1, 2004

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**PRENTISS CO₂ STREAM
PURCHASE AND SALE AGREEMENT**

Made as of the 1st day of December, 2004 among (i) **ALBERTA & ORIENT GLYCOL COMPANY LIMITED**, a body corporate having an office in Prentiss, Alberta ("A&O") and **MEGGLOBAL CANADA INC.**, a body corporate having an office in Calgary, Alberta ("MEGlobal" and, together with A&O, "Seller"); (ii) **GLENCOE RESOURCES LTD.** a body corporate having an office in Calgary, Alberta ("Buyer"); and (iii) **DOW CHEMICAL CANADA INC.**, a body corporate having offices in Calgary, Alberta ("DCCI")

RECITALS:

1. Buyer and/or one or more of its Affiliates and/or its or their JV Partners own and/or operate certain oil and gas properties in Alberta.
2. Buyer has commenced and intends to complete the construction of certain CO₂ collection, compression and pipeline equipment primarily to initiate enhanced hydrocarbon recovery operations on said properties, for which it desires to obtain supplies of CO₂.
3. Seller produces CO₂ as a by-product of the operation of the Prentiss Facilities.
4. Seller has agreed to sell and deliver, and Buyer has agreed to purchase, take and receive, at the Point of Delivery, the CO₂ Stream, on the terms specified herein.

The Parties agree as follows:

**ARTICLE 1
DEFINITIONS**

1.1 Definitions

In this Agreement, including the recitals and any Schedule attached hereto, unless a clear contrary intention appears:

- (a) **"Affiliate"** of any Person means any other Person who directly or indirectly controls, or is controlled by, or is under common control with, such Person and for these purposes:
- (i) a body corporate is controlled by one or more Persons if (x) securities of the body corporate to which are attached more than 50 percent of the votes that may be cast to elect directors of the body corporate are beneficially owned by the Person or Persons, and (y) the votes attached to those securities are sufficient to elect a majority of the directors of the body corporate;
 - (ii) an association, partnership or other organization is controlled by one or more Persons if (x) more than 50 percent of the ownership interests, however designated, into which the association, partnership or other organization is divided are beneficially owned by the Person or Persons, and (y) the Person or Persons are able to direct the business and affairs of the association, partnership or other organization; and

- (iii) a body corporate, association, partnership or other organization is controlled by one or more Persons if the Person or Persons have, directly or indirectly, control in fact of the body corporate, association, partnership or other organization;

and "**control**" and "**controlled**" have a correlative meaning; and
- (iv) a body corporate, association, partnership or other organization that controls another body corporate, association, partnership or other organization is deemed to control any body corporate, association, partnership or other organization that is controlled or deemed to be controlled by the other body corporate, association, partnership or other organization;
- (b) "**Applicable Laws**" means, with respect to any Person or property, all national, provincial, state, county, municipal and local laws including the common law and by-laws, statutes, rules, regulations, treaties, ordinances, directives, decrees, decisions and orders of any Government Authority (to the extent the Person or property is subject to the jurisdiction of such Government Authority) and policies, guidelines, and interpretations (in each case, having the force of law) made or issued by any Government Authority under, and (except when used in the definition of Authorizations herein) Authorizations issued under, any of the foregoing, in each case that are applicable from time to time to such Person or property;
- (c) "**Authorizations**" means all authorizations, permits, decisions, judgments, directions, entitlements, licenses, orders, consents, approvals, exemptions, registrations, rulings, advance rulings and certificates whether now existing or hereafter issued or obtained or required to be issued or obtained, and which are or may be given or issued by any Government Authority pursuant to Applicable Laws, whether now existing or hereafter created;
- (d) "**Available CO₂**" in respect of a period means the aggregate of (i) the quantity of CO₂ in the CO₂ Stream that is made available by Seller to Buyer in the period, not to exceed on any day the Maximum CO₂ Stream in the period and (ii) the quantity of CO₂ that is deemed under Section 5.7(d) to have been flared or vented by Buyer in the period;
- (e) "**Business Day**" means any day, exclusive of Saturdays and Sundays and days that are statutory holidays in Alberta;
- (f) "**Buyer Installed Off Site CO₂ Pipeline**" means, collectively, (i) the pipeline constructed and installed or to be constructed and installed by Buyer on the Leased Lands for the transportation of CO₂ downstream from the downstream end of the Buyer Installed On Site Equipment at the boundary between the Prentiss Site and the Leased Lands, to the CO₂ Compressor; (ii) all valves, meters and other equipment associated with such pipeline; and (iii) any Modifications to the foregoing;
- (g) "**Buyer Installed On Site Equipment**" means, collectively, (i) the pipeline, valves, meters and associated equipment and facilities located on the Prentiss Site from the interconnection with the downstream end of the CO₂ Collection Equipment and, if applicable, dehydration equipment with respect to CO₂ Stream from P1 as contemplated by Section 3.3(a)(i) to the upstream end of the Buyer Installed Off Site CO₂ Pipeline at the boundary between the Prentiss Site and the Leased Lands and measuring or testing equipment, devices or materials installed on the Prentiss Site as contemplated by Section 9.6(a); and (ii) any Modifications to the foregoing;

- (h) **"Claims"** means any and all debts, costs, expenses, liabilities, obligations, losses and damages, penalties, proceedings, actions, suits, assessments, reassessments or claims of whatsoever nature or kind including regulatory or administrative (whether or not under common law, on the basis of contract, negligence, strict or absolute liability or liability in tort, or arising out of requirements of Applicable Laws), imposed on, incurred by, suffered by, or asserted against any Person or any property, absolute or contingent, and, except as otherwise expressly provided herein, includes all reasonable out-of-pocket costs, disbursements and expenses paid or incurred by such Person in defending any action and, in the case of a Claim related to Taxes, all interest, penalties, additions to Taxes or additional amounts imposed by any Government Authority;
- (i) **"Contract Extension"** has the meaning given to it in Section 12.1;
- (j) **"Contract Month"** means a period beginning at the commencement of the first Day of a calendar month and ending at the commencement of the first Day of the next calendar month;
- (k) **"Contract Year"** means a period of 1 year, with the first Contract Year commencing on the first Initial Date of Delivery, and each Contract Year thereafter commencing on the expiry of the prior Contract Year;
- (l) **"CO₂"** means molecular carbon dioxide;
- (m) **"CO₂ Collection Equipment"** means, collectively, (i) the vent piping on the CO₂ regenerator columns of P1 and P2; (ii) additional pipes to transport CO₂ from P1 and P2 to the interconnection with the Buyer Installed On Site Equipment on the Prentiss Site; (iii) any other Modifications to the Prentiss Facilities implemented to make the Prentiss Facilities ready to deliver the CO₂ Stream to the Buyer Installed On Site Equipment; and (iv) any Modifications to the foregoing;
- (n) **"CO₂ Compressor"** means, collectively, (i) the 2 compressors to be used for the compression of the CO₂ Stream, a dehydrator and associated equipment all constructed and installed or to be constructed and installed by Buyer on the Leased Lands for the purpose of compressing and treating CO₂; and (ii) any Modifications to the foregoing;
- (o) **"CO₂ Stream"** means the low pressure process stream containing primarily CO₂ and water and meeting the specifications set forth in Schedule "A" hereto that, in any period, is available to be delivered to Buyer by (i) A&O from the operation of P2 or (ii) MEGlobal from the operation of P1 but (in the case of (ii)) only from the time that the waiver of the ROFR Holder is obtained as contemplated by Section 2.3 or Seller has paid the ROFR Holder the amount Seller is required to compensate the ROFR Holder in accordance with the term of the applicable agreement in order to sell the CO₂ recovered from P1 to Buyer as contemplated by Section 2.3 and, for clarity, does not include any quantity of CO₂ that is not available to be delivered to Buyer due to an event of Force Majeure affecting P1 or P2, an Outage affecting P1 or P2, or flaring or venting or other Release upstream of the Point of Delivery;
- (p) **"CO₂ System"** means, collectively, (i) the Buyer Installed Off Site CO₂ Pipeline; (ii) the CO₂ Compressor; (iii) the Downstream Equipment; (iv) infrastructure associated with the foregoing; and (v) without duplication, any Modifications to the foregoing, but excluding (for clarity) the Prentiss Facilities, the CO₂ Collection Equipment, the Buyer Installed On Site Equipment and the Leased Lands;

- (q) **"CO₂ System Start Up Notice"** means a notice to be provided by Buyer that the CO₂ System from P1 or P2, as applicable, and the applicable Buyer Installed On Site Equipment are capable of receiving and compressing the CO₂ Stream from P1 or P2, as applicable, and the Oil Properties are equipped for the injection of the CO₂ recovered from such CO₂ Stream;
- (r) **"Cost Advance"** has the meaning given to it in Section 3.7(b);
- (s) **"Day"** or **"d"** means a period of 24 consecutive hours commencing at 8:00 a.m. Mountain Standard time in Calgary, Alberta;
- (t) **"Downstream Equipment"** means, collectively, (i) the pipes, valves, meters and associated equipment and facilities whether on or off the Leased Lands but, for clarity, not on or under the Prentiss Site, from the downstream side of the CO₂ Compressor to the Oil Properties including any equipment from time to time installed or required to tie in the Oil Properties to receive CO₂ from the foregoing; and (ii) any Modification to the foregoing, but excluding any Oil Properties or wells, well bores or underground formations or associated equipment for the taking, treating, processing, transportation or storage of petroleum, natural gas or associated substances;
- (u) **"Environment"** means air (including the air within buildings and the air within other natural or man-made structures whether above or below ground), water (including drains or sewers and coastal waters), and land (including land under water), organisms (including man) and any other meaning given to "environment" under any legislation;
- (v) **"Environmental Claim"** means any Claim or accusation, allegation, notice of violation, demand, abatement order or other order or direction (conditional or otherwise), prosecution, or other mandatory communication by any Government Authority or any other Person, including any Claim for or in respect of or arising out of or related or attributed to or based upon personal injury, sickness, disease or death, tangible or intangible property damage, economic loss, cost recovery, contribution, indemnity, injunctive relief, damage (or risk thereof) to the Environment, violation of pollution standards, nuisance, pollution, contamination or other adverse effects on the Environment, and/or for fines, penalties or restrictions, and all liabilities for or in respect of any Remedial Action, whether or not any of the foregoing arise under or by virtue of any Environmental Laws or breach thereof or the terms of any Authorization or breach thereof, in each case resulting from or based upon (i) the existence of a Release (whether sudden or non-sudden or accidental or non-accidental) of, or exposure to, any Specified Substance, in, into or onto the Environment; (ii) the use, handling, transportation, storage, treatment or disposal of Specified Substances; or (iii) the violation, or alleged violation, of any Environmental Laws or any Authorizations issued pursuant to such Environmental Laws;
- (w) **"Environmental Laws"** means all Applicable Laws relating to environmental matters or occupational health and safety or the reduction, avoidance, capture, sequestration or documentation of emissions of Greenhouse Gases, including (i) the *Environmental Protection and Enhancement Act* (Alberta), the *Canadian Environmental Protection Act* and the *Transportation of Dangerous Goods Act* (Canada); (ii) any laws having as a purpose or effect the protection of the Environment, the prevention, reduction or remediation of pollution or the effects thereof and/or the provision of remedies in respect of damage arising therefrom; (iii) national, international or bilateral treaties or accords related to the reduction, avoidance, capture, sequestration or documentation of Greenhouse Gases and Applicable Laws implementing such treaties or accords; and (iv) Authorizations issued or required under or in connection with the foregoing;

- (x) **"Force Majeure"** means, in relation to a Party, any occurrence, condition, situation, or threat thereof that renders the Party unable to perform its obligations under this Agreement; provided that (i) such occurrence, condition, situation or threat thereof is not under or within the control of the Party claiming such inability; (ii) such Party could not have prevented or avoided the effects of such occurrence, condition, situation or threat thereof by the exercise of reasonable diligence; (iii) in the case Buyer is claiming relief, any occurrence, condition, situation or threat thereof related to the capacity of the CO₂ Collection Equipment, the CO₂ System or the Buyer Installed On Site Equipment or the ability of underground formations attributable the Oil Properties to receive CO₂ may not constitute Force Majeure; and (iv) in the case of either Party, lack of finances or economic hardship may not constitute Force Majeure;
- (y) **"Further Advance"** has the meaning given to it in Section 3.7(c);
- (z) **"GAAP"** or **"generally accepted accounting principles"** means accounting principles generally accepted and consistently applied in the United States of America including those recommended and approved by a significant segment of the American accounting profession, that are applicable to the circumstances as of the date of this Agreement;
- (aa) **"GHGE Credits"** is an acronym for "Greenhouse Gas emission credits" and means any and all rights, benefits, title and interest created or recognized under Environmental Laws related, in whole or in part, to reduction, avoidance, capture, sequestration or documentation of emissions of Greenhouse Gases, including the following:
 - (i) any allowance or credit issued or granted by a Government Authority in connection with any such reduction, avoidance, capture, sequestration or documentation of such emissions;
 - (ii) any tradeable allowance or credit issued or granted in connection with any such reduction, avoidance, capture, sequestration or documentation of such emissions;
 - (iii) the right of any Person to claim credit in any reporting program established or maintained by any Government Authority through the reduction, avoidance, capture, sequestration or documentation of such emissions;
 - (iv) the right of any Person to bank or store any such reduction, avoidance, capture, sequestration or documentation of such emissions in any registry system established or maintained by any Government Authority or any non-governmental organization or entity;
 - (v) the right of any Person to take any form of credit or acknowledgement by a Government Authority that actions had been taken by a Person that result in the reduction, avoidance, capture, sequestration or documentation or mitigation of such emissions;
 - (vi) the right of any Person to use any such reduction, avoidance, capture, sequestration or documentation of emissions;
 - (vii) the right of any Person to any form of acknowledgement by a Government Authority to claim reduction, avoidance, capture or mitigation from an emissions baseline when that baseline can be used for establishing a tradeable emission allowance allocation, and that

beneficial ownership in such reduction, avoidance, capture or mitigation or related tradeable allowance can be:

- (A) banked for credit in the event that regulation requiring a Person to reduce, avoid, compensate for or otherwise mitigate such emissions,
 - (B) claimed by a Person for credit against that Person's compliance requirements, or
 - (C) transferred to any other Person for any other reason;
- (viii) the right of any Person to any form of acknowledgement by an international agency or organization in respect of the reduction, avoidance, capture, sequestration or documentation of such emissions including that the reduction, avoidance, capture, sequestration or documentation of such emissions constitutes tradeable emission reduction units for the purposes of any prescribed international rules; and
- (ix) the right of any Person to any right to any offset of man-made emissions of such substances caused wholly or in part by the reduction of such emissions;
- (bb) **"Ground Lease"** means a lease from MEGlobal to Buyer in substantially the form of Schedule "D";
- (cc) **"Good Industry Practice"** means, in relation to a function or activity, any of the practices, methods and acts that should be adopted at the relevant time by a Person exercising that degree of knowledge, skill, diligence, prudence and foresight that would reasonably and ordinarily be expected from a skilled and experienced Person engaged in providing the applicable function or activity, under the same or similar circumstances. Good Industry Practice is not restricted to the optimum practice, method or act to the exclusion of all others but rather comprises the spectrum of acceptable practices, methods and acts applicable to the specific circumstance;
- (dd) **"Government Authority"** means any nation or any province, state, county, territory, municipality or other political subdivision thereof, or any government, quasi-government, administrative or regulatory authority, agency, board, body, commission, instrumentality, court or tribunal thereof or any central bank (or similar monetary or regulatory authority), any Tax authority, any ministry or department or agency of the foregoing, any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government, or any arbitrator or panel of arbitrators;
- (ee) **"Greenhouse Gases"** means carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, chlorofluorocarbons, perfluorocarbons, or any other substance (gaseous or otherwise) that is or becomes recognized by Applicable Laws as a contributor to what is commonly referred to as the "greenhouse effect";
- (ff) **"Independent Auditor"** means a partner of a major accounting firm not primarily used by Seller or Buyer;
- (gg) **"Initial Date of Delivery"** means, for P2 and P1, respectively, the date that construction and installation of the CO₂ System, the CO₂ Collection Equipment and the Buyer Installed On Site Equipment are complete and have been adequately tested and the CO₂ System first receives delivery of the CO₂ Stream from P2 or P1, as applicable, other than for the purpose of testing;

- (hh) **"Initial Term"** has the meaning given to it in Section 12.1;
- (ii) **"Insolvency Event"** occurs in relation to a Person if:
 - (i) the Person commences a voluntary case or other proceeding seeking liquidation, reorganization or other relief with respect to itself or its debts under any bankruptcy, insolvency, reorganization or other similar law of any jurisdiction now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of it or any substantial part of its property, or consents to any such relief or to the appointment of or taking possession by any such official in an involuntary case or other proceeding commenced against it, or makes a general assignment for the benefit of creditors, or fails generally to pay its debts as they become due, or takes any corporate action in any jurisdiction to authorize any of the foregoing;
 - (ii) an involuntary case or other proceeding is commenced against the Person seeking liquidation, reorganization or other relief with respect to it or its debts under any bankruptcy, insolvency, reorganization or other similar law of any jurisdiction now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of it or any substantial part of its property, and such involuntary case or other proceeding shall remain undismissed and unstayed for a period of 60 days; or
 - (i) an order for relief shall be entered against that Person under any bankruptcy, insolvency, reorganization or other similar law of any jurisdiction as now or hereafter in effect;
- (jj) **"Interest Rate"** means for any period the prime rate charged by Royal Bank of Canada from time to time during such period as a reference rate for Canadian dollar commercial loans in Canada, plus 2% per annum;
- (kk) **"JV Partners"** means one or more Persons having a working interest in oil, gas or oil and gas (including coal bed methane) properties in which Buyer or any Affiliate also has a working interest;
- (ll) **"Leased Lands"** has the meaning given to it in the Ground Lease;
- (mm) **"Maximum CO₂ Stream"** means 7 mmscf per day of CO₂ from P2 and 8 mmscf per day of CO₂ from P1;
- (nn) **"mmscf"** means one million standard cubic feet at 15°C and 1 atmosphere;
- (oo) **"Modifications"** means with respect to any equipment or facility any and all modifications, improvements, alterations, repairs or expansions thereof or thereto;
- (pp) **"Oil Properties"** means those properties located in Alberta in or in respect of which Buyer or any Affiliate has a working interest or which Buyer or any Affiliate operates that are now or at any time in the future equipped for the taking of production of oil (alone or with other substances) and where the production of such oil is or may be enhanced by injection of CO₂ into one or more underground formations;

- (qq) **"Outage"** means in respect of the Prentiss Facilities, the CO₂ Collection Equipment, the Buyer Installed On Site Equipment or the CO₂ System or any component thereof, a scheduled or unscheduled shutdown thereof;
- (rr) **"P1"** means the ethylene glycol plant known as "P1" owned at the date hereof by Seller and located on the Prentiss Site, and any Modifications to the foregoing;
- (ss) **"P2"** means the ethylene glycol plant known as "P2" owned at the date hereof by Alberta & Orient Glycol Company Limited and located on the Prentiss Site, and any Modifications to the foregoing;
- (tt) **"Parties"** means (i) collectively, the entities comprising Seller, and (ii) Buyer; and **"Party"** means either one of them;
- (uu) **"Person"** means an individual, a partnership, a corporation, a limited or unlimited liability company, a trust, an unincorporated organization, a union, a government or any department or agency thereof and the heirs, executors, administrators, or other legal representative of an individual;
- (vv) **"Point of Delivery"** means the CO₂ outlet valve at the top of the regenerator column of the applicable Prentiss Facility;
- (ww) **"Practicable"** means with respect to a specified obligation, action, objective or result, that a reasonably prudent Person (not constrained by capital limitations or other circumstances peculiar to the Person or the terms of this Agreement) would fulfil the obligation, take the action, achieve the objective or effect the result after considering the economic, commercial and operational circumstances and reasonably expected consequences;
- (xx) **"Prentiss Facilities"** means, collectively, P2 and, only from the time that the waiver of the ROFR Holder is obtained as contemplated by Section 2.3 or Seller has paid the ROFR Holder the amount Seller is required to compensate the ROFR Holder in accordance with the term of the applicable agreement in order to sell the CO₂ recovered from P1 to Buyer as contemplated by Section 2.3, P1; and **"Prentiss Facility"** means one of them;
- (yy) **"Prentiss Site"** has the meaning given to it in the Ground Lease;
- (zz) **"Release"** means, when used as a noun, any presence, spill, emission, leaking, leaching, pumping, pouring, injection, withdrawal, escaping, deposit, disposal, discharge, dispersal, migration or release in or into the indoor or outdoor environment, or in, into or out of any vessel or facility (including an underground storage cavern), including movement through air, soil, surface water, ground water, subsurface elements or property, of any Specified Substance; and, when used as a verb, has a correlative meaning;
- (aaa) **"Remedial Action"** means any action that is reasonably required under Environmental Laws to (i) clean up, remediate, remove, treat or in any other way deal with Specified Substances, (ii) prevent any Release of Specified Substances in accordance with, or to the standards required by, applicable Remedial Criteria, whether such Release would violate any Environmental Laws or would endanger or threaten to endanger public health or welfare or the Environment, or (iii) restore the Environment, perform remedial studies, investigations, restoration or post-remedial studies, investigations and monitoring or obtaining reclamation or abandonment certificates with

respect to the presence of Specified Substances in accordance with, or to the standards required by, applicable Remedial Criteria;

- (bbb) **"Remedial Criteria"** means the applicable remediation criteria for industrial land use adopted by the Government Authority having jurisdiction over any property or asset with respect to the regulation of contaminated sites from time to time;
- (ccc) **"ROFR Holder"** has the meaning given to it in Section 2.3(a);
- (ddd) **"Sales Tax"** means all sales, use, value added, ad valorem, excise or similar taxes, however denominated, including any interest, penalties or other additions that may become payable in respect thereof, imposed by any national, provincial, state, country, territorial, municipal or foreign government or any agency or political subdivision of any such government;
- (eee) **"Scheduled Outage"** means an Outage for which at least 30 days' prior notice has been given to the Party not experiencing the Outage;
- (fff) **"Sequester"** means to capture CO₂ from the CO₂ Stream delivered by Seller hereunder and transport and inject or reinject it into one or more underground formations with the objectives of ensuring that, to the extent Practicable, (i) such CO₂ will not be released as a result of such operations or, after injection or reinjection, from such underground formations except release from any such formation as a necessary result of enhanced production of hydrocarbons from the formation and (ii) any of such CO₂ that is released in connection with production operations, other than any thereof that is lost in production operations and would not reasonably be expected to be captured, is captured and reinjected into one or more underground formations with the same objectives;
- (ggg) **"Specified Substance"** means, Greenhouse Gases and any other chemical, material, substance or energy in any form including sound (i) defined as or included in one or more of the definitions of "specified substances", "hazardous wastes", "hazardous materials", "extremely hazardous waste", "restricted hazardous waste" or "toxic substances" or definitions of similar import under any applicable Environmental Law, or (ii) the possession, use, presence, storage, transport or Release of which is reportable, prohibited, limited or regulated under any Environmental Law; or (iii) which, whether alone or in combination with other matters, may be toxic, hazardous, harmful or damaging to or otherwise interfere with human health, other life or Environment;
- (hhh) **"Take or Pay Period"** means a Contract Year except that
 - (i) if the first Initial Date of Delivery occurs but is not a first Day of January, then the first Take or Pay Period will begin on the Initial Date of Delivery and end on the commencement of the Day on the January 1 immediately after the period begins; and
 - (ii) if the first Initial Date of Delivery does not occur by January 1, 2006, then the first Take or Pay Period will begin on the commencement of the earlier of (A) January 1, 2006, or (B) the first Day of the seventh Contract Month following the delivery of the CO₂ System Start Up Notice, if one has been delivered, and (in either case) end on the commencement of the Day on the January 1 immediately after the period begins,

and each subsequent Take or Pay Period will be the 12 month period beginning at the end of the preceding Take or Pay Period, except that if the first Take or Pay Period does not begin on a

January 1, then the last Take or Pay Period will be the period commencing on the last first Day of January of the Term and ending on the expiry or termination of this Agreement;

- (iii) **"Tax"** means all taxes, however denominated, including any interest, penalties or other additions that may become payable in respect thereof, imposed by any national, provincial, state, county, territorial, municipal or foreign government or any agency or political subdivision of any such government, which taxes shall include, all income or profits taxes, capital taxes, withholding taxes, payroll and employee withholding taxes, employment insurance, social insurance taxes, Sales Taxes, franchise taxes, gross receipts taxes, business license taxes, occupation taxes, real and personal property taxes, stamp taxes, environmental taxes, transfer taxes, (including land transfer taxes) workers' compensation and other governmental charges, and other obligations of the same or of a similar nature to any of the foregoing;
- (jjj) **"Term"** means the Initial Term and any applicable Contract Extension; and
- (kkk) **"User"** means Buyer, each of the JV Partners, any Person now or in the future taking or to take any of the CO₂ Stream or any component of the CO₂ Stream and each Affiliate of any of the foregoing and the respective directors, officers, employees, agents and consultants of each of the foregoing.

1.2 Interpretation

In this Agreement, unless a clear contrary intention appears:

- (a) the singular number includes the plural number and vice versa;
- (b) reference to any Person includes such Person's successors and assigns but, in relation to this Agreement, only if such successors and assigns are permitted by this Agreement, and reference to a Person in a particular capacity excludes such Person in any other capacity or individually;
- (c) use of the masculine, feminine or neuter gender includes all genders;
- (d) where a term is defined, a grammatical variation of that term will have a corresponding meaning;
- (e) reference to any agreement (including this Agreement), document or instrument means such agreement, document or instrument as amended, restated or modified and in effect from time to time in accordance with the terms thereof;
- (f) reference to any Applicable Law means such Applicable Law as amended, modified, codified, replaced or re-enacted, in whole or in part, and in effect from time to time, including rules and regulations promulgated thereunder and reference to any section or other provision of any Applicable Law means that provision of such Applicable Law from time to time in effect and constituting the substantive amendment, modification, codification, replacement or re-enactment of such section or other provision;
- (g) reference in this Agreement to any Section, Appendix, Annex, Schedule or Exhibit means the specified Section, Appendix, Annex, Schedule or Exhibit to this Agreement;

- (h) "Agreement", "this Agreement", "herein", "hereunder", "hereof", "hereto" and words of similar import are references to this Agreement as a whole including the Recitals and not, unless a particular section or other part thereof is referred to, to any particular section or other part;
- (i) "including" (and, with correlative meaning, "include") means including without limiting the generality of any description preceding or succeeding such term, and the rule of *ejusdem generis* will not be applicable to limit a general statement preceded, followed by or referable to an enumeration of specific matters, to matters similar to those specifically mentioned;
- (j) the division of this Agreement and the table of contents and headings herein are for convenience of reference only and do not affect the construction or interpretation hereof;
- (k) unless expressly otherwise provided, accounting terms will be construed and interpreted, and accounting determinations and computations will be made, in accordance with GAAP;
- (l) unless otherwise indicated, all references to currency, dollars or \$ are deemed to mean Canadian dollars;
- (m) payments are to be made in immediately available funds;
- (n) references to time of day or date means the local time or date in Calgary, Alberta;
- (o) where any payment or calculation is to be made, or any other action is to be taken, on or as of a day that is not a Business Day, the payment or calculation is to be made, or the other action is to be taken, as applicable, on or as of the next following Business Day, unless such next following Business Day falls in the next calendar month, in which event the payment or calculation is to be made, or the other action is to be taken, as applicable, on or as of the immediately preceding Business Day;
- (p) whenever a Party is entitled to act in its discretion, such Party is required to act reasonably and not arbitrarily in exercising such discretion, except if it is stated herein that such Party is entitled to act in its "sole" or "arbitrary" or "unfettered" discretion (or a combination of those), in which case such Party may exercise the discretion unreasonably or arbitrarily;
- (q) any obligation of a Party, however expressed, including a statement that it must or will do or refrain from doing anything, will be construed as a covenant by that Party;
- (r) this Agreement was negotiated by the Parties with the benefit of legal representation and any rule of construction or interpretation otherwise requiring an agreement to be construed or interpreted against any Party shall not apply to any construction or interpretation hereof;
- (s) any obligation to use "commercially reasonable efforts" (or words to like effect) to achieve a result does not require the obligated Party to expend funds or incur liabilities to achieve the result other than payment of costs and fees in respect of its employees, consultants or advisors whom it is commercially reasonable for it to allocate the responsibilities to achieve the result and payment of customary application, filing or similar fees;
- (t) an obligation to perform an action "promptly" (or words to like effect) will not be considered breached by any delay in performance if the Party to which the obligation is owed suffers no adverse effect;

- (u) an undertaking by a Party not to do or to omit to do any act or thing includes an undertaking not to allow, cause or assist in the doing or omission of such act or thing; and
- (v) all numeric amounts shall be expressed to the fourth decimal place and all calculations shall be rounded off to the fourth decimal place; provided, however, that all payments shall be made to the second decimal place only.

1.3 Conversion – CO₂

For the purposes of this Agreement, 1 mmscf of dry CO₂ at 15°C and 1 atmosphere equals 52.70 metric tonnes of dry CO₂ at 15°C and 1 atmosphere determined in accordance with "GPSA Figure 23.2, Table of Physical Constants" as published by the Gas Producers Association, SI Version.

1.4 Schedules

The following Schedules are attached hereto and are made part of this Agreement:

Schedule "A"	CO ₂ Stream Specifications
Schedule "B"	CO ₂ Stream Prices
Schedule "C"	Notices
Schedule "D"	Ground Lease.

ARTICLE 2 PRELIMINARY MATTERS

2.1 Certain Disclaimers and Limitations of Liability - Seller

- (a) Buyer acknowledges for itself and each other User that, except as referred to in Sections 3.8 and 9.1(a), neither entity comprising Seller nor DCCI nor any of their respective Affiliates or representatives has given any representation, warranty or statement of fact that has been relied on by Buyer or any other User with respect to, and none of the entities comprising Seller, DCCI or any of their respective Affiliates will have any responsibility or liability to Buyer or any other User for or in respect of, the quantity, if any, of CO₂ or other substances that may be generated or recovered in connection with the operation of P1 or P2 or both of them or the composition of the CO₂ Stream, if any. The preceding sentence is not a waiver of Seller's obligation under Section 9.1, provided that Buyer's rights and remedies for or in respect of a failure by Seller to comply with Section 9.1 shall be limited to the remedies set out in Section 9.1.
- (b) The sale and delivery of the CO₂ Stream by Seller to Buyer pursuant to this Agreement is made on the basis that there are no warranties or representations express, implied or statutory that the CO₂ Stream or any component thereof is or will be of merchantable quality, or fit or useful for the purpose for which Buyer or any other User may make or intend to make of the CO₂ Stream or any such component and Buyer for itself and each other User hereby waives any and all such warranties or representations. The foregoing waiver is not a waiver of Seller's obligation under Section 9.1, provided that Buyer's rights and remedies for or in respect of a failure by Seller to comply with Section 9.1 shall be limited to the remedies set out in Section 9.1.

- (c) Buyer will receive only the CO₂ and other substances that are actually recovered in connection with the operation of P1 and P2 and (in either case) that is delivered to Seller hereunder.
- (d) Each component of the CO₂ Stream delivered to Buyer hereunder will be sold and transferred "as is", "where is", without recourse or warranty except that this sentence is not a waiver of Seller's obligation under Section 9.1, provided that Buyer's rights and remedies for or in respect of a failure by Seller to comply with Section 9.1 shall be limited to the remedies set out in Section 9.1.
- (e) Neither entity comprising Seller nor any of their respective Affiliates or any directors, officers, employees, agents or consultants of any of them will have any responsibility or liability to Buyer or any other User for or in respect of any decision made in relation to the engineering, design, planning, construction, installation, testing, commissioning, ownership, use, operation, maintenance, dismantling, abandonment, decommissioning or reclamation or failure to maintain or operate the Prentiss Facilities or either of them or any component or part thereof.
- (f) The applicable entity comprising Seller may shut down P1 or P2, either permanently or for a definite or indefinite period or effect Modifications thereto, without incurring any liability to Buyer or any other User, subject to Section 12.5 (if applicable), even if, in the case of Modifications, the effect or purpose thereof is to change the quantity or composition of the CO₂ Stream or to eliminate the CO₂ Stream. If the applicable entity comprising Seller shuts down P1 or P2, then subject to Section 12.5 (if applicable), Seller shall have no responsibility or liability whatsoever for any damages (direct, indirect or consequential) or other Claims that Buyer or any other User may suffer, sustain or incur in respect of such circumstances, including if such circumstances result directly or indirectly in a shutdown, slowdown, curtailment or operational change or cessation or reduction of production of the CO₂ System or any component thereof, the Buyer Installed On Site Equipment or other facilities of Buyer or any Affiliate or any Oil Properties.

2.2 Release of DCCI

Seller and Buyer hereby fully and completely release DCCI from any and all responsibility or liability in relation to the matters contemplated hereby, including any matters related to the engineering, design, planning, construction, installation, testing, commissioning, ownership, use, operation, maintenance, dismantling, abandonment, decommissioning or reclamation or failure to maintain or operate the CO₂ System or any component thereof, the CO₂ Collection Equipment or the Buyer Installed On Site Equipment.

2.3 P1 CO₂ Stream Conditions

- (a) Buyer acknowledges, understands and agrees that the CO₂ Stream attributable to P1 is subject to a right of first refusal ("**ROFR**") and certain related rights in favour of a third party (the "**ROFR Holder**").
- (b) Upon execution and delivery of this Agreement, and after consultation with Buyer, Seller will provide notice to the ROFR Holder in accordance with the terms of the applicable agreement and request such third party to waive, and use commercially reasonable efforts to obtain the waiver of, the ROFR and any related rights.
- (c) If the ROFR Holder exercises the ROFR, then the CO₂ Stream will not include CO₂, water and related substances that may otherwise have been available as a result of the operation of P1.

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- (d) If the ROFR Holder does not exercise the ROFR, but does not waive the ROFR and all related rights, and Seller is required to compensate the ROFR Holder in accordance with the terms of the applicable agreement in order to sell the CO₂ recovered from P1 to Buyer, then Seller will advise Buyer of the amounts payable by Seller in order for Seller to be entitled to sell such CO₂. If Buyer wishes to secure such CO₂, Buyer will be required to reimburse Seller such amount and indemnify and save harmless the Seller from and against any and all Claims related thereto. If Seller does not agree to such reimbursement and indemnity, then the CO₂ Stream will not include CO₂ or water that is available from the operation of P1.
- (e) Upon either (i) receipt of the waiver described in Section 2.3(b) or (ii) payment to the ROFR Holder contemplated by Section 2.3(d), the Parties will use reasonable efforts to complete the construction and installation of the CO₂ Collection Equipment and any necessary Buyer Installed On Site Equipment and Buyer Installed Offsite CO₂ Pipeline required to effect delivery of CO₂ Stream from P1 promptly.

2.4 Several Rights and Obligations

The obligations of the entities comprising Seller hereunder are several and not joint or joint and several and, except where a clear contrary intention appears, the rights of Seller hereunder may be enforced separately, independently and inconsistently by them with respect to P1 or P2.

2.5 No Special Damages

Notwithstanding anything to the contrary contained in this Agreement, neither Party will be liable to the other for any damages, costs, expenses, injuries, losses or other liabilities of an indirect, special or consequential nature or any exemplary or punitive damages, costs or expenses suffered by the other Party, other than any of the foregoing resulting from a claim by a third party against the other Party; provided that this Section 2.5 will not limit a Party's liability under Section 3.7 or if the other Party terminates this Agreement pursuant to Section 12.2(b), (c), (d), (e), (f) or (g).

ARTICLE 3 CONSTRUCTION AND START UP

3.1 Responsibility for Construction and Installation

- (a) Buyer will, at its sole cost, risk and expense (i) undertake the engineering, design, planning, construction, installation, testing and commissioning of the CO₂ System and the Buyer Installed On Site Equipment and (ii) ensure the Buyer Installed On Site Equipment meets Seller's engineering standards. Buyer acknowledges receipt from Seller of all Seller's pertinent engineering standards prior to the date hereof.
- (b) Seller will, at the cost, risk and expense of Buyer as herein provided, undertake the construction and installation of the CO₂ Collection Equipment.

3.2 Buyer and Seller to Keep Each Other Informed

- (a) Prior to the date of this Agreement, Buyer has provided to Seller the plans for the CO₂ System and the Buyer Installed On Site Equipment and Seller has provided to Buyer the plans for the CO₂ Collection Equipment. Each Party will advise the other of any changes to such plans that could affect the components for which the other is responsible.

- (b) Buyer understands that quantities of CO₂ Stream will vary with a number of factors including catalyst life cycle and operational constraints.

3.3 Specific Representations and Dedication

- (a) Buyer represents and warrants to Seller that
- (i) when completed in accordance with Buyer's current plans, the CO₂ System and the Buyer Installed On Site Equipment will have sufficient capacity to receive the Maximum CO₂ Stream from each of P1 and P2 and to separate, compress, dehydrate and transport the CO₂ expected to be contained in the Maximum CO₂ Stream, provided that CO₂ Stream from P1 may have to be dehydrated on Seller's Prentiss site in which case the necessary equipment will constitute Buyer Installed On Site Equipment that is to be constructed and installed at Buyer's cost and expense; and
 - (ii) it is Buyer's intent to Sequester the CO₂ expected to be contained in the CO₂ Stream into underground formations owned or operated by Buyer or its Affiliates.
- (b) Buyer hereby dedicates the CO₂ Compressors exclusively to the compression of the CO₂ Stream.

3.4 Expected Initial Date of Delivery

- (a) At the date of this Agreement (i) Buyer expects the Initial Date of Delivery in respect of the CO₂ Stream from P2 will be on or about May 1, 2005 and (ii) Seller expects the CO₂ Collection Equipment will be ready to deliver the CO₂ Stream from P2 on or about May 1, 2005.
- (b) At the date of this Agreement, assuming the waiver or payment contemplated by Section 2.3 has been received or made, as applicable, Seller expects the CO₂ Stream from P1 to be available promptly following the next planned turnaround of P1, currently scheduled for the second quarter of 2006, which date may be changed by Seller in its sole discretion.
- (c) Buyer will keep Seller informed on a regular basis with respect to the progress of the construction and installation of the CO₂ System and the Buyer Installed On Site Equipment and of any changes attributable to Buyer in the expected Initial Date of Delivery with respect to P1 or P2, as applicable.
- (d) Seller will keep Buyer informed on a regular basis with respect to the progress of the construction and installation of the CO₂ Collection Equipment with respect to P1 or P2, as applicable, and of any change in the date it expects to be ready to deliver the applicable CO₂ Stream.

3.5 Start Up Matters and Early Termination Rights

- (a) Buyer will provide Seller a CO₂ System Start Up Notice for the CO₂ Stream from each of P1 and P2 not less than 30 Days prior to a proposed Initial Date of Delivery, which will be the commencement of the first Day of a calendar month.
- (b) If Seller, acting in good faith, does not believe that the CO₂ Collection Equipment will be ready to deliver the CO₂ Stream on the proposed Initial Date of Delivery, then Seller may, within 15 Days of receipt of the CO₂ System Start Up Notice, so advise Buyer and the Initial Date of Delivery will be delayed for one calendar month from the Initial Date of Delivery proposed by

Buyer unless Seller, acting in good faith, determines not less than 15 Days before the delayed Initial Date of Delivery that the CO₂ Collection Equipment will not be completed by such delayed Initial Date of Delivery, in which case a similar notice may be given with respect to such delayed Initial Date of Delivery, and so on from time to time.

- (c) If (i) the Initial Date of Delivery with respect to the CO₂ Stream from P2 proposed by Buyer in the CO₂ System Start Up Notice is later than July 31, 2005, or (ii) Buyer fails to provide Seller a CO₂ System Start Up Notice with respect to the CO₂ Stream from P2 by July 1, 2005, then (in either case) Seller may in its sole discretion terminate this Agreement upon 60 days' notice in writing to Buyer without cost or penalty to Seller.

3.6 General Indemnity

Buyer has sole responsibility for, and will indemnify and save harmless each entity comprising Seller and its Affiliates and each of their directors, officers, employees, agents or consultants from and against, any and all Claims directly or indirectly arising out of or in any way attributable to (a) the breach by Buyer of its representations, warranties or obligations hereunder; (b) the engineering, design, planning, construction, installation, testing, commissioning, ownership, use, operation, maintenance, dismantling, abandonment, decommissioning or reclamation or failure to maintain or operate the CO₂ System, the CO₂ Collection Equipment or the Buyer Installed On Site Equipment; (c) the underground or aboveground storage, transportation, use, handling, disposal or Release of the CO₂ Stream or any component of it from and after the Point of Delivery; or (d) the Sequestering or attempted Sequestering, injection or reinjection of CO₂ (alone or with other substances) into any underground formations; including in the foregoing: (i) Environmental Claims and (ii) any Claims resulting or arising from or caused by (A) physical loss of or damage to, or contamination of, the CO₂ System, the CO₂ Collection Equipment or the Buyer Installed On Site Equipment; (B) subject to Section 3.9, disposal or failure to dispose of the CO₂ Stream that is available to Buyer hereunder (including disposal or failure to dispose of waste water and other substances contained therein in accordance with Good Industry Practice, all Applicable Laws, including Environmental Laws, and applicable Authorizations); or (C) injury, death, disease or impairment of individuals, animals, plants or the Environment.

3.7 Pre-Production Expenses

- (a) Without limiting the generality of Section 3.6, Buyer will pay or reimburse each entity comprising Seller for any and all costs incurred by them (including internal costs and expenses and costs and expenses incurred for services of employees of DCCI or its Affiliates) in relation to engineering, design, planning, construction, installation, testing, commissioning, dismantling, abandonment, decommissioning or reclamation of the CO₂ Collection Equipment and the Buyer Installed On Site Equipment ("**Pre-Production Expenses**") that are approved by Buyer and, at the end of the Term or any other termination of this Agreement, taking said equipment out of service. Buyer will act reasonably in determining whether to approve any Pre-Production Expenses, provided that Seller will not be responsible for the consequences of Buyer failing to approve any thereof, including any delay in an Initial Date of Delivery, any frustration of the intent of this Agreement or otherwise howsoever. Buyer has approved certain Pre-Production Expenses prior to the date of this Agreement.
- (b) Seller acknowledges that (i) prior to the execution and delivery of this Agreement, Seller raised an authorization for expenditure which Buyer approved related to certain Pre-Production Expenses and Buyer made an advance in the amount of \$1,250,000 (the "**Initial Cost Advance**")

to be used to pay or reimburse those Pre-Production Expenses and (ii) DCCI transferred the Initial Cost Advance to MEGlobal upon formation of MEGlobal.

- (c) If, at any time prior to the Initial Date of Delivery, the unexpended amount of the Initial Cost Advance plus any Further Advances (hereinafter defined) is less than \$50,000, then:
 - (i) MEGlobal will provide an accounting to Buyer in respect of the expenditure thereof to the extent not previously accounted for; and
 - (ii) if requested by MEGlobal, Buyer will provide a further advance (a "**Further Advance**") to be used to pay or reimburse the Pre-Production Expenses, not to exceed (together with any unexpended amount of the Initial Cost Advance plus any Further Advances) \$250,000 at any time.
- (d) At the Initial Date of Delivery, Seller will provide to Buyer a summary of all Pre-Production Expenses incurred by MEGlobal and an accounting for any Cost Advance or Further Advances made by Buyer. To the extent that the aggregate amount of such Pre-Production Expenses (i) exceeds the aggregate of the Cost Advance and any Further Advances, then Buyer will reimburse MEGlobal the difference, or (ii) is less than the aggregate of the Initial Cost Advance and any Further Advances, MEGlobal will refund the difference to Buyer.
- (e) During the Initial Term, Seller will not use the CO₂ Collection Equipment or the Buyer Installed On Site Equipment to sell CO₂ Stream to any Person other than Buyer or an Affiliate of Buyer at any time when Buyer is ready, willing and able to take such CO₂ Stream and is not in default of any of its obligations hereunder.

3.8 Buyer to Obtain and Maintain Authorizations

Buyer has sole responsibility to, and at its sole cost and expense will, obtain and maintain in full force and effect any Authorizations, including under applicable Environmental Laws, that are required to be obtained in connection with the engineering, design, planning, construction, installation, testing, commissioning, ownership, use, operation, maintenance, dismantling, abandonment, decommissioning or reclamation of the CO₂ System, CO₂ Collection Equipment and the Buyer Installed On Site Equipment, the handling or use of the CO₂ Stream or any component of it and, subject to Section 3.9, Sequestering the CO₂ contained in the CO₂ Stream.

3.9 Sizing of Buyer's Equipment

Buyer has designed the CO₂ System and Buyer Installed On Site Equipment to receive and Sequester the Maximum CO₂ Stream meeting the specifications set out in Section 9.1(a) on a continuous basis. Accordingly:

- (a) Buyer will not be obligated, but will use commercially reasonable efforts, to Sequester the CO₂ Stream in excess of the Maximum CO₂ Stream on any day that Seller wishes to deliver such excess; and
- (b) Buyer is not (i) responsible for the consequences of the CO₂ Stream exceeding the Maximum CO₂ Stream on any day, including the inability of Seller to obtain GHGE Credits attributable to or arising from Sequestering or use of CO₂ in such excess CO₂ Stream, (ii) liable to indemnify Seller or others under Section 3.6 for failure to dispose of such excess CO₂ Stream, (iii) required to

obtain or maintain Authorizations in respect of such excess CO₂ Stream or (iv) flaring or venting of the CO₂ Stream delivered or attempted to be delivered on any day in excess of the Maximum CO₂ Stream (to the extent of the excess).

3.10 Automatic Transfer of Title

Without further deed or action, Buyer hereby transfers, assigns and sets over to Seller (as between MEGlobal and A&O, in such proportions as they determine in their sole and absolute discretion) all the CO₂ Collection Equipment and the Buyer Installed On Site Equipment. If MEGlobal requests Buyer will from time to time execute and deliver such further documents or instruments as may be necessary or advisable, in the opinion of MEGlobal acting reasonably, to effect the transfer of the CO₂ Collection Equipment and the Buyer Installed On Site Equipment to one or both of the entities comprising Seller (in such proportions as they determine in their sole and absolute discretion) or to confirm to third parties that it has no interest, right or title thereto. Buyer may rely and will be protected in relying on any communication from MEGlobal as to the matters set out in this Section 3.10.

3.11 Determination not to Proceed

If, at any time prior to the Initial Date of Delivery, Buyer determines not to complete the construction and installation of the CO₂ System, then:

- (a) Buyer will immediately so notify Seller;
- (b) if Seller so requests, Buyer will at its sole cost, risk and expense either effect or reimburse Seller for all costs and expenses associated with the dismantling, decommissioning and reclamation of the CO₂ Collection Equipment and the Buyer Installed On Site Equipment; and
- (c) the provisions of Section 3.7(d) will apply, *mutatis mutandis*, provided that unless and until Buyer has completed the dismantling, decommissioning and reclamation contemplated by Section 3.11(b), MEGlobal will not be required to refund any portion of any Cost Advance or Further Advances, but may instead, in its sole discretion, retain such amounts as security for Buyer's obligation to effect or reimburse Seller for the costs and expenses associated with the dismantling, decommissioning and reclamation without prejudice to Seller's ability to claim against Buyer for any amount of such costs in excess of the amount of the Cost Advance and any Further Advances available for such purpose.

ARTICLE 4 OPERATIONAL MATTERS

4.1 Operational Standards and Use of CO₂ Stream

- (a) Buyer will at its sole cost, risk and expense (i) construct, install, test, commission, operate and maintain, repair or replace as necessary the CO₂ System, the CO₂ Collection Equipment and the Buyer Installed On Site Equipment and (ii) subject to Section 3.9, store, transport, use, handle and dispose of each component of the CO₂ Stream that is delivered to it (in the case of CO₂ therein, by Sequestering it) in accordance with Good Industry Practice, all Applicable Laws (including Environmental Laws) and applicable Authorizations.
- (b) Without limiting or affecting its obligations under Section 4.1(a), and subject to Section 3.9, Buyer will (i) make reasonable efforts to Sequester the CO₂ in the CO₂ Stream delivered to it

hereunder and (ii) conduct its operations in respect of the CO₂ System, the CO₂ Collection Equipment and the Buyer Installed On Site Equipment, the CO₂ Stream and the Sequestering of CO₂ in a manner to maximize (A) its enhanced oil recovery operations by Sequestering the CO₂ included in the CO₂ Stream delivered to it hereunder and (B) the GHGE Credits that may be obtainable as a result of such operations. Subject to the foregoing, Buyer or its Affiliates or JV Partners will operate their Oil Properties in their sole discretion.

- (c) Buyer will reinject as much of the CO₂ that is produced in association with oil from the Oil Properties as is Practicable.
- (d) Buyer covenants that the primary use for CO₂ in the CO₂ Stream delivered to it hereunder will be to enhance oil recovery by Sequestering such CO₂ by injecting or reinjecting such CO₂ into underground formations associated with Oil Properties. However, Buyer may:
 - (i) inject or cause the injection of such CO₂ into formations that are not associated with the Oil Properties but are believed to contain coal bed methane and/or natural gas from coal or other potential hydrocarbons for the purpose of stimulating production with the objectives of ensuring that, to the extent Practicable, such CO₂ will not be released except as a necessary result or consequence of production of hydrocarbons and that any of such CO₂ that is so released in connection with production operations is captured and reinjected into the same or other formations with the same objectives; or
 - (ii) use such CO₂ for fracturing or similar purposes to stimulate hydrocarbon production with the objective of ensuring that, to the extent Practicable, such CO₂ will not be released except as a necessary result of production of hydrocarbons; or
 - (iii) sell such CO₂ to third parties who (A) are creditworthy and (B) covenant to use such CO₂ for a purpose described in (i) or (ii),

provided that, in each case, the GHGE Credits to which the entities comprising Seller may be entitled, the value and transferability thereof are no less advantageous to Seller than if such CO₂ was Sequestered by injection into underground formations associated with Oil Properties, as to which Buyer will and hereby does indemnify and save harmless each entity comprising Seller and its Affiliates and each of their directors, officers, employees, agents or consultants from and against any Claims arising from such alternate use of CO₂.

- (e) Seller acknowledges and understands that CO₂ from the CO₂ Stream will be commingled with CO₂ from other sources and is not traceable within underground reservoirs.

4.2 Noise from Operations

- (a) Buyer will ensure that the CO₂ System will meet a perimeter average sound level specification of no more than 64 dBA determined in accordance with the following:
 - (i) measurements will be taken to the extent feasible (it being understood that it may not be feasible to take readings on the north side of the Leased Lands) at locations 15 to 20 metres apart along a perimeter of 15 metres from the outermost point of the above ground equipment comprising the CO₂ System (approximately 15 locations);
 - (ii) the CO₂ System is operating under conditions that produce maximum sound levels;

- (iii) the results of the measurements at the perimeter locations will be mathematically averaged to yield the average sound level.
- (b) Notwithstanding the foregoing, Buyer will ensure that the sound level from the CO₂ System when operating under conditions that produce maximum sound levels will not exceed the level permitted by Applicable Laws including Environmental Laws or any Authorization affecting the Prentiss Site, the Prentiss Facilities, the Leased Lands or the Improvements or any of the foregoing.
- (c) If it is determined at any time and from time to time that the sound level from the CO₂ System exceeds the requirements of Section 4.2(a) or (b) or both, Buyer must at its sole cost and expense (i) immediately reduce sound emissions from the CO₂ System to the required level and (ii) as soon as practicable construct or install such Modifications to the CO₂ System as will ensure that the sound level from the CO₂ System does not exceed such requirements.
- (d) All equipment used to effect the measurements described in Section 4.2(a) will meet the standards required for determining compliance with Applicable Laws including Environmental Laws.

4.3 No Nomination Procedure

- (a) Seller will, not less than 15 days before the commencement of each Contract Year, provide Buyer an estimate prepared in good faith of the quantity of CO₂ expected to be derived from the operation of the Prentiss Facilities in such Contract Year, but such estimate will not be binding on Seller.
- (b) Buyer need not provide Seller any nomination or other notice indicating the quantity of CO₂ Stream it will take in any period.

4.4 Notice of Outages

- (a) Seller will provide to Buyer:
 - (i) on or prior to the commencement of each Contract Year commencing with the first Contract Year, advice of all planned Outages in respect of the Prentiss Facilities or the CO₂ Collection Equipment indicating those dates and periods in such Contract Year where the Prentiss Facilities or the CO₂ Collection Equipment will be unavailable or curtailed in the production or delivery of the CO₂ Stream; and
 - (ii) such notice as the circumstances reasonably allow:
 - (A) if the commencement or expected duration of any planned Outage in respect of the Prentiss Facilities or the CO₂ Collection Equipment is expected to or does differ from that stipulated in an advice provided under Section 4.4(a)(i);
 - (B) of any planned Outage in respect of the Prentiss Facilities or the CO₂ Collection Equipment not included in the advice provided under Section 4.4(a)(i) for the Contract Year; and

- (C) if any unscheduled Outage occurs in respect of the Prentiss Facilities or the CO₂ Collection Equipment, including the expected duration thereof.
- (b) Buyer will provide to Seller:
 - (i) on or prior to the commencement of each Contract Year commencing with the first Contract Year, advice of all planned Outages in respect of the CO₂ System or the Buyer Installed On Site Equipment or any portion of either thereof indicating those dates and periods in such Contract Year where the CO₂ System or the Buyer Installed On Site Equipment or applicable portion will be unavailable to receive or curtailed in the receipt of the CO₂ Stream; and
 - (ii) such notice as the circumstances reasonably allow:
 - (A) if the commencement or expected duration of any planned Outage in respect of the CO₂ System or the Buyer Installed On Site Equipment or any portion thereof is expected to or does differ from that stipulated in an advice provided under Section 4.4(b)(i);
 - (B) of any planned Outage in respect of the CO₂ System or the Buyer Installed On Site Equipment or any portion thereof not included in the advice provided under Section 4.4(b)(i) for the Contract Year; and
 - (C) if any unscheduled Outage occurs in respect of the CO₂ System or the Buyer Installed On Site Equipment or any portion thereof, including the expected duration thereof, occurs.
- (c) Neither Party has any liability to the other for or in respect of any Outages or the consequences thereof, except (in the case of Buyer) liability in respect of take or pay payments under Section 5.9(a).
- (d) Buyer and Seller will use commercially reasonable efforts to coordinate scheduled Outages of the CO₂ System, the Buyer Installed On Site Equipment, the CO₂ Collection Equipment and the Prentiss Facilities.

4.5 Cost of Maintenance for the CO₂ Collection Equipment and the Buyer Installed On Site Equipment

- (a) Buyer will not be entitled to access to the Seller's site to operate, maintain or repair the CO₂ Collection Equipment or the Buyer Installed on Site Equipment but will be responsible at its sole cost, risk and expense for operating, maintaining and repairing the CO₂ Collection Equipment and the Buyer Installed On Site Equipment. Seller will carry out Buyer's instructions with respect to the operation, maintenance and repair thereof at Buyer's sole cost, risk and expense as provided in Section 4.5(b), provided that (i) Seller is not required to carry out any instructions that it believes are contrary to the Buyer's obligations hereunder or the safe or efficient operation of the Prentiss Facilities, the CO₂ Collection Equipment or the Buyer Installed On Site Equipment, Good Industry Practice, Applicable Laws (including Environmental Laws), Authorizations, or Responsible CareTM and (ii) Buyer will retain all liability for such operations, maintenance and repairs and the consequences thereof and indemnify Buyer and others in respect of such matters under Section 3.6.

- (b) Buyer will pay or reimburse Seller the costs and expenses incurred by Seller in connection with operation, maintenance and repairs with respect to the CO₂ Collection Equipment and the Buyer Installed On Site Equipment that are directly attributable to the operation, maintenance or repair, immediately upon receiving an invoice in respect thereof from Seller; provided that if any such operation, maintenance or repairs involve the expenditure of any amount Seller considers to be material, then Buyer will if requested by Seller provide Seller a cash advance to be used for such expenditure.
- (c) Seller will not and will not have any responsibility to, but Buyer may, in its discretion, carry insurance for the CO₂ Collection Equipment and the Buyer Installed On Site Equipment. Failure by Buyer to so insure, or inadequacy of insurance, will not affect Buyer's responsibility under Section 4.5(a) or (b).
- (d) If Buyer requests, Seller will attempt to obtain a quotation from Seller's insurer in respect of casualty insurance for or in respect of the CO₂ Collection Equipment and the Buyer Installed On Site Equipment or the liabilities in respect of the operation thereof and, if Buyer determines to obtain such insurance, then Buyer will do so at Buyer's cost and expense.

ARTICLE 5 PURCHASE AND SALE

5.1 Purchase and Sale of CO₂ Stream

- (a) Commencing with the Initial Date of Delivery and continuing in each Contract Month, but subject to Section 3.9, Seller will make the CO₂ Stream available for sale and delivery at the Point of Delivery. Seller will sell and deliver to Buyer and Buyer will purchase, take and receive from Seller, the entire CO₂ Stream.
- (b) Notwithstanding anything contained herein to the contrary, Buyer's rights to purchase and take shall not exceed the actual CO₂ Stream.

5.2 Purchase Price

The price payable by Buyer to Seller for the CO₂ Stream shall be determined in accordance with Schedule "B", subject to Section 5.3.

5.3 Certain Risks

If as a result of a change in Applicable Law or in the interpretation or administration thereof, including as a result of any decision of a court or other Government Authority charged with the administration thereof, (i) Seller is required to modify its property, plant or equipment, processes, systems, or the configuration of any of the foregoing or its operations, in each case in relation to the delivery of CO₂ Stream hereunder and incurs any additional costs in so doing and (ii) Buyer effects any cost savings, then Buyer will reimburse Seller the lesser of the amount of such costs incurred by Seller and the cost savings so realized by Buyer from time to time.

5.4 Records

A daily log shall be kept by Seller reflecting Seller's statement of availability of the CO₂ Stream and by Buyer of its receipts of the CO₂ Stream for each Day of each Contract Year.

5.5 Point of Delivery

Unless otherwise agreed the CO₂ Stream will be sold and delivered hereunder at the Point of Delivery.

5.6 Title and Risk

Seller shall have title to and risk in respect of the CO₂ Stream until it has been delivered to Buyer at the Point of Delivery. Buyer shall have title to and risk in respect of the CO₂ Stream after it has been delivered to Buyer at the Point of Delivery.

5.7 Flared or Vented Volumes

- (a) From time to time quantities of CO₂ or other components that are or, but for the flaring or venting, would be part of the CO₂ Stream may be flared or vented either by Seller at the Prentiss Facilities or the CO₂ Collection Equipment or by Buyer on the Buyer Installed On Site Equipment or CO₂ System. Where a Party flares or vents CO₂ or other associated components or reasonably anticipates that it will be required to do so, it will promptly give notice to the other Party of such occurrence or the anticipated occurrence.
- (b) For the purposes of this Agreement, including the determination of quantities of CO₂ Stream delivered and/or taken hereunder;
 - (i) quantities of CO₂ that are or are deemed to have been flared or vented downstream of the Point of Delivery will be deemed to have been made available and delivered by Seller to Buyer hereunder; and
 - (ii) quantities of CO₂ that are or are deemed to have been flared or vented upstream of the Point of Delivery will be deemed not to have been made available or sold or delivered by Seller to Buyer.
- (c) Each Party will use reasonable efforts to conduct its respective operations so as to minimize the quantity of CO₂ that is flared or vented and the duration of such flaring or venting. To the extent possible, the Party experiencing the operational circumstance resulting in the need to flare or vent CO₂ shall cause the flaring or venting to occur at its facilities; provided that neither Party is obligated to undertake any action which, in such Party's reasonable judgment, would be detrimental in a material manner to its respective operations.
- (d) Each Party is responsible for, and will indemnify the other Party and its respective Affiliates and each of their directors, officers, employees, agents or consultants from and against, any and all Claims, including Environmental Claims, directly or indirectly arising out of or in any way attributable to any CO₂ or other substances flared or vented by it or deemed to have been flared or vented by it or Released or otherwise disposed of by it.
- (e) If Seller flares or vents CO₂ or other substances as a result of the inability of the CO₂ Collection Equipment, the Buyer Installed On Site Equipment, the CO₂ System or the Oil Properties to take, receive, transport, store, compress, dehydrate, inject or Sequester any such CO₂ or other substances other than as a result of (i) Force Majeure validly claimed by Buyer or (ii) deliveries of the CO₂ Stream on any day in excess of the Maximum CO₂ Stream (to the extent of the excess), then such CO₂ or other substances will be considered to have been flared or vented by

Buyer downstream of the Point of Delivery and Buyer's determination of the quantity of CO₂ so flared or vented will be final, binding and conclusive absent manifest error.

5.8 Monitoring

Each Party has the responsibility at its sole cost, risk and expense, of monitoring and reporting in accordance with Good Industry Practice, Applicable Laws, including Environmental Laws, and Authorizations quantities of the CO₂ or other associated components that are flared or vented by it or Released or otherwise disposed of by it.

5.9 Take or Pay

- (a) If the aggregate of the quantity of CO₂ delivered to and taken, or deemed to have been delivered to and taken, by Buyer hereunder in any Take or Pay Period plus the quantity of CO₂ in any part of the CO₂ Stream properly rejected by Buyer under Section 9.1 in the Take or Pay Period (together, the "**Deemed Take**") is less than 85% of Available CO₂ for the Take or Pay Period, then Buyer will pay to Seller an amount equal to the product of (i) 85% of Available CO₂ for the period minus the Deemed Take for the period and (ii) the average unit sales price of CO₂ hereunder for the applicable period. For the purposes of the foregoing sentence, (A) the average unit sales price for a period is the quotient obtained by dividing (I) the sum of the sales prices for each day in the period by (II) the total number of days in the period and (B) if the first Initial Delivery Date has not occurred, then the expression "Take or Pay Period" will be substituted for the expression "Contract Year" on Schedule "B".
- (b) Other than as specified in this Agreement, Buyer shall have no liability whatsoever for any Claims that Seller may suffer in respect of a failure by Buyer to take the CO₂ Stream, including if Buyer's failure to take the CO₂ Stream results, directly or indirectly, in a shutdown, slowdown, curtailment or operational change at the Prentiss Facilities.

ARTICLE 6 GHGE CREDITS AND RELATED MATTERS

6.1 GHGE Credits

- (a) All GHGE Credits attributable to or arising from the Sequestering or use of CO₂ in the CO₂ Stream (including any use permitted by Section 4.1(d) subject to the requirements thereof) will belong to the entities comprising Seller in such proportions as they determine in their sole and absolute discretion. If, pursuant to any Applicable Law, including any Environmental Law, or Authorization, whether now existing or hereafter enacted or implemented, Buyer is entitled to any of such GHGE Credits, then Buyer will, to the extent possible without (in the opinion of MEGlobal in its sole discretion) impairing the value or utility of such GHGE Credits, assign or transfer such GHGE Credits to MEGlobal (as trustee for both MEGlobal and A&O) or as it directs. As between the entities comprising Seller, such GHGE Credits will be held by MEGlobal as trustee for both MEGlobal and A&O in such proportions as they determine in their sole and absolute discretion.
- (b) If an assignment or transfer of GHGE Credits as contemplated by Section 6.1(a) could reasonably be expected (in the opinion of MEGlobal in its sole discretion) to impair the value or utility thereof, Buyer will hold such GHGE Credits in trust as bare trustee for the entities comprising

Seller in such proportions as they determine in their sole and absolute discretion Seller to be dealt with as directed by MEGlobal.

- (c) Until such time as any GHGE Credits that are held in trust for the entities comprising Seller have been assigned or transferred to or to the order of MEGlobal (as trustee, as aforesaid), (i) if Buyer receives any notice, invoice, cheque or other communication related thereto, Buyer will promptly supply a copy thereof (or, in the case of a cheque, the original) to MEGlobal, and (ii) Buyer will carry out all instructions of MEGlobal with respect thereto, at MEGlobal's sole cost, risk and expense.
- (d) Buyer is not required to see the execution of the trust by MEGlobal for MEGlobal and A&O referred to in this Section 6.1 and will, in all things related to all GHGE Credits attributable to or arising from the Sequestration or use of CO₂ in the CO₂ Stream, deal only with (and will be protected in dealing only with) MEGlobal.

6.2 Mineral Royalty Relief

Any mineral (including petroleum, natural gas and related substances) royalty relief, production rate increases or other incentives attributable to or arising from the Sequestering or use of CO₂ in the CO₂ Stream will belong to Buyer and/or its Affiliates and/or its and their JV Partners.

6.3 Other Incentives or Credits

Any credits, allowances, relief or incentives other than GHGE Credits or mineral royalty relief, production rate increases or other incentives allocated under Section 6.1 or 6.2 that are attributable to or arise from the Sequestering or use of the CO₂ Stream will be shared by Buyer and Seller equally unless otherwise agreed by them.

6.4 Losses of Credits, etc. from Flaring or Venting

Without limiting Section 3.6 or 5.7(d), Buyer will compensate each entity comprising Seller for all Claims arising out of or in any way attributable to the failure of Buyer or any other Person taking any of the CO₂ Stream from Buyer or any intermediate holder to comply with Section 4.1.

6.5 Certain Procedural Matters

- (a) Except to the extent allocated to Buyer hereunder, the entities comprising Seller (in such proportions as they determine in their sole and absolute discretion) will be responsible for and bear the cost, risk and expense associated with any application, filing, hearing or other proceeding to obtain the benefit of GHGE Credits to which the entities comprising Seller are entitled under Section 6.1, and the creation, management and sale thereof, including costs associated with the quantification, verification, registration, sale and monitoring programs required for the entrance of GHGE Credits into any program or use thereof.
- (b) Buyer will be responsible for and bear the cost, risk and expense associated with any application, filing, hearing or other proceeding to obtain the benefit of mineral (including petroleum, natural gas and related substances) royalty relief, production rate increases or other incentives to which Buyer and/or its Affiliates and/or its or their JV Partners are entitled under Section 6.2 and the creation, management and sale thereof, including costs associated with the quantification,

verification, registration, sale and any monitoring programs required for the entrance of such credits, allowances, relief or incentives into any program or use thereof.

- (c) The Parties will jointly be responsible for and bear any costs, risks and expenses associated with any credits, allowances, relief or incentives that are to be shared under Section 6.3 in the same proportions as such credits, allowances, relief or incentives are to be shared and the creation, management and sale thereof, including costs associated with the quantification, verification, registration, sale and any monitoring programs required for the entrance of such credits, allowances, relief or incentives into any program or use thereof.
- (d) Buyer and Seller will, on request, cooperate with each other in connection with any application, filing, hearing or other proceeding to obtain the benefit of, and provide data to each other in connection with any program for the capture of, credits, allowances, relief, increases or incentives attributable to or arising from the Sequestering or use of the CO₂ Stream or any part thereof.
- (e) Buyer and Seller will from time to time on the request of the other provide the other information they may have with respect to credits, allowances, relief or incentives attributable to or arising from the Sequestering or use of CO₂ in the CO₂ Stream, including general market information and information with respect to compliance with applicable programs related thereto. Neither Party is obligated to provide the other information with respect to any specific contract or arrangement or any information that the Party considers confidential or proprietary.

ARTICLE 7 BILLING AND PAYMENT

7.1 Billing Period

The billing period hereunder shall be a Contract Month except that the billing period for take or pay payments under Section 5.9 is the Take or Pay Period.

7.2 Information and Invoicing

- (a) Seller will prepare and deliver a statement to Buyer for the CO₂ Stream sold and delivered by Seller during each Contract Month no later than the 15th day after the last day of the Contract Month and for any payments due as a result of Section 5.9 no later than the 90th day after the end of the Take or Pay Period to which such statement relates.
- (b) Buyer must pay Seller the amount specified in a statement delivered pursuant to Section 7.2(a). on or prior to the later of (i) the 25th day of the Contract Month in which the statement is delivered or (ii) 10 days after the date of the statement.
- (c) All amounts payable to Seller shall be paid by wire or electronic funds transfer to Seller's bank account as directed by Seller from time to time.
- (d) If it is determined within a period of 24 months following the end of any calendar year in which a measurement, allocation or test was conducted that, as a result of any inaccuracy in measuring, allocation or testing equipment, the quantity or quality measurement for any such period is in error, then the Party who is made aware of such error shall so advise the other Party forthwith following such determination and all records and billings for such period shall be recalculated.

accordingly using the price payable for the CO₂ in effect during the period in which the error occurred.

7.3 Verification and Disputes

- (a) Buyer has the right to require Seller to verify the accuracy of any statement, charge or computation made by Seller pursuant to this Agreement. If Buyer disputes any part of any such statement, charge or computation, it must forthwith deliver to Seller a notice of objection setting forth the basis on which the statement is disputed. Buyer must nevertheless pay to Seller the full amount due hereunder within the time and in the manner required by Section 7.2.
- (b) Seller will respond to questions by Buyer within 15 days of receipt of Buyer's questions. If Seller agrees that the questioned charge requires adjustment, such adjustment will be made by Seller within 30 days after such agreement to the adjustment or, if it is not reasonably feasible to make such adjustment within such time, then as soon thereafter as is reasonably feasible. If, in such case, adjustment cannot be made within 30 days, the response must include an anticipated date for adjustment. If Seller disagrees with the claim, a detailed response with the relevant explanation must be submitted to Buyer. Buyer must then submit a further response within 30 days of receipt of Seller's written disagreement.
- (c) Payment of invoiced amounts will not prejudice the rights of Buyer to protest or question the accuracy thereof, provided, however, that all invoices or other statements submitted by Seller related to a Contract Year will conclusively be deemed to be true and correct 26 months following the end of such Contract Year, except with respect to (i) any claim that prior to the expiry of such period has been made in writing by Buyer to Seller and (ii) claims that arise from an audit in respect of which the audit results have not been received within 24 months following the end of the Contract Year, in which case the time for making the claim will be extended to 2 months after receipt of the audit results.
- (d) Buyer or Seller must pay to the other any amount that is determined to be due to the other if an error is found on any statement or on the resolution of any dispute, together with interest as provided in Section 7.6.
- (e) All disputes affecting amounts payable or creditable hereunder that are not resolved by agreement within 30 days of presentation by Buyer of its further response under the last sentence of Section 7.3(b) may be submitted to billing arbitration under Article 8 by either Party providing a notice to that effect to the other.

7.4 Accounting Records

Buyer and Seller must maintain accounting records that are relevant to the amounts payable or creditable hereunder in accordance with this Agreement. Such records must be retained until the later of (i) the end of the period allowed to the other Party for audit hereunder or (ii) one year after the end of the period during which a corporation resident in Canada may (in the absence of allegations of fraud or evasion) be assessed or reassessed by applicable Taxation authorities in respect of amounts payable or receivable hereunder for a Contract Year. Each Party must maintain a system of internal controls to adequately safeguard its accounting records. Each Party will have access to the records of the other that are relevant to the amounts charged hereunder on reasonable notice and during normal business hours.

7.5 Audit Right

- (a) Buyer may cause the books, accounts and records of Seller relevant to any amounts payable or creditable under this Agreement for a Contract Year to be audited by an Independent Auditor appointed by Buyer and acceptable to Seller, such acceptance not to be unreasonably withheld or delayed, provided the Independent Auditor must prior to commencing the audit execute and deliver to Seller a confidentiality agreement acceptable to Seller acting reasonably. Any such audit must commence within 24 months following the end of the Contract Year.
- (b) Buyer must present written claims arising from any such audit to Seller by the later of (i) 2 months after receipt of the results following the completion of the audit fieldwork or (ii) 26 months following the end of the Contract Year to which the audit related. No claim may be presented or made unless made in writing within such period.
- (c) Seller must respond in writing to any claims of discrepancies as a result of an audit made by Buyer within 3 months of receipt of such claims. If Seller agrees with the claim, evidence of the adjustment must accompany the response. If adjustment cannot be made within 30 days, the response must include an anticipated date for adjustment. If Seller disagrees with the claim, a detailed response with the relevant explanation must be submitted to Buyer. Buyer must then submit a further response within 30 days of receipt of Seller's written disagreement.
- (d) All such claims to discrepancies affecting amounts payable or creditable hereunder that are not resolved by agreement within 30 days of Seller's response under Section 7.5(c) may be submitted to arbitration under Article 8 by either Party to the other.
- (e) Buyer must give reasonable notice to Seller of its intention to audit and must use all reasonable efforts to have all audits conducted so as to cause a minimum of inconvenience to Seller.
- (f) Buyer will in all events bear the cost of the audit.
- (g) The audit report must indicate all the items (whether they favour Seller or Buyer) that the Independent Auditor determines are inaccurate, the nature of the inaccuracies and the amount thereof, and must be given to Buyer and Seller.
- (h) No audit conducted by or on behalf of Buyer, and no failure by Buyer to exercise its right to conduct an audit under this Section 7.5, relieves Seller of any of its obligations under this Agreement or constitutes a waiver of any right of Buyer to dispute any amount payable or creditable under this Agreement provided the dispute or claim to discrepancies is made within the time permitted hereby.
- (i) Buyer or Seller must pay to the other any amount that is determined to be due to the other as a result of an audit, such amount will be paid promptly following determination, together with interest as provided in Section 7.6.

7.6 Late Payment

If Buyer fails to pay any amount when due, or if an amount previously invoiced or paid is determined to have been erroneous, then the amount owing shall bear interest calculated from the time when originally paid (in the case of overpayment) or the original date due (in the case of underpayment) until paid at the Interest Rate.

7.7 Sales and other Taxes

All amounts payable or deemed to be payable by Buyer hereunder are exclusive of, and Buyer will be liable for and will pay, all Sales Taxes properly payable on or in connection with the amount so payable.

ARTICLE 8 BILLING ARBITRATION

8.1 Matters for Billing Arbitration

- (a) Only disputes affecting amounts payable or creditable hereunder may be resolved in accordance with this Article 8.
- (b) Dispute resolution pursuant to this Article 8 will be final and binding on the Parties in respect of those matters properly submitted to arbitration hereunder.

8.2 Selection of Billing Arbitrator

If a Party provides the other Party with a notice to arbitrate a dispute pursuant to Section 7.3 or 7.5, it must name an Independent Auditor as a potential arbitrator (a "**Billing Arbitrator**") of the amount in dispute. Within 5 Business Days of receiving such notice, the non-initiating Party will advise the initiating Party if it accepts the proposed Billing Arbitrator and, if the non-initiating Party rejects such proposal, the non-initiating Party must name an Independent Auditor as an alternative Billing Arbitrator. The initiating Party must advise the non-initiating Party within 5 Business Days whether the suggested alternative Billing Arbitrator is acceptable to the initiating Party. If the alternative Billing Arbitrator is unacceptable to the initiating Party, the Billing Arbitrator proposed by the initiating Party and the Billing Arbitrator proposed by the non-initiating Party must, within 10 Business Days from receipt by the non-initiating Party of the initiating Party's rejection of its nominee, appoint a third Independent Auditor, to act as the Billing Arbitrator. If such accounting firms are unsuccessful in selecting a Billing Arbitrator, then upon written notice from either Party, a Billing Arbitrator is to be appointed by a Justice of the Court of Queen's Bench of Alberta. Unless both Parties agree, if the matters to be determined in the arbitration include matters that arise from an audit conducted under Section 7.5, the Billing Arbitrator may not be the same firm that conducted the audit.

8.3 Conduct of Billing Arbitration

Where a matter is subject to resolution by a Billing Arbitrator:

- (a) Seller and Buyer may establish the terms of reference of the arbitration by agreement in a manner consistent with the terms of this Agreement and the intention of the Parties as expressed in this Agreement and, failing such agreement, the Billing Arbitrator will establish the terms of reference necessary in order to determine the question or questions in dispute.
- (b) Seller and Buyer will be free to make submissions to the Billing Arbitrator and to provide the Billing Arbitrator with whatever documentation they believe is relevant. The Billing Arbitrator may ask questions and request and be entitled to inspect and receive documentation of the Parties. Documentation which a Party considers to be confidential and that is not already known to or in the possession of the other Party must not be provided to the other Party, but will be provided to one or more independent parties (which may include outside legal counsel) representing such

other Party in connection with the arbitration, pursuant to a confidentiality agreement acceptable to the disclosing Party, acting reasonably. The Billing Arbitrator will be required to sign a confidentiality agreement in a form acceptable to each of the Parties, acting reasonably. The proceedings of the Billing Arbitrator will be informal and directed at achieving a determination of the allocation of costs or other items in accordance with the terms and provisions of this Agreement.

- (c) The Billing Arbitrator must proceed immediately to hear and determine the question or questions in dispute. The decision of the Billing Arbitrator must be made within 45 Days after its appointment, subject to any reasonable delay due to unforeseen circumstances. Notwithstanding the foregoing, if the Billing Arbitrator fails to make a decision within 60 Days after its appointment, then either Seller or Buyer, provided it has timely provided all information and submissions required in the proceedings, may elect to have a new Billing Arbitrator chosen in like manner.
- (d) The decision of the Billing Arbitrator must be drawn up in writing and signed by the Billing Arbitrator and will be final and binding on the Parties as to any question or questions so submitted to the Billing Arbitrator and the Parties will be bound by any such decision and perform the terms and conditions thereof.
- (e) The Billing Arbitrator will select the place of the arbitration proceedings based on convenience to the Parties to the proceedings, the location of the relevant documentation, the location of witnesses and all other relevant considerations.
- (f) The Parties will do all acts and things and will execute all deeds and instruments necessary to give effect to any decision made by the Billing Arbitrator.
- (g) Save as herein expressly otherwise provided, the provisions of the *Arbitration Act* (Alberta) will apply to the arbitration, and whenever or wherever there is a conflict between the provisions of the *Arbitration Act* (Alberta) and this Agreement, the provisions of this Agreement will prevail.

8.4 Costs

Each of the Parties to the arbitration will bear its own costs and expenses incurred in connection with the proceedings. The costs of the arbitration proceedings (for clarity, including the fees and expenses of the Billing Arbitrator, of hearing premises, transcript preparation and otherwise) other than the Parties' own costs will be borne equally by the Parties unless the Billing Arbitrator determines otherwise.

8.5 Interest

Any amount determined by the Billing Arbitrator to be owing by one Party to the other will be paid forthwith upon the determination, together with interest as provided under Section 7.6.

ARTICLE 9
SPECIFICATIONS, TITLE AND MEASUREMENT

9.1 Specifications and Composition

- (a) Seller represents and warrants that the CO₂ Stream will meet the quality specifications set out in Schedule "A".
- (b) Buyer shall be entitled to refuse to accept delivery of the CO₂ Stream that does not meet the specifications of Schedule "A" without incurring any liability for such refusal; provided, however, that Buyer must act in a commercially reasonable manner in making its decision to reject such CO₂ Stream.
- (c) Where Buyer accepts or receives CO₂ Stream that does not meet the specifications of Schedule "A", Seller will have no responsibility or liability whatsoever for any damages (direct, indirect or consequential) or other Claims that Buyer or any Affiliates or its or their JV Partners may suffer, incur or sustain directly or indirectly arising from or attributable to such circumstances, including if such circumstances result directly or indirectly in a shutdown, slowdown, curtailment or operational change at the Buyer Installed On Site Equipment, the Oil Properties or other facilities of Buyer or any Affiliates or its or their JV Partners.
- (d) Upon determining that any of the CO₂ Stream tendered at the Point of Delivery does not meet the specifications required by Section 9.1(a), as indicated by on line analysis or otherwise, Seller or Buyer, as the case may be, shall immediately advise the other and the Parties shall attempt to resolve the matter on commercially reasonable terms, there being no obligation on the part of Buyer to accept the same; provided, however, that Buyer must act in a commercially reasonable manner in making its decision to reject such CO₂ Stream.
- (e) Buyer acknowledges that nothing contained in this Agreement will affect the manner in which the Prentiss Facilities are to be operated or imposes on Seller any obligations related to the operation of the Prentiss Facilities or either of them.

9.2 Title Warranty - Sold Products

- (a) Each entity comprising Seller represents and warrants that it has and will have good, valid and marketable title to the CO₂ Stream and all products contained therein to be delivered by it pursuant to this Agreement free and clear of any security interest, mortgage, pledge, lien, charge or encumbrance.
- (b) Seller will indemnify Buyer and save it harmless from all suits, actions, debts, accounts, damages, costs, losses and expenses arising from or out of any security interest, mortgage, pledge, lien, charge or encumbrance against the CO₂ Stream or the products contained therein or to royalties, taxes, levies, license fees or charges thereon, which are applicable up to the Point of Delivery; provided, however, that Seller's liability under such indemnity shall not exceed the price which would be payable for the affected CO₂ Stream hereunder.

9.3 No Warranty

Neither entity comprising Seller warrants that CO₂ Stream supplied by or for the account of Seller to or to the order of Buyer will place Buyer or any of its customers in conformance with any Applicable Laws.

9.4 Disclaimer of Warranties

The limited warranties contained in Section 9.1 and 9.2 are the sole warranties with respect to CO₂ Stream delivered by or on behalf of either entity comprising Seller hereunder.

9.5 Notice of Claims

All claims by Buyer in respect of CO₂ Stream delivered by or on behalf of Seller hereunder will be deemed waived unless made by Buyer within 60 days of receipt of the CO₂ Stream; provided that for any claim which is not readily discoverable within such 60 day period, such claims shall be deemed waived unless made by Buyer in writing and received by Seller within 180 days after receipt of the CO₂ Stream or within 30 days after Buyer learns or should have been reasonably aware of facts which should have given rise to such claim, whichever first occurs.

9.6 Measurement & Verification

- (a) The quantity and the composition of CO₂ Stream delivered hereunder will initially be computed using Buyer's CO₂ flow meter on the discharge side of the CO₂ Compressor and verified by Seller using its CO₂ production calculation from (i) in the case of P2, ethylene oxide production and efficiency analysis or (ii) in the case of P1, CO₂ analyzer and cycle gas flow meters. Any additional measuring or testing equipment, devices or materials required for the measurement of volumes of products and constituents thereof delivered by Seller hereunder shall be (A) installed by Buyer at the sole cost of Buyer, (B) maintained and operated by Buyer if outside the fence line for the Prentiss Facilities or by Seller if inside the fence, in each case at the sole cost of Buyer, and (C) comply with all Applicable Laws, including any applicable to any programs described in Section 6.5(a), (b) or (c).
- (b) The Parties will determine the calibration procedures and test methods for all measurement, testing and sampling equipment, devices and materials. In the event of a disagreement between the Parties on such matters that cannot be resolved within 30 days, either Party may, by notice, require the matter to be escalated to its senior management for discussion and, if not resolved at that level within a further 15 days, the dispute shall be referred to Arbitration pursuant to Article 14.
- (c) Each Party agrees to make available to the other on an ongoing basis that information and data and those records measuring the volumes of products and constituents delivered by Seller hereunder and purchased by Buyer. Buyer acknowledges that any of Seller's data regarding process operating parameters that Seller considers in its sole discretion to be confidential will only be made available to an Independent Auditor under Section 7.5 or Billing Arbitrator under Article 8.
- (d) If the quantities of CO₂ and other components contained in the CO₂ Stream that are captured and stored in a geological formation are determined for purposes of GHGE Credit programs by a third party independent of Buyer or any of its Affiliates, then the determination so made in accordance

with such program will be binding on Seller and will be made at the sole cost of Seller. Buyer agrees to allow the verifier to have access to its properties, facilities, records and information necessary to complete the verification process.

ARTICLE 10

GENERAL REPRESENTATIONS AND WARRANTIES

Each entity comprising Buyer and Seller represents and warrants to the other Party that:

10.1 Corporate Organization

It is a corporation duly organized and validly existing under the laws of its place of incorporation and is in good standing with respect to filing of annual corporate returns under the laws of its place of incorporation, has all requisite corporate capacity to execute and deliver this Agreement and perform its obligations hereunder and to own, lease and operate its assets and its business.

10.2 Authorization; Binding Effect

- (a) The execution and delivery of this Agreement and the consummation of the transactions contemplated hereby have been duly authorized by all requisite corporate proceedings.
- (b) This Agreement has been duly executed and delivered by it and constitutes its legal, valid and binding obligations, enforceable against it in accordance with its terms, subject to the qualifications that:
 - (i) such enforceability may be subject to bankruptcy, insolvency, moratorium, arrangement or other laws affecting creditors' rights and to general principles of equity (regardless of whether such enforceability is considered in a proceeding at equity or law); and
 - (ii) equitable remedies are discretionary and may not be available in any particular instance.

10.3 Consents and Approvals; No Violation

None of the execution or delivery hereof or performance of its obligations hereunder or the consummation of the transactions contemplated hereby will, and the fulfilment and compliance with the terms and conditions by it and the consummation of the transactions contemplated hereby will not:

- (a) conflict with or require the consent or waiver of rights of any Person under the terms, conditions or provisions of its constituting documents, by-laws or resolutions of directors or shareholders, except those that have been obtained;
- (b) violate any provision of, or require any Authorization or approval or declaration or filing with or notice to any Government Authority by it under, any Applicable Law;
- (c) conflict with, result in a breach of, constitute a default under (whether with notice or the lapse of time or both), or accelerate or permit the acceleration of the performance required by, or terminate or make terminable at the option of any other party to, or require any consent, authorization or approval that has not been obtained under, any indenture, mortgage, lien, lease, agreement or instrument to which it is a party or by which it is bound or to which its assets or properties is subject; or

- (d) result in the creation or enforceability of any security interest, lien, claim or encumbrance upon any of its assets,

which violation, conflict, breach or default would reasonably be expected to impair its ability to perform its obligations hereunder.

10.4 Insolvency

No Insolvency Event has occurred with respect to it and, to its knowledge, no proceedings related to an Insolvency Event have been commenced or are pending with respect to it.

10.5 Litigation

There are no (i) judgments, orders, decrees or injunctions or (ii) proceedings pending or, to its knowledge, threatened that have a reasonable likelihood of success and, that (in the case of either (i) or (ii)) would reasonably be expected to impair its ability to perform its obligations hereunder.

10.6 No Default

It is not in default under and no condition exists that with notice or lapse of time or both would constitute a default by it under:

- (a) any contract, agreement, deed, instrument or document to which it is a party or by which it or any of its properties is bound;
- (b) any Applicable Law; or
- (c) any Authorization,

that would reasonably be expected to affect its ability to perform its obligations hereunder.

10.7 Disclaimer

- (a) Except as and to the extent set forth in this Agreement, neither Party makes any representations or warranties whatsoever in connection with or in relation to this Agreement or the transactions contemplated hereby.
- (b) Each Party acknowledges that it has made its own independent investigations, analyses, evaluations and verifications of all matters related to this Agreement and the transactions contemplated hereby, provided that the foregoing will not limit or diminish the obligations and liabilities, nor the rights and remedies of the Parties under this Agreement.

ARTICLE 11 FORCE MAJEURE

11.1 Force Majeure Excuses Performance

If either Party fails to observe or perform any of the covenants or obligations imposed upon it by this Agreement and such failure is occasioned by or in consequence of Force Majeure, such failure will be excused and deemed not to be a breach of such covenants or obligations. No Force Majeure relieves a Party of its obligation to pay any amounts.

11.2 Certain Disentitling Events

Neither Party is entitled to the benefits of this Article 11 to the extent:

- (a) the failure to observe or perform any of the covenants or obligations hereunder imposed upon it was caused by the Party claiming such benefits failing to act in a reasonable and prudent manner under the circumstances;
- (b) the failure to observe or perform any of the covenants or obligations herein imposed upon it was caused by the Party claiming such benefits having failed to remedy the condition and to resume the performance of such covenants or obligations with reasonable dispatch; or
- (c) the Party claiming such benefits has failed to give to the other Party notice to the effect that such Party is unable by reason of Force Majeure (the nature whereof shall be therein specified) to perform the particular covenants or obligations as soon as is reasonably feasible after determining that the occurrence was of the nature of Force Majeure.

11.3 Notice of Remedy

The Party claiming benefits of the provisions of this Article 11 must likewise give prompt notice after the Force Majeure condition is remedied to the effect that the same has been remedied.

11.4 Settlement of Labour Disputes

Notwithstanding anything to the contrary in this Article 11 expressed or implied, the settlement of strikes, lockouts and other industrial disturbances shall be entirely within the discretion of the particular Party involved therein and such Party may make settlement thereof in such time and on such terms and conditions as it may deem to be advisable and no delay in making such settlement deprives such Party of the benefits of the provisions of this Article 11.

ARTICLE 12 TERM AND TERMINATION

12.1 Term

The term of this Agreement shall commence on the date hereof and continue until the expiry of the 15th Contract Year (the "**Initial Term**") and shall be automatically extended thereafter for successive periods of 1 Contract Year (each such period a "**Contract Extension**") unless terminated by notice given by either Party to the other at least 2 years prior to the expiry of the Initial Term or applicable Contract Extension.

12.2 Termination

In addition to the rights to terminate under Section 12.5, this Agreement may be terminated at any time:

- (a) by the written agreement of Buyer and Seller;
- (b) by Seller as contemplated by Section 3.5(c);

- (c) by Seller on notice effective immediately if Buyer fails to pay any amount and such failure continues for a period exceeding 45 days after notice of non-payment;
- (d) by either MEGlobal as this Agreement pertains to MEGlobal and P1 or by A&O as this Agreement pertains to A&O and P2, on notice to be effective immediately if Buyer is in breach of a material obligation hereunder and such breach continues for 90 days after notice requiring Buyer to remedy the default;
- (e) by Buyer as this Agreement pertains to MEGlobal and P1 or as this Agreement pertains to A&O and P2, if MEGlobal or A&O, as applicable, is in breach of a material obligation hereunder and such breach continues for 90 days after notice requiring MEGlobal or A&O, as applicable, to remedy the default;
- (f) by either MEGlobal as this Agreement pertains to MEGlobal and P1 or by A&O as this Agreement pertains to A&O and P2, on notice to be effective immediately if an **Insolvency Event** has occurred with respect to Buyer; or
- (g) by Buyer as this Agreement pertains to either MEGlobal and P1 or as this Agreement pertains to A&O and P2, respectively, on notice to be effective immediately if any Insolvency Event has occurred with respect to MEGlobal or A&O, as applicable.

12.3 Consequences of Termination Under Section 12.2

Upon the termination of this Agreement under Section 12.2, and without limiting any other rights or remedies of the Parties as a result of the termination or the circumstances entitling a Party to terminate, all liabilities and obligations of the Parties accrued to and including the date of termination must be fully satisfied or discharged.

12.4 Set Off

Each Party reserves to itself all rights, set offs, counterclaims and other remedies and defences which such Party is or may be entitled to arising from or out of this Agreement. All obligations to make payment under the terms of this Agreement may be offset against each other.

12.5 Permanent Shutdown

- (a) MEGlobal is entitled to terminate this Agreement as it relates to MEGlobal and P1 and the related CO₂ Stream and A&O is entitled to terminate this Agreement as it pertains to A&O and P2 and the related CO₂ Stream, as applicable, if the terminating entity desires to permanently shutdown P1 or P2, as applicable.
- (b) Buyer shall be entitled to terminate this Agreement if Buyer desires to permanently shutdown the CO₂ System and Buyer and each of its Affiliates and its and their JV Partners are permanently shutting in or permanently suspending CO₂ injection or use at or in connection with all Oil Properties and other properties where they are permitted to use CO₂ delivered hereunder.
- (c) If a Party wishes to exercise its right of termination under Section 12.5(a) or (b), such Party shall provide at least 1 year's prior written notice of such election and shall specify the actual date of shutdown of the relevant facility. This Agreement shall terminate on the actual shutdown date.

- (d) In the event of termination under Section (c), if the Party terminating this Agreement, or any Affiliate of such Party thereafter within a period of three (3) years from such date of termination, resumes commercial operations at the applicable facilities or properties, then the Party who did not request termination of this Agreement shall be entitled upon notice to require the other Party to enter into an agreement on identical terms as are contained herein for the balance of the Term hereof had this Agreement not expired.

12.6 Consequences of Termination Under Section 12.5

Upon termination of this Agreement under Section 12.5, (i) all liabilities and obligations of the Parties accrued to and including the date of termination must be fully satisfied or discharged; and (ii) neither Party will be liable to the other under this Agreement for matters occurring or accruing after the date of termination.

ARTICLE 13 MISCELLANEOUS

13.1 Method of Notice

Every notice, statement, advice, request, demand, consent or other communication (each, a "**Communication**") under this Agreement must be in writing in the English language and must be sent by courier or telefax, as to each Party, to it at its address set forth on Schedule "C" or at such other address as is designated by it in a written notice to the other Party. Except as provided in this Section 13.1, all Communications will be deemed to have been given when delivered (in the case of courier delivery) or sent (in the case of telefax delivery). Any Communication delivered or sent on a day other than a Business Day, or after 3:00 p.m. at the intended point of receipt on a Business Day, will be deemed to have been given on the next Business Day. Until such notice of change of address has been given in the manner provided in this Section, Communications shall be addressed as set forth on Schedule "C".

13.2 Further Assurances

Each Party to this Agreement and its permitted successors and assigns shall do all such further acts and execute, acknowledge or verify and deliver any and all documents which from time to time may be reasonably requested by any other Party to this Agreement to carry out the purposes and intent of this Agreement.

13.3 Waiver

- (a) No failure on the part of any Party in exercising any right or remedy hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or remedy preclude any further or other exercise thereof, and no failure on the part of a Party to complain of any act or failure to act of another Party or to declare another Party in default, irrespective of how long such failure continues, shall constitute a waiver by such first mentioned Party of its rights hereunder.
- (b) No waiver of any provision of this Agreement, including this Section, shall be effective otherwise than by an instrument in writing dated subsequent to the date hereof executed by the Party entitled to give such waiver or its duly authorized representatives.
- (c) No consent or waiver, express or implied, by a Party to or of any breach or default by the other Party in the performance of such other Party of its obligations hereunder shall be deemed or

construed to be a consent or waiver to or of any other breach or default in the performance by such other Party of the same or any other obligations of such other Party hereunder.

13.4 Amendments

No variation or amendment of any provision of this Agreement, including this Section, shall be effective otherwise than by an instrument in writing dated subsequent to the date hereof executed by the Parties hereto.

13.5 No Joint Venture or Partnership

- (a) Neither Party shall by virtue of this Agreement in any way or for any purpose be or become a partner or agent of the other Party in the conduct of any business or otherwise or become a member of a joint venture or joint enterprise with the other Party.
- (b) Nothing in this Agreement confers on any Party any agency or attorney status to act on behalf of or bind the other Party.
- (c) Neither Party shall by virtue of this Agreement in any way or for any purpose incur fiduciary or similar obligations to the other Party.

13.6 Rights of Parties Independent

The rights available to the Parties under this Agreement and at law shall be deemed to be several and not dependent on each other and each such right accordingly shall be construed as complete in itself and not by reference to any other such right. Any one or more and/or any combination of such rights may be exercised by a Party from time to time and no such exercise shall exhaust the rights or preclude the other Party from exercising any one or more of such rights or combination thereof from time to time thereafter or simultaneously.

13.7 Time of Essence

Time is and shall continue to be of the essence in this Agreement.

13.8 Governing Law; Attornment; Waiver of Jury Trial and Immunity

- (a) This Agreement (and any dispute, controversy, proceedings or Claim of whatever nature arising out of or in any way relating to this Agreement or its formation) will be governed by and construed in accordance with Alberta law. There will be no application of any conflict of laws rules inconsistent with this Section 13.8(a).
- (b) Each Party does hereby:
 - (i) submit and attorn to the non-exclusive jurisdiction of the Alberta courts to hear and decide any action, suit or proceeding ("**Proceedings**") arising out of or in connection with this Agreement, or its formation, or any of the transactions contemplated hereby or legal relationship established thereby, and for the purpose of enforcement of any judgment against its respective assets, save that this submission shall not affect the right of any Party to take Proceedings in any court or courts having jurisdiction to the extent permitted by law nor shall the taking of Proceedings in any one or more jurisdictions

preclude the taking of Proceedings in any other jurisdiction (whether concurrently or not) if any to the extent permitted by law;

- (ii) waive all right to object to jurisdiction or execution in any Proceedings in such courts arising out of or in connection with this Agreement or its formation or the transactions contemplated hereby or legal relationship established thereby which they may now or hereafter have by reason of domicile or otherwise;
- (iii) waive and agree not to plead or claim that any Proceedings in such Courts has been brought in an inappropriate forum;
- (iv) waive to the extent permitted by law, any right they may have to, or to apply for, trial by jury in connection with any Proceedings arising out of or in connection with this Agreement or its formation or any of the transactions contemplated hereby or legal relationship established thereby; and
- (v) waive any right to immunity it may have or be entitled to in respect of jurisdiction or the enforcement of any award or judgment from Proceedings arising out of or in connection with this Agreement or its formation or any of the transactions contemplated hereby or legal relationship established thereby.

13.9 Severability

If any provision of this Agreement or portion thereof, or the application thereof to any Person or circumstances shall, to any extent, be invalid or unenforceable in any jurisdiction, the remainder of this Agreement or the application of such provision or portion thereof to any other Person or circumstances or in any other jurisdiction shall not be affected thereby and each provision of this Agreement shall be valid and enforceable to the fullest extent permitted by law.

13.10 Third Party Rights

Except as herein provided, this Agreement is not intended to and does not create any rights in favour of any Person other than the Parties hereto who hold such rights and they have not indicated and will not indicate to the contrary to any Person.

13.11 Enurement

This Agreement shall be binding upon, enure to the benefit of and be enforceable by and against the respective successors and permitted assigns of each Party to this Agreement.

13.12 Assignment

Neither this Agreement nor any of the rights and obligations hereunder shall be assignable by either Party without the prior written consent of the other Party, which consent may not be unreasonably withheld; provided, however, that a Party may assign this Agreement and the rights hereunder to:

- (a) an Affiliate thereof provided that no such assignment shall release the assigning Party from the performance of its obligations hereunder;

- (b) a lender or other creditor of the Party by way of security, provided that such lender or other creditor agrees to be bound by the terms of this Agreement;
- (c) in the circumstances of a bona fide disposition by an entity comprising Seller of its entire interest in P1 or P2, as applicable, to the acquiring Person;
- (d) in the circumstances of a bona fide disposition by Buyer of its entire interest in the CO₂ System, Downstream Equipment and the Ground Lease and by Buyer and each of its Affiliates of all Oil Properties to a single acquiror, to the acquiring Person,

provided however that

- (e) in the circumstances described in Section 13.12(c) and (d), the non-assigning Party is satisfied, acting reasonably, with the financial capability, creditworthiness, business reputation and operating practices of the proposed assignee, both current and historical; and
- (f) in the case of Section 13.12(d), Buyer must assign its interest in the Ground Lease to the acquiring Person.

13.13 Confidential Information

The Parties shall treat as confidential and not communicate to others the contents of this Agreement, the Ground Lease and all matters (other than those which are available to the public otherwise than through an act of the Parties) affecting the construction, ownership or operation of any facilities required by or related to the transactions contemplated by this Agreement or the Ground Lease, or affecting delivery, receipt, sale or purchase of the CO₂ Stream under this Agreement, or related to the performance by the Parties of their respective obligations hereunder other than (i) disclosure which is required to be made pursuant to Applicable Laws, including Environmental Laws or Authorizations, including in connection with applications or other proceedings to obtain or retain credits, allowances, relief or incentives; (ii) by the direction of any Government Authority having jurisdiction; (iii) in the case of either entity comprising Seller, DCCI or their Affiliates, announcements of the Sequestering or transfer of CO₂ contained in the CO₂ Stream provided the commercial terms hereof and the identity of Buyer are not made public; (iv) to any of its directors, officers, employees, agents or consultants who have a need to know the terms hereof provided that prior to such disclosure the recipient agrees with Seller to be bound by the confidentiality requirements of this Agreement; or (v) in the case of Buyer, to its Affiliates or any of its or their JV Partners who have a need to know the information provided that prior to such disclosure the recipient agrees with Buyer to be bound by the confidentiality requirements of this Agreement.

13.14 Entire Agreement

This Agreement constitutes the entire agreement between the parties relating to, and there are no collateral or other statements, understandings, covenants, agreements, representations or warranties, written or oral, relating to, the subject matter hereof, including the letter of intent dated May 21, 2004 as amended and the Confidentiality Agreement dated June 26, 2003. This Agreement supersedes all prior agreements, understandings, negotiations and discussions, whether oral or written, between the parties or their predecessors relating to the subject-matter of this Agreement. This Section 13.14 does not derogate from or otherwise affect the obligations of the parties under any agreement, document or instrument executed and delivered pursuant hereto or in implementation of the transactions contemplated hereby or thereby.

13.15 Supplemental Documents and Actions

The Parties shall execute and cause to be executed all reasonable documents requested by the other Party and do those other reasonable things reasonably necessary to allow the other Party to retain its benefits under this Agreement.

**ARTICLE 14
ARBITRATION**

14.1 Reference to Arbitration

Any dispute or need of interpretation arising out of this Agreement which the parties have agreed hereunder shall be resolved by arbitration, and any other matters that the Parties mutually agree to resolve by way of arbitration, shall be submitted to binding arbitration by one arbitrator with over fifteen years of diverse professional experience in various segments of the Canadian petroleum and/or chemical industry and who has not previously been employed by any Party, and does not have a direct or indirect interest in any Party or the subject matter of the arbitration. Such arbitrator shall either be as mutually agreed by the Parties within thirty (30) Days after written notice from either Party requesting arbitration, or failing agreement with such time period, shall be selected under the rules of the *Arbitration Act* (Alberta). Such arbitration shall be held in Calgary, Alberta.

14.2 Arbitration Procedure

Either Party may initiate arbitration by written notice to the other Party and the arbitration shall be conducted according to the following:

- (a) not later than 7 Days prior to the hearing date set by the arbitrator, pursuant to Section 14.2(b), both Parties will submit a brief with a single dollar figure for settlement of the dispute in respect of disputes related to financial matters wherein the figures submitted need not be the figures offered during prior negotiations and on all other disputes a statement of the Party's position in respect of the matter in dispute;
- (b) the hearing will be scheduled to commence within 7 Days following submission of the settlement figures or the Party's position statement of matters in dispute, or as soon thereafter as is acceptable to the arbitrator, and shall be conducted on a confidential basis without continuance or adjournment;
- (c) the arbitrator shall render his decision within 3 Business Days after the hearing, unless the Parties reach agreement prior thereto and withdraw the dispute from arbitration;
- (d) in disputes involving financial matters, the arbitrator shall be limited to selecting only one or the other of the two figures submitted by the Parties;
- (e) the arbitrator shall provide to the Parties explanations in writing of the reasons for the selection;
- (f) there shall be no release by the arbitrator of any information concerning the arbitration decision to anyone except the Parties;
- (g) each Party shall divide equally the cost of the hearing, and each shall be responsible for its own expenses and those of its counsel or other representatives;

Final

- (h) any evidence not prohibited by the arbitrator may be presented at the discretion of the Parties and it is the arbitrator's duty to assign such weight to the evidence as shall appear appropriate under the circumstances; and
- (i) evidence concerning the financial position or corporate make up of the Parties, any offers made or the details of any negotiation prior to arbitration, the cost to the Parties of their representatives, lawyers and advisors shall not be permitted.

14.3 Rules

The rules of the Arbitration Act (Alberta) shall apply to the extent not inconsistent with the rules specified above.

ARTICLE 15 EXECUTION

15.1 Counterparts and Formal Date

This Agreement may be executed in counterparts, each of which when so executed shall be deemed to be an original and such counterparts together shall constitute one and the same instrument and, notwithstanding the date of execution, shall be deemed to bear date as of the date written at the beginning of this Agreement.

15.2 Execution

In witness whereof the Parties hereto have executed this Agreement as of the day and year first above written.

MEGLOCAL CANADA INC.

GLENCOE RESOURCES LTD.

By: Daniel C. Smith
Its: PRESIDENT & CEO

By: Shirley Howard
President & CEO
Its: VP Production

ALBERTA & ORIENT GLYCOL
COMPANY LIMITED

DOW CHEMICAL CANADA INC.

By: Daniel C. Smith
Its: PRESIDENT

By: Randy R. Rasmussen
Its: _____

SCHEDULE "A"

CO₂ STREAM SPECIFICATIONS

<u>Parameter</u>	<u>P2 Stream Specification</u>	<u>P1 Stream Specification</u>
Temp (C)	100 – 120 (pressure dependent)	90 – 110 (pressure dependent)
Flow rate of CO ₂ (kg/s)	2.5 - 4.5 at steady state	3 – 6 at steady state
Pressure at column top (kPaG)	65 – 105	70 (estimated maximum, not to be relied on)

<u>Primary Constituents</u>	<u>mol %</u>	<u>mol %</u>
Water	70 - 90	60 – 80
CO ₂	10 - 30	15 – 35
Total Hydrocarbons (as CH ₄) %	< 1.0	< 1.0
Oxygen	< 0.01	< 0.01

<u>Trace Components</u>	<u>mol%</u>	<u>mol%</u>
Methane	< 1.0	< 1.0
Ethylene	< 1.0	< 1.0
Ethane	< 0.1	< 0.1
Propane	< 0.001	< 0.001
Butane	< 0.001	< 0.001
Total aldehydes (as CH ₂ O)	< 0.01	< 0.01
1,4-Dioxane	< 0.001	< 0.001
N ₂	< 1.0	< 1.0
Ethylene Oxide	<0.01	<0.01

SCHEDULE "B"**CO₂ STREAM PRICES**

The price payable by Buyer to Seller for the CO₂ Stream delivered and received by Buyer pursuant to this Agreement shall be calculated in accordance with the following provisions.

<u>Pricing on a Dry CO₂ basis</u>	<u>Per Tonne</u>	<u>Per mmscf</u>
First 4 Contract Years	\$2.00	\$105.4
Next 3 Contract Years	\$5.00	\$263.5
Next 3 Contract Years	\$7.50	\$395.25
Next 5 Contract Years	\$10.0	\$527

Sample Cash Flows for Illustration Purposes only:

3.6 10 ³ mmscf	x \$105.4 x 4 Contract Years	\$1,517,760
3.6 10 ³ mmscf	x \$263.5 x 3 Contract Years	\$2,845,800
3.6 10 ³ mmscf	x \$395.25 x 3 Contract Years	\$4,268,700
3.6 10 ³ mmscf	x \$527 x 5 Contract Years	\$9,486,000

Average \$336 per mmscf

SCHEDULE "C"

NOTICES

Seller:

ALBERTA & ORIENT GLYCOL COMPANY LIMITED
and/or MEGLOBAL CANADA INC.
(other than operational billings):

MEGlobal Canada Inc.
2200, 250 – 6th Avenue S.W.
Calgary, Alberta
Attention: President
Fax: (403) 267-3503

with a copy to:

MEGlobal Limited
54 Pall Mall
London SW 1Y 5JH
Attention: General Counsel
Fax: 011 44 207 451 4843

Operational Notices to:

Box 5501
Red Deer, Alberta T4N 6N1
Attention: Manufacturing Director
Fax: (403) 885-7270

Billings:

MEGlobal Customer Service
2020 Dow Center, Midland, MI 48674
Phone: (888) 610-9048

Buyer:

GLENCOE RESOURCES LTD.
1950, 633 6th Avenue S.W.
Calgary, Alberta T2P 2Y5
Attention: Vice President, Operations
Fax: (403) 269-6604

SCHEDULE "D"

GROUND LEASE

**relating to the demise of certain lands adjacent to the Prentiss Site
by MEGlobal Canada Inc.
to Glencoe Resources Ltd.**

**MEGLOCAL CANADA INC.
(as Lessor)**

and

**GLENCOE RESOURCES LTD.
(as Lessee)**

Dated as of February 1, 2005

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GROUND LEASE

This GROUND LEASE ("**Lease**") is made and entered into as of February 1, 2005 between MEGlobal Canada Inc., a body corporate having an office in Calgary, Alberta ("**Lessor**") and Glencoe Resources Ltd., a body corporate having an office in Calgary, Alberta (the "**Lessee**").

Recitals:

- A. Lessor has agreed to lease the Leased Lands to Lessee and Lessee has agreed to accept such lease.
- B. The Parties desire to enter into this Lease to set forth their respective rights and obligations in connection with the lease of the Leased Lands.

The Parties hereby agree as follows:

ARTICLE 1 INTERPRETATION

1.1 Rules of Interpretation; Definitions

In this Lease, including the Recitals and any Schedules attached hereto, unless a clear contrary intention appears, terms and expressions that are defined in the CO₂ Agreement will have the meanings therein ascribed to them and in addition:

- (a) "**Base Rent**" has the meaning set forth in Section 4.1.
- (b) "**Buyer Responsible Equipment**" means, collectively, (i) the Improvements and (ii) the following equipment and facilities located on the Prentiss Site: the Buyer Installed On Site Equipment and the CO₂ Collection Equipment.
- (c) "**CO₂ Agreement**" means the Prentiss CO₂ Stream Purchase and Sale Agreement dated as of December 1, 2004 between Alberta & Orient Glycol Company Limited and Lessor (collectively as Seller) and Lessee (as Buyer) to which the form of this Lease is attached as Schedule "D".
- (d) "**Commencement Date**" means February 1, 2005.
- (e) "**Event of Default**" has the meaning set forth in Section 10.1.
- (f) "**Expiry Date**" means the first date that the CO₂ Agreement has been terminated as to both P1 and P2.
- (g) "**Improvements**" means any tangible property, fixtures, buildings, machinery, building equipment, structures, improvements and property of every kind or nature constructed by or at the expense of Lessee or its permitted assignees, sublessees or invitees that are at any time and from time to time located on or under the Leased Lands, including, to the extent they are located on or under the Leased Lands, the Buyer Installed Offsite CO₂ Pipeline, the CO₂ Compressor and any Downstream Equipment.
- (h) "**Leased Lands**" means those portions of the N.W. ¼ and the S.W. ¼ of section 30, township 39, range 25 W4M that are denoted as "Plant Site" and cross-hatched on the Individual Ownership Plans attached as Schedule "A" hereto.

- (i) **"Lessee EH&S Requirements"** means, collectively, (i) Lessee's environmental, health and safety and construction rules and regulations promulgated by Lessee from time to time for the Leased Lands provided that such rules and regulations are not less stringent than the Lessor EH&S Requirements; and (ii) the safety requirements and reasonable safety recommendations of insurance carriers providing insurance coverage in respect of the Leased Lands or Improvements to Lessee
- (j) **"Lessor EH&S Requirements"** means Lessor's environmental, health, safety and construction rules and regulations for the Prentiss Site promulgated by Lessor from time to time for the Prentiss Site.
- (k) **"Lessor Responsible Contamination"** has the meaning set forth in Section 6.3(b).
- (l) **"Parties"** means Lessor and Lessee; and **"Party"** means either one of them.
- (m) **"Permitted Encumbrances"** means the following and only the following liens, claims, interests, charges and encumbrances:
 - (i) liens for Taxes, assessments or governmental charges, and statutory liens, deemed trusts and other Security Interests in favour of a Government Authority arising by statute or operation of law and which relate to or secure obligations, in each case not at the time due and delinquent;
 - (ii) undetermined or inchoate liens and charges incidental to construction or current operations which have not been filed pursuant to Applicable Law against the land or which relate to obligations not due or delinquent;
 - (iii) easements, rights-of-way, servitudes or other similar rights in land (including, rights-of-way and servitudes for railways, sewers, drains, gas and oil pipelines, gas and water mains, electric light and power and telephone or telegraph or cable television conduits, poles, wires and cables and hunting and trapping lines) granted to or reserved or taken by other Persons which individually and in the aggregate do not materially detract from the value of the land or materially impair the use of a material part of the land;
 - (iv) any easements or rights-of-way in favour of Dow Chemical Canada Inc. or A&O;
 - (v) security given to a public utility or any Government Authority when required by such utility or Government Authority, which individually and in the aggregate do not materially detract from the value of the land;
 - (vi) reservations, limitations, conditions, exceptions and provisos in any original grants from the Crown or other Government Authority and any land or interests therein and those imposed or implied by law including the implied conditions, reservations and exceptions pursuant to sections 61(1)(a), [(c),] (e) and (f) and section 61(2) and 62 of the *Land Titles Act* (Alberta);
 - (vii) the registrations on title to the Prentiss Site or the Leased Lands, as applicable, at the date hereof;
 - (viii) in the case of Lessee, any Security Interest over the Improvements that are not fixtures provided that the lender, lessor, security trustee, collateral agent or other Person entitled

to enforce the Security Interest has acknowledged in favour of Lessor in terms satisfactory to Lessor, acting reasonably, that (A) it has no rights, remedies or recourse against or in respect of the Leased Lands, Lessee's interests in the Leased Lands, the Improvements that are fixtures or the Prentiss Site or any property, plant or equipment on or under the Prentiss Site, (B) prior to any exercise of rights, remedies or recourse against Lessee or the Improvements subject to such Security Interest involving the dismantling, disconnection nor removal of such Improvements or any of them, the obligations of Lessee under Section 11.2 must be satisfied in full, (C) the Improvements subject to such Security Interest are subject to Lessor's right under Section 11.2(b) and (D) any sale, transfer or other disposition of the Improvements subject to such Security Interest whether under a power of sole or pursuant to any document, agreement or instrument (including a security agreement, debenture or trust deed) or pursuant to an order of court may only be effected in accordance with Section 9.1; and

- (ix) any extension, renewal or replacement (or successive extensions, renewals or replacements) as a whole or in part, of any Security Interest or right referred to in the preceding subparagraphs (i) to (viii) inclusive of this definition, so long as any such extension, renewal or replacement of such Security Interest or right is limited to all or any part of the same property that secured the Security Interest or right extended, renewed or replaced (plus improvements on such property) and the indebtedness or obligation secured thereby is not increased.
- (n) **"Permitted Uses"** has the meaning set forth in Section 5.1.
- (o) **"Prentiss Site"** means the S.W. ¼ of section 30, township 39, range 25 W4M and the portion of the NW ¼ of section 30, township 39, range 25 W4M that circumscribes the Leased Lands on such quarter section, in each case other than the Leased Lands.
- (p) **"Property Taxes"** means all levies, rates, charges and assessments imposed or charged from time to time by the appropriate Governmental Authority having jurisdiction relating to the lands which comprise the Prentiss Site, the Leased Lands and fixtures and improvements located thereon from time to time including all real estate taxes, school taxes, assessments, water and sewer rates and charges, license and permit fees and other governmental levies and charges, general and special, ordinary and extraordinary, of any kind or nature.
- (q) **"Rent"** means the Base Rent and, except as otherwise provided herein, any other payments due from the Lessee to Lessor under this Lease.
- (r) **"Safety Requirements"** means, collectively, the Lessee EH&S Requirements and the Lessor EH&S Requirements.
- (s) **"Security Interest"** means any security interest, mortgage, pledge, hypothecation, assignment by way of security, charge or deposit arrangement, encumbrance or lien (statutory or other) and any right in or to any property securing or intended to secure payment or performance of an obligation including any statutory trust (actual or deemed) intended as a security or collection device, lease intended as a security device or deemed to be a security interest, preferred claim, prior claim or preferential arrangement of any kind or nature whatsoever in respect of any property.
- (t) **"Term"** means the term of this Lease, as set forth in Section 3.1.

1.2 Interpretation

- (a) Unless a clear contrary intention appears, the rules of interpretation set forth in section 1.2 of the CO₂ Agreement will apply to this Lease, with references therein to "this Agreement" read as references to "this Lease" and references to any Article, Section, Schedule or other part being references to the specified Article, Section, Schedule or other part of this Lease.
- (b) In the event of conflict between the terms of the CO₂ Agreement and the terms of this Lease, the terms of the CO₂ Agreement will prevail to the extent of the conflict.

1.3 Attachments

All attachments hereto are by this reference incorporated into and are part of this Lease as fully as though contained in the body of this Lease; provided that wherever any provision of any attachment to this Lease conflicts with any provision in the body of this Lease, the provisions of the body of this Lease will prevail. References in any attachment to the Lease shall mean a reference to this Lease inclusive of all of its attachments. References in any attachment to another attachment shall mean a reference to an attachment to this Lease.

The attachments to this Lease are:

Schedule "A" – Leased Lands

Schedule "B" – Notices

ARTICLE 2 LEASE; QUIET ENJOYMENT

2.1 Ground Lease

Lessor, being the registered and beneficial owner of an estate in fee simple of the S.W. ¼ of section 30, township 29, range 25 W4M and being the beneficial owner of an estate in fee simple and entitled to become the registered owner of an estate in fee simple of that portion of the NW ¼ of section 30, township 39, range 25 W4M that circumscribes the portion of the Leased Lands on such quarter section, subject only to registered encumbrances, liens and interests, if any, in the Leased Lands, and to Permitted Encumbrances, does hereby lease to Lessee the Leased Lands, to be held by Lessee as tenant, for the term and at the rental set forth herein, all upon and subject to the terms and conditions set forth herein.

2.2 Acceptance

Lessee hereby accepts the lease of the Leased Lands upon and subject to the terms and conditions set forth herein.

2.3 Quiet Enjoyment

Lessee shall, when not in default hereunder, enjoy the peaceful and quiet use, possession and enjoyment of the Leased Lands without hindrance or disturbance by Lessor or any Persons claiming by, through or under Lessor except as expressly permitted by the terms hereof or by Applicable Law.

ARTICLE 3 TERM OF LEASE

3.1 Term

Subject to termination in the events and on the terms set out herein, the Term commences on the Commencement Date and expires on the Expiry Date provided that upon expiry of the Term or termination of this Lease (including if Lessee terminates the CO₂ Agreement pursuant to Section 12.5(b) thereof), Lessee must comply with its obligations under Section 11.2.

3.2 Holding Over

Should Lessee hold over after the expiry or termination of this Lease, with or without the express consent of Lessor, the resulting tenancy will be a monthly tenancy at a monthly rental rate payable in advance equal to fair market rent, but otherwise on the terms and conditions provided in this Lease.

3.3 Discharge of Public Filings On Termination

If the Term expires or this Lease terminates:

- (a) Lessee will file or record such discharges of this Lease or any caveat filed in respect hereof in the land titles office and any other documents, memoranda, notices or statements in respect hereof filed or entered in any public records or files as are necessary to give effective public notice of the expiration or termination of this Lease; and
- (b) all right, title and interest of Lessee and each Person claiming or to claim by, through or under Lessee, including any mortgagee (there being no permission hereby given for Lessee to mortgage the Leased Lands or its interest therein), in or to the Leased Lands and, if Lessor elects to have Lessee surrender and quitclaim the Improvements to Lessor, the Improvements, will automatically be extinguished and Lessee must thereafter and so often as the Lessor may request from time to time warrant that the Leased Lands or the Improvements, as applicable, and each part thereof and interest therein are free and clear of the interest of Lessee or any Security Interest created by Lessee or any Person claiming by, through or under the Lessee.

ARTICLE 4 RENT AND PAYMENTS

As rental for the Leased Lands, and for all other benefits, rights and privileges set out or contemplated in this Lease, Lessee will pay the sums hereinafter set forth in this Article 4.

4.1 Base Rent

Lessee will pay to Lessor a base rent of Ten Thousand Dollars (\$10,000) per annum, adjusted effective for the 2006 year and each year thereafter in proportion to the year over year change in the CPI for the December that precedes the commencement of the particular year and for the December one year earlier (as so adjusted, "**Base Rent**"), pro rated for part years. The Base Rent must be paid to Lessor in advance on or before the Commencement Date for the period from that date to December 31, 2005 and thereafter on or before the commencement of each Contract Year. For these purposes, "CPI" means the Consumers Price Index for Canada, all items (not seasonally adjusted) as published by

Statistics Canada, or its successor, or if such index ceases to be available, a replacement index selected by Lessor reflecting substantially the same information.

4.2 Rent Payments

All payments of Rent and other payments required to be made to Lessor must be in lawful money of Canada and must be paid to Lessor at Lessor's address for notices set forth in Section 17.1 or at such other place as Lessor may designate by notice in writing from time to time and may be made by cheque or draft payable to the order of Lessor, which cheque or draft must be paid in full when presented.

4.3 Net Lease

The Base Rent payable hereunder is absolutely net to Lessor so that this Lease yields to Lessor the Base Rent free of any charges, assessments or impositions of any kind charged, assessed or imposed on or against the Leased Lands, without abatement, counterclaim, deduction, defence, deferment or set-off by Lessee, save as otherwise set out in this Lease. Lessor is not expected or required to pay any such charge, assessment or imposition, and Lessor is not under any obligation or liability therefor.

4.4 Late Payments

If Lessee fails to pay Lessor any amount when due, then Lessee will pay Lessor interest on the unpaid amount from the due date until the date paid at the Interest Rate. The foregoing provision for the payment of interest by Lessee does not excuse late payment of any amount by Lessee, and Lessor's entitlement to such interest is in addition to any other remedies available to Lessor, whether hereunder, under Applicable Laws or otherwise.

4.5 Sales Taxes

All amounts payable to Lessor are exclusive of Sales Taxes and Lessee must pay to Lessor all amounts of Sales Taxes which Lessor may be liable to collect which relate to any amounts paid by Lessee to Lessor under this Lease.

4.6 Property Taxes

- (a) Subject to the provisions of Section 4.6(d), Lessee must pay, satisfy and discharge (i) Property Taxes levied in respect of the Leased Lands or the Improvements and (ii) a proportionate part of the Property Taxes levied in respect of the Buyer Installed On Site Equipment and the CO₂ Collection Equipment and the portion of the Prentiss Site on which they are located.
- (b) Where possible, Lessee will remit Property Taxes payable under Section 4.6(a) to the Government Authority before the date due and Lessee must provide proof of payment of all such Property Taxes to Lessor on request.
- (c) If any Property Taxes for which Lessee is responsible become due and payable during the Term with respect to a portion of a year, Lessee must pay a prorated share of such taxes, calculated on a per diem basis.
- (d) It is the intention of Lessor and Lessee that all Property Taxes respecting the Leased Lands or the Improvements be assessed separately from the Property Taxes upon the Prentiss Site or improvements thereon. Lessor and Lessee agree to cooperate in assessing the value of the Leased

Lands and the Improvements and to use commercially reasonable efforts in obtaining from the relevant Government Authority a separate assessment for the Leased Lands and the Improvements. Until such time as the Leased Lands and the Improvements are separately assessed, Lessor will reasonably allocate the Property Taxes as if the Leased Lands and Improvements were separately assessed and Lessee will remit its share of the Property Taxes as so determined to Lessor who, in turn, will pay the Property Taxes for the Prentiss Site when due; provided that Lessor is not responsible to Lessee for any failure to pay Property Taxes when due if Lessee has failed to discharge its obligations with respect to payments in relation to Property Taxes.

- (e) With respect to the Property Taxes for the Prentiss Site and the improvements thereon, Lessor will reasonably allocate such Property Taxes as if the portion of the Prentiss Site on which are located the Buyer Installed On Site Equipment and the CO₂ Collection Equipment and the Buyer Installed On Site Equipment and the CO₂ Collection Equipment were separately assessed and Lessee shall remit its share of the Property Taxes as so determined to Lessor who shall, in turn, pay the Property Taxes for the Prentiss Site when due.

4.7 Failure to Pay

- (a) If Lessee neglects or omits to pay to Lessor (i) any Sales Taxes payable by Lessee as reasonably determined and invoiced to Lessee by Lessor when due under Section 4.5 or (ii) any amount in respect of Property Taxes when due under Section 4.6 (the "**Outstanding Taxes**"), and Lessor is required by Applicable Law to pay such amounts to the appropriate Government Authority, Lessor may pay the Outstanding Taxes to the appropriate Government Authority, whereupon Lessee will and hereby covenants to pay to Lessor immediately upon demand, the amount of the Outstanding Taxes together with any interest or penalties thereon imposed by the Government Authority and interest on all such amounts paid by Lessor at the Interest Rate from the date of payment by Lessor until the date of payment in full by Lessee.
- (b) Notwithstanding any other provision in this Lease to the contrary, the amounts payable by Lessee under Section 4.6(a) will not be deemed or considered to be Rent, but Lessor shall have all the same remedies and rights of recovery for the Outstanding Taxes as it has for the recovery of Rent in arrears as provided for under Applicable Law or pursuant to this Lease.

4.8 Termination Does Not Affect Obligation to Pay

Expiration of the Term or termination of this Lease does not affect the obligation of Lessee to pay any amount accrued to the date of expiration or termination or any amount due as a result of termination of this Lease as a result of the occurrence of an Event of Default or any obligation that by its terms or obvious intent survives expiration of the Term or termination of this Lease, all of which will survive expiration of the Term or termination.

ARTICLE 5 USE OF THE LEASED LANDS

5.1 Use

Lessee may and shall use the Leased Lands only for the purposes of constructing, installing, testing, commissioning, operating, maintaining, repairing, replacing, dismantling, abandoning, decommissioning and reclaiming the Improvements or property, plant or equipment that is integrated therewith and the exercise of all rights and the performance of all obligations contemplated in the CO₂

Agreement and all uses ancillary thereto (collectively, the "**Permitted Uses**"), but for no other purpose. Lessee will not allow the Leased Lands, the Improvements or any part thereof to be used or occupied for any unlawful purpose or for any purpose that adversely affects the value or use of (i) improvements located on the Leased Lands that are not Improvements, or (ii) the Prentiss Site or any other lands in the vicinity of the Leased Lands or the Prentiss Facilities or any other improvements, equipment or property located on, above or under the Prentiss Site or any such other lands.

5.2 Manner of Use

Lessee will occupy and use the Leased Lands in accordance with:

- (a) Good Industry Practice;
- (b) Applicable Laws; and
- (c) the Safety Requirements.

5.3 Safety Requirements

- (a) Lessee must ensure that its officers, employees, agents, contractors, subcontractors, visitors and other invitees comply with (i) the Lessee EH&S Requirements while such parties are on the Leased Lands, and (ii) the Lessor EH&S Requirements if such parties are on the Prentiss Site (there being no permission granted by this Section 5.3(a) for any of such Persons to be on the Prentiss Site).
- (b) Lessor has provided the Lessor EH&S Requirements to Lessee prior to the date hereof and will provide amendments thereto to Lessee in writing in accordance with Section 17.1 of this Lease.
- (c) If any of Lessee's officers, employees, contractors, subcontractors, visitors and other invitees fail to follow the Lessee EH&S Requirements while on the Leased Lands or the Lessor EH&S Requirements while on the Prentiss Site, Lessor may refuse any such officer, employee, contractor, subcontractor, visitor or other invitee further access to the Prentiss Site.
- (d) Lessor will provide Lessee reasonable notice of and access to the rules and standards comprising the Lessor EH&S Requirements.
- (e) During any entry by Lessor onto the Leased Lands during the Term authorized hereunder, Lessor shall at all times comply with Applicable Laws and the Lessee EH&S Requirements, provided Lessor has been given reasonable notice of such rules and standards.

5.4 Improvements

- (a) Lessee will keep, maintain, use and operate the Improvements in good operating condition and in compliance with Good Industry Practice, Applicable Laws and the Safety Requirements.
- (b) Without limiting any other provision contained in this Lease:
 - (i) if the Leased Lands or Improvements or any part thereof require any alterations, additions, improvements, repairs or renewals in order to comply with Good Industry Practice, any Applicable Laws or the Safety Requirements, Lessee shall notify Lessor of the need to perform such work, and such work shall be performed by Lessee in a good

and workmanlike manner and in compliance with Good Industry Practice, all Applicable Laws and the Safety Requirements;

- (ii) all costs, expenses and obligations of any kind relating to the maintenance and operation of the Leased Lands or the Improvements, including all alterations, repairs and replacements, which may arise or become due during the Term, are the sole responsibility of and must be paid by Lessee; and
- (iii) Lessee will, at its sole cost, risk and expense, install and maintain a chain link or other suitable fence around the surface Improvements located on the Leased Lands and appropriate signage warning of dangers, in each case that is satisfactory to Lessor, acting reasonably.

ARTICLE 6 ENVIRONMENTAL MATTERS

6.1 Specified Substances

- (a) Lessee will not dispose of any Specified Substances (including any materials emanating from the Improvements or used on the Leased Lands) in or through the Leased Lands or on or under the Leased Lands except in accordance with all Environmental Laws.
- (b) In no event shall Lessee use the Leased Lands or permit the Leased Lands to be used for the disposal of any third-party Specified Substance.

6.2 Discovery of a Release and Remedial Action

If Lessee or Lessor discovers a Release of any Specified Substance that has occurred at, in, on, above, under or from the Leased Lands or any portion of the Prentiss Site on which is located any of the CO₂ Collection Equipment or the Buyer Installed On Site Equipment or that has migrated from, onto or under the Leased Lands or such portions of the Prentiss Site, the discovering Party will immediately (i) comply with all reporting obligations under Environmental Laws or the Lessor EH&S Requirements, whichever standard is more stringent, and (ii) notify the other Party in writing with all known details of the incident.

6.3 Lessee Remediation

- (a) Subject to Sections 6.3(b), and 7.5, but without prejudice to or limitation of the indemnities contained in Section 7.4 hereof, Lessee must take all Remedial Action in respect of a Release described in Section 6.2 hereof if (i) the Release was a direct consequence of actions or omissions of Lessee or its agents, contactors, subcontractors, visitors or invitees, (ii) the Remedial Action is required under Environmental Laws or the Lessor EH&S Requirements, or (iii) the Remedial Action is not required under Environmental Laws or the Lessor EH&S Requirements but the Release is causing or is reasonably likely to cause an adverse effect on Lessor, the Prentiss Site or any other lands in the vicinity of the Leased Lands or the Prentiss Facilities or any other improvements, equipment or property located on, above or under the Prentiss Site or such other lands. Subject to Section 6.3(b), and 7.5, Lessee is required to take such Remedial Action regardless of fault of or causation by, or absence of fault of or causation by, Lessee or its officers, employees, agents, contractors, subcontractors, visitors or invitees, except that if the Release relates only to a portion of the Prentiss Site on which is located any of the CO₂ Collection Equipment or the Buyer Installed On Site Equipment, then Lessee is required to take such

Remedial Action only if the Release was a direct consequence of actions or omissions of Lessee or its agents, contractors, subcontractors, visitors or invitees.

- (b) Lessee is not responsible for, or required to take Remedial Action in respect of, or required to indemnify Lessor or its Affiliates or their respective directors, officers, employees, agents or consultants from and against any Claims, including Environmental Claims, directly or indirectly arising out of the condition of the Leased Lands or the portion of the Prentiss Site on which are located any of the CO₂ Collection Equipment or the Buyer Installed On Site Equipment in each case at the Commencement Date or, if earlier, the date on which the Lessee first used, disturbed the surface of or brought any materials or equipment onto the Leased Lands or such portions of the Prentiss Site ("**Lessor Responsible Contamination**").

6.4 Environmental Reports

Lessor and Lessee acknowledge that they have not conducted and agree that they will not conduct or permit any Phase 2 environmental assessments or other environmental tests that involve disturbance of the surface or penetration of the subsurface of any of the Leased Lands or any lands on which any of the CO₂ Collection Equipment or the Buyer Installed On Site Equipment are or are to be located or surrounding areas or any testing of ground water or vapours evolved from such Leased Lands or any lands on which are located any of the CO₂ Collection Equipment or the Buyer Installed On Site Equipment or surrounding areas prior to final abandonment and reclamation, except as may be mutually agreed or required by Applicable Law (including as may be required in connection with Remedial Action undertaken in accordance with Section 6.3 hereof) or in order to determine responsibility for Remedial Action on the expiration of the Term or termination of this Lease.

6.5 Removal of Specified Substances

Without limiting the indemnity contained in Section 11.2 hereof, upon the expiration of the Term or termination of this Lease, Lessee, at its sole cost and expense, must:

- (a) remove any Specified Substance on or under the Leased Lands; and
- (b) remove any Specified Substance located on or under the Prentiss Site or any other lands adjoining or adjacent to or in the vicinity of the Leased Lands or the Prentiss Site to the extent such Specified Substances are attributable to the Buyer Responsible Equipment or Lessee's operations or use of or activities on the Leased Lands or such other lands,

and in each such case shall take all Remedial Action required by applicable Environmental Laws in respect of the Leased Lands except that Lessee need not take any Remedial Action with respect to Lessor Responsible Contamination. Lessee's obligations under this Section 6.4 will survive the expiry of the Term or termination of this Lease.

ARTICLE 7 CERTAIN COVENANTS

7.1 Maintenance

Lessee must, at its sole cost and expense, repair and maintain or cause to be repaired and maintained the Leased Lands and the Improvements as would a prudent owner thereof as may be necessary or desirable to ensure the continued safe, reliable and efficient operation and good condition of the Leased Lands and the Improvements and compliance with Good Industry Practice, all Applicable

Laws and the Safety Requirements. Lessee is not obligated to incur any costs with respect to Permitted Encumbrances created by, through or under Lessor.

7.2 Implied Covenants

Lessor and Lessee agree that the implied covenants pursuant to Section 96 and 97 of the *Land Titles Act* (Alberta) as amended from time to time shall not apply to this Lease.

7.3 Lessor Right to Perform

If Lessee fails, refuses or neglects to: (i) pay any imposition or cost as provided herein; (ii) cause any Security Interest, adverse claim or encumbrance on or affecting the Leased Lands or any Improvements thereon (except Permitted Encumbrances) to be discharged, removed from title or released; or (iii) observe or perform any other act to be observed or performed under this Lease, then Lessor may at its option, but will not be obligated to, without notice, pay the imposition or other cost, cause the removal of the Security Interest, adverse claim or encumbrance or perform such other act and the costs of so doing and all reasonably necessary incidental costs and expenses incurred by Lessor in connection with such performance (including costs and expenses of counsel), plus interest at the Interest Rate from the date any expense is incurred by Lessor to the date of reimbursement by Lessee to Lessor, will be payable by Lessee as additional Rent.

7.4 General Lessee Indemnity

Lessee will indemnify and save harmless Lessor and its Affiliates and each of their directors, officers, employees, agents or consultants from and against any and all Claims, including Environmental Claims, directly or indirectly arising out of or attributable to (a) breach by Lessee of its representations, warranties or obligations hereunder; (b) subject to Sections 6.3(b) and 7.5, the condition at any time of the Leased Lands or the Buyer Responsible Equipment or any other assets located or brought by Lessee onto the Leased Lands or the Prentiss Site, or any part thereof; (c) Lessee's use or occupancy of the Leased Lands, the Buyer Responsible Equipment or any other assets located or brought by Lessee onto the Leased Lands or the Prentiss Site and/or any contiguous, proximate or neighbouring property and/or any improvements thereon or the Lessee's operation of any of the foregoing, including damage to property whether or not such property is owned or leased by Lessor or (d) damage to property or injury to or death of Persons on the Leased Lands, or injury or death to persons on any contiguous, proximate or neighbouring property, whether or not such property is owned or leased by Lessor, other than any such damage to property or injury or death arising from Lessor's gross negligence or wilful misconduct. Lessee's obligations under this Section 7.4 will survive the expiry of the Term or termination of this Lease.

7.5 Lessor Indemnity

Lessor will indemnify and save harmless Lessee and its Affiliates and each of their directors, officers, employees, agents or consultants from and against any and all Claims, including Environmental Claims, directly or indirectly arising out of or attributable to (a) breach by Lessor of its representations, warranties or obligations hereunder; or (b) Lessor Responsible Contamination.

7.6 No Responsibility for Utilities or Services

Lessee acknowledges that Lessor is not responsible to provide Lessee any utilities or services all of which will be the responsibility of Lessee to obtain at its sole cost, risk and expense.

7.7 Estoppel Certificates

Each Party will, from time to time, upon fifteen (15) days' prior written notice by the other Party in circumstances where such other Party is intending to enter into a sale or financing relating to the Leased Lands, the Prentiss Site, the Improvements or the Prentiss Facilities or Lessor's other improvements on the Prentiss Site, as the case may be, execute and deliver to the requesting Party a certificate signed by an authorized officer of the requested Party stating that this Lease is unmodified (or, if there have been modifications, that such Lease is in full force and effect as modified, and setting forth such modifications), and, if such is the case, in full force and effect and that no Event of Default exists hereunder or specifying each such Event of Default of which the signer has knowledge. Any certificate given pursuant to this Section 7.7 may be relied upon by any prospective mortgagee or purchaser of any interest in this Lease, the Leased Lands, the Prentiss Site or the Improvements, as the case may be.

7.8 No Special Damages

Notwithstanding anything to the contrary contained in this Agreement, neither Party will be liable to the other for any damages, costs, expenses, injuries, losses or other liabilities of an indirect, special or consequential nature or any exemplary or punitive damages, costs or expenses suffered by the other Party, other than any of the foregoing resulting from a claim by a third party against the other Party; provided that this Section 7.8 will not limit a Party's liability under Section 7.4 or Section 7.5 or if the other Party terminates this Ground Lease pursuant to Section 10.2(c).

ARTICLE 8 INSURANCE

8.1 Insurance of Lessee

Lessee will acquire and maintain in effect at least the following insurance coverages at all times during the Term except that the coverage described in (a) need only be maintained until 3 months after the commissioning of the Buyer Responsible Equipment:

- (a) all risk course of construction insurance on behalf of Lessee, Lessor and all contractors and subcontractors and their respective directors, officers, employees, servants, agents and consultants associated with the construction or installation of the Buyer Responsible Equipment;
- (b) insurance in respect of any casualty affecting the Improvements or the Leased Lands, to provide proceeds at least sufficient to cover, without co-insurance, the costs of repairing or rebuilding the Improvements and, if Lessee elects to abandon the Improvements following a casualty event, the demolition and Restoration Obligations as provided in Section 11.2, removal of debris and other like actions which may be necessary to render the Improvements and Leased Lands safe after a casualty thereto;
- (c) comprehensive general liability insurance (including coverage against contractual liability, liability in tort, products liability and completed operations, and against loss or damage for bodily injury, death or property damage) in respect of loss or damage occurring on or as a result of the testing, commissioning, ownership, use, operation, maintenance, dismantling or decommissioning of or activities on or affecting the Leased Lands or the Improvements, such public liability insurance to be at least sufficient to afford protection to the limit of Five Million Dollars (\$5,000,000). The liability insurance to be maintained pursuant to this Section may be carried on under blanket policies maintained by Lessee as long as such policies otherwise comply with the requirements of this Lease;

- (d) workers' compensation insurance, as required under Applicable Laws and the Safety Requirements; and
- (e) automobile liability coverage with limits of not less than Two Million Dollars (\$2,000,000) per occurrence, covering all vehicles owned, leased or used by Lessee at the Leased Lands.

8.2 Requirements of Policies

- (a) All insurance to be maintained pursuant to Section 8.1 must: (i) name Lessor as additional insured as its interest may appear; (ii) provide if coverage is cancelled, reduced or otherwise materially changed, such cancellation, reduction or change will not be effective as to Lessor until at least 30 days after prior written notice from the insurer to Lessor; (iii) provide that Lessor will not have any liability for premiums in connection with such insurance; (iv) provide that the insurers waive any rights of subrogation against Lessor; (v) provide that such insurance is primary, without right of contribution from any other insurance carried by Lessor with respect to its interest in the Leased Lands or the Improvements located thereon or any other insurance Lessor may have in respect of assets and operations at the Prentiss Site; (vi) provide that such insurance shall not be invalidated as to Lessor by any act or neglect of Lessee or any other Person or by any breach or violation by Lessee or any other Person of any warranties, declarations or conditions contained in or related to the policies or by any changes in the title or ownership of the Leased Lands or the Improvements located thereon or any interest thereon or with respect thereto; and (vii) provide that the limits of liability and deductibles will operate in the same manner as if there were a separate policy insuring each insured.
- (b) Within ninety (90) days of the commencement of the Term and annually thereafter, Lessee will, without request, give Lessor current and valid certificates of insurance confirming that Lessor is included as an additional insured in accordance with the provisions of this Lease and that insurance has been obtained and is in force in accordance with the provisions of this Lease.

8.3 Lessor May Obtain

If Lessee fails to maintain or cause to be maintained insurance as herein provided, Lessor at its option may maintain such insurance and, in such event, Lessee shall reimburse Lessor upon demand for the cost thereof together with interest at the Interest Rate from the date paid by Lessor until reimbursed by Lessee as additional Rent.

ARTICLE 9 ASSIGNMENT, SUBLETTING AND LIENS

9.1 Assignments by Lessee

- (a) Lessee must assign its interest in this Lease to a Person to which it assigns the CO₂ Agreement in accordance with Section 13.12 thereof except that Lessee may not create or suffer to exist any Security Interest arising by, through or under Lessee on, over or in respect of the Leased Lands or Lessee's interest in the Leased Lands or the Improvements that are fixtures. If Lessee makes an assignment pursuant to and in accordance with Section 13.12 of the CO₂ Agreement, Lessee must assign its interest in this Lease to the same assignee, and if Lessor is satisfied with the proposed assignee to whom the disposition is made pursuant to and in accordance with Section 13.12(d) of the CO₂ Agreement, and such assignee assumes all obligations of Lessee hereunder, Lessee will be released of all liabilities under this Lease accruing thereafter. Lessee will not be released of its

obligations hereunder in the case of any assignment or disposition of its interest in this Lease except as provided in the preceding sentence.

- (b) Except as provided in Section 9.1(a), this Lease may not be assigned, transferred, conveyed, sublet or licensed and Lessee may not part with possession of the Leased Lands or the Improvements nor may Lessee delegate any obligations hereunder without the prior written consent of Lessor, which consent may be unreasonably or arbitrarily withheld.

9.2 Assignment by Lessor

- (a) Lessor may assign its rights and obligations hereunder to a Person who purchases the Prentiss Site or either of the Prentiss Facilities provided such Person assumes all obligations of Lessor hereunder. Upon such assumption becoming effective, Lessor will be released of all liabilities under this Lease accruing thereafter.
- (b) Lessor may make an assignment of this Lease to a Person to which its assigns the CO₂ Agreement in accordance with Section 13.12 thereof but, except as provided in Section 9.2(a), Lessor will not be released of its obligations hereunder.
- (c) Except as provided in Section 9.2(a), this Lease may not be assigned by Lessor nor may Lessor delegate any obligations hereunder without the prior written consent of Lessee, which consent may not be unreasonably withheld.

9.3 Lessee Liens

Except for an assignment made in accordance with Section 9.1(a) hereof, and Permitted Encumbrances, Lessee will not create or suffer to exist and shall keep all of the Leased Lands and the Improvements that are fixtures free and clear of any and all (i) Security Interests arising by, through or under Lessee; and (i) adverse claims or encumbrances against or upon Lessee's or Lessor's respective interests in the Leased Lands and the Improvements. Lessee will, at its own expense, keep the Leased Lands and the Improvements free and clear of any and all of such Security Interests and adverse claims or encumbrances and will indemnify, defend and hold Lessor, and its successors and assigns, harmless from and against any and all such Security Interests, adverse claims or encumbrances and any suits or other proceedings pertaining thereto.

9.4 Lessor Liens

Except for an assignment made in accordance with Section 9.2(a) hereof, and Permitted Encumbrances, Lessor will not create or suffer to exist and shall keep all of the Leased Lands and the Improvements free and clear of any and all (i) Security Interests arising by, through or under Lessor; and (i) adverse claims or encumbrances against or upon Lessee's or Lessor's respective interests in the Leased Lands and the Improvements. Lessor will, at its own expense, keep the Leased Lands and the Improvements free and clear of such any and all of such Security Interests and adverse claims or encumbrances and will indemnify, defend and hold Lessee, and its successors and assigns, harmless from and against any and all such Security Interests, adverse claims or encumbrances and any suits or other proceedings pertaining thereto.

**ARTICLE 10
EVENTS OF DEFAULT**

10.1 Definition

An Event of Default will be deemed to exist under this Lease upon the occurrence of any one or more of the following events:

- (a) the failure by Lessee to pay Base Rent for fifteen (15) Business Days after notice in writing of such failure is given by Lessor;
- (b) failure by Lessee to pay any sum other than Base Rent required to be paid by Lessee hereunder or if Lessee is in default of any of the provisions of Article 9, and (in either case) any such failure or default is not cured within sixty (60) days after notice in writing of such default is given by Lessor;
- (c) the non-performance or non-observance by Lessee of any of its covenants, agreements or obligations under this Lease other than any mentioned in Section 10.1(a) or (b), which non-performance or non-observance either is not curable or, if curable, is not cured within sixty (60) days after notice in writing of such non-performance or non-observance is given by Lessor; provided, however, that if such non-performance or non-observance is curable but is of such nature that it cannot be cured within such sixty (60) day period, such non-performance or non-observance shall not constitute an Event of Default so long as (i) curative action satisfactory to Lessor is instituted within such sixty (60) day period and diligently pursued to completion thereafter and (ii) the non-performance or non-observance is cured within one hundred twenty (120) days after Lessor's notice to Lessee of such non-performance or non-observance; or
- (d) if the Term hereby granted or the Improvements or any interest of Lessee therein shall be taken as a result of the enforcement of any Security Interest created or arising by, through or under Lessee (there being no permission hereby granted for Lessee to create or suffer to exist any such Security Interest in respect of this Lease or the Leased Lands or any of the Improvements that are fixtures) or taken or exigible in execution or in attachment or if a writ of execution shall issue against Lessee in such cases as would prevent Lessee from carrying on its business operations at the Leased Lands and any such execution or attachment is not vacated within one hundred twenty (120) days thereafter;
- (e) if an Insolvency Event occurs with respect to Lessee; or
- (f) Lessee abandons the Leased Lands, ceases to operate the Improvements or removes a substantial part of the Improvements from the Leased Lands without replacing them with property and equipment of equal value and utility.

10.2 Rights of Lessor Upon Default

Upon the occurrence of an Event of Default, at the option of Lessor:

- (a) the full amount of the Base Rent then due and all other sums will immediately become due and payable and Lessor may immediately distrain for the same together with any arrears then unpaid;

- (b) Lessor may, subject to Applicable Laws, forthwith enter upon and take possession of the Leased Lands or any part thereof and remove and sell the Improvements or any other of Lessee's goods, chattels, equipment and improvements found there; and
- (c) subject to Applicable Laws, Lessor may terminate this Lease by notice in writing to Lessee whereupon the estate and Term hereby granted shall absolutely cease, determine and be void,

provided however that Lessor will in all events be entitled to recover from Lessee all sums due pursuant to this Lease. Lessor will be under no liability by reason of such entry, possession or removal, other than for the negligence or wilful misconduct of Lessor or those for whom it is responsible at law. No such entry or repossession of the Leased Lands or any part thereof or removal will be construed as an election by Lessor to terminate this Lease unless a notice of such termination is given to Lessee, or such termination is decreed by a court or other governmental tribunal of competent jurisdiction. If Lessor elects to enter as herein provided or takes possession pursuant to legal proceedings or pursuant to subparagraph (c) hereof or otherwise, Lessee will peaceably quit and surrender the Leased Lands to Lessor. Subject to Applicable Laws, in any such event, neither Lessee nor any Person claiming through or under Lessee, will be entitled to possession or to remain in possession of the Leased Lands, or any part thereof, but will forthwith quit and surrender and deliver up vacant possession of the Leased Lands, and each part thereof, to Lessor.

10.3 Additional Remedies Upon Re-Entry by Lessor

Should Lessor enter or terminate this Lease as provided in Section 10.2, in addition to any other remedies Lessor may have, Lessor may recover from Lessee all damages Lessor may incur by reason of the breach, including:

- (a) Base Rent and all sums due up to the date of entry or termination, whichever is later;
- (b) all costs and expenses payable by Lessee pursuant to this Lease until the date of entry or termination, whichever is later;
- (c) all reasonable expenses which Lessor may incur or has incurred in connection with entering or terminating and reletting or collecting sums due or payable by Lessee or realizing upon assets seized, including, without limitation, commission expenses, and legal fees and disbursements on a solicitor-client basis;
- (d) any amount payable by Lessee pursuant to Section 11.3; and
- (e) as liquidated damages, the present value, discounted at the Interest Rate at the time of termination, of the excess, if any, of the amount of Base Rent and other sums payable under this Lease for the remainder of the Term over the then reasonable rental value of the Leased Lands for the remainder of the Term established by reference to the terms and provision upon which Lessor relets them, if such reletting is accomplished within a reasonable time after termination of this Lease, and otherwise with reference to all market and other relevant circumstances.

10.4 Costs of Legal Action

If Lessor brings an action to recover possession of the Leased Lands or to recover Base Rent or other sums or if a breach of any other covenant on the part of Lessee to be kept or performed is established, Lessee will pay to Lessor all reasonable expenses incurred in respect thereof including Lessor's legal fees and disbursements on a solicitor-client basis.

10.5 Rights of Lessor

- (a) No reference to or exercise of a specific right or remedy by Lessor precludes Lessor from or prejudices Lessor in exercising another right or pursuing another remedy or maintaining an action to which it may otherwise be entitled either at law or in equity.
- (b) Failure to insist upon the strict performance of any provision hereof or to exercise any option, right, power or remedy contained herein does not constitute a waiver or relinquishment thereof for the future. Receipt by Lessor of any Rent or other sum payable hereunder with knowledge of the breach of a provision hereof does not constitute a waiver of such breach, and no waiver by Lessor of any provision hereof will be deemed to have been made unless made in writing. Notwithstanding the foregoing provisions of this Article 10, Lessor is entitled to injunctive relief in the case of the violation or attempted or threatened violation of any of the provisions hereof, a decree compelling performance of any of the provisions hereof or any other remedy allowed to Lessor by Applicable Laws.

**ARTICLE 11
OWNERSHIP AND REMOVAL OF IMPROVEMENTS**

11.1 Ownership and Severance of Improvements

- (a) This Lease is a ground lease.
- (b) Subject to Lessor's right to have the Improvements surrendered to it at the expiration of the Term or termination of this Lease, all Improvements now existing or hereafter constructed or installed by or for Lessee on the Leased Lands, and all equipment at any time acquired by Lessee and located on the Leased Lands or Prentiss Site, are deemed to be trade fixtures, and title thereto shall remain with Lessee, regardless of the degree or object of attachment or affixation of the Improvements or equipment to the Leased Lands.

11.2 Dismantling and Reclamation

- (a) If the Term expires or this Lease terminates or Lessee wishes to remove all or a substantial portion of the Improvements from the Leased Lands without replacing them with property or equipment of equal value and utility, then unless Lessor elects in its sole and absolute discretion to have Lessee surrender and quitclaim the Improvements to Lessor as contemplated by Section 11.2(b), Lessee will its sole cost, risk and expense complete the following by the end of Term or, in the case of termination of this Lease, within one hundred twenty (120) days of the termination:
 - (i) dismantle the Buyer Responsible Equipment and prepare the respective parts thereof for transportation acceptable to the carrier as contemplated by clause (ii) below all without disturbing the property of others;
 - (ii) deliver the Buyer Responsible Equipment to the nearest railhead (or the nearest truck loading facility) suitable for transporting the same; and
 - (iii) take all Remedial Action and restore the Leased Lands (and any contiguous, proximate or neighbouring property affected by operations on or in respect of the Leased Lands or the dismantling of the Improvements) and the portions of the Prentiss Site affected by the Buyer Installed On Site Equipment and the CO₂ Collection Equipment or the dismantling thereof (as determined by Lessor acting reasonably) to substantially the condition they

were in at the Commencement Date (assuming compliance by Lessee with Section 5.4(a)) and in compliance with all Applicable Laws including Environmental Laws and all Authorizations and Remedial Criteria (collectively, the "**Restoration Obligations**").

- (b) If Lessor so elects by the date that is ninety (90) days before the end of the Term or, in the case of termination of this Lease, within ninety (90) days of the termination, Lessee will surrender and quitclaim the Improvements to the Lessor or its designee with:
 - (i) the Leased Lands (and any contiguous, proximate or neighbouring property affected by operations on or in respect of the Leased Lands) and the portions of the Prentiss Site affected by the Buyer Installed On Site Equipment and the CO₂ Collection Equipment (as determined by Lessor acting reasonably) restored to the condition they were on the Expiry Date or date of termination of this Lease, as applicable, (assuming compliance by Lessee with Section 5.4(b)) and
 - (ii) the Buyer Responsible Equipment restored to the condition it was in at the Expiry Date or date of termination of this Lease, as applicable (assuming compliance by Lessee with Section 5.4(a)).

11.3 Failure to Restore

If Lessee fails to satisfy the Restoration Obligations or its obligations under Section 11.2(b), then Lessor may, in its sole and absolute discretion:

- (a) treat the Improvements as having been abandoned and, if Lessor elects, as belonging to Lessor, without compensation to any Person or the need for any action by Lessor; and/or
- (b) effect the removal and restoration required pursuant to Section 11.2(a) or the restoration required by Section 11.2(b), in which case Lessee must pay Lessor all costs and expenses of effecting the removal and restoration plus interest from the date Lessor incurs the same to the date of payment by Lessee at the Interest Rate.

11.4 Survival

Lessee's obligations under Sections 11.2 and 11.3 will survive expiration of the Term or termination of this Lease.

ARTICLE 12 LESSOR'S ACCESS RIGHTS TO THE LEASED LANDS

12.1 Lessor's Right of Access

- (a) Lessor reserves the right to enter upon the Leased Lands at any time and from time to time during the Term (including the right to haul materials and equipment across the Leased Lands) for any of the following purposes:
 - (i) ingress to or egress from the Prentiss Site in the event of an emergency;
 - (ii) inspection, operation, maintenance, repair, replacement and, if applicable, removal or demolition of Lessor's assets, if any, located on or adjacent to the Leased Lands which

assets Lessee acknowledges Lessor is entitled to maintain on the Leased Lands for the exclusive use and/or control of Lessor;

- (iii) to perform any obligation or exercise any rights of Lessor pursuant to this Lease;
- (iv) to monitor compliance by Lessee with its obligations under this Lease and to conduct such inspections or tests as are reasonable for the purposes of determining Lessee's compliance with its obligations hereunder; or
- (v) any other legitimate commercial purpose,

provided that in all such cases if Lessor disturbs the Leased Lands, Lessor must return the Leased Lands to the state they were in before the commencement of such activities. In connection with such inspections and tests, subject to Section 6.4 hereof, Lessor may take samples for analysis of materials and substances present on the Leased Lands, and will provide Lessee with copies of the results of such samplings and any environmental reports or documentation produced in connection with such samplings, inspections or tests. Lessee agrees to co-operate on a reasonable basis with such investigations.

- (b) Lessee will permit Lessor to exercise its right of entry as provided in Section 12.1(a).
- (c) In exercising the right of entry under Section 12.1(a), Lessor must (i) provide reasonable notice to the Lessee of the date and time of its intended access of the Leased Lands, (ii) respect Lessee EH&S Requirements, and (iii) proceed in a manner so as to not unreasonably interfere with Lessee's use and enjoyment of the Leased Lands.
- (d) Lessor will not incur any liability for any loss to Lessee of occupation or quiet enjoyment of the Leased Lands occasioned by Lessor's exercise of its right to enter upon the Leased Lands pursuant to Section 12.1(a), provided that Lessor will be responsible for and indemnify Lessee from and against the costs of the repair of any property damage caused by such entry, and any loss or damage suffered by Lessee from the negligent acts or omissions of Lessor or those for whom Lessor is responsible in law during the course of such entry.

ARTICLE 13 EXPROPRIATION

13.1 Expropriation

If the Leased Lands (or the fee simple title to lands comprising the Leased Lands) or Lessee's interest therein is expropriated, this Lease will automatically terminate and Base Rent and any other charges payable by Lessee will be apportioned and paid to the date of termination and any compensation proceeds in respect of such expropriation will be paid as follows:

- (a) Lessor and Lessee will each be entitled to pursue their respective entitlements to compensation proceeds with respect to their respective interests; and
- (b) upon determination of the final award of such proceeds, Lessee and Lessor must attempt to agree on the appropriate allocation thereof based upon:
 - (i) the fair market value of the Leased Lands (fee simple and leasehold interest) and, if applicable, the Improvements and any of Lessor's improvements on the Leased Lands, in

relation to the value of all of the real estate and improvements that were expropriated; and

- (ii) as between Lessor and Lessee, the value of their respective interests in the Leased Lands (fee simple and leasehold interest) and their respective improvements,

and if Lessor and Lessee fail to reach such agreement, the issue will be submitted to arbitration in accordance with Article 14 hereof.

ARTICLE 14 ARBITRATION

14.1 Reference to Arbitration

Any dispute or need of interpretation arising out of this Agreement which the parties have agreed hereunder will be resolved by arbitration, and any other matters that the Parties mutually agree to resolve by way of arbitration, shall be submitted to binding arbitration in accordance with the provisions of the CO₂ Agreement.

ARTICLE 15 LESSOR'S RIGHT TO REQUIRE CHANGE OF LEASED LANDS

15.1 Changes at Lessor's Request

- (a) Lessor may, upon at least two (2) years' advance notice, require Lessee to move the Improvements to or rebuild or replace the Improvements at another portion of the Leased Lands, a portion of the Prentiss Site, lands adjacent to or in the vicinity of the Prentiss Site or the Leased Lands, or to a location that straddles two or more of such areas (an "**Alternate Location**") and Lessee will do so, provided that:
 - (i) Lessor or the owner or lessee of such Alternate Location (as Lessor) has entered into a ground lease with Lessee in substantially the same form as this Lease with respect to the Alternate Location provided that the "Commencement Date" thereunder will be the date of execution thereof;
 - (ii) locating the Improvements (which, for the purposes of this Article 15 and any replacement lease, includes any rebuilt or replaced Improvements) on the Alternate Location (A) is in accordance with Applicable Laws and (B) either (I) is in accordance with all applicable Authorizations, or (II) the existing Authorizations can be amended or replaced to permit the use and operation of the Improvements at the Alternate Location;
 - (iii) Lessee will not suffer any material adverse harm as a result of locating, owning and operating the Improvements on the Alternate Location;
 - (iv) Lessor agrees to pay all reasonable costs and expenses of Lessee in removing, relocating, reconstructing and reactivating the Improvements to the Alternate Location (including costs and expenses related to dismantling and Restoration Obligations under Section 11.2); and
 - (v) locating the Improvements on the Alternate Location and owning and operating them there will not result in any material liability to Lessee which is different in nature or

extent from the liabilities of Lessee in locating the Improvements on the Leased Lands in respect of which Lessor has not agreed to provide indemnity to Lessee.

- (b) If Lessor requests Lessee to remove the Improvements to an Alternate Location in accordance with Section 15.1(a), then upon the execution of a replacement ground lease and issuance of all necessary Authorizations, the Improvements will be relocated to the Alternate Location by contractors selected by Lessor and acceptable to Lessee, acting reasonably, all at the cost, risk and expense of Lessor.

ARTICLE 16

GENERAL REPRESENTATIONS AND WARRANTIES

Each Party represents and warrants to the other Party that:

16.1 Corporate Organization

It is a corporation duly organized and validly existing under the laws of its place of incorporation and is in good standing with respect to filing of annual corporate returns under the laws of its place of incorporation, has all requisite corporate capacity to execute and deliver this Lease and perform its obligations hereunder and to own, lease and operate its assets and its business.

16.2 Authorization; Binding Effect

- (a) The execution and delivery of this Lease and the consummation of the transactions contemplated hereby have been duly authorized by all requisite corporate proceedings.
- (b) This Lease has been duly executed and delivered by it and constitutes its legal, valid and binding obligations, enforceable against it in accordance with its terms, subject to the qualifications that:
 - (i) such enforceability may be subject to bankruptcy, insolvency, moratorium, arrangement or other laws affecting creditors' rights and to general principles of equity (regardless of whether such enforceability is considered in a proceeding at equity or law); and
 - (ii) equitable remedies are discretionary and may not be available in any particular instance.

16.3 Consents and Approvals; No Violation

None of the execution or delivery hereof or performance of its obligations hereunder or the consummation of the transactions contemplated hereby will, and the fulfilment and compliance with the terms and conditions by it and the consummation of the transactions contemplated hereby will not:

- (a) conflict with or require the consent or waiver of rights of any Person under the terms, conditions or provisions of its constituting documents, by-laws or resolutions of directors or shareholders, except those that have been obtained;
- (b) violate any provision of, or require any Authorization or approval or declaration or filing with or notice to any Government Authority by it under, any Applicable Law;
- (c) conflict with, result in a breach of, constitute a default under (whether with notice or the lapse of time or both), or accelerate or permit the acceleration of the performance required by, or terminate or make terminable at the option of any other party to, or require any consent, authorization or approval that has not been obtained under, any indenture, mortgage, lien, lease,

agreement or instrument to which it is a party or by which it is bound or to which its assets or properties is subject; or

- (d) result in the creation or enforceability of any security interest, lien, claim or encumbrance upon any of its assets,

which violation, conflict, breach or default would reasonably be expected to impair its ability to perform its obligations hereunder.

16.4 Insolvency

No Insolvency Event has occurred with respect to it and, to its knowledge, no proceedings related to an Insolvency Event have been commenced or are pending with respect to it.

16.5 Litigation

There are no (i) judgments, orders (including environmental), decrees or injunctions or (ii) proceedings pending or, to its knowledge, threatened that have a reasonable likelihood of success and, that (in the case of either (i) or (ii)) would reasonably be expected to impair its ability to perform its obligations hereunder.

16.6 No Default

It is not in default under and no condition exists that with notice or lapse of time or both would constitute a default by it under:

- (a) any contract, agreement, deed, instrument or document to which it is a party or by which it or any of its properties is bound;
- (b) any Applicable Law; or
- (c) any Authorization,

that would reasonably be expected to affect its ability to perform its obligations hereunder.

16.7 Disclaimer

- (a) Except as and to the extent set forth in this Lease, neither Party makes any representations or warranties whatsoever in connection with or in relation to this Lease or the transactions contemplated hereby.
- (b) Each Party acknowledges that it has made its own independent investigations, analyses, evaluations and verifications of all matters related to this Lease and the transactions contemplated hereby, provided that the foregoing will not limit or diminish the obligations and liabilities, nor the rights and remedies of the Parties under this Lease.

ARTICLE 17 GENERAL

17.1 Method of Notice

Every notice, statement, advice, request, demand, consent or other communication (each, a "**Communication**") under this Lease must be in writing in the English language and must be sent by courier or telefax, as to each Party, to it at its address set forth herein or at such other address as is designated by it in a written notice to the other Party. Except as provided in this Section 17.1, all Communications will be deemed to have been given when delivered (in the case of courier delivery) or sent (in the case of telefax delivery). Any Communication delivered or sent on a day other than a Business Day, or after 3:00 p.m. at the intended point of receipt on a Business Day, will be deemed to have been given on the next Business Day. Until such notice of change of address has been given in the manner provided in this Section, Communications shall be addressed as set forth on Schedule "B".

17.2 Transaction Costs

Except as specifically provided herein, all legal and other costs and expenses in connection with this Lease and the transactions contemplated hereby will be paid by the Party that incurred the same.

17.3 Further Assurances

Each Party to this Lease and its permitted successors and assigns shall do all such further acts and execute, acknowledge or verify and deliver any and all documents which from time to time may be reasonably requested by any other Party to this Lease to carry out the purposes and intent of the CO₂ Agreement and this Lease.

17.4 Successors and Assigns

This Lease shall be binding upon and enure to the benefit of the Parties hereto and their respective successors and permitted assigns.

17.5 Entire Lease

This Lease and the CO₂ Agreement constitute the entire agreement between the Parties relating to, and there are no collateral or other statements, understandings, covenants, agreements, representations or warranties, written or oral, relating to, the subject matter hereof. This Lease and the CO₂ Agreement supersede all prior agreements, understandings, negotiations and discussions, whether oral or written, between the Parties and their respective Affiliates relating to the subject matter hereof. This Section 17.5 does not derogate from or otherwise affect the obligations of the Parties under any agreement, document or instrument executed and delivered pursuant hereto or in implementation of the transactions contemplated hereby or thereby.

17.6 Waiver

- (a) No failure on the part of any Party in exercising any right or remedy hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or remedy preclude any further or other exercise thereof, and no failure on the part of a Party to complain of any act or failure to act of another Party or to declare another Party in default, irrespective of how long such failure continues, shall constitute a waiver by such first mentioned Party of its rights hereunder.

- (b) No waiver of any provision of this Lease, including this Section, shall be effective otherwise than by an instrument in writing dated subsequent to the date hereof executed by the Party entitled to give such waiver or its duly authorized representatives.
- (c) No consent or waiver, express or implied, by a Party to or of any breach or default by the other Party in the performance of such other Party of its obligations hereunder shall be deemed or construed to be a consent or waiver to or of any other breach or default in the performance by such other Party of the same or any other obligations of such other Party hereunder.

17.7 Amendments

No variation or amendment of any provision of this Lease, including this Section, shall be effective otherwise than by an instrument in writing dated subsequent to the date hereof executed by the Parties hereto.

17.8 No Joint Venture or Partnership

- (a) Neither Party shall by virtue of this Lease in any way or for any purpose be or become a partner or agent of the other Party in the conduct of any business or otherwise or become a member of a joint venture or joint enterprise with the other Party.
- (b) Nothing in this Lease confers on any Party any agency or attorney status to act on behalf of or bind the other Party.
- (c) Neither Party shall by virtue of this Lease in any way or for any purpose incur fiduciary or similar obligations to the other Party.

17.9 Continuing Liability

Except as provided herein, any provision of this Lease under which an obligation of a Party has accrued but has not been discharged will not be affected by termination of this Lease, nor will the Party liable to perform be discharged as a result of any such termination, nor will termination prejudice any right of a Party against the other in respect of anything done or omitted hereunder prior to such termination or in respect of any right to damages or other remedies.

17.10 Time of the Essence

Time is and shall continue to be of the essence in this Lease.

17.11 Governing Law; Attornment; Waiver of Jury Trial and Immunity

- (a) This Lease (and any dispute, controversy, proceedings or Claim of whatever nature arising out of or in any way relating to this Lease or its formation) will be governed by and construed in accordance with Alberta law. There will be no application of any conflict of laws rules inconsistent with this Section 17.11(a).
- (b) Each Party does hereby:
 - (i) submit and attorn to the non-exclusive jurisdiction of the Alberta courts to hear and decide any action, suit or proceeding ("**Proceedings**") arising out of or in connection with this Lease, or its formation, or any of the transactions contemplated hereby or legal relationship established thereby, and for the purpose of enforcement of any judgment

against its respective assets, save that this submission shall not affect the right of any Party to take Proceedings in any court or courts having jurisdiction to the extent permitted by law nor shall the taking of Proceedings in any one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction (whether concurrently or not) if any to the extent permitted by law;

- (ii) waive all right to object to jurisdiction or execution in any Proceedings in such courts arising out of or in connection with this Lease or its formation or the transactions contemplated hereby or legal relationship established thereby which they may now or hereafter have by reason of domicile or otherwise;
- (iii) waive and agree not to plead or claim that any Proceedings in such Courts has been brought in an inappropriate forum;
- (iv) waive to the extent permitted by law, any right they may have to, or to apply for, trial by jury in connection with any Proceedings arising out of or in connection with this Lease or its formation or any of the transactions contemplated hereby or legal relationship established thereby; and
- (v) waive any right to immunity it may have or be entitled to in respect of jurisdiction or the enforcement of any award or judgment from Proceedings arising out of or in connection with this Lease or its formation or any of the transactions contemplated hereby or legal relationship established thereby.

17.12 Severability

If any provision of this Lease or portion thereof, or the application thereof to any Person or circumstances shall, to any extent, be invalid or unenforceable in any jurisdiction, the remainder of this Lease or the application of such provision or portion thereof to any other Person or circumstances or in any other jurisdiction shall not be affected thereby and each provision of this Lease shall be valid and enforceable to the fullest extent permitted by law.

17.13 Third Party Rights

Except as herein provided, this Lease is not intended to and does not create any rights in favour of any Person other than the Parties hereto who hold such rights and they have not indicated and will not indicate to the contrary to any Person.

17.14 Confidential Information

Section 13.13 of the CO₂ Agreement applies to this Ground Lease.

17.15 Supplemental Documents and Actions

The Parties shall execute and cause to be executed all reasonable documents requested by the other Party and do those other reasonable things reasonably necessary to allow the other Party to retain its benefits under this Lease.

**ARTICLE 18
EXECUTION****18.1 Counterparts and Formal Date**

This Lease may be executed in counterparts, each of which when so executed shall be deemed to be an original and such counterparts together shall constitute one and the same instrument and, notwithstanding the date of execution, shall be deemed to bear date as of the date written at the beginning of this Lease.

18.2 Execution

In witness whereof the Parties hereto have executed this Lease as of the day and year first above written.

IN WITNESS WHEREOF, the Parties have executed this Lease as of the date first written above.

Lessor:**MEGLOCAL CANADA INC.**By: 

Title: PRESIDENT & CEO

Lessee:**GLENCOE RESOURCES LTD.**By: 

Title: VP Production

By: 

Title: President & CEO

SCHEDULE "A"
LEASED LANDS

GLENCOE RESOURCES LTD.

INDIVIDUAL OWNERSHIP PLAN (REVISION # 1)

SHOWING

PLANT SITE

IN

N.W. 1/4 SEC. 30 TWP. 39 RGE. 25 W.4 M.

LACOMBE COUNTY

SCALE: 1:5000

CERTIFIED CORRECT:



ALBERTA LAND SURVEYOR

LEGEND

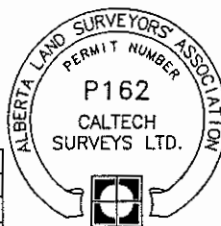
PLANT SITE SHOWN THUS
DISTANCES ARE SHOWN IN METRES
DATE: DECEMBER 17, 2004.



**CALTECH
SURVEYS LTD**

Ph: 263-8055 Fax: 263-8058

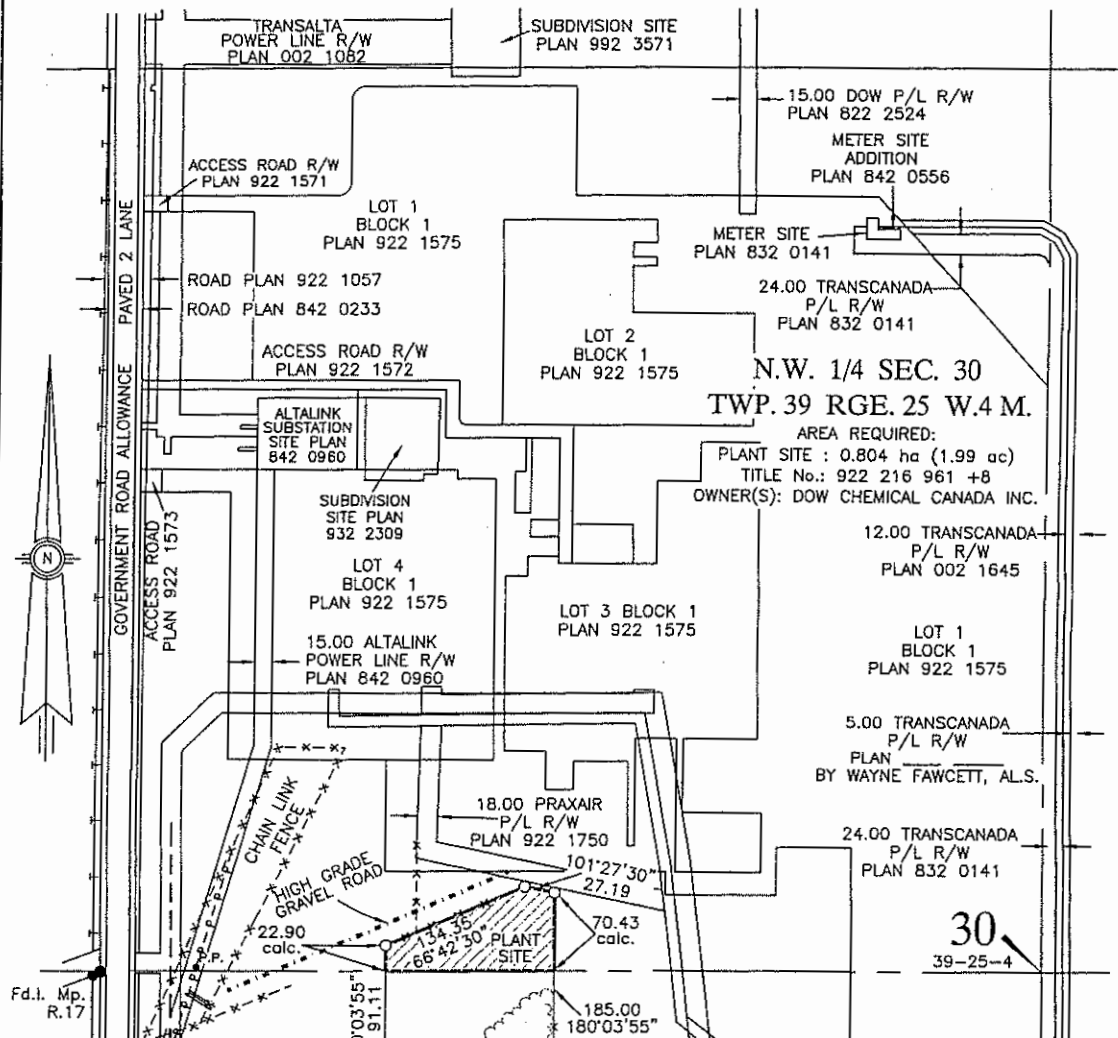
JOB NO:	04-1790-1	DRAWN: HZ
Rev.No.	Date	Description
0	2004.11.16	ISSUED
1	2004.12.17	REVISED P/L R/W



I (we) have no objection to the location of the
proposed plant site as shown herein.
Dated this ____ day of _____ A.D. 2004.

DOW CHEMICAL CANADA INC. Witness

Owner Witness



GLENCOE RESOURCES LTD.

INDIVIDUAL OWNERSHIP PLAN (REVISION # 1)

SHOWING
PLANT SITE

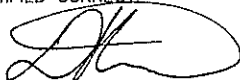
IN

S.W. 1/4 SEC. 30 TWP. 39 RGE. 25 W.4 M.

LACOMBE COUNTY

SCALE: 1:5000

CERTIFIED CORRECT:



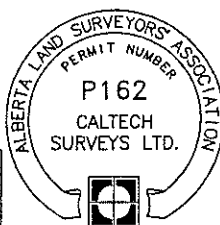
ALBERTA LAND SURVEYOR



**CALTECH
SURVEYS LTD**

Ph: 263-8055 Fax: 263-8058

JOB NO:	04-1790-1	DRAWN:	HZ
Rev.No.	Date	Description	
0	2004.11.16	ISSUED	
1	2004.12.17	REVISED P/L R/W	



LEGEND

PLANT SITE SHOWN THUS
DISTANCES ARE SHOWN IN METRES
DATE: DECEMBER 17, 2004.

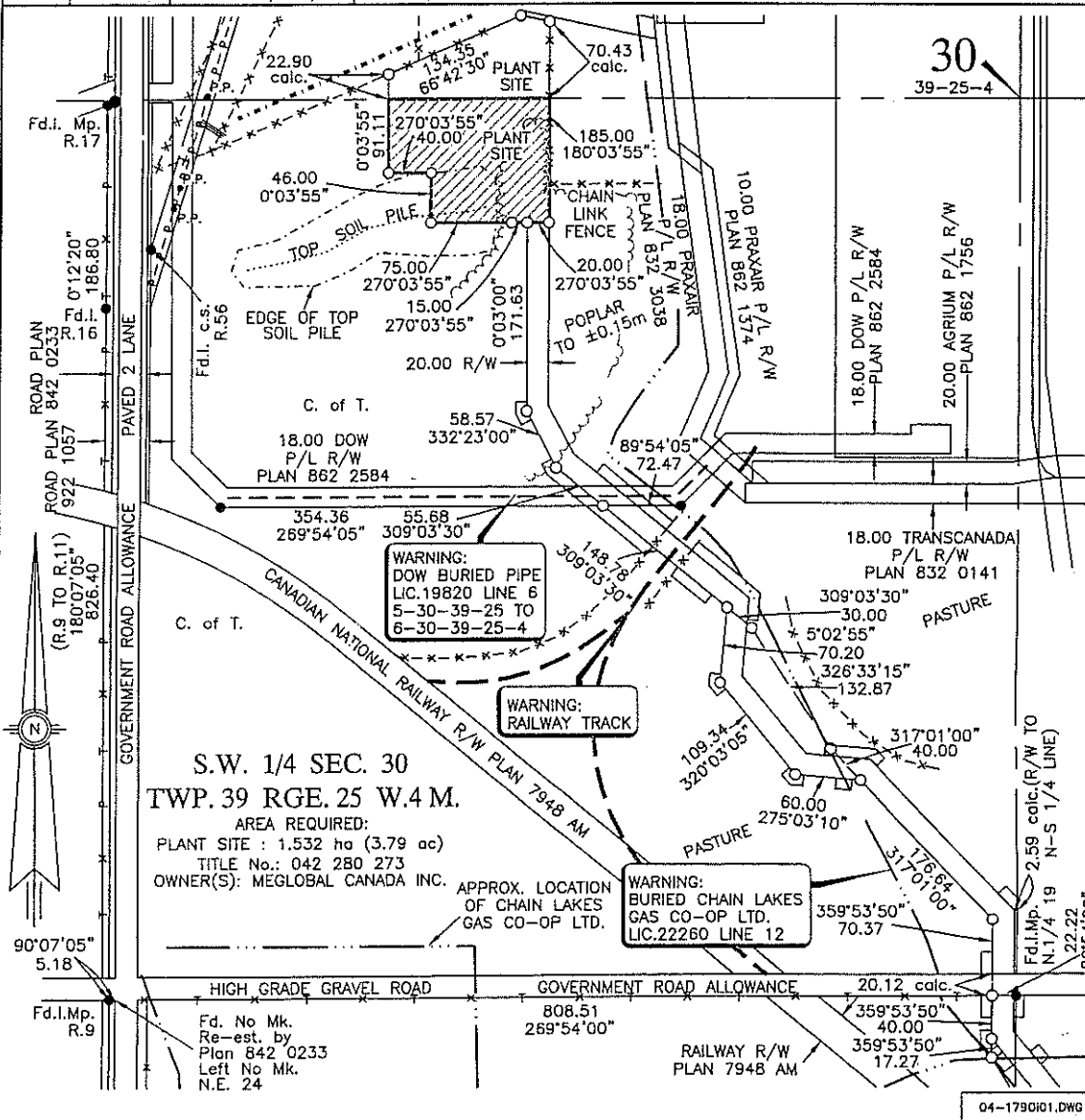
I (we) have no objection to the location of the
proposed plant site as shown herein.
Dated this ____ day of _____ A.D. 2004.

MEGLOBAL CANADA INC.

Witness

Owner

Witness



SCHEDULE "B"
NOTICES

Lessor:

MEGlobal Canada Inc.
2200, 250 – 6th Avenue S.W.
Calgary, Alberta
Attention: President
Fax: (403) 267-3503

with a copy to:

MEGlobal Limited
54 Pall Mall
London SW 1Y 5JH
Attention: General Counsel
Fax: 011 44 207 451 4843

Lessee:

GLENCOE RESOURCES LTD.
1950, 633 6th Avenue S.W.
Calgary, Alberta T2P 2Y5
Attention: Vice President, Operations
Fax: (403) 269-6604

**FIRST AMENDING AGREEMENT TO THE PRENTISS CO₂ STREAM
PURCHASE AND SALE AGREEMENT**

This First Amending Agreement (the "**First Amendment**") is made effective as of January 1, 2019 ("**Effective Date**"),

BETWEEN:

MEGLOCAL CANADA ULC, a Nova Scotia unlimited liability company ("**MEGlobal**") and
ALBERTA & ORIENT GLYCOL COMPANY ULC, a Nova Scotia unlimited liability
company ("**A&O**"), both having offices in the City of Calgary, in the Province of Alberta

(collectively, MEGlobal and A&O are referred to herein as "**Seller**")

- and -

ALPHABOW ENERGY LTD., an Alberta corporation ("**ABE**"), having an office in the City of
Calgary, in the Province of Alberta

("**Buyer**")

WHEREAS:

A. MEGlobal (as successor in interest to MEGlobal Canada Inc.), A&O (as successor in interest to Alberta & Orient Glycol Company Limited), ABE (as successor in interest to Glencoe Resources Ltd.) and Dow Chemical Canada ULC (as successor in interest to Dow Chemical Canada Inc., and as a third party) entered into that certain Prentiss CO₂ Purchase and Sale Agreement (the "**Agreement**") dated December 1, 2004, whereby Seller agreed to sell and deliver, and Buyer agreed to purchase, take and receive at the Point of Delivery, the CO₂ Stream on the terms specified therein;

B. Buyer delivered a termination notice pursuant to Section 12.1 of the Agreement dated January 8, 2018, whereby Buyer elected to terminate the Agreement with such termination being effective as of December 1, 2019 (the "**Initial Termination Notice**");

C. Buyer subsequently delivered a termination notice pursuant to Sections 12.5(b) and (c) of the Agreement dated January 24, 2018, whereby Buyer elected to terminate the Agreement with such termination being effective as of February 1, 2019 (the "**Second Termination Notice**" and, together with the Initial Termination Notice, the "**Termination Notices**");

D. Buyer shut down its CO₂ collection plant located on the Leased Lands;

E. Buyer restarted its CO₂ collection plant located on the Leased Lands;

F. Seller agrees to accept Buyer's rescission of its Termination Notices;

G. Seller and Buyer each agree to extend the Initial Term of the Agreement;

H. Buyer agrees to engineer, design, plan, construct and install certain water treatment infrastructure to demineralize water, to the extent possible, extracted from the CO₂ Stream and return such Treated Water (as defined herein) back to Seller for use at P1 and P2, subject to any applicable regulatory approvals;

I. Seller is the current owner of the GHGE Credits from its "**CO₂ Capture from Prentiss1 for EOR**" and its "**CO₂ Capture from Prentiss2 for EOR**" (collectively, the "**Seller's Project**") and Buyer agrees to expeditiously

develop and apply for its own offset credit project ("**Buyer's Project**") for approval in order to become the owner of GHGE Credits under Buyer's Project; and

J. The Parties wish to amend the Agreement as more particularly set forth herein.

NOW, THEREFORE, in consideration of the premises, the covenants herein contained and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged by all of the Parties hereto, the Parties hereby agree as follows:

1. The foregoing recitals are acknowledged to be accurate and are incorporated herein by reference. Capitalized terms used in this First Amendment, but not otherwise defined herein, shall have the meanings given to such terms in the Agreement.
2. Amendments to the Agreement:
 - a. Clause 2.3 of the Agreement is deleted in its entirety since any and all such ROFR rights solely attributable to this Clause 2.3 have been extinguished;
 - b. Clause 4.1 (f) shall be added to the Agreement as follows:

“(f) Buyer shall, subject to receiving prior Authorizations by the applicable Government Authorities, also have the right to inject the CO₂ into an CO₂ sequestration scheme.”;
 - c. Clause 5.9(a) of the Agreement is hereby amended by deleting the second (2nd) sentence therein;
 - d. Clause 5.9(c) shall be added to the Agreement as follows:

“(c) If CO₂ is made available by Seller to Buyer and Buyer fails to take such CO₂ except in the case of mechanical failures for up to ten (10) days per calendar year, Buyer shall pay Seller C\$20.00 per tonne of such CO₂ that is not taken ("**Failure to Take Payment**"). Buyer will be deemed to have taken the CO₂ if Buyer receives the CO₂ and removes water vapour whether or not such CO₂ is subsequently captured or vented. Taking CO₂ shall not constitute nor require that Buyer capture the CO₂. At the end of each calendar year, Seller shall calculate the Failure to Take Payment owed by Buyer to Seller, if any. Seller shall invoice Buyer such amount on January 15th of the following year.”;
 - e. Clause 6.1(a) of the Agreement is deleted and replaced in its entirety with:

“(a) Buyer agrees to develop and apply for Buyer's Project under the Enhanced Oil Recovery Protocol, as amended and/or other approved Protocols regulated under the Carbon Competitiveness Incentive Regulation for volumes of CO₂ as of January 1, 2019 (or viable date) and thereafter. Buyer and/or Buyer's consultant shall participate in the technical working group for such Enhanced Oil Recovery Protocol to ensure the maximization and certainty of Buyer's GHGE Credits going forward. Buyer agrees to communicate and collaborate with Seller on the status of Buyer's Protocol application for Buyer's Project. Once such Protocol has been approved, Buyer will receive all GHGE Credits captured or attributable to or arising from the sequestering or use of the CO₂ Stream (including any use permitted by Clause 4.1(d), subject to the requirements hereof) as defined in the Agreement as of January 1, 2019 or other such viable date agreed to by the Parties; provided, however, Buyer shall pay Seller an amount calculated on a monthly basis and invoiced and paid in full to Seller the following month in accordance with the formula detailed in Schedule E. Once Buyer's Project is approved, Seller's Project will no longer generate any further credits, be left to expire, and Buyer shall have no liability

towards the monetary value of GHGE Credits sold or owned by Seller under Seller's Projects unless Seller is impacted by Buyer's willful misconduct or gross negligence.”;

f. Clauses 6.1(b), (c) and (d) of the Agreement shall remain in full force and effect as to any GHGE Credits earned prior to January 1, 2019, but are hereby rescinded with respect to any GHGE Credits earned after such date; provided, however, such rescission is dependent upon Buyer timely developing and submitting Buyer's Project to and receiving Authorization for Buyer's Project from the applicable Government Authorities;

g. Clause 6.1(e) shall be added to the Agreement as follows:

“(e) During the Initial Term of the Agreement, and any extensions hereof, Seller shall have the right of first refusal “***Seller's ROFR***” to purchase any or all of the GHGE Credits related to this First Amendment on the same terms and conditions which Buyer is prepared to sell to any bona fide third party. Buyer shall provide to Seller a notice of intent to sell all or some of the GHGE Credits (the “***Notice***”) at least thirty (30) days prior to the intended sale date. Such Notice shall contain the material terms and conditions of such sale to a bona fide third party, including the number of GHGE Credits proposed to be sold, the proposed sale price and the name and address of the proposed purchaser. Seller shall have the right to purchase the same number of GHGE Credits on the terms described in the Notice within ten (10) Business Days' receipt of the Notice by Seller. Notwithstanding anything contained herein to the contrary, Seller's ROFR shall be restored (i) if Buyer fails to sell the GHGE Credits described in the Notice to said bona fide third party or (ii) as to any remaining GHGE Credits subsequent to such bona fide third-party sale.

h. Clause 1.1 of the Agreement is amended by inserting the following additional definitions in alphabetical order:

““***In-Service Date***” means the date that the construction and installation of the Water Treatment System are complete, such Water Treatment System has been adequately tested and the Prentiss Site first receives delivery of the Treated Water, other than for the purpose of testing, which date will be the commencement of the first Day of a calendar month;

“***On-Site Water Equipment***” means the Seller-owned equipment located on the Prentiss Site to receive the Treated Water;

“***Treated Water***” means the water extracted from the CO₂ Stream and treated by the Water Treatment System and meeting the specifications set forth in **Schedule F** attached hereto;

“***Water Treatment System***” means the water treatment system located on the Leased Lands comprised of existing equipment including water storage tanks, metering, a transfer pump and a water disposal well plus equipment to be installed that is expected to include but not be limited to additional metering, piping modifications, a reverse osmosis molecular sieve (membrane) process package, a Microbiological Reactor, PH treating and monitoring equipment, additional control and alarm system or upgrade and an additional transfer pump;”;

i. A new Article 6A is inserted after Article 6 of the Agreement, being the following:

**“ARTICLE 6A
WATER TREATMENT AND DISPOSAL**

6A.1 Responsibility of the Planning, Construction and Installation of the Water Treatment System

- (a) On or before December 31, 2020, Buyer shall, at its sole cost, risk and expense, undertake the engineering, design, and planning for the Water Treatment System on the Leased Lands and Seller shall, at its sole cost, risk and expense, undertake the engineering, design, and planning for the On-Site Water Equipment necessary to receive such Treated Water. Buyer shall provide Seller with an estimated budget for all capital and variable costs to complete such Water Treatment System prior to Seller obtaining any of its required corporate approvals. In case the Seller doesn't obtain its required corporate approvals to continue with this project, Seller shall pay Buyer for the actual engineering costs, up to a maximum of C\$50,000.00 in the form of a credit against the CO₂ purchase price. If Buyer doesn't obtain its required corporate approvals to continue with this project, Buyer shall pay Seller for its actual engineering costs up to a maximum C\$50,000.00.
- (b) Subject to Seller's and its Affiliates' approvals, on or before December 31, 2021, Buyer shall, at its sole cost, risk and expense, undertake the construction, installation, testing and commissioning of the Water Treatment System on the Leased Lands.
- (c) Subject to Seller's and its Affiliates' approvals, on or before December 31, 2021, Seller shall, at its sole cost, risk and expense, undertake the construction, installation, testing and commissioning of the On-Site Water Equipment.
- (d) Each Party will keep the other informed on a regular basis with respect to the progress of all phases detailed in Clauses 6A.1(a), (b) and (c) and any changes to any information that could affect the components for which the other is responsible.

6A.2 Specific Representations and Indemnifications

- (a) Buyer represents and warrants to Seller that when completed, in accordance with Buyer's plans, the Water Treatment System will have sufficient capacity to return to Seller all of the Treated Water from the P1 and P2 CO₂ Streams.
- (b) Buyer agrees to have the sole responsibility and to indemnify Seller and its Affiliates for the Water Treatment System pursuant to the same terms and conditions applicable to the CO₂ System and Buyer Installed On-Site Equipment, respectively, contained in Clause 3.6 of the Agreement.
- (c) Buyer has sole responsibility to, and at its sole cost and expense will, obtain and maintain in full force and effect any Authorizations that are required to be obtained in connection with the engineering, design, planning, construction, installation, testing, commissioning, ownership, use, operation, maintenance, dismantling, abandonment, decommissioning or reclamation of the Water Treatment System.

6A.3 Fees for Water Treatment and Disposal

Upon the In-Service Date of the Water Treatment System, Seller shall purchase, take and receive from Buyer all of the Treated Water made available to it at a monthly fee equal to the agreed upon (i) Buyer's capital investment for the Water Treatment System multiplied by 0.009785 (equates to 10% IRR over 20 year term) plus (ii) Buyer's variable monthly cost (actual operating and maintenance cost) of the Water Treatment System plus 10% mark-up, such fee to be invoiced by Buyer to Seller on a monthly basis. Buyer and Seller shall agree annually in writing on the following year's operating and maintenance cost.

6A.4 Treated Water Specifications

- (a) Buyer represents and warrants to Seller that the Treated Water delivered to Seller shall meet the specifications set forth in Schedule F.

- (b) Seller shall be entitled to refuse to accept delivery of Treated Water that does not meet the specifications set forth in **Schedule F** without incurring any liability for such refusal. If Seller refuses delivery of such Treated Water, Buyer may dispose of such water at its sole discretion.
- (c) Upon determining that any of the Treated Water tendered does not meet the specifications required by Clause 6A.4(a), as indicated by on line analysis or otherwise, Seller or Buyer, as the case may be, shall immediately advise the other and the Parties shall attempt to resolve the matter on commercially reasonable terms, there being no obligation on the part of Seller to accept the same.
- (d) During the Initial Term, and any extensions thereof, Buyer will not use the Water Treatment System to sell the Treated Water to any Person other than Seller or an Affiliate of Seller at any time when Seller is ready, willing and able to take such Treated Water and is not in default of any of its obligations hereunder.”;
- j. Clauses 7.2(a) and (b) of the Agreement are deleted and replaced in their entirety with the following:
 - “(a) Seller will prepare and deliver a statement to Buyer for the CO₂ Stream delivered by Seller during each Contract Month no later than the 15th day after the last day of the Contract Month. Buyer will prepare and deliver a statement to Seller for the Treated Water delivered by Buyer during each Contract Month no later than the 15th day after the last day of the Contract Month. Buyer shall advise Seller of the disposition of the CO₂ Stream as delivered, which may include venting, use for enhanced oil recovery pursuant to Clause 4.1(d) of the Agreement or injection for Sequestration purposes pursuant to Clause 4.1(f) of the Agreement or may also be attributable to measurement error.
 - (b) Each Party must pay to the other Party the net amount specified in the statements delivered pursuant to Clause 7.2(a) on or prior to thirty (30) days from receipt of statement.”;
- k. Clause 9.6(a) of the Agreement shall be amended by deleting the following phrases in the first sentence “(i) in the case of P2,” and “or (ii) in the case of P1, CO₂ analyzer and cycle gas flow meter”;
- l. Clause 12.1 of the Agreement is deleted and replaced in its entirety with the following:

“Term

The term of the Agreement shall commence on the date hereof and continue until December 31, 2028 (the “**Initial Term**”) and shall be automatically extended thereafter for successive periods of one (1) Contract Year (each such period a “**Contract Extension**”) unless terminated by notice given by either Party to the other at least two (2) years prior to the expiry of the Initial Term or applicable Contract Extension.”;
- m. Clause 13.12(d) of the Agreement is amended by inserting the words “Water Treatment System” following the words Downstream Equipment;
- n. **Schedule B** of the Agreement is deleted in its entirety and the First Amendment **Schedule B** attached hereto and incorporated herein, hereby replaces **Schedule B** of the Agreement in its entirety;
- o. **Schedule C** of the Agreement is deleted in its entirety and the First Amendment **Schedule C** attached hereto and incorporated herein, hereby replaces **Schedule C** of the Agreement in its entirety;

- p. The First Amendment Schedule E attached hereto and incorporated herein, is hereby inserted as Schedule E of the Agreement; and
- q. The First Amendment Schedule F attached hereto and incorporated herein, is hereby inserted as Schedule F of the Agreement.
3. As of the Effective Date, the Termination Notices are each hereby rescinded in their entirety by Seller and such rescission is accepted and confirmed as of the Effective Date by Buyer.
4. Buyer has sole responsibility to, and at its sole risk and expense, shall make the necessary applications for all required Authorizations from the Alberta Energy Regulator (“AER”), Alberta Environment & Parks (“AEP”) and any other applicable Government Authority with respect to Buyer’s Project.
5. Subject to Seller’s (including those of its Affiliates) and Buyer’s required corporate approvals, Seller and Buyer intend to proceed in good faith to undertake the engineering, design, planning, construction, installation and commissioning of new facilities to capture the additional boiler CO₂ from the Prentiss Site. Seller intends to install the necessary facilities up to the boundary of the Leased Lands at Seller’s cost and Buyer intends to modify its existing facilities and install any necessary facility upgrades as required to accept this incremental CO₂ Stream at Buyer’s cost. Such incremental CO₂ Stream shall be subject to the same terms and conditions as the current CO₂ Stream recovered from P1 and P2; provided, however, Schedule A may be modified as to the required CO₂ Stream specifications.
6. Buyer agrees to expend the necessary capital to guarantee the permanence of the CO₂ Stream captured (i) from Seller’s Project, (ii) as of the Effective Date and thereafter and (iii) from any incremental volumes of CO₂ from the Prentiss Site. The Parties agree to provide CO₂ Stream updates to each other so that Buyer has a reasonable assurance that the CO₂ Stream will be available on an ongoing basis and Seller has a reasonable assurance that the CO₂ Stream will be captured.
7. It is agreed and understood that the aforesaid Agreement shall remain in full force and effect without modification except as expressly set forth herein. Accordingly, all remaining terms, conditions, and provisions of such Agreement shall remain unchanged in full force and effect. All defined terms in the Agreement shall have the same meaning herein, unless otherwise amended. Whenever the provisions of this First Amendment are inconsistent with the terms and conditions of the Agreement, the provisions of this First Amendment shall control.
8. This First Amendment may be executed in counterparts (and by different Parties hereto in separate counterparts), each of which shall constitute an original, but all of which, when taken together, shall constitute a single contract. Delivery of an executed counterpart of a signature page of this First Amendment by facsimile or in electronic (i.e., “pdf” or “tiff”) format shall be effective as delivery of a manually executed counterpart of this Amending Agreement.

[Balance of page intentionally left blank]

IN WITNESS WHEREOF the Parties hereto have executed this First Amendment which is made effective as of the day and year first above written.

SELLER:

MEGLOCAL CANADA ULC,
a Nova Scotia unlimited liability company

By: R Schurink

Name: [Signature]
(Print)

Its: VP operations

ALBERTA & ORIENT GLYCOL COMPANY ULC,
a Nova Scotia unlimited liability company

By: [Signature]

Name: R Schurink
(Print)

Its: Director

BUYER:

ALPHABOW ENERGY LTD.,
an Alberta corporation

By: [Signature]

Name: Marshall Shi
(Print)
Chief Executive Officer

Its: _____

SCHEDULE B

CO₂ STREAM PRICES

The price payable by Buyer to Seller for the CO₂ Stream captured by Buyer pursuant to this Agreement shall be calculated on a monthly average basis according to the following provisions. The price for the CO₂ Stream shall be linked to the Edmonton Light Oil benchmark price which is available on the website www.gljpc.com; provided, however, if the required information is not provided or available at such website, then both Buyer and Seller shall agree on a source from which this required information can be retrieved. The CO₂ price is independent of the end use of the CO₂ captured.

- C\$2.5/MT when Edmonton Light Oil benchmark price is less than C\$45
- C\$5/MT when Edmonton Light Oil benchmark price is \geq C\$45 and \leq C\$65
- C\$10/MT when Edmonton Light Oil benchmark price exceeds C\$65 \leq C\$90
- C\$12.5/MT when Edmonton Light Oil benchmark price exceeds C\$90

SCHEDULE C

NOTICES

SELLER:

(other than operational billings)

MEGLOCAL CANADA ULC

Hwy. 597 & Prentiss Road
P.O. Bag 5501
Red Deer, Alberta, Canada
T4N 6N1
Attention: VP of Operations
Facsimile: (403) 885-8572
Email: rocco.schurink1@meglobal.biz

ALBERTA & ORIENT GLYCOL COMPANY ULC

Hwy. 597 & Prentiss Road
P.O. Bag 5501
Red Deer, Alberta, Canada
T4N 6N1
Attention: Director
Facsimile: (403) 885-8572
Email: rocco.schurink1@meglobal.biz

with a copy to:

MEGLOCAL AMERICAS INC.

2150 Town Square Place, Suite 750
Sugar Land, TX 77479
Attention: General Counsel
Facsimile: (281) 690-5629
Email: oconnekn@meglobal.biz

Operational Notices to:

MEGlobal Canada ULC
P.O. Bag 5501
Red Deer, Alberta, Canada
T4N 6N1
Attention: Site Leader
Facsimile: (403) 885-8586
Email: millerda@meglobal.biz

BUYER:

ALPHABOW ENERGY LTD.

1700, 222 - 3rd Avenue SW
Calgary, Alberta, Canada
T2P 0B4
Attention: Chief Operating Officer
Facsimile: (587) 393-5060
Email: rickironside@alphabowenergy.com

SCHEDULE E

CALCULATION FORMULA APPLICABLE TO SECTION 6.1(a)

Monthly Amount Payable = $0.5 \times ((80\% \times \text{ABGov\$} \times 75\% \text{ GHGInj}) - \text{C\$11} \times \text{GHGInj})$ (Parties agree that no payment is due from Seller to Buyer when the Monthly Amount Payable results in a negative value)

ABGov\$ – the official Government of Alberta tax rate that industrial emitters are required to pay per tonne for emissions of CO₂ to the atmosphere.

GHGInj – total tonnage of CO₂ injected on a monthly basis as indicated by Meter #3 located upstream of the refrigeration system; provided, however, Seller may validate such total tonnage of CO₂ injected on a monthly basis through Seller's ethylene mass balance.

80% – Constant agreed to by the Parties to account for the discounted market rate of GHGE Credits.

75% – Constant agreed to by the Parties to account for the reduced volume for which GHGE Credits are achieved.

The Parties further agree to true up the volume subject to the GHGE Credits annually after completion of the annual verification of emissions reductions achieved by a provincial accredited third party as per ISO14064-3. The cost of such annual verification shall be paid by Buyer and Buyer agrees to provide a copy of such verification report to Seller. Buyer shall pay Seller if the true up results in a credit to Seller and Seller shall credit Buyer against future CO₂ sales if the true up results in a credit to Buyer.

SCHEDULE F
TREATED WATER SPECIFICATIONS

- pH: 6.6 - 8.5
- Total hardness: 0.1 ppm CaCO₃ (max)
- TOC: 4 ppm (max)
- Iron: 0.06 ppm
- Conductivity: 10mS (max)
- TDS: 0.0 PPM

**Second Amending Agreement to the Prentiss CO₂ Stream
Purchase and Sale Agreement**

This Second Amending Agreement (the "**Second Amendment**") is made effective as of Dec 1, 2019 ("**Effective Date**"),

BETWEEN:

MEGLOBAL CANADA ULC, a Nova Scotia unlimited liability company ("**MEGlobal**") and
ALBERTA & ORIENT GLYCOL COMPANY ULC, a Nova Scotia unlimited liability
company ("**A&O**"), both having offices in the City of Calgary, in the Province of Alberta

(collectively, MEGlobal and A&O as referred to herein as "**Seller**")

-and-

ALPHABOW ENERGY LTD., an Alberta Corporation ("**ABE**"), having an office in the City of
Calgary, in the Province of Alberta.

("**Buyer**")

WHEREAS:

A. MEGlobal (as successor in interest to MEGlobal Canada Inc.), A&O (as successor in interest to Alberta & Orient Glycol Company Limited), ABE (as successor in interest to Glencoe Resources Ltd) and Dow Chemical Canada ULC (as successor in interest to Dow Chemical Canada Inc., and as a third party) entered into that certain Prentiss CO₂ Purchase and Sale Agreement (the "**Original Agreement**") dated December 1, 2004, whereby Seller agreed to sell and deliver, and Buyer agreed to purchase, take and receive at the Point of Delivery, the CO₂ Stream on the terms specified therein;

B. MEGlobal, A&O and ABE entered into that certain First Amendment (the "**First Amendment**") dated January 1, 2019. The Original Agreement and the First Amendment shall hereinafter be collectively referred to as the "**Agreement**"; and

C. The Parties wish to amend the Agreement as more particularly set forth herein.

NOW, THEREFORE in consideration of the premises, the covenants herein contained and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged by all of the Parties hereto, the Parties hereby agree as follows:

1. The foregoing recitals are acknowledged to be accurate and are incorporated herein by reference. Capitalized terms used in this Second Amendment, but not otherwise defined herein, shall have the meanings given to such terms in the Agreement.
2. Amendments to the Original Agreement and/or First Amendment:
 - a. Clause 2.e. of the First Amendment is hereby deleted in its entirety. Clause 6.1(a) of the Original Agreement shall now read as follows:

“(a) Buyer agrees to develop and apply for Buyer’s Project under the Enhanced Oil Recovery Protocol, as amended and/or other approved Protocols regulated under the Carbon Competitiveness Incentive Regulation.

Notwithstanding the Effective Date of this Second Amendment, and for purposes of this sentence of Clause 6.1(a) only, the Parties agree and acknowledge that Buyer took ownership and regulatory control of Seller’s Project as of January 1, 2019 for those

volumes of CO₂ generated on January 1, 2017 and thereafter; provided, however, Buyer consents to Seller having sold certain historical GHGE Credits from 2015 and 2016 during 2019.

Buyer will receive all GHGE Credits captured or attributable to or arising from the sequestering or use of the CO₂ Stream (including any use permitted by Clause 4.1 (d), subject to the requirements hereof) as defined in the Agreement as of January 1, 2019 or other such viable date agreed to by the Parties; provided, however, notwithstanding Clause 6.1 (j), Buyer shall pay Seller an amount calculated on a monthly basis and invoiced and paid in full to Seller the following month in accordance with the formula detailed in Schedule E of the First Amendment. Buyer shall have no liability towards the monetary value of GHGE Credits sold or owned by Seller under Seller's Projects unless Seller is impacted by Buyer's willful misconduct or gross negligence.”;

- b. Clause 2.f. of the First Amendment is deleted and replaced in its entirety with:

“Clauses 6.1(b), (c) and (d) of the Original Agreement shall remain in full force and effect as to any GHGE Credits earned prior to January 1, 2017 but are hereby rescinded with respect to any GHGE Credits earned after such date.”;
 - c. Clause 6.1(f) shall be added to the Original Agreement as follows:

“(f) Buyer agrees to purchase Seller's 2017 and 2018 Net Sequestration Allocation as set out in Schedule G attached hereto and incorporated herein. Seller shall invoice Buyer within thirty (30) days of the execution by all Parties to this Second Amendment. Buyer shall remit full payment to Seller within thirty (30) days' receipt of such invoice.”;
 - d. Clause 6.1(g) shall be added to the Original Agreement as follows;

“(g) Subject to Clause 4.1, Buyer indemnifies Seller from any issues related to the removal or release of the CO₂ volumes injected prior to January 1, 2017 and guarantees permanence of CO₂ captured under the BOR protocol. Seller agrees to indemnify Buyer from having any responsibility for any material concerns that arise regarding the verification and certification of the historical volumes prior to that date.”;
 - e. Clause 1.1 of the Original Agreement is amended by inserting the following additional definition in alphabetical order therein:

“*“Net Sequestration Allocation”* means the quantity of carbon dioxide that is sequestered in a geological formation, less the quantity of specified gases, expressed in CO₂e tonnes, released as a result of the sequestration activity;”;
 - f. The Second Amendment Schedule G attached hereto and incorporated herein, is hereby inserted as Schedule G of the Agreement.
- 3. It is agreed and understood that the Agreement shall remain in full force and effect without modification except as expressly set forth herein. Accordingly, all remaining terms, conditions and provisions of such Agreement shall remain unchanged in full force and effect. All defined terms in the Agreement shall have the same meaning herein, unless otherwise amended. Whenever the provisions of this Second Amendment are inconsistent with the terms and conditions of the Agreement, the provisions of this Second Amendment shall control.
 - 4. This Second Amendment may be executed in counterparts (and by different Parties hereto in separate counterparts), each of which shall constitute an original, but all of which, when taken together, shall constitute a single contract. Delivery of an executed counterpart of a signature page of this Second

Amendment by facsimile or in electronic (i.e., "pdf" or "tiff") format shall be effective as delivery of a manually executed counterpart of this Second Amendment.

[Balance of page intentionally left blank]

IN WITNESS WHEREOF the Parties hereto have executed this Second Amendment which is made effective as of the day and year first above written.

SELLER:

MEGLOCAL CANADA ULC,
a Nova Scotia unlimited liability company

By: [Signature]

Name: R Schurink
(Print)

Its: VP operations

Date: 1/28/2020

ALBERTA & ORIENT GLYCOL COMPANY ULC,
a Nova Scotia unlimited liability company

By: [Signature]

Name: R Schurink
(Print)

Its: Director

Date: 1/28/2020

BUYER:

ALPHABOW ENERGY LTD.,
an Alberta corporation

By: [Signature]

Name: Rick Ironside
Chief Operating Officer
(Print)

Its: _____

Date: 2020-01-28

SCHEDULE G
NET SEQUESTRATION ALLOCATION DETAILS

Description	Year Produced (vintage)	Tonnes of CO₂e	Price / Tonne of CO₂e	Price (CAD Dollars)
CO₂ Capture from Prentiss1 for EOR Net Emission Sequestration	2017	0	\$25.24	\$ 0.00
CO₂ Capture from Prentiss1 for EOR Net Emission Sequestration	2018	7932	\$25.24	\$ 200,203.68
CO₂ Capture from Prentiss2 for EOR Net Emission Sequestration	2017	13244	\$25.24	\$ 334,278.56
CO₂ Capture from Prentiss2 for EOR Net Emission Sequestration	2018	5748	\$25.24	\$ 145,079.52
CO₂ Capture from Prentiss1 and Prentiss2 for EOR Report Verification	2017/2018	---	---	(\$ 1821.80)
Purchase Price:				\$ 677,739.96

**Third Amending Agreement to the Prentiss CO₂ Stream
Purchase and Sale Agreement**

This Third Amending Agreement (the "**Third Amendment**") is made effective as of Jan 1, 2020 ("**Effective Date**"),

BETWEEN:

MEGLOBAL CANADA ULC, a Nova Scotia unlimited liability company ("**MEGlobal**") and **ALBERTA & ORIENT GLYCOL COMPANY ULC**, a Nova Scotia unlimited liability company ("**AO**"), both having offices in the City of Calgary, in the Province of Alberta

(collectively, MEGlobal and A&O as referred to herein as "**Seller**")

-and-

ALPHABOW ENERGY LTD, and Alberta Corporation ("**ABE**"), having an office in the City of Calgary, in the Province of Alberta

("**Buyer**")

WHEREAS:

- A. MEGlobal (as successor in interest to MEGlobal Canada Inc.), A&O (as successor in interest to Alberta & Orient Glycol Company Limited, ABE (as successor in interest to Glencoe Resources Ltd) and Dow Chemical Canada ULC (as successor in interest to Dow Chemical Canada Inc., and as a third party) entered into that certain Prentiss CO₂ Purchase and Sale Agreement (the "**Original Agreement**") dated December 1, 2004, whereby Seller agreed to sell and deliver, and Buyer agreed to purchase, take and receive at the Point of Delivery, the CO₂ Stream on the terms specified therein.
- B. MEGlobal, A&O and ABE entered into that certain First Amendment (the "**First Amendment**") dated January 1, 2019 and that certain Second Amendment (the "**Second Amendment**") effective December 1, 2019. The Original Agreement, First Amendment and Second Amendment shall hereinafter be collectively referred to as the "**Agreement**"; and
- C. The Parties wish to amend the Agreement as more particularly set forth herein.

NOW, THEREFORE in consideration of the premises, the covenants herein contained and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged by all of the Parties hereto, the Parties hereby agree as follows;

- 1. The foregoing recitals are acknowledged to be accurate and are incorporated herein by reference. Capitalized terms used in the Third Amendment, but not otherwise defined herein, shall have the meanings given to such terms in the Agreement.
- 2. Amendments to the Agreement:
 - a. Clause 2a. of the Second Amendment is hereby deleted in its entirety. Clause 6.1(a) of the Original Agreement shall now read as follows:
 - “(a) Buyer agrees to develop and apply for Buyer’s Project under the Enhanced Oil Recovery Protocol, as amended and/or other approved Protocols regulated under the Carbon Competitiveness Incentive Regulation.

Notwithstanding the Effective Date of this Third Amendment, and for the purposes of this sentence of Clause 6.1(a) only, the Parties agree and acknowledge that Buyer took

ownership and regulatory control of Seller's Project as of January 1, 2019 for those volumes of CO₂ generated on January 1, 2017 and thereafter; provided, however, Buyer consents to Seller having sold certain historical GHGE Credits from 2015 and 2016 during 2019.

Buyer will receive all GHGE Credits captured or attributable to or arising from the sequestering or use of the CO₂ stream (including any use permitted by Clause 4.1(d), subject to the requirements hereof) as defined in the Agreement as of January 1, 2019 or other such viable date agreed to by the Parties; provided, however, notwithstanding Clause 6.1(j), Buyer shall pay Seller an amount calculated on a monthly basis, invoiced semiannually by Seller in June and December and paid in full to Seller the following month in accordance with the formula detailed in Schedule E of the First Amendment. Buyer shall have no liability towards the monetary value of GHGE Credits sold or owned by Seller under Seller's Projects unless Seller is impacted by Buyer's willful misconduct or gross negligence.”;

- b. The last paragraph of Schedule E of the First Amendment is hereby deleted in its entirety and shall now read as follows:

“The Parties further agree to true up the volume subject to the GHGE Credits semiannually after completion of the semiannual verification of emissions reductions achieved by a provincial accredited third party as per ISO14064-3. The cost of such semiannual verification shall be paid by Buyer and Buyer agrees to provide a copy of such verification report to Seller. Buyer shall pay Seller if the true up results in a credit to Seller and Seller shall credit Buyer against future CO₂ sales if the true up results in a credit to Buyer.”

3. It is agreed and understood that the Agreement shall remain in full force and effect without modification except as expressly set forth herein. Accordingly, all remaining terms, conditions and provisions of such Agreement shall remain unchanged in full force and effect. All defined terms in the Agreement shall have the same meaning herein, unless otherwise amended. Whenever the provisions of this Third Amendment are inconsistent with the terms and conditions of the Agreement, the provisions of this Third Amendment shall control.
4. This Third Amendment may be executed in counterparts (and by different Parties hereto in separate counterparts), each of which shall constitute an original, but all of which, when taken together, shall constitute a single contract. Delivery of an executed counterpart of a signature page of this Third Amendment by facsimile or in electronic (i.e., “pdf” or “tiff”) format shall be effective as delivery of a manually executed counterpart of this Third Amendment.

[Balance of page intentionally left blank]

IN WITNESS WHEREOF the Parties hereto have executed this Third Amendment which is made effective as of the day and year first above written.

SELLER:

MEGLOCAL CANADA ULC,
a Nova Scotia unlimited liability company

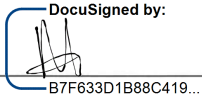
By:  _____
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Name: Rocco Schurink
(Print)

Its: VP Operations

Date: 2020-08-06

ALBERTA & ORIENT GLYCOL COMPANY ULC,
a Nova Scotia unlimited liability company

By:  _____
B7F633D1B88C419...

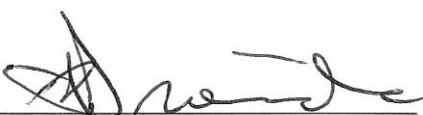
Name: Rocco Schurink
(Print)

Its: Director

Date: 2020-08-06

BUYER:

ALPHABOW ENERGY LTD.,
an Alberta corporation

By:  _____

Name: Rick Ironside
Chief Operating Officer
(Print)

Its: _____

Date: August 4, 2020

THIS IS EXHIBIT "E" referred to in
the Affidavit of **ROCCO SCHURINK**
SWORN BEFORE ME this 5th day
of August, 2025.



A COMMISSIONER FOR OATHS in and
for the Province of Alberta.

Isaac Belland
Barrister and Solicitor



Government
of Canada

Gouvernement
du Canada

**Companies' Creditors Arrangement Act (CCAA) Records search results |
Résultats de recherche dans le Registre de la Loi sur les arrangements avec les
créanciers des compagnies (LACC)**

2025-07-29

Search Criteria | Critères de recherche :
Reference | Référence :

Name | Nom = AlphaBow Energy Ltd.

A search of the Office of the Superintendent of Bankruptcy records has revealed the following information, for the period 2009-09-18 to 2025-07-27, based on the search criteria above-mentioned.

Une recherche dans le registre du Bureau du surintendant des faillites a révélé l'information suivante, pour la période allant du 2009-09-18 au 2025-07-27, selon les critères de recherche susmentionnés.

File Information | Renseignements sur le dossier

Court File Number Numéro de dossier du greffe :	25-3062078
Court and Judicial District Nom du tribunal et district judiciaire :	02 Calgary, District 09, Alberta
CCAA File Number Numéro de dossier de la LACC :	0000701-2024-AB
Monitor's web page for the proceedings Site Web du contrôleur :	https://www.ksvadvisory.com/experience/case/alphabow

**Debtor Company Information | Renseignements sur l'entreprise
débitrice**

Company Name Nom de l'entreprise :	AlphaBow Energy Ltd.
(Other names under which the company carries on business Autres dénominations commerciales):	
Head Office Adresse du siège social :	300-708 11 AVE SW, Calgary, Alberta, Canada, T2P 2Z2
Telephone Téléphone :	587-393-5059
Website Site Web :	

Monitor Information | Renseignements sur le contrôleur

Court-Appointed Monitor Contrôleur nommé par le tribunal :	KSV RESTRUCTURING INC.
Website Site Web :	https://www.ksvadvisory.com/
Monitor's Representative Représentant du contrôleur :	BASI, ANDREW HARRINDER SINGH
Address Adresse :	1165-324 8th Avenue SW, Calgary, Alberta, Canada, T2P2Z2
Telephone Téléphone :	416-932-6228
Email Courriel :	
Date of the Court Order Discharging Monitor Date de l'ordonnance de libération du contrôleur émise par le tribunal :	

Canada



Protecting the
Integrity of the
Insolvency System

Protéger l'intégrité
du système
d'insolvabilité



Government
of Canada

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du Canada

Bankruptcy and Insolvency Records Search (BIA) search results | Résultats de la recherche dans le Registre des dossiers de faillite et d'insolvabilité (LFI)

2025-07-29

Search Criteria | Critères de recherche :

Reference | Référence :

Name | Nom = Glencoe Resources Ltd.

103704-00007

A search of the Office of the Superintendent of Bankruptcy records has revealed the following information, for the period 1978 to 2025-07-25, based on the search criteria above-mentioned.

Une recherche dans les dossiers du Bureau du surintendant des faillites a permis de trouver l'information suivante, pour la période allant de 1978 à 2025-07-25, selon les critères de recherche susmentionnés.

BIA Estate Number | Numéro du dossier en vertu de la LFI :

25-094740

BIA Estate Name | Nom du dossier en vertu de la LFI :

GLENCOE RESOURCES LTD.

Birth Date | Date de naissance :

Province :

Alberta | Alberta

Address | Adresse :

110, 801-6TH AVENUE SW, CALGARY, Alberta, T2P3W4

Estate Type | Type de dossier :

RECEIVERSHIP | MISE SOUS SÉQUESTRE

Date of Proceeding | Date de la procédure :

2017-01-23

Total Liabilities* | Total du passif* :

\$0

Total Assets* | Total de l'actif* :

\$0

First Meeting of Creditors | Première assemblée des créanciers :

Discharge Status | Statut de la libération :

Effective Date | Date d'entrée en vigueur :

Court Number | Numéro de cour :

* As declared by debtor | Tel que déclaré par le débiteur

Responsible Person | Personne responsable :

BARKER, BREANNE

Appointed Licensed Insolvency Trustee or Administrator | Syndic autorisé en insolvabilité ou administrateur nommé :

BDO CANADA LIMITED / BDO CANADA LIMITEE

Address | Adresse :

5800 2nd Street SW, Suite 110, Calgary, Alberta, T2H0H2

Telephone | Téléphone :

403-777-9999

Fax | Télécopieur :

403-640-0591

Licensed Insolvency Trustee or Administrator's Discharge Date |

Date de la libération du syndic autorisé en insolvabilité ou de l'administrateur :

Canada



Protecting the
Integrity of the
Insolvency System

Protéger l'intégrité
du système
d'insolvabilité



Government
of Canada

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du Canada

Bankruptcy and Insolvency Records Search (BIA) search results | Résultats de la recherche dans le Registre des dossiers de faillite et d'insolvabilité (LFI)

2025-07-29

Search Criteria | Critères de recherche :

Reference | Référence :

Name | Nom = Sequoia Resources Corp

103704-00007

A search of the Office of the Superintendent of Bankruptcy records has revealed the following information, for the period 1978 to 2025-07-25, based on the search criteria above-mentioned.

Une recherche dans les dossiers du Bureau du surintendant des faillites a permis de trouver l'information suivante, pour la période allant de 1978 à 2025-07-25, selon les critères de recherche susmentionnés.

BIA Estate Number Numéro du dossier en vertu de la LFI :	25-2351565
BIA Estate Name Nom du dossier en vertu de la LFI :	Sequoia Resources Corp
Birth Date Date de naissance :	
Province :	Alberta Alberta
Address Adresse :	2900, 605 5 Avenue SW, Calgary, Alberta, T2P3H5
Estate Type Type de dossier :	BANKRUPTCY FAILLITE
Date of Proceeding Date de la procédure :	2018-03-23
Total Liabilities* Total du passif* :	\$21,362,829
Total Assets* Total de l'actif* :	\$1
First Meeting of Creditors Première assemblée des créanciers :	2018-04-12 10:00:00
Discharge Status Statut de la libération :	
Effective Date Date d'entrée en vigueur :	
Court Number Numéro de cour :	25-2351565

* As declared by debtor | Tel que déclaré par le débiteur

Responsible Person Personne responsable :	DARBY, PAUL JAMES
Appointed Licensed Insolvency Trustee or Administrator Syndic autorisé en insolvabilité ou administrateur nommé :	PRICEWATERHOUSECOOPERS INC.
Address Adresse :	PwC Tower, 18 York Street, Suite 2600, Toronto, Ontario, Canada, M5J0B2
Telephone Téléphone :	416-863-1133
Fax Télécopieur :	416-365-8215
Licensed Insolvency Trustee or Administrator's Discharge Date Date de la libération du syndic autorisé en insolvabilité ou de l'administrateur :	

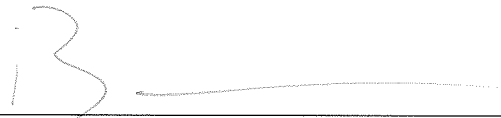
Canada



Protecting the
Integrity of the
Insolvency System

Protéger l'intégrité
du système
d'insolvabilité

THIS IS EXHIBIT "F" referred to in
the Affidavit of **ROCCO SCHURINK**
SWORN BEFORE ME this 5th day
of August, 2025.

A handwritten signature in blue ink, appearing to read 'iB', followed by a horizontal line.

A COMMISSIONER FOR OATHS in and
for the Province of Alberta.

Isaac Belland
Barrister and Solicitor

Subject: FW: In The Matter of The CCAA of AlphaBow Energy Ltd. – Court File No. 2401 05179

Attachments: Letter encl Proofs of Claim and documentation - October 23, 2024.pdf

From: Anderson, Cassy
Sent: Wednesday, October 23, 2024 2:02 PM
To: cameronk@bennettjones.com; aarons@bennettjones.com; alphabowclaims@ksvadvisory.com
Cc: Pawlyk, Jerritt <jerritt.pawlyk@ca.dlapiper.com>
Subject: In The Matter of The CCAA of AlphaBow Energy Ltd. – Court File No. 2401 05179

Good Afternoon,

Further to the above, please find attached correspondence of today's date from Mr. Pawlyk, together with the referenced enclosures.

Thank you,

Cassy Anderson
Legal Administrative Assistant to
Jerritt Pawlyk, Justina Driedger
and Courtney Yoo

T +1 780.637.4518
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Jerritt R. Pawlyk
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T +1 780.429.6835
F +1 780.670.4329

October 23, 2024

FILE NUMBER: 103704-00007

DELIVERED BY EMAIL

Bennett Jones LLP
4500, 855 2 Street SW
Calgary, AB T2P 4K7

Attention: Keely Cameron and Sarah Aaron

cameronk@bennettjones.com
aarons@bennettjones.com

KSV Restructuring Inc.
1165, 324 - 8th Avenue SW
Calgary, AB T2P 2Z2

Attention: Andrew Basi and Ross Graham

alphabowclaims@ksvadvisory.com

Dear Sir/Madam:

Re: In the Matter of The Companies' Creditors Arrangement Act, R.S.C. 1985, C. C-36, As Amended and In The Matter of the Compromise or Arrangement of AlphaBow Energy Ltd.

We are counsel to MEGlobal Canada ULC and Alberta & Orient Glycol ULC. Please find attached our clients' Proof of Claim and attached documentation.

MEGlobal Canada ULC's Prentiss 1 ("P1") and Alberta & Orient Glycol Company ULC's Prentiss 2 ("P2") EOEG Ethylene Glycol Production Units have been in operation since 1984 and the 1990s.

- On 1 December 2004, MEGlobal Canada Inc. (now MEGlobal Canada ULC ("MEGC")) together with Alberta & Orient Glycol Limited (now Alberta & Orient Glycol Company ULC ("A&O")) entered into that certain Prentiss CO2 Stream Purchase and Sale Agreement ("Agreement") as Seller with Glencoe Resources Ltd. ("Glencoe") as Buyer and Dow Chemical Canada Inc. as a third party. (See 1 and 1a attachments, see below for 1st, 2nd and 3rd Amendments to the Agreement).
- Schedule "D" to the above-referenced Agreement was that certain Ground Lease ("Lease") as between MEGC as Lessor and Glencoe as Lessee, dated 1 February 2005. (See 1a attachment).
- On 1 June 2015, Glencoe Resources assigned the Agreement and Lease to OEI Holdings Trust. (See 2 attachments).
- On 1 December 2016, OEI assigned its interest in the Agreement and Lease to 1994450 Alberta Inc. (See 3 attachments).
- On 5 April 2017, MEGC was notified that 1994450 Alberta Inc. had changed its name to Sequoia Operating Corp. ("Sequoia") as of 6 February 2017. (See 4 attachment).



- In May 2017, MEGC was informed by Sequoia that Glencoe Resources had gone into receivership.
- On 24 January 2018, Sequoia provided notice of permanent shutdown of its CO2 system and termination of the Agreement to MEGC and A&O, effective 1 February 2019. (See 5 attachment).
- On 1 February 2018, MEGC sent a Notice to Sequoia preserving its rights under the Agreement and Lease. (See 6 attachment).
- On 25 September 2018, MEGC received notice of Sequoia's name change to AlphaBow Energy Ltd. ("ABE"), effective 1 June 2018. (See 7 attachment).
- On 9 November 2018, MEGC and A&O sent its notices acknowledging the termination date and Lessee's required termination/payment obligations under the Agreement and Lease. (See 8 and 8a attachments)
- On 9 November 2018, ABE sent its notice to rescind Sequoia's notice of termination. (See 9 attachment).
- On 14 November 2018, MEGC and A&O sent its notice to ABE that they deem ABE's notice of rescission as ineffective. (See 10 and 10a attachments).
- On 28 November 2018 (although dated 27 November 2018), ABE sent its reply notice. (See 11 attachment).

The termination notice was rescinded in the 1st Amendment to Agreement effective 1 January 2019, and the Agreement was subsequently amended with a 2nd and 3rd Amendments effective 1 December 2019 and 1 January 2020, respectively.

(See 12, 13 and 14 attachments).

- On 30 March 2023, AER issued its Reasonable Care and Measures and ABE issued its Response on 21 April 2023 (already provided to you) and on 5 June 2023 AER issued its Suspension order.
- On 28 February 2024 the AER hearing panel released its Decision on ABE's appeals and confirmed both the 30 March 2023 (Reasonable Care and Measures) and the 5 June 2023 (Suspension) orders.

Please let me know if you have any questions or concerns.

Sincerely,
DLA Piper (Canada) LLP

Per: 

Jerri R. Pawlyk
Partner

JUP/cpa
Encl.

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C.
1985, c. C-36, as amended ("CCAA")

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF
ALPHABOW ENERGY LTD. ("AlphaBow")

PROOF OF CLAIM

Please carefully read the Order granted by the Court of King's Bench of Alberta (Commercial List) dated September 20, 2024 (the "**Claims Process Order**") and the enclosed Instruction Letter for completing this Proof of Claim. All capitalized terms used and not defined herein have the meaning ascribed to them in the Claims Procedure Order.

I. PARTICULARS OF CLAIMANT

1. Full Legal Name of Claimant:

MEGlobal Canada ULC and Alberta & Orient Glycol Company ULC (the "**Claimant**")
(Full legal name is the name of the Claimant as of April 26, 2024 (the "**Filing Date**"), notwithstanding whether an assignment of a Claim, or a portion thereof, has occurred following such date)

2. Attention (Contact Person): Jerritt Pawlyk

3. Email Address: jerritt.pawlyk@dlapiper.com

4. Telephone Number: 780-429-6835

5. Fax Number: 780-428-1066

6. Full Mailing Address of the Claimant:

MEGlobal Canada ULC and Alberta & Orient Glycol Company ULC c/o
Suite 2700 10220 - 103 Ave.
Edmonton AB T5J 0K4

7. Have you acquired this Claim by assignment?

Yes: ☐ No: ☒

(If yes, attach documents evidencing assignment)

If yes, Full Legal Name of Original Claimant(s): N/A

II. PROOF OF CLAIM

1. I Sony Joseph
(Name of Claimant or authorized representative of the Claimant)

Sugar Land, Texas do hereby certify:
(City and Province)

(a) I am (select **one**):

☐ the Claimant; **or**
☒ Treasurer / Officer of
(State Position or Title, if applicable)

Alberta & Orient Glycol Company ULC / MEGlobal Canada ULC
(Name of Claimant or authorized representative of the Claimant)

(b) I have knowledge of all the circumstances connected with the Claim referred to below;

(c) I confirm that complete documentation in support of the Claim referred to below is attached;

(d) I confirm that my claim in in respect of (select all applicable) categories of claims:

- ☐ surface lease;
- ☐ municipal taxes;
- ☐ mineral leases;
- ☐ working interest participant claims (including claims under an operating agreement);
- ☒ other

(e) the Applicant is indebted to the Claimant as follows:¹

¹ All Claims denominated in foreign currency shall be converted to Canadian dollars at the Bank of Canada daily average exchange rate in effect on the Filing Date of April 26, 2024.

III. PRE-FILING PROOF OF CLAIM

Pre-Filing Claim Amount	Nature of Claim	Description of the land, license or agreement to which the claim relates	Value of Security Held (if any)
CAD\$6,700,734.11	Please see attached particulars.	Please see attached particulars.	N/A

IV. POST-FILING PROOF OF CLAIM

Restructuring Claim Amount	Nature of Claim	Description of the land, license or agreement to which the claim relates	Value of Security Held (if any)
CAD\$3,592,321.09	Please see attached particulars.	Please see attached particulars.	N/A

V. PARTICULARS OF CLAIM

The particulars of the undersigned's total Claim are attached.

(Please provide full particulars of the Claim and supporting documentation, including amount, description of transaction(s) or agreement(s) or legal breach(es) giving rise to the Claim, name of any guarantor(s) which has guaranteed the Claim, particulars and copies of any security and amount of Claim allocated thereto, date and number of all invoices, particulars of all credits, discounts, etc. claimed.)

VI. FILING OF CLAIM

For all Claims, this Proof of Claim MUST be received by the Monitor **by 5:00pm (MT) on October 23, 2024** (the " Claims Bar Date").

This Proof of Claim shall be delivered in writing and ***will be sufficiently given only if delivered by email***, or, if you are unable to deliver by email, on consent of the Monitor, by mail, courier, or personal delivery, addressed to:

To the Applicant:

BENNETT JONES LLP

4500, 855 2 Street SW

Calgary, AB T2P 4K7

Attention: Keely Cameron (cameronk@bennettjones.com)

Sarah Aaron (aarons@bennettjones.com)

To the Monitor:

KSV RESTRUCTURING INC.

1165, 324 – 8th Avenue SW

Calgary, AB T2P 2Z2

Attention: Andrew Basi
Ross Graham

Email Address: alphabowclaims@ksvadvisory.com

Any such notice or communication delivered by a Claimant shall be deemed to be received upon actual receipt thereof before 5:00pm (MT) on a Business Day or if delivered outside of normal business hours, the next Business Day.

**PROOFS OF CLAIM MUST BE RECEIVED BY THE MONITOR BY THE CLAIMS
BAR DATE OR YOUR CLAIM WILL BE FOREVER BARRED AND EXTINGUISHED.**

DATED at 3:00 PM this 22 day of October, 2024.



Signature of Claimant

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C.
1985, c. C-36, as amended ("CCAA")

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF
ALPHABOW ENERGY LTD. ("AlphaBow")

INSTRUCTION LETTER

I. CLAIMS PROCEDURE

By Order of the Court of King's Bench of Alberta (Commercial List) dated September 20, 2024 (the "**Claims Process Order**"), KSV Restructuring Inc., in its capacity as the Court-appointed monitor (in such capacity, the "**Monitor**") of the Applicant, has been authorized, with the assistance of the Applicant, to conduct a claims procedure (the "**Claims Process**") with respect to Claims against the Applicant. The Claims Process Order governs the filing and determination of all Claims against the Applicant.

Unless otherwise defined, all capitalized terms used herein shall have the meanings ascribed to them in the Claims Procedure Order.

The Claims Process Order, the Claims Package, a Proof of Claim form and related materials may be accessed from the Monitor's Website at <https://www.ksvadvisory.com/experience/case/alphabow>.

This letter provides instructions for responding to or completing the Proof of Claim. Reference should be made to the Claims Process Order for a complete description of the Claims Procedure.

The Claims Procedure is intended for any Person with any Claims of any kind or nature whatsoever against the Applicant, whether liquidated, unliquidated, contingent or otherwise. Please review the Claims Process Order for the complete definitions of "**Claims**", "**Claims Bar Date**" and "**Claimant**".

All enquiries with respect to the Claims Process should be addressed to the Monitor at abasi@ksvadvisory.com or via the telephone (Phone: 1-587-287-2670), provided, however, that formal notices to the Monitor must be delivered as set out below.

II. CLAIMANTS SUBMITTING A PROOF OF CLAIM

If you believe that you have a Claim that you wish to assert against the Applicant, you **MUST** file a Proof of Claim with the Monitor.

All Proofs of Claim must be received by the Monitor **before 5:00 p.m. (MT) on October 23, 2024** (the "**Claims Bar Date**").

Any notice or communication required to be provided or delivered, including, for greater certainty, any Proof of Claim, shall be in writing in substantially the form, if any, provided for in the Claims Procedure Order and *will be sufficiently given only if delivered by email*, or, if a Claimant is unable to do so, and with the consent of the Monitor, by mail, courier, or personal delivery, addressed to:

To the Applicant:

BENNETT JONES LLP
4500, 855 2 Street SW
Calgary, AB T2P 4K7
Attention: Keely Cameron (cameronk@bennettjones.com)
Sarah Aaron (aarons@bennettjones.com)

To the Monitor:

KSV RESTRUCTURING INC.
1165, 324 – 8th Avenue SW
Calgary, AB T2P 2Z2
Attention: Andrew Basi
Ross Graham
Email Address: alphabowclaims@ksvadvisory.com

Any such notice or communication delivered by a Claimant shall be deemed to be received upon actual receipt thereof before 5:00 p.m. (MT) on a Business Day or if delivered outside of normal business hours, the next Business Day.

PROOFS OF CLAIM MUST BE RECEIVED BY THE MONITOR BY THE APPLICABLE CLAIMS BAR DATES OR THE CLAIM WILL BE FOREVER BARRED AND EXTINGUISHED.

All Claims denominated in foreign currency shall be converted to Canadian dollars at the Bank of Canada daily average exchange rate in effect on the Filing Date of April 26, 2024.

Additional Proof of Claim forms can be obtained by contacting the Monitor at the telephone number. In addition, Proofs of Claim and related materials may be accessed from the Monitor's Website at <https://www.ksvadvisory.com/experience/case/alphabow>.

IV. MONITOR CONTACT INFORMATION

All enquiries with respect to the Claims Procedure should be addressed to the Monitor as set out above.

DATED at Calgary, Alberta this 24th day of September, 2024.

KSV Restructuring Inc.

KSV Restructuring Inc.,
solely in its capacity as Monitor of
the Applicant and not in its personal
capacity.

Attachment 1

**PRENTISS CO₂ STREAM
PURCHASE AND SALE AGREEMENT**

BETWEEN:

**ALBERTA & ORIENT GLYCOL COMPANY LIMITED
and
MEGLOBAL CANADA INC.
(together as Seller)**

and

**GLENCOE RESOURCES LTD.
(as Buyer)**

and

**DOW CHEMICAL CANADA INC.
(as third party)**

Dated as of December 1, 2004

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**PRENTISS CO₂ STREAM
PURCHASE AND SALE AGREEMENT**

Made as of the 1st day of December, 2004 among (i) **ALBERTA & ORIENT GLYCOL COMPANY LIMITED**, a body corporate having an office in Prentiss, Alberta ("**A&O**") and **MEGGLOBAL CANADA INC.**, a body corporate having an office in Calgary, Alberta ("**MEGglobal**" and, together with A&O, "**Seller**"; (ii) **GLENCOE RESOURCES LTD.** a body corporate having an office in Calgary, Alberta ("**Buyer**"; and (iii) **DOW CHEMICAL CANADA INC.**, a body corporate having offices in Calgary, Alberta ("**DCCI**")

RECITALS:

1. Buyer and/or one or more of its Affiliates and/or its or their JV Partners own and/or operate certain oil and gas properties in Alberta.
2. Buyer has commenced and intends to complete the construction of certain CO₂ collection, compression and pipeline equipment primarily to initiate enhanced hydrocarbon recovery operations on said properties, for which it desires to obtain supplies of CO₂.
3. Seller produces CO₂ as a by-product of the operation of the Prentiss Facilities.
4. Seller has agreed to sell and deliver, and Buyer has agreed to purchase, take and receive, at the Point of Delivery, the CO₂ Stream, on the terms specified herein.

The Parties agree as follows:

**ARTICLE 1
DEFINITIONS**

1.1 Definitions

In this Agreement, including the recitals and any Schedule attached hereto, unless a clear contrary intention appears:

- (a) "**Affiliate**" of any Person means any other Person who directly or indirectly controls, or is controlled by, or is under common control with, such Person and for these purposes:
- (i) a body corporate is controlled by one or more Persons if (x) securities of the body corporate to which are attached more than 50 percent of the votes that may be cast to elect directors of the body corporate are beneficially owned by the Person or Persons, and (y) the votes attached to those securities are sufficient to elect a majority of the directors of the body corporate;
 - (ii) an association, partnership or other organization is controlled by one or more Persons if (x) more than 50 percent of the ownership interests, however designated, into which the association, partnership or other organization is divided are beneficially owned by the Person or Persons, and (y) the Person or Persons are able to direct the business and affairs of the association, partnership or other organization; and

- (iii) a body corporate, association, partnership or other organization is controlled by one or more Persons if the Person or Persons have, directly or indirectly, control in fact of the body corporate, association, partnership or other organization;

and “**control**” and “**controlled**” have a correlative meaning; and
- (iv) a body corporate, association, partnership or other organization that controls another body corporate, association, partnership or other organization is deemed to control any body corporate, association, partnership or other organization that is controlled or deemed to be controlled by the other body corporate, association, partnership or other organization;
- (b) “**Applicable Laws**” means, with respect to any Person or property, all national, provincial, state, county, municipal and local laws including the common law and by-laws, statutes, rules, regulations, treaties, ordinances, directives, decrees, decisions and orders of any Government Authority (to the extent the Person or property is subject to the jurisdiction of such Government Authority) and policies, guidelines, and interpretations (in each case, having the force of law) made or issued by any Government Authority under, and (except when used in the definition of Authorizations herein) Authorizations issued under, any of the foregoing, in each case that are applicable from time to time to such Person or property;
- (c) “**Authorizations**” means all authorizations, permits, decisions, judgments, directions, entitlements, licenses, orders, consents, approvals, exemptions, registrations, rulings, advance rulings and certificates whether now existing or hereafter issued or obtained or required to be issued or obtained, and which are or may be given or issued by any Government Authority pursuant to Applicable Laws, whether now existing or hereafter created;
- (d) “**Available CO₂**” in respect of a period means the aggregate of (i) the quantity of CO₂ in the CO₂ Stream that is made available by Seller to Buyer in the period, not to exceed on any day the Maximum CO₂ Stream in the period and (ii) the quantity of CO₂ that is deemed under Section 5.7(d) to have been flared or vented by Buyer in the period;
- (e) “**Business Day**” means any day, exclusive of Saturdays and Sundays and days that are statutory holidays in Alberta;
- (f) “**Buyer Installed Off Site CO₂ Pipeline**” means, collectively, (i) the pipeline constructed and installed or to be constructed and installed by Buyer on the Leased Lands for the transportation of CO₂ downstream from the downstream end of the Buyer Installed On Site Equipment at the boundary between the Prentiss Site and the Leased Lands, to the CO₂ Compressor; (ii) all valves, meters and other equipment associated with such pipeline; and (iii) any Modifications to the foregoing;
- (g) “**Buyer Installed On Site Equipment**” means, collectively, (i) the pipeline, valves, meters and associated equipment and facilities located on the Prentiss Site from the interconnection with the downstream end of the CO₂ Collection Equipment and, if applicable, dehydration equipment with respect to CO₂ Stream from P1 as contemplated by Section 3.3(a)(i) to the upstream end of the Buyer Installed Off Site CO₂ Pipeline at the boundary between the Prentiss Site and the Leased Lands and measuring or testing equipment, devices or materials installed on the Prentiss Site as contemplated by Section 9.6(a); and (ii) any Modifications to the foregoing;

- (h) **"Claims"** means any and all debts, costs, expenses, liabilities, obligations, losses and damages, penalties, proceedings, actions, suits, assessments, reassessments or claims of whatsoever nature or kind including regulatory or administrative (whether or not under common law, on the basis of contract, negligence, strict or absolute liability or liability in tort, or arising out of requirements of Applicable Laws), imposed on, incurred by, suffered by, or asserted against any Person or any property, absolute or contingent, and, except as otherwise expressly provided herein, includes all reasonable out-of-pocket costs, disbursements and expenses paid or incurred by such Person in defending any action and, in the case of a Claim related to Taxes, all interest, penalties, additions to Taxes or additional amounts imposed by any Government Authority;
- (i) **"Contract Extension"** has the meaning given to it in Section 12.1;
- (j) **"Contract Month"** means a period beginning at the commencement of the first Day of a calendar month and ending at the commencement of the first Day of the next calendar month;
- (k) **"Contract Year"** means a period of 1 year, with the first Contract Year commencing on the first Initial Date of Delivery, and each Contract Year thereafter commencing on the expiry of the prior Contract Year;
- (l) **"CO₂"** means molecular carbon dioxide;
- (m) **"CO₂ Collection Equipment"** means, collectively, (i) the vent piping on the CO₂ regenerator columns of P1 and P2; (ii) additional pipes to transport CO₂ from P1 and P2 to the interconnection with the Buyer Installed On Site Equipment on the Prentiss Site; (iii) any other Modifications to the Prentiss Facilities implemented to make the Prentiss Facilities ready to deliver the CO₂ Stream to the Buyer Installed On Site Equipment; and (iv) any Modifications to the foregoing;
- (n) **"CO₂ Compressor"** means, collectively, (i) the 2 compressors to be used for the compression of the CO₂ Stream, a dehydrator and associated equipment all constructed and installed or to be constructed and installed by Buyer on the Leased Lands for the purpose of compressing and treating CO₂; and (ii) any Modifications to the foregoing;
- (o) **"CO₂ Stream"** means the low pressure process stream containing primarily CO₂ and water and meeting the specifications set forth in Schedule "A" hereto that, in any period, is available to be delivered to Buyer by (i) A&O from the operation of P2 or (ii) MEGlobal from the operation of P1 but (in the case of (ii)) only from the time that the waiver of the ROFR Holder is obtained as contemplated by Section 2.3 or Seller has paid the ROFR Holder the amount Seller is required to compensate the ROFR Holder in accordance with the term of the applicable agreement in order to sell the CO₂ recovered from P1 to Buyer as contemplated by Section 2.3 and, for clarity, does not include any quantity of CO₂ that is not available to be delivered to Buyer due to an event of Force Majeure affecting P1 or P2, an Outage affecting P1 or P2, or flaring or venting or other Release upstream of the Point of Delivery;
- (p) **"CO₂ System"** means, collectively, (i) the Buyer Installed Off Site CO₂ Pipeline; (ii) the CO₂ Compressor; (iii) the Downstream Equipment; (iv) infrastructure associated with the foregoing; and (v) without duplication, any Modifications to the foregoing, but excluding (for clarity) the Prentiss Facilities, the CO₂ Collection Equipment, the Buyer Installed On Site Equipment and the Leased Lands;

- (q) **"CO₂ System Start Up Notice"** means a notice to be provided by Buyer that the CO₂ System from P1 or P2, as applicable, and the applicable Buyer Installed On Site Equipment are capable of receiving and compressing the CO₂ Stream from P1 or P2, as applicable, and the Oil Properties are equipped for the injection of the CO₂ recovered from such CO₂ Stream;
- (r) **"Cost Advance"** has the meaning given to it in Section 3.7(b);
- (s) **"Day"** or **"d"** means a period of 24 consecutive hours commencing at 8:00 a.m. Mountain Standard time in Calgary, Alberta;
- (t) **"Downstream Equipment"** means, collectively, (i) the pipes, valves, meters and associated equipment and facilities whether on or off the Leased Lands but, for clarity, not on or under the Prentiss Site, from the downstream side of the CO₂ Compressor to the Oil Properties including any equipment from time to time installed or required to tie in the Oil Properties to receive CO₂ from the foregoing; and (ii) any Modification to the foregoing, but excluding any Oil Properties or wells, well bores or underground formations or associated equipment for the taking, treating, processing, transportation or storage of petroleum, natural gas or associated substances;
- (u) **"Environment"** means air (including the air within buildings and the air within other natural or man-made structures whether above or below ground), water (including drains or sewers and coastal waters), and land (including land under water), organisms (including man) and any other meaning given to "environment" under any legislation;
- (v) **"Environmental Claim"** means any Claim or accusation, allegation, notice of violation, demand, abatement order or other order or direction (conditional or otherwise), prosecution, or other mandatory communication by any Government Authority or any other Person, including any Claim for or in respect of or arising out of or related or attributed to or based upon personal injury, sickness, disease or death, tangible or intangible property damage, economic loss, cost recovery, contribution, indemnity, injunctive relief, damage (or risk thereof) to the Environment, violation of pollution standards, nuisance, pollution, contamination or other adverse effects on the Environment, and/or for fines, penalties or restrictions, and all liabilities for or in respect of any Remedial Action, whether or not any of the foregoing arise under or by virtue of any Environmental Laws or breach thereof or the terms of any Authorization or breach thereof, in each case resulting from or based upon (i) the existence of a Release (whether sudden or non-sudden or accidental or non-accidental) of, or exposure to, any Specified Substance, in, into or onto the Environment; (ii) the use, handling, transportation, storage, treatment or disposal of Specified Substances; or (iii) the violation, or alleged violation, of any Environmental Laws or any Authorizations issued pursuant to such Environmental Laws;
- (w) **"Environmental Laws"** means all Applicable Laws relating to environmental matters or occupational health and safety or the reduction, avoidance, capture, sequestration or documentation of emissions of Greenhouse Gases, including (i) the *Environmental Protection and Enhancement Act* (Alberta), the *Canadian Environmental Protection Act* and the *Transportation of Dangerous Goods Act* (Canada); (ii) any laws having as a purpose or effect the protection of the Environment, the prevention, reduction or remediation of pollution or the effects thereof and/or the provision of remedies in respect of damage arising therefrom; (iii) national, international or bilateral treaties or accords related to the reduction, avoidance, capture, sequestration or documentation of Greenhouse Gases and Applicable Laws implementing such treaties or accords; and (iv) Authorizations issued or required under or in connection with the foregoing;

- (x) **"Force Majeure"** means, in relation to a Party, any occurrence, condition, situation, or threat thereof that renders the Party unable to perform its obligations under this Agreement; provided that (i) such occurrence, condition, situation or threat thereof is not under or within the control of the Party claiming such inability; (ii) such Party could not have prevented or avoided the effects of such occurrence, condition, situation or threat thereof by the exercise of reasonable diligence; (iii) in the case Buyer is claiming relief, any occurrence, condition, situation or threat thereof related to the capacity of the CO₂ Collection Equipment, the CO₂ System or the Buyer Installed On Site Equipment or the ability of underground formations attributable the Oil Properties to receive CO₂ may not constitute Force Majeure; and (iv) in the case of either Party, lack of finances or economic hardship may not constitute Force Majeure;
- (y) **"Further Advance"** has the meaning given to it in Section 3.7(c);
- (z) **"GAAP"** or **"generally accepted accounting principles"** means accounting principles generally accepted and consistently applied in the United States of America including those recommended and approved by a significant segment of the American accounting profession, that are applicable to the circumstances as of the date of this Agreement;
- (aa) **"GHGE Credits"** is an acronym for "Greenhouse Gas emission credits" and means any and all rights, benefits, title and interest created or recognized under Environmental Laws related, in whole or in part, to reduction, avoidance, capture, sequestration or documentation of emissions of Greenhouse Gases, including the following:
 - (i) any allowance or credit issued or granted by a Government Authority in connection with any such reduction, avoidance, capture, sequestration or documentation of such emissions;
 - (ii) any tradeable allowance or credit issued or granted in connection with any such reduction, avoidance, capture, sequestration or documentation of such emissions;
 - (iii) the right of any Person to claim credit in any reporting program established or maintained by any Government Authority through the reduction, avoidance, capture, sequestration or documentation of such emissions;
 - (iv) the right of any Person to bank or store any such reduction, avoidance, capture, sequestration or documentation of such emissions in any registry system established or maintained by any Government Authority or any non-governmental organization or entity;
 - (v) the right of any Person to take any form of credit or acknowledgement by a Government Authority that actions had been taken by a Person that result in the reduction, avoidance, capture, sequestration or documentation or mitigation of such emissions;
 - (vi) the right of any Person to use any such reduction, avoidance, capture, sequestration or documentation of emissions;
 - (vii) the right of any Person to any form of acknowledgement by a Government Authority to claim reduction, avoidance, capture or mitigation from an emissions baseline when that baseline can be used for establishing a tradeable emission allowance allocation, and that

beneficial ownership in such reduction, avoidance, capture or mitigation or related tradeable allowance can be:

- (A) banked for credit in the event that regulation requiring a Person to reduce, avoid, compensate for or otherwise mitigate such emissions,
 - (B) claimed by a Person for credit against that Person's compliance requirements, or
 - (C) transferred to any other Person for any other reason;
- (viii) the right of any Person to any form of acknowledgement by an international agency or organization in respect of the reduction, avoidance, capture, sequestration or documentation of such emissions including that the reduction, avoidance, capture, sequestration or documentation of such emissions constitutes tradeable emission reduction units for the purposes of any prescribed international rules; and
- (ix) the right of any Person to any right to any offset of man-made emissions of such substances caused wholly or in part by the reduction of such emissions;
- (bb) **"Ground Lease"** means a lease from MEGlobal to Buyer in substantially the form of Schedule "D";
- (cc) **"Good Industry Practice"** means, in relation to a function or activity, any of the practices, methods and acts that should be adopted at the relevant time by a Person exercising that degree of knowledge, skill, diligence, prudence and foresight that would reasonably and ordinarily be expected from a skilled and experienced Person engaged in providing the applicable function or activity, under the same or similar circumstances. Good Industry Practice is not restricted to the optimum practice, method or act to the exclusion of all others but rather comprises the spectrum of acceptable practices, methods and acts applicable to the specific circumstance;
- (dd) **"Government Authority"** means any nation or any province, state, county, territory, municipality or other political subdivision thereof, or any government, quasi-government, administrative or regulatory authority, agency, board, body, commission, instrumentality, court or tribunal thereof or any central bank (or similar monetary or regulatory authority), any Tax authority, any ministry or department or agency of the foregoing, any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government, or any arbitrator or panel of arbitrators;
- (ee) **"Greenhouse Gases"** means carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, chlorofluorocarbons, perfluorocarbons, or any other substance (gaseous or otherwise) that is or becomes recognized by Applicable Laws as a contributor to what is commonly referred to as the "greenhouse effect";
- (ff) **"Independent Auditor"** means a partner of a major accounting firm not primarily used by Seller or Buyer;
- (gg) **"Initial Date of Delivery"** means, for P2 and P1, respectively, the date that construction and installation of the CO₂ System, the CO₂ Collection Equipment and the Buyer Installed On Site Equipment are complete and have been adequately tested and the CO₂ System first receives delivery of the CO₂ Stream from P2 or P1, as applicable, other than for the purpose of testing;

- (hh) **"Initial Term"** has the meaning given to it in Section 12.1;
- (ii) **"Insolvency Event"** occurs in relation to a Person if:
 - (i) the Person commences a voluntary case or other proceeding seeking liquidation, reorganization or other relief with respect to itself or its debts under any bankruptcy, insolvency, reorganization or other similar law of any jurisdiction now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of it or any substantial part of its property, or consents to any such relief or to the appointment of or taking possession by any such official in an involuntary case or other proceeding commenced against it, or makes a general assignment for the benefit of creditors, or fails generally to pay its debts as they become due, or takes any corporate action in any jurisdiction to authorize any of the foregoing;
 - (ii) an involuntary case or other proceeding is commenced against the Person seeking liquidation, reorganization or other relief with respect to it or its debts under any bankruptcy, insolvency, reorganization or other similar law of any jurisdiction now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of it or any substantial part of its property, and such involuntary case or other proceeding shall remain undismissed and unstayed for a period of 60 days; or
 - (i) an order for relief shall be entered against that Person under any bankruptcy, insolvency, reorganization or other similar law of any jurisdiction as now or hereafter in effect;
- (jj) **"Interest Rate"** means for any period the prime rate charged by Royal Bank of Canada from time to time during such period as a reference rate for Canadian dollar commercial loans in Canada, plus 2% per annum;
- (kk) **"JV Partners"** means one or more Persons having a working interest in oil, gas or oil and gas (including coal bed methane) properties in which Buyer or any Affiliate also has a working interest;
- (ll) **"Leased Lands"** has the meaning given to it in the Ground Lease;
- (mm) **"Maximum CO₂ Stream"** means 7 mmscf per day of CO₂ from P2 and 8 mmscf per day of CO₂ from P1;
- (nn) **"mmscf"** means one million standard cubic feet at 15°C and 1 atmosphere;
- (oo) **"Modifications"** means with respect to any equipment or facility any and all modifications, improvements, alterations, repairs or expansions thereof or thereto;
- (pp) **"Oil Properties"** means those properties located in Alberta in or in respect of which Buyer or any Affiliate has a working interest or which Buyer or any Affiliate operates that are now or at any time in the future equipped for the taking of production of oil (alone or with other substances) and where the production of such oil is or may be enhanced by injection of CO₂ into one or more underground formations;

- (qq) **"Outage"** means in respect of the Prentiss Facilities, the CO₂ Collection Equipment, the Buyer Installed On Site Equipment or the CO₂ System or any component thereof, a scheduled or unscheduled shutdown thereof;
- (rr) **"P1"** means the ethylene glycol plant known as "P1" owned at the date hereof by Seller and located on the Prentiss Site, and any Modifications to the foregoing;
- (ss) **"P2"** means the ethylene glycol plant known as "P2" owned at the date hereof by Alberta & Orient Glycol Company Limited and located on the Prentiss Site, and any Modifications to the foregoing;
- (tt) **"Parties"** means (i) collectively, the entities comprising Seller, and (ii) Buyer; and **"Party"** means either one of them;
- (uu) **"Person"** means an individual, a partnership, a corporation, a limited or unlimited liability company, a trust, an unincorporated organization, a union, a government or any department or agency thereof and the heirs, executors, administrators, or other legal representative of an individual;
- (vv) **"Point of Delivery"** means the CO₂ outlet valve at the top of the regenerator column of the applicable Prentiss Facility;
- (ww) **"Practicable"** means with respect to a specified obligation, action, objective or result, that a reasonably prudent Person (not constrained by capital limitations or other circumstances peculiar to the Person or the terms of this Agreement) would fulfil the obligation, take the action, achieve the objective or effect the result after considering the economic, commercial and operational circumstances and reasonably expected consequences;
- (xx) **"Prentiss Facilities"** means, collectively, P2 and, only from the time that the waiver of the ROFR Holder is obtained as contemplated by Section 2.3 or Seller has paid the ROFR Holder the amount Seller is required to compensate the ROFR Holder in accordance with the term of the applicable agreement in order to sell the CO₂ recovered from P1 to Buyer as contemplated by Section 2.3, P1; and **"Prentiss Facility"** means one of them;
- (yy) **"Prentiss Site"** has the meaning given to it in the Ground Lease;
- (zz) **"Release"** means, when used as a noun, any presence, spill, emission, leaking, leaching, pumping, pouring, injection, withdrawal, escaping, deposit, disposal, discharge, dispersal, migration or release in or into the indoor or outdoor environment, or in, into or out of any vessel or facility (including an underground storage cavern), including movement through air, soil, surface water, ground water, subsurface elements or property, of any Specified Substance; and, when used as a verb, has a correlative meaning;
- (aaa) **"Remedial Action"** means any action that is reasonably required under Environmental Laws to (i) clean up, remediate, remove, treat or in any other way deal with Specified Substances, (ii) prevent any Release of Specified Substances in accordance with, or to the standards required by, applicable Remedial Criteria, whether such Release would violate any Environmental Laws or would endanger or threaten to endanger public health or welfare or the Environment, or (iii) restore the Environment, perform remedial studies, investigations, restoration or post-remedial studies, investigations and monitoring or obtaining reclamation or abandonment certificates with

respect to the presence of Specified Substances in accordance with, or to the standards required by, applicable Remedial Criteria;

- (bbb) **"Remedial Criteria"** means the applicable remediation criteria for industrial land use adopted by the Government Authority having jurisdiction over any property or asset with respect to the regulation of contaminated sites from time to time;
- (ccc) **"ROFR Holder"** has the meaning given to it in Section 2.3(a);
- (ddd) **"Sales Tax"** means all sales, use, value added, ad valorem, excise or similar taxes, however denominated, including any interest, penalties or other additions that may become payable in respect thereof, imposed by any national, provincial, state, country, territorial, municipal or foreign government or any agency or political subdivision of any such government;
- (eee) **"Scheduled Outage"** means an Outage for which at least 30 days' prior notice has been given to the Party not experiencing the Outage;
- (fff) **"Sequester"** means to capture CO₂ from the CO₂ Stream delivered by Seller hereunder and transport and inject or reinject it into one or more underground formations with the objectives of ensuring that, to the extent Practicable, (i) such CO₂ will not be released as a result of such operations or, after injection or reinjection, from such underground formations except release from any such formation as a necessary result of enhanced production of hydrocarbons from the formation and (ii) any of such CO₂ that is released in connection with production operations, other than any thereof that is lost in production operations and would not reasonably be expected to be captured, is captured and reinjected into one or more underground formations with the same objectives;
- (ggg) **"Specified Substance"** means, Greenhouse Gases and any other chemical, material, substance or energy in any form including sound (i) defined as or included in one or more of the definitions of "specified substances", "hazardous wastes", "hazardous materials", "extremely hazardous waste", "restricted hazardous waste" or "toxic substances" or definitions of similar import under any applicable Environmental Law, or (ii) the possession, use, presence, storage, transport or Release of which is reportable, prohibited, limited or regulated under any Environmental Law; or (iii) which, whether alone or in combination with other matters, may be toxic, hazardous, harmful or damaging to or otherwise interfere with human health, other life or Environment;
- (hhh) **"Take or Pay Period"** means a Contract Year except that
 - (i) if the first Initial Date of Delivery occurs but is not a first Day of January, then the first Take or Pay Period will begin on the Initial Date of Delivery and end on the commencement of the Day on the January 1 immediately after the period begins; and
 - (ii) if the first Initial Date of Delivery does not occur by January 1, 2006, then the first Take or Pay Period will begin on the commencement of the earlier of (A) January 1, 2006, or (B) the first Day of the seventh Contract Month following the delivery of the CO₂ System Start Up Notice, if one has been delivered, and (in either case) end on the commencement of the Day on the January 1 immediately after the period begins,

and each subsequent Take or Pay Period will be the 12 month period beginning at the end of the preceding Take or Pay Period, except that if the first Take or Pay Period does not begin on a

January 1, then the last Take or Pay Period will be the period commencing on the last first Day of January of the Term and ending on the expiry or termination of this Agreement;

- (iii) "**Tax**" means all taxes, however denominated, including any interest, penalties or other additions that may become payable in respect thereof, imposed by any national, provincial, state, county, territorial, municipal or foreign government or any agency or political subdivision of any such government, which taxes shall include, all income or profits taxes, capital taxes, withholding taxes, payroll and employee withholding taxes, employment insurance, social insurance taxes, Sales Taxes, franchise taxes, gross receipts taxes, business license taxes, occupation taxes, real and personal property taxes, stamp taxes, environmental taxes, transfer taxes, (including land transfer taxes) workers' compensation and other governmental charges, and other obligations of the same or of a similar nature to any of the foregoing;
- (jii) "**Term**" means the Initial Term and any applicable Contract Extension; and
- (kkk) "**User**" means Buyer, each of the JV Partners, any Person now or in the future taking or to take any of the CO₂ Stream or any component of the CO₂ Stream and each Affiliate of any of the foregoing and the respective directors, officers, employees, agents and consultants of each of the foregoing.

1.2 Interpretation

In this Agreement, unless a clear contrary intention appears:

- (a) the singular number includes the plural number and vice versa;
- (b) reference to any Person includes such Person's successors and assigns but, in relation to this Agreement, only if such successors and assigns are permitted by this Agreement, and reference to a Person in a particular capacity excludes such Person in any other capacity or individually;
- (c) use of the masculine, feminine or neuter gender includes all genders;
- (d) where a term is defined, a grammatical variation of that term will have a corresponding meaning;
- (e) reference to any agreement (including this Agreement), document or instrument means such agreement, document or instrument as amended, restated or modified and in effect from time to time in accordance with the terms thereof;
- (f) reference to any Applicable Law means such Applicable Law as amended, modified, codified, replaced or re-enacted, in whole or in part, and in effect from time to time, including rules and regulations promulgated thereunder and reference to any section or other provision of any Applicable Law means that provision of such Applicable Law from time to time in effect and constituting the substantive amendment, modification, codification, replacement or re-enactment of such section or other provision;
- (g) reference in this Agreement to any Section, Appendix, Annex, Schedule or Exhibit means the specified Section, Appendix, Annex, Schedule or Exhibit to this Agreement;

- (h) "Agreement", "this Agreement", "herein", "hereunder", "hereof", "hereto" and words of similar import are references to this Agreement as a whole including the Recitals and not, unless a particular section or other part thereof is referred to, to any particular section or other part;
- (i) "including" (and, with correlative meaning, "include") means including without limiting the generality of any description preceding or succeeding such term, and the rule of *ejusdem generis* will not be applicable to limit a general statement preceded, followed by or referable to an enumeration of specific matters, to matters similar to those specifically mentioned;
- (j) the division of this Agreement and the table of contents and headings herein are for convenience of reference only and do not affect the construction or interpretation hereof;
- (k) unless expressly otherwise provided, accounting terms will be construed and interpreted, and accounting determinations and computations will be made, in accordance with GAAP;
- (l) unless otherwise indicated, all references to currency, dollars or \$ are deemed to mean Canadian dollars;
- (m) payments are to be made in immediately available funds;
- (n) references to time of day or date means the local time or date in Calgary, Alberta;
- (o) where any payment or calculation is to be made, or any other action is to be taken, on or as of a day that is not a Business Day, the payment or calculation is to be made, or the other action is to be taken, as applicable, on or as of the next following Business Day, unless such next following Business Day falls in the next calendar month, in which event the payment or calculation is to be made, or the other action is to be taken, as applicable, on or as of the immediately preceding Business Day;
- (p) whenever a Party is entitled to act in its discretion, such Party is required to act reasonably and not arbitrarily in exercising such discretion, except if it is stated herein that such Party is entitled to act in its "sole" or "arbitrary" or "unfettered" discretion (or a combination of those), in which case such Party may exercise the discretion unreasonably or arbitrarily;
- (q) any obligation of a Party, however expressed, including a statement that it must or will do or refrain from doing anything, will be construed as a covenant by that Party;
- (r) this Agreement was negotiated by the Parties with the benefit of legal representation and any rule of construction or interpretation otherwise requiring an agreement to be construed or interpreted against any Party shall not apply to any construction or interpretation hereof;
- (s) any obligation to use "commercially reasonable efforts" (or words to like effect) to achieve a result does not require the obligated Party to expend funds or incur liabilities to achieve the result other than payment of costs and fees in respect of its employees, consultants or advisors whom it is commercially reasonable for it to allocate the responsibilities to achieve the result and payment of customary application, filing or similar fees;
- (t) an obligation to perform an action "promptly" (or words to like effect) will not be considered breached by any delay in performance if the Party to which the obligation is owed suffers no adverse effect;

- (u) an undertaking by a Party not to do or to omit to do any act or thing includes an undertaking not to allow, cause or assist in the doing or omission of such act or thing; and
- (v) all numeric amounts shall be expressed to the fourth decimal place and all calculations shall be rounded off to the fourth decimal place; provided, however, that all payments shall be made to the second decimal place only.

1.3 Conversion – CO₂

For the purposes of this Agreement, 1 mmscf of dry CO₂ at 15°C and 1 atmosphere equals 52.70 metric tonnes of dry CO₂ at 15°C and 1 atmosphere determined in accordance with "GPSA Figure 23.2, Table of Physical Constants" as published by the Gas Producers Association, SI Version.

1.4 Schedules

The following Schedules are attached hereto and are made part of this Agreement:

Schedule "A"	CO ₂ Stream Specifications
Schedule "B"	CO ₂ Stream Prices
Schedule "C"	Notices
Schedule "D"	Ground Lease.

ARTICLE 2 PRELIMINARY MATTERS

2.1 Certain Disclaimers and Limitations of Liability - Seller

- (a) Buyer acknowledges for itself and each other User that, except as referred to in Sections 3.8 and 9.1(a), neither entity comprising Seller nor DCCI nor any of their respective Affiliates or representatives has given any representation, warranty or statement of fact that has been relied on by Buyer or any other User with respect to, and none of the entities comprising Seller, DCCI or any of their respective Affiliates will have any responsibility or liability to Buyer or any other User for or in respect of, the quantity, if any, of CO₂ or other substances that may be generated or recovered in connection with the operation of P1 or P2 or both of them or the composition of the CO₂ Stream, if any. The preceding sentence is not a waiver of Seller's obligation under Section 9.1, provided that Buyer's rights and remedies for or in respect of a failure by Seller to comply with Section 9.1 shall be limited to the remedies set out in Section 9.1.
- (b) The sale and delivery of the CO₂ Stream by Seller to Buyer pursuant to this Agreement is made on the basis that there are no warranties or representations express, implied or statutory that the CO₂ Stream or any component thereof is or will be of merchantable quality, or fit or useful for the purpose for which Buyer or any other User may make or intend to make of the CO₂ Stream or any such component and Buyer for itself and each other User hereby waives any and all such warranties or representations. The foregoing waiver is not a waiver of Seller's obligation under Section 9.1, provided that Buyer's rights and remedies for or in respect of a failure by Seller to comply with Section 9.1 shall be limited to the remedies set out in Section 9.1.

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- (c) Buyer will receive only the CO₂ and other substances that are actually recovered in connection with the operation of P1 and P2 and (in either case) that is delivered to Seller hereunder.
- (d) Each component of the CO₂ Stream delivered to Buyer hereunder will be sold and transferred "as is", "where is", without recourse or warranty except that this sentence is not a waiver of Seller's obligation under Section 9.1, provided that Buyer's rights and remedies for or in respect of a failure by Seller to comply with Section 9.1 shall be limited to the remedies set out in Section 9.1.
- (e) Neither entity comprising Seller nor any of their respective Affiliates or any directors, officers, employees, agents or consultants of any of them will have any responsibility or liability to Buyer or any other User for or in respect of any decision made in relation to the engineering, design, planning, construction, installation, testing, commissioning, ownership, use, operation, maintenance, dismantling, abandonment, decommissioning or reclamation or failure to maintain or operate the Prentiss Facilities or either of them or any component or part thereof.
- (f) The applicable entity comprising Seller may shut down P1 or P2, either permanently or for a definite or indefinite period or effect Modifications thereto, without incurring any liability to Buyer or any other User, subject to Section 12.5 (if applicable), even if, in the case of Modifications, the effect or purpose thereof is to change the quantity or composition of the CO₂ Stream or to eliminate the CO₂ Stream. If the applicable entity comprising Seller shuts down P1 or P2, then subject to Section 12.5 (if applicable), Seller shall have no responsibility or liability whatsoever for any damages (direct, indirect or consequential) or other Claims that Buyer or any other User may suffer, sustain or incur in respect of such circumstances, including if such circumstances result directly or indirectly in a shutdown, slowdown, curtailment or operational change or cessation or reduction of production of the CO₂ System or any component thereof, the Buyer Installed On Site Equipment or other facilities of Buyer or any Affiliate or any Oil Properties.

2.2 Release of DCCI

Seller and Buyer hereby fully and completely release DCCI from any and all responsibility or liability in relation to the matters contemplated hereby, including any matters related to the engineering, design, planning, construction, installation, testing, commissioning, ownership, use, operation, maintenance, dismantling, abandonment, decommissioning or reclamation or failure to maintain or operate the CO₂ System or any component thereof, the CO₂ Collection Equipment or the Buyer Installed On Site Equipment.

2.3 P1 CO₂ Stream Conditions

- (a) Buyer acknowledges, understands and agrees that the CO₂ Stream attributable to P1 is subject to a right of first refusal ("ROFR") and certain related rights in favour of a third party (the "ROFR Holder").
- (b) Upon execution and delivery of this Agreement, and after consultation with Buyer, Seller will provide notice to the ROFR Holder in accordance with the terms of the applicable agreement and request such third party to waive, and use commercially reasonable efforts to obtain the waiver of, the ROFR and any related rights.
- (c) If the ROFR Holder exercises the ROFR, then the CO₂ Stream will not include CO₂, water and related substances that may otherwise have been available as a result of the operation of P1.

- (d) If the ROFR Holder does not exercise the ROFR, but does not waive the ROFR and all related rights, and Seller is required to compensate the ROFR Holder in accordance with the terms of the applicable agreement in order to sell the CO₂ recovered from P1 to Buyer, then Seller will advise Buyer of the amounts payable by Seller in order for Seller to be entitled to sell such CO₂. If Buyer wishes to secure such CO₂, Buyer will be required to reimburse Seller such amount and indemnify and save harmless the Seller from and against any and all Claims related thereto. If Seller does not agree to such reimbursement and indemnity, then the CO₂ Stream will not include CO₂ or water that is available from the operation of P1.
- (e) Upon either (i) receipt of the waiver described in Section 2.3(b) or (ii) payment to the ROFR Holder contemplated by Section 2.3(d), the Parties will use reasonable efforts to complete the construction and installation of the CO₂ Collection Equipment and any necessary Buyer Installed On Site Equipment and Buyer Installed Offsite CO₂ Pipeline required to effect delivery of CO₂ Stream from P1 promptly.

2.4 Several Rights and Obligations

The obligations of the entities comprising Seller hereunder are several and not joint or joint and several and, except where a clear contrary intention appears, the rights of Seller hereunder may be enforced separately, independently and inconsistently by them with respect to P1 or P2.

2.5 No Special Damages

Notwithstanding anything to the contrary contained in this Agreement, neither Party will be liable to the other for any damages, costs, expenses, injuries, losses or other liabilities of an indirect, special or consequential nature or any exemplary or punitive damages, costs or expenses suffered by the other Party, other than any of the foregoing resulting from a claim by a third party against the other Party; provided that this Section 2.5 will not limit a Party's liability under Section 3.7 or if the other Party terminates this Agreement pursuant to Section 12.2(b), (c), (d), (e), (f) or (g).

ARTICLE 3 CONSTRUCTION AND START UP

3.1 Responsibility for Construction and Installation

- (a) Buyer will, at its sole cost, risk and expense (i) undertake the engineering, design, planning, construction, installation, testing and commissioning of the CO₂ System and the Buyer Installed On Site Equipment and (ii) ensure the Buyer Installed On Site Equipment meets Seller's engineering standards. Buyer acknowledges receipt from Seller of all Seller's pertinent engineering standards prior to the date hereof.
- (b) Seller will, at the cost, risk and expense of Buyer as herein provided, undertake the construction and installation of the CO₂ Collection Equipment.

3.2 Buyer and Seller to Keep Each Other Informed

- (a) Prior to the date of this Agreement, Buyer has provided to Seller the plans for the CO₂ System and the Buyer Installed On Site Equipment and Seller has provided to Buyer the plans for the CO₂ Collection Equipment. Each Party will advise the other of any changes to such plans that could affect the components for which the other is responsible.

- (b) Buyer understands that quantities of CO₂ Stream will vary with a number of factors including catalyst life cycle and operational constraints.

3.3 Specific Representations and Dedication

- (a) Buyer represents and warrants to Seller that
 - (i) when completed in accordance with Buyer's current plans, the CO₂ System and the Buyer Installed On Site Equipment will have sufficient capacity to receive the Maximum CO₂ Stream from each of P1 and P2 and to separate, compress, dehydrate and transport the CO₂ expected to be contained in the Maximum CO₂ Stream, provided that CO₂ Stream from P1 may have to be dehydrated on Seller's Prentiss site in which case the necessary equipment will constitute Buyer Installed On Site Equipment that is to be constructed and installed at Buyer's cost and expense; and
 - (ii) it is Buyer's intent to Sequester the CO₂ expected to be contained in the CO₂ Stream into underground formations owned or operated by Buyer or its Affiliates.
- (b) Buyer hereby dedicates the CO₂ Compressors exclusively to the compression of the CO₂ Stream.

3.4 Expected Initial Date of Delivery

- (a) At the date of this Agreement (i) Buyer expects the Initial Date of Delivery in respect of the CO₂ Stream from P2 will be on or about May 1, 2005 and (ii) Seller expects the CO₂ Collection Equipment will be ready to deliver the CO₂ Stream from P2 on or about May 1, 2005.
- (b) At the date of this Agreement, assuming the waiver or payment contemplated by Section 2.3 has been received or made, as applicable, Seller expects the CO₂ Stream from P1 to be available promptly following the next planned turnaround of P1, currently scheduled for the second quarter of 2006, which date may be changed by Seller in its sole discretion.
- (c) Buyer will keep Seller informed on a regular basis with respect to the progress of the construction and installation of the CO₂ System and the Buyer Installed On Site Equipment and of any changes attributable to Buyer in the expected Initial Date of Delivery with respect to P1 or P2, as applicable.
- (d) Seller will keep Buyer informed on a regular basis with respect to the progress of the construction and installation of the CO₂ Collection Equipment with respect to P1 or P2, as applicable, and of any change in the date it expects to be ready to deliver the applicable CO₂ Stream.

3.5 Start Up Matters and Early Termination Rights

- (a) Buyer will provide Seller a CO₂ System Start Up Notice for the CO₂ Stream from each of P1 and P2 not less than 30 Days prior to a proposed Initial Date of Delivery, which will be the commencement of the first Day of a calendar month.
- (b) If Seller, acting in good faith, does not believe that the CO₂ Collection Equipment will be ready to deliver the CO₂ Stream on the proposed Initial Date of Delivery, then Seller may, within 15 Days of receipt of the CO₂ System Start Up Notice, so advise Buyer and the Initial Date of Delivery will be delayed for one calendar month from the Initial Date of Delivery proposed by

Buyer unless Seller, acting in good faith, determines not less than 15 Days before the delayed Initial Date of Delivery that the CO₂ Collection Equipment will not be completed by such delayed Initial Date of Delivery, in which case a similar notice may be given with respect to such delayed Initial Date of Delivery, and so on from time to time.

- (c) If (i) the Initial Date of Delivery with respect to the CO₂ Stream from P2 proposed by Buyer in the CO₂ System Start Up Notice is later than July 31, 2005, or (ii) Buyer fails to provide Seller a CO₂ System Start Up Notice with respect to the CO₂ Stream from P2 by July 1, 2005, then (in either case) Seller may in its sole discretion terminate this Agreement upon 60 days' notice in writing to Buyer without cost or penalty to Seller.

3.6 General Indemnity

Buyer has sole responsibility for, and will indemnify and save harmless each entity comprising Seller and its Affiliates and each of their directors, officers, employees, agents or consultants from and against, any and all Claims directly or indirectly arising out of or in any way attributable to (a) the breach by Buyer of its representations, warranties or obligations hereunder; (b) the engineering, design, planning, construction, installation, testing, commissioning, ownership, use, operation, maintenance, dismantling, abandonment, decommissioning or reclamation or failure to maintain or operate the CO₂ System, the CO₂ Collection Equipment or the Buyer Installed On Site Equipment; (c) the underground or aboveground storage, transportation, use, handling, disposal or Release of the CO₂ Stream or any component of it from and after the Point of Delivery; or (d) the Sequestering or attempted Sequestering, injection or reinjection of CO₂ (alone or with other substances) into any underground formations; including in the foregoing: (i) Environmental Claims and (ii) any Claims resulting or arising from or caused by (A) physical loss of or damage to, or contamination of, the CO₂ System, the CO₂ Collection Equipment or the Buyer Installed On Site Equipment; (B) subject to Section 3.9, disposal or failure to dispose of the CO₂ Stream that is available to Buyer hereunder (including disposal or failure to dispose of waste water and other substances contained therein in accordance with Good Industry Practice, all Applicable Laws, including Environmental Laws, and applicable Authorizations); or (C) injury, death, disease or impairment of individuals, animals, plants or the Environment.

3.7 Pre-Production Expenses

- (a) Without limiting the generality of Section 3.6, Buyer will pay or reimburse each entity comprising Seller for any and all costs incurred by them (including internal costs and expenses and costs and expenses incurred for services of employees of DCCI or its Affiliates) in relation to engineering, design, planning, construction, installation, testing, commissioning, dismantling, abandonment, decommissioning or reclamation of the CO₂ Collection Equipment and the Buyer Installed On Site Equipment ("**Pre-Production Expenses**") that are approved by Buyer and, at the end of the Term or any other termination of this Agreement, taking said equipment out of service. Buyer will act reasonably in determining whether to approve any Pre-Production Expenses, provided that Seller will not be responsible for the consequences of Buyer failing to approve any thereof, including any delay in an Initial Date of Delivery, any frustration of the intent of this Agreement or otherwise howsoever. Buyer has approved certain Pre-Production Expenses prior to the date of this Agreement.
- (b) Seller acknowledges that (i) prior to the execution and delivery of this Agreement, Seller raised an authorization for expenditure which Buyer approved related to certain Pre-Production Expenses and Buyer made an advance in the amount of \$1,250,000 (the "**Initial Cost Advance**")

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- to be used to pay or reimburse those Pre-Production Expenses and (ii) DCCI transferred the Initial Cost Advance to MEGlobal upon formation of MEGlobal.
- (c) If, at any time prior to the Initial Date of Delivery, the unexpended amount of the Initial Cost Advance plus any Further Advances (hereinafter defined) is less than \$50,000, then:
 - (i) MEGlobal will provide an accounting to Buyer in respect of the expenditure thereof to the extent not previously accounted for; and
 - (ii) if requested by MEGlobal, Buyer will provide a further advance (a "**Further Advance**") to be used to pay or reimburse the Pre-Production Expenses, not to exceed (together with any unexpended amount of the Initial Cost Advance plus any Further Advances) \$250,000 at any time.
 - (d) At the Initial Date of Delivery, Seller will provide to Buyer a summary of all Pre-Production Expenses incurred by MEGlobal and an accounting for any Cost Advance or Further Advances made by Buyer. To the extent that the aggregate amount of such Pre-Production Expenses (i) exceeds the aggregate of the Cost Advance and any Further Advances, then Buyer will reimburse MEGlobal the difference, or (ii) is less than the aggregate of the Initial Cost Advance and any Further Advances, MEGlobal will refund the difference to Buyer.
 - (e) During the Initial Term, Seller will not use the CO₂ Collection Equipment or the Buyer Installed On Site Equipment to sell CO₂ Stream to any Person other than Buyer or an Affiliate of Buyer at any time when Buyer is ready, willing and able to take such CO₂ Stream and is not in default of any of its obligations hereunder.

3.8 Buyer to Obtain and Maintain Authorizations

Buyer has sole responsibility to, and at its sole cost and expense will, obtain and maintain in full force and effect any Authorizations, including under applicable Environmental Laws, that are required to be obtained in connection with the engineering, design, planning, construction, installation, testing, commissioning, ownership, use, operation, maintenance, dismantling, abandonment, decommissioning or reclamation of the CO₂ System, CO₂ Collection Equipment and the Buyer Installed On Site Equipment, the handling or use of the CO₂ Stream or any component of it and, subject to Section 3.9, Sequestering the CO₂ contained in the CO₂ Stream.

3.9 Sizing of Buyer's Equipment

Buyer has designed the CO₂ System and Buyer Installed On Site Equipment to receive and Sequester the Maximum CO₂ Stream meeting the specifications set out in Section 9.1(a) on a continuous basis. Accordingly:

- (a) Buyer will not be obligated, but will use commercially reasonable efforts, to Sequester the CO₂ Stream in excess of the Maximum CO₂ Stream on any day that Seller wishes to deliver such excess; and
- (b) Buyer is not (i) responsible for the consequences of the CO₂ Stream exceeding the Maximum CO₂ Stream on any day, including the inability of Seller to obtain GHGE Credits attributable to or arising from Sequestering or use of CO₂ in such excess CO₂ Stream, (ii) liable to indemnify Seller or others under Section 3.6 for failure to dispose of such excess CO₂ Stream, (iii) required to

obtain or maintain Authorizations in respect of such excess CO₂ Stream or (iv) flaring or venting of the CO₂ Stream delivered or attempted to be delivered on any day in excess of the Maximum CO₂ Stream (to the extent of the excess).

3.10 Automatic Transfer of Title

Without further deed or action, Buyer hereby transfers, assigns and sets over to Seller (as between MEGlobal and A&O, in such proportions as they determine in their sole and absolute discretion) all the CO₂ Collection Equipment and the Buyer Installed On Site Equipment. If MEGlobal requests Buyer will from time to time execute and deliver such further documents or instruments as may be necessary or advisable, in the opinion of MEGlobal acting reasonably, to effect the transfer of the CO₂ Collection Equipment and the Buyer Installed On Site Equipment to one or both of the entities comprising Seller (in such proportions as they determine in their sole and absolute discretion) or to confirm to third parties that it has no interest, right or title thereto. Buyer may rely and will be protected in relying on any communication from MEGlobal as to the matters set out in this Section 3.10.

3.11 Determination not to Proceed

If, at any time prior to the Initial Date of Delivery, Buyer determines not to complete the construction and installation of the CO₂ System, then:

- (a) Buyer will immediately so notify Seller;
- (b) if Seller so requests, Buyer will at its sole cost, risk and expense either effect or reimburse Seller for all costs and expenses associated with the dismantling, decommissioning and reclamation of the CO₂ Collection Equipment and the Buyer Installed On Site Equipment; and
- (c) the provisions of Section 3.7(d) will apply, *mutatis mutandis*, provided that unless and until Buyer has completed the dismantling, decommissioning and reclamation contemplated by Section 3.11(b), MEGlobal will not be required to refund any portion of any Cost Advance or Further Advances, but may instead, in its sole discretion, retain such amounts as security for Buyer's obligation to effect or reimburse Seller for the costs and expenses associated with the dismantling, decommissioning and reclamation without prejudice to Seller's ability to claim against Buyer for any amount of such costs in excess of the amount of the Cost Advance and any Further Advances available for such purpose.

ARTICLE 4 OPERATIONAL MATTERS

4.1 Operational Standards and Use of CO₂ Stream

- (a) Buyer will at its sole cost, risk and expense (i) construct, install, test, commission, operate and maintain, repair or replace as necessary the CO₂ System, the CO₂ Collection Equipment and the Buyer Installed On Site Equipment and (ii) subject to Section 3.9, store, transport, use, handle and dispose of each component of the CO₂ Stream that is delivered to it (in the case of CO₂ therein, by Sequestering it) in accordance with Good Industry Practice, all Applicable Laws (including Environmental Laws) and applicable Authorizations.
- (b) Without limiting or affecting its obligations under Section 4.1(a), and subject to Section 3.9, Buyer will (i) make reasonable efforts to Sequester the CO₂ in the CO₂ Stream delivered to it

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hereunder and (ii) conduct its operations in respect of the CO₂ System, the CO₂ Collection Equipment and the Buyer Installed On Site Equipment, the CO₂ Stream and the Sequestering of CO₂ in a manner to maximize (A) its enhanced oil recovery operations by Sequestering the CO₂ included in the CO₂ Stream delivered to it hereunder and (B) the GHGE Credits that may be obtainable as a result of such operations. Subject to the foregoing, Buyer or its Affiliates or JV Partners will operate their Oil Properties in their sole discretion.

- (c) Buyer will reinject as much of the CO₂ that is produced in association with oil from the Oil Properties as is Practicable.
- (d) Buyer covenants that the primary use for CO₂ in the CO₂ Stream delivered to it hereunder will be to enhance oil recovery by Sequestering such CO₂ by injecting or reinjecting such CO₂ into underground formations associated with Oil Properties. However, Buyer may:
 - (i) inject or cause the injection of such CO₂ into formations that are not associated with the Oil Properties but are believed to contain coal bed methane and/or natural gas from coal or other potential hydrocarbons for the purpose of stimulating production with the objectives of ensuring that, to the extent Practicable, such CO₂ will not be released except as a necessary result or consequence of production of hydrocarbons and that any of such CO₂ that is so released in connection with production operations is captured and reinjected into the same or other formations with the same objectives; or
 - (ii) use such CO₂ for fracturing or similar purposes to stimulate hydrocarbon production with the objective of ensuring that, to the extent Practicable, such CO₂ will not be released except as a necessary result of production of hydrocarbons; or
 - (iii) sell such CO₂ to third parties who (A) are creditworthy and (B) covenant to use such CO₂ for a purpose described in (i) or (ii),

provided that, in each case, the GHGE Credits to which the entities comprising Seller may be entitled, the value and transferability thereof are no less advantageous to Seller than if such CO₂ was Sequestered by injection into underground formations associated with Oil Properties, as to which Buyer will and hereby does indemnify and save harmless each entity comprising Seller and its Affiliates and each of their directors, officers, employees, agents or consultants from and against any Claims arising from such alternate use of CO₂.

- (e) Seller acknowledges and understands that CO₂ from the CO₂ Stream will be commingled with CO₂ from other sources and is not traceable within underground reservoirs.

4.2 Noise from Operations

- (a) Buyer will ensure that the CO₂ System will meet a perimeter average sound level specification of no more than 64 dBA determined in accordance with the following:
 - (i) measurements will be taken to the extent feasible (it being understood that it may not be feasible to take readings on the north side of the Leased Lands) at locations 15 to 20 metres apart along a perimeter of 15 metres from the outermost point of the above ground equipment comprising the CO₂ System (approximately 15 locations);
 - (ii) the CO₂ System is operating under conditions that produce maximum sound levels;

- (iii) the results of the measurements at the perimeter locations will be mathematically averaged to yield the average sound level.
- (b) Notwithstanding the foregoing, Buyer will ensure that the sound level from the CO₂ System when operating under conditions that produce maximum sound levels will not exceed the level permitted by Applicable Laws including Environmental Laws or any Authorization affecting the Prentiss Site, the Prentiss Facilities, the Leased Lands or the Improvements or any of the foregoing.
- (c) If it is determined at any time and from time to time that the sound level from the CO₂ System exceeds the requirements of Section 4.2(a) or (b) or both, Buyer must at its sole cost and expense (i) immediately reduce sound emissions from the CO₂ System to the required level and (ii) as soon as practicable construct or install such Modifications to the CO₂ System as will ensure that the sound level from the CO₂ System does not exceed such requirements.
- (d) All equipment used to effect the measurements described in Section 4.2(a) will meet the standards required for determining compliance with Applicable Laws including Environmental Laws.

4.3 No Nomination Procedure

- (a) Seller will, not less than 15 days before the commencement of each Contract Year, provide Buyer an estimate prepared in good faith of the quantity of CO₂ expected to be derived from the operation of the Prentiss Facilities in such Contract Year, but such estimate will not be binding on Seller.
- (b) Buyer need not provide Seller any nomination or other notice indicating the quantity of CO₂ Stream it will take in any period.

4.4 Notice of Outages

- (a) Seller will provide to Buyer:
 - (i) on or prior to the commencement of each Contract Year commencing with the first Contract Year, advice of all planned Outages in respect of the Prentiss Facilities or the CO₂ Collection Equipment indicating those dates and periods in such Contract Year where the Prentiss Facilities or the CO₂ Collection Equipment will be unavailable or curtailed in the production or delivery of the CO₂ Stream; and
 - (ii) such notice as the circumstances reasonably allow:
 - (A) if the commencement or expected duration of any planned Outage in respect of the Prentiss Facilities or the CO₂ Collection Equipment is expected to or does differ from that stipulated in an advice provided under Section 4.4(a)(i);
 - (B) of any planned Outage in respect of the Prentiss Facilities or the CO₂ Collection Equipment not included in the advice provided under Section 4.4(a)(i) for the Contract Year; and

- (C) if any unscheduled Outage occurs in respect of the Prentiss Facilities or the CO₂ Collection Equipment, including the expected duration thereof.
- (b) Buyer will provide to Seller:
 - (i) on or prior to the commencement of each Contract Year commencing with the first Contract Year, advice of all planned Outages in respect of the CO₂ System or the Buyer Installed On Site Equipment or any portion of either thereof indicating those dates and periods in such Contract Year where the CO₂ System or the Buyer Installed On Site Equipment or applicable portion will be unavailable to receive or curtailed in the receipt of the CO₂ Stream; and
 - (ii) such notice as the circumstances reasonably allow:
 - (A) if the commencement or expected duration of any planned Outage in respect of the CO₂ System or the Buyer Installed On Site Equipment or any portion thereof is expected to or does differ from that stipulated in an advice provided under Section 4.4(b)(i);
 - (B) of any planned Outage in respect of the CO₂ System or the Buyer Installed On Site Equipment or any portion thereof not included in the advice provided under Section 4.4(b)(i) for the Contract Year; and
 - (C) if any unscheduled Outage occurs in respect of the CO₂ System or the Buyer Installed On Site Equipment or any portion thereof, including the expected duration thereof, occurs.
- (c) Neither Party has any liability to the other for or in respect of any Outages or the consequences thereof, except (in the case of Buyer) liability in respect of take or pay payments under Section 5.9(a).
- (d) Buyer and Seller will use commercially reasonable efforts to coordinate scheduled Outages of the CO₂ System, the Buyer Installed On Site Equipment, the CO₂ Collection Equipment and the Prentiss Facilities.

4.5 Cost of Maintenance for the CO₂ Collection Equipment and the Buyer Installed On Site Equipment

- (a) Buyer will not be entitled to access to the Seller's site to operate, maintain or repair the CO₂ Collection Equipment or the Buyer Installed on Site Equipment but will be responsible at its sole cost, risk and expense for operating, maintaining and repairing the CO₂ Collection Equipment and the Buyer Installed On Site Equipment. Seller will carry out Buyer's instructions with respect to the operation, maintenance and repair thereof at Buyer's sole cost, risk and expense as provided in Section 4.5(b), provided that (i) Seller is not required to carry out any instructions that it believes are contrary to the Buyer's obligations hereunder or the safe or efficient operation of the Prentiss Facilities, the CO₂ Collection Equipment or the Buyer Installed On Site Equipment, Good Industry Practice, Applicable Laws (including Environmental Laws), Authorizations, or Responsible CareTM and (ii) Buyer will retain all liability for such operations, maintenance and repairs and the consequences thereof and indemnify Buyer and others in respect of such matters under Section 3.6.

- (b) Buyer will pay or reimburse Seller the costs and expenses incurred by Seller in connection with operation, maintenance and repairs with respect to the CO₂ Collection Equipment and the Buyer Installed On Site Equipment that are directly attributable to the operation, maintenance or repair, immediately upon receiving an invoice in respect thereof from Seller; provided that if any such operation, maintenance or repairs involve the expenditure of any amount Seller considers to be material, then Buyer will if requested by Seller provide Seller a cash advance to be used for such expenditure.
- (c) Seller will not and will not have any responsibility to, but Buyer may, in its discretion, carry insurance for the CO₂ Collection Equipment and the Buyer Installed On Site Equipment. Failure by Buyer to so insure, or inadequacy of insurance, will not affect Buyer's responsibility under Section 4.5(a) or (b).
- (d) If Buyer requests, Seller will attempt to obtain a quotation from Seller's insurer in respect of casualty insurance for or in respect of the CO₂ Collection Equipment and the Buyer Installed On Site Equipment or the liabilities in respect of the operation thereof and, if Buyer determines to obtain such insurance, then Buyer will do so at Buyer's cost and expense.

ARTICLE 5 PURCHASE AND SALE

5.1 Purchase and Sale of CO₂ Stream

- (a) Commencing with the Initial Date of Delivery and continuing in each Contract Month, but subject to Section 3.9, Seller will make the CO₂ Stream available for sale and delivery at the Point of Delivery. Seller will sell and deliver to Buyer and Buyer will purchase, take and receive from Seller, the entire CO₂ Stream.
- (b) Notwithstanding anything contained herein to the contrary, Buyer's rights to purchase and take shall not exceed the actual CO₂ Stream.

5.2 Purchase Price

The price payable by Buyer to Seller for the CO₂ Stream shall be determined in accordance with Schedule "B", subject to Section 5.3.

5.3 Certain Risks

If as a result of a change in Applicable Law or in the interpretation or administration thereof, including as a result of any decision of a court or other Government Authority charged with the administration thereof, (i) Seller is required to modify its property, plant or equipment, processes, systems, or the configuration of any of the foregoing or its operations, in each case in relation to the delivery of CO₂ Stream hereunder and incurs any additional costs in so doing and (ii) Buyer effects any cost savings, then Buyer will reimburse Seller the lesser of the amount of such costs incurred by Seller and the cost savings so realized by Buyer from time to time.

5.4 Records

A daily log shall be kept by Seller reflecting Seller's statement of availability of the CO₂ Stream and by Buyer of its receipts of the CO₂ Stream for each Day of each Contract Year.

5.5 Point of Delivery

Unless otherwise agreed the CO₂ Stream will be sold and delivered hereunder at the Point of Delivery.

5.6 Title and Risk

Seller shall have title to and risk in respect of the CO₂ Stream until it has been delivered to Buyer at the Point of Delivery. Buyer shall have title to and risk in respect of the CO₂ Stream after it has been delivered to Buyer at the Point of Delivery.

5.7 Flared or Vented Volumes

- (a) From time to time quantities of CO₂ or other components that are or, but for the flaring or venting, would be part of the CO₂ Stream may be flared or vented either by Seller at the Prentiss Facilities or the CO₂ Collection Equipment or by Buyer on the Buyer Installed On Site Equipment or CO₂ System. Where a Party flares or vents CO₂ or other associated components or reasonably anticipates that it will be required to do so, it will promptly give notice to the other Party of such occurrence or the anticipated occurrence.
- (b) For the purposes of this Agreement, including the determination of quantities of CO₂ Stream delivered and/or taken hereunder;
 - (i) quantities of CO₂ that are or are deemed to have been flared or vented downstream of the Point of Delivery will be deemed to have been made available and delivered by Seller to Buyer hereunder; and
 - (ii) quantities of CO₂ that are or are deemed to have been flared or vented upstream of the Point of Delivery will be deemed not to have been made available or sold or delivered by Seller to Buyer.
- (c) Each Party will use reasonable efforts to conduct its respective operations so as to minimize the quantity of CO₂ that is flared or vented and the duration of such flaring or venting. To the extent possible, the Party experiencing the operational circumstance resulting in the need to flare or vent CO₂ shall cause the flaring or venting to occur at its facilities; provided that neither Party is obligated to undertake any action which, in such Party's reasonable judgment, would be detrimental in a material manner to its respective operations.
- (d) Each Party is responsible for, and will indemnify the other Party and its respective Affiliates and each of their directors, officers, employees, agents or consultants from and against, any and all Claims, including Environmental Claims, directly or indirectly arising out of or in any way attributable to any CO₂ or other substances flared or vented by it or deemed to have been flared or vented by it or Released or otherwise disposed of by it.
- (e) If Seller flares or vents CO₂ or other substances as a result of the inability of the CO₂ Collection Equipment, the Buyer Installed On Site Equipment, the CO₂ System or the Oil Properties to take, receive, transport, store, compress, dehydrate, inject or Sequester any such CO₂ or other substances other than as a result of (i) Force Majeure validly claimed by Buyer or (ii) deliveries of the CO₂ Stream on any day in excess of the Maximum CO₂ Stream (to the extent of the excess), then such CO₂ or other substances will be considered to have been flared or vented by

Buyer downstream of the Point of Delivery and Buyer's determination of the quantity of CO₂ so flared or vented will be final, binding and conclusive absent manifest error.

5.8 Monitoring

Each Party has the responsibility at its sole cost, risk and expense, of monitoring and reporting in accordance with Good Industry Practice, Applicable Laws, including Environmental Laws, and Authorizations quantities of the CO₂ or other associated components that are flared or vented by it or Released or otherwise disposed of by it.

5.9 Take or Pay

- (a) If the aggregate of the quantity of CO₂ delivered to and taken, or deemed to have been delivered to and taken, by Buyer hereunder in any Take or Pay Period plus the quantity of CO₂ in any part of the CO₂ Stream properly rejected by Buyer under Section 9.1 in the Take or Pay Period (together, the "**Deemed Take**") is less than 85% of Available CO₂ for the Take or Pay Period, then Buyer will pay to Seller an amount equal to the product of (i) 85% of Available CO₂ for the period minus the Deemed Take for the period and (ii) the average unit sales price of CO₂ hereunder for the applicable period. For the purposes of the foregoing sentence, (A) the average unit sales price for a period is the quotient obtained by dividing (I) the sum of the sales prices for each day in the period by (II) the total number of days in the period and (B) if the first Initial Delivery Date has not occurred, then the expression "Take or Pay Period" will be substituted for the expression "Contract Year" on Schedule "B".
- (b) Other than as specified in this Agreement, Buyer shall have no liability whatsoever for any Claims that Seller may suffer in respect of a failure by Buyer to take the CO₂ Stream, including if Buyer's failure to take the CO₂ Stream results, directly or indirectly, in a shutdown, slowdown, curtailment or operational change at the Prentiss Facilities.

ARTICLE 6 GHGE CREDITS AND RELATED MATTERS

6.1 GHGE Credits

- (a) All GHGE Credits attributable to or arising from the Sequestering or use of CO₂ in the CO₂ Stream (including any use permitted by Section 4.1(d) subject to the requirements thereof) will belong to the entities comprising Seller in such proportions as they determine in their sole and absolute discretion. If, pursuant to any Applicable Law, including any Environmental Law, or Authorization, whether now existing or hereafter enacted or implemented, Buyer is entitled to any of such GHGE Credits, then Buyer will, to the extent possible without (in the opinion of MEGlobal in its sole discretion) impairing the value or utility of such GHGE Credits, assign or transfer such GHGE Credits to MEGlobal (as trustee for both MEGlobal and A&O) or as it directs. As between the entities comprising Seller, such GHGE Credits will be held by MEGlobal as trustee for both MEGlobal and A&O in such proportions as they determine in their sole and absolute discretion.
- (b) If an assignment or transfer of GHGE Credits as contemplated by Section 6.1(a) could reasonably be expected (in the opinion of MEGlobal in its sole discretion) to impair the value or utility thereof, Buyer will hold such GHGE Credits in trust as bare trustee for the entities comprising

Seller in such proportions as they determine in their sole and absolute discretion Seller to be dealt with as directed by MEGlobal.

- (c) Until such time as any GHGE Credits that are held in trust for the entities comprising Seller have been assigned or transferred to or to the order of MEGlobal (as trustee, as aforesaid), (i) if Buyer receives any notice, invoice, cheque or other communication related thereto, Buyer will promptly supply a copy thereof (or, in the case of a cheque, the original) to MEGlobal, and (ii) Buyer will carry out all instructions of MEGlobal with respect thereto, at MEGlobal's sole cost, risk and expense.
- (d) Buyer is not required to see the execution of the trust by MEGlobal for MEGlobal and A&O referred to in this Section 6.1 and will, in all things related to all GHGE Credits attributable to or arising from the Sequestration or use of CO₂ in the CO₂ Stream, deal only with (and will be protected in dealing only with) MEGlobal.

6.2 Mineral Royalty Relief

Any mineral (including petroleum, natural gas and related substances) royalty relief, production rate increases or other incentives attributable to or arising from the Sequestering or use of CO₂ in the CO₂ Stream will belong to Buyer and/or its Affiliates and/or its and their JV Partners.

6.3 Other Incentives or Credits

Any credits, allowances, relief or incentives other than GHGE Credits or mineral royalty relief, production rate increases or other incentives allocated under Section 6.1 or 6.2 that are attributable to or arise from the Sequestering or use of the CO₂ Stream will be shared by Buyer and Seller equally unless otherwise agreed by them.

6.4 Losses of Credits, etc. from Flaring or Venting

Without limiting Section 3.6 or 5.7(d), Buyer will compensate each entity comprising Seller for all Claims arising out of or in any way attributable to the failure of Buyer or any other Person taking any of the CO₂ Stream from Buyer or any intermediate holder to comply with Section 4.1.

6.5 Certain Procedural Matters

- (a) Except to the extent allocated to Buyer hereunder, the entities comprising Seller (in such proportions as they determine in their sole and absolute discretion) will be responsible for and bear the cost, risk and expense associated with any application, filing, hearing or other proceeding to obtain the benefit of GHGE Credits to which the entities comprising Seller are entitled under Section 6.1, and the creation, management and sale thereof, including costs associated with the quantification, verification, registration, sale and monitoring programs required for the entrance of GHGE Credits into any program or use thereof.
- (b) Buyer will be responsible for and bear the cost, risk and expense associated with any application, filing, hearing or other proceeding to obtain the benefit of mineral (including petroleum, natural gas and related substances) royalty relief, production rate increases or other incentives to which Buyer and/or its Affiliates and/or its or their JV Partners are entitled under Section 6.2 and the creation, management and sale thereof, including costs associated with the quantification,

verification, registration, sale and any monitoring programs required for the entrance of such credits, allowances, relief or incentives into any program or use thereof.

- (c) The Parties will jointly be responsible for and bear any costs, risks and expenses associated with any credits, allowances, relief or incentives that are to be shared under Section 6.3 in the same proportions as such credits, allowances, relief or incentives are to be shared and the creation, management and sale thereof, including costs associated with the quantification, verification, registration, sale and any monitoring programs required for the entrance of such credits, allowances, relief or incentives into any program or use thereof.
- (d) Buyer and Seller will, on request, cooperate with each other in connection with any application, filing, hearing or other proceeding to obtain the benefit of, and provide data to each other in connection with any program for the capture of, credits, allowances, relief, increases or incentives attributable to or arising from the Sequestering or use of the CO₂ Stream or any part thereof.
- (e) Buyer and Seller will from time to time on the request of the other provide the other information they may have with respect to credits, allowances, relief or incentives attributable to or arising from the Sequestering or use of CO₂ in the CO₂ Stream, including general market information and information with respect to compliance with applicable programs related thereto. Neither Party is obligated to provide the other information with respect to any specific contract or arrangement or any information that the Party considers confidential or proprietary.

ARTICLE 7 BILLING AND PAYMENT

7.1 Billing Period

The billing period hereunder shall be a Contract Month except that the billing period for take or pay payments under Section 5.9 is the Take or Pay Period.

7.2 Information and Invoicing

- (a) Seller will prepare and deliver a statement to Buyer for the CO₂ Stream sold and delivered by Seller during each Contract Month no later than the 15th day after the last day of the Contract Month and for any payments due as a result of Section 5.9 no later than the 90th day after the end of the Take or Pay Period to which such statement relates.
- (b) Buyer must pay Seller the amount specified in a statement delivered pursuant to Section 7.2(a). on or prior to the later of (i) the 25th day of the Contract Month in which the statement is delivered or (ii) 10 days after the date of the statement.
- (c) All amounts payable to Seller shall be paid by wire or electronic funds transfer to Seller's bank account as directed by Seller from time to time.
- (d) If it is determined within a period of 24 months following the end of any calendar year in which a measurement, allocation or test was conducted that, as a result of any inaccuracy in measuring, allocation or testing equipment, the quantity or quality measurement for any such period is in error, then the Party who is made aware of such error shall so advise the other Party forthwith following such determination and all records and billings for such period shall be recalculated

accordingly using the price payable for the CO₂ in effect during the period in which the error occurred.

7.3 Verification and Disputes

- (a) Buyer has the right to require Seller to verify the accuracy of any statement, charge or computation made by Seller pursuant to this Agreement. If Buyer disputes any part of any such statement, charge or computation, it must forthwith deliver to Seller a notice of objection setting forth the basis on which the statement is disputed. Buyer must nevertheless pay to Seller the full amount due hereunder within the time and in the manner required by Section 7.2.
- (b) Seller will respond to questions by Buyer within 15 days of receipt of Buyer's questions. If Seller agrees that the questioned charge requires adjustment, such adjustment will be made by Seller within 30 days after such agreement to the adjustment or, if it is not reasonably feasible to make such adjustment within such time, then as soon thereafter as is reasonably feasible. If, in such case, adjustment cannot be made within 30 days, the response must include an anticipated date for adjustment. If Seller disagrees with the claim, a detailed response with the relevant explanation must be submitted to Buyer. Buyer must then submit a further response within 30 days of receipt of Seller's written disagreement.
- (c) Payment of invoiced amounts will not prejudice the rights of Buyer to protest or question the accuracy thereof, provided, however, that all invoices or other statements submitted by Seller related to a Contract Year will conclusively be deemed to be true and correct 26 months following the end of such Contract Year, except with respect to (i) any claim that prior to the expiry of such period has been made in writing by Buyer to Seller and (ii) claims that arise from an audit in respect of which the audit results have not been received within 24 months following the end of the Contract Year, in which case the time for making the claim will be extended to 2 months after receipt of the audit results.
- (d) Buyer or Seller must pay to the other any amount that is determined to be due to the other if an error is found on any statement or on the resolution of any dispute, together with interest as provided in Section 7.6.
- (e) All disputes affecting amounts payable or creditable hereunder that are not resolved by agreement within 30 days of presentation by Buyer of its further response under the last sentence of Section 7.3(b) may be submitted to billing arbitration under Article 8 by either Party providing a notice to that effect to the other.

7.4 Accounting Records

Buyer and Seller must maintain accounting records that are relevant to the amounts payable or creditable hereunder in accordance with this Agreement. Such records must be retained until the later of (i) the end of the period allowed to the other Party for audit hereunder or (ii) one year after the end of the period during which a corporation resident in Canada may (in the absence of allegations of fraud or evasion) be assessed or reassessed by applicable Taxation authorities in respect of amounts payable or receivable hereunder for a Contract Year. Each Party must maintain a system of internal controls to adequately safeguard its accounting records. Each Party will have access to the records of the other that are relevant to the amounts charged hereunder on reasonable notice and during normal business hours.

7.5 Audit Right

- (a) Buyer may cause the books, accounts and records of Seller relevant to any amounts payable or creditable under this Agreement for a Contract Year to be audited by an Independent Auditor appointed by Buyer and acceptable to Seller, such acceptance not to be unreasonably withheld or delayed, provided the Independent Auditor must prior to commencing the audit execute and deliver to Seller a confidentiality agreement acceptable to Seller acting reasonably. Any such audit must commence within 24 months following the end of the Contract Year.
- (b) Buyer must present written claims arising from any such audit to Seller by the later of (i) 2 months after receipt of the results following the completion of the audit fieldwork or (ii) 26 months following the end of the Contract Year to which the audit related. No claim may be presented or made unless made in writing within such period.
- (c) Seller must respond in writing to any claims of discrepancies as a result of an audit made by Buyer within 3 months of receipt of such claims. If Seller agrees with the claim, evidence of the adjustment must accompany the response. If adjustment cannot be made within 30 days, the response must include an anticipated date for adjustment. If Seller disagrees with the claim, a detailed response with the relevant explanation must be submitted to Buyer. Buyer must then submit a further response within 30 days of receipt of Seller's written disagreement.
- (d) All such claims to discrepancies affecting amounts payable or creditable hereunder that are not resolved by agreement within 30 days of Seller's response under Section 7.5(c) may be submitted to arbitration under Article 8 by either Party to the other.
- (e) Buyer must give reasonable notice to Seller of its intention to audit and must use all reasonable efforts to have all audits conducted so as to cause a minimum of inconvenience to Seller.
- (f) Buyer will in all events bear the cost of the audit.
- (g) The audit report must indicate all the items (whether they favour Seller or Buyer) that the Independent Auditor determines are inaccurate, the nature of the inaccuracies and the amount thereof, and must be given to Buyer and Seller.
- (h) No audit conducted by or on behalf of Buyer, and no failure by Buyer to exercise its right to conduct an audit under this Section 7.5, relieves Seller of any of its obligations under this Agreement or constitutes a waiver of any right of Buyer to dispute any amount payable or creditable under this Agreement provided the dispute or claim to discrepancies is made within the time permitted hereby.
- (i) Buyer or Seller must pay to the other any amount that is determined to be due to the other as a result of an audit, such amount will be paid promptly following determination, together with interest as provided in Section 7.6.

7.6 Late Payment

If Buyer fails to pay any amount when due, or if an amount previously invoiced or paid is determined to have been erroneous, then the amount owing shall bear interest calculated from the time when originally paid (in the case of overpayment) or the original date due (in the case of underpayment) until paid at the Interest Rate.

7.7 Sales and other Taxes

All amounts payable or deemed to be payable by Buyer hereunder are exclusive of, and Buyer will be liable for and will pay, all Sales Taxes properly payable on or in connection with the amount so payable.

ARTICLE 8 BILLING ARBITRATION

8.1 Matters for Billing Arbitration

- (a) Only disputes affecting amounts payable or creditable hereunder may be resolved in accordance with this Article 8.
- (b) Dispute resolution pursuant to this Article 8 will be final and binding on the Parties in respect of those matters properly submitted to arbitration hereunder.

8.2 Selection of Billing Arbitrator

If a Party provides the other Party with a notice to arbitrate a dispute pursuant to Section 7.3 or 7.5, it must name an Independent Auditor as a potential arbitrator (a "**Billing Arbitrator**") of the amount in dispute. Within 5 Business Days of receiving such notice, the non-initiating Party will advise the initiating Party if it accepts the proposed Billing Arbitrator and, if the non-initiating Party rejects such proposal, the non-initiating Party must name an Independent Auditor as an alternative Billing Arbitrator. The initiating Party must advise the non-initiating Party within 5 Business Days whether the suggested alternative Billing Arbitrator is acceptable to the initiating Party. If the alternative Billing Arbitrator is unacceptable to the initiating Party, the Billing Arbitrator proposed by the initiating Party and the Billing Arbitrator proposed by the non-initiating Party must, within 10 Business Days from receipt by the non-initiating Party of the initiating Party's rejection of its nominee, appoint a third Independent Auditor, to act as the Billing Arbitrator. If such accounting firms are unsuccessful in selecting a Billing Arbitrator, then upon written notice from either Party, a Billing Arbitrator is to be appointed by a Justice of the Court of Queen's Bench of Alberta. Unless both Parties agree, if the matters to be determined in the arbitration include matters that arise from an audit conducted under Section 7.5, the Billing Arbitrator may not be the same firm that conducted the audit.

8.3 Conduct of Billing Arbitration

Where a matter is subject to resolution by a Billing Arbitrator:

- (a) Seller and Buyer may establish the terms of reference of the arbitration by agreement in a manner consistent with the terms of this Agreement and the intention of the Parties as expressed in this Agreement and, failing such agreement, the Billing Arbitrator will establish the terms of reference necessary in order to determine the question or questions in dispute.
- (b) Seller and Buyer will be free to make submissions to the Billing Arbitrator and to provide the Billing Arbitrator with whatever documentation they believe is relevant. The Billing Arbitrator may ask questions and request and be entitled to inspect and receive documentation of the Parties. Documentation which a Party considers to be confidential and that is not already known to or in the possession of the other Party must not be provided to the other Party, but will be provided to one or more independent parties (which may include outside legal counsel) representing such

other Party in connection with the arbitration, pursuant to a confidentiality agreement acceptable to the disclosing Party, acting reasonably. The Billing Arbitrator will be required to sign a confidentiality agreement in a form acceptable to each of the Parties, acting reasonably. The proceedings of the Billing Arbitrator will be informal and directed at achieving a determination of the allocation of costs or other items in accordance with the terms and provisions of this Agreement.

- (c) The Billing Arbitrator must proceed immediately to hear and determine the question or questions in dispute. The decision of the Billing Arbitrator must be made within 45 Days after its appointment, subject to any reasonable delay due to unforeseen circumstances. Notwithstanding the foregoing, if the Billing Arbitrator fails to make a decision within 60 Days after its appointment, then either Seller or Buyer, provided it has timely provided all information and submissions required in the proceedings, may elect to have a new Billing Arbitrator chosen in like manner.
- (d) The decision of the Billing Arbitrator must be drawn up in writing and signed by the Billing Arbitrator and will be final and binding on the Parties as to any question or questions so submitted to the Billing Arbitrator and the Parties will be bound by any such decision and perform the terms and conditions thereof.
- (e) The Billing Arbitrator will select the place of the arbitration proceedings based on convenience to the Parties to the proceedings, the location of the relevant documentation, the location of witnesses and all other relevant considerations.
- (f) The Parties will do all acts and things and will execute all deeds and instruments necessary to give effect to any decision made by the Billing Arbitrator.
- (g) Save as herein expressly otherwise provided, the provisions of the *Arbitration Act* (Alberta) will apply to the arbitration, and whenever or wherever there is a conflict between the provisions of the *Arbitration Act* (Alberta) and this Agreement, the provisions of this Agreement will prevail.

8.4 Costs

Each of the Parties to the arbitration will bear its own costs and expenses incurred in connection with the proceedings. The costs of the arbitration proceedings (for clarity, including the fees and expenses of the Billing Arbitrator, of hearing premises, transcript preparation and otherwise) other than the Parties' own costs will be borne equally by the Parties unless the Billing Arbitrator determines otherwise.

8.5 Interest

Any amount determined by the Billing Arbitrator to be owing by one Party to the other will be paid forthwith upon the determination, together with interest as provided under Section 7.6.

**ARTICLE 9
SPECIFICATIONS, TITLE AND MEASUREMENT**

9.1 Specifications and Composition

- (a) Seller represents and warrants that the CO₂ Stream will meet the quality specifications set out in Schedule "A".
- (b) Buyer shall be entitled to refuse to accept delivery of the CO₂ Stream that does not meet the specifications of Schedule "A" without incurring any liability for such refusal; provided, however, that Buyer must act in a commercially reasonable manner in making its decision to reject such CO₂ Stream.
- (c) Where Buyer accepts or receives CO₂ Stream that does not meet the specifications of Schedule "A", Seller will have no responsibility or liability whatsoever for any damages (direct, indirect or consequential) or other Claims that Buyer or any Affiliates or its or their JV Partners may suffer, incur or sustain directly or indirectly arising from or attributable to such circumstances, including if such circumstances result directly or indirectly in a shutdown, slowdown, curtailment or operational change at the Buyer Installed On Site Equipment, the Oil Properties or other facilities of Buyer or any Affiliates or its or their JV Partners.
- (d) Upon determining that any of the CO₂ Stream tendered at the Point of Delivery does not meet the specifications required by Section 9.1(a), as indicated by on line analysis or otherwise, Seller or Buyer, as the case may be, shall immediately advise the other and the Parties shall attempt to resolve the matter on commercially reasonable terms, there being no obligation on the part of Buyer to accept the same; provided, however, that Buyer must act in a commercially reasonable manner in making its decision to reject such CO₂ Stream.
- (e) Buyer acknowledges that nothing contained in this Agreement will affect the manner in which the Prentiss Facilities are to be operated or imposes on Seller any obligations related to the operation of the Prentiss Facilities or either of them.

9.2 Title Warranty - Sold Products

- (a) Each entity comprising Seller represents and warrants that it has and will have good, valid and marketable title to the CO₂ Stream and all products contained therein to be delivered by it pursuant to this Agreement free and clear of any security interest, mortgage, pledge, lien, charge or encumbrance.
- (b) Seller will indemnify Buyer and save it harmless from all suits, actions, debts, accounts, damages, costs, losses and expenses arising from or out of any security interest, mortgage, pledge, lien, charge or encumbrance against the CO₂ Stream or the products contained therein or to royalties, taxes, levies, license fees or charges thereon, which are applicable up to the Point of Delivery; provided, however, that Seller's liability under such indemnity shall not exceed the price which would be payable for the affected CO₂ Stream hereunder.

9.3 No Warranty

Neither entity comprising Seller warrants that CO₂ Stream supplied by or for the account of Seller to or to the order of Buyer will place Buyer or any of its customers in conformance with any Applicable Laws.

9.4 Disclaimer of Warranties

The limited warranties contained in Section 9.1 and 9.2 are the sole warranties with respect to CO₂ Stream delivered by or on behalf of either entity comprising Seller hereunder.

9.5 Notice of Claims

All claims by Buyer in respect of CO₂ Stream delivered by or on behalf of Seller hereunder will be deemed waived unless made by Buyer within 60 days of receipt of the CO₂ Stream; provided that for any claim which is not readily discoverable within such 60 day period, such claims shall be deemed waived unless made by Buyer in writing and received by Seller within 180 days after receipt of the CO₂ Stream or within 30 days after Buyer learns or should have been reasonably aware of facts which should have given rise to such claim, whichever first occurs.

9.6 Measurement & Verification

- (a) The quantity and the composition of CO₂ Stream delivered hereunder will initially be computed using Buyer's CO₂ flow meter on the discharge side of the CO₂ Compressor and verified by Seller using its CO₂ production calculation from (i) in the case of P2, ethylene oxide production and efficiency analysis or (ii) in the case of P1, CO₂ analyzer and cycle gas flow meters. Any additional measuring or testing equipment, devices or materials required for the measurement of volumes of products and constituents thereof delivered by Seller hereunder shall be (A) installed by Buyer at the sole cost of Buyer, (B) maintained and operated by Buyer if outside the fence line for the Prentiss Facilities or by Seller if inside the fence, in each case at the sole cost of Buyer, and (C) comply with all Applicable Laws, including any applicable to any programs described in Section 6.5(a), (b) or (c).
- (b) The Parties will determine the calibration procedures and test methods for all measurement, testing and sampling equipment, devices and materials. In the event of a disagreement between the Parties on such matters that cannot be resolved within 30 days, either Party may, by notice, require the matter to be escalated to its senior management for discussion and, if not resolved at that level within a further 15 days, the dispute shall be referred to Arbitration pursuant to Article 14.
- (c) Each Party agrees to make available to the other on an ongoing basis that information and data and those records measuring the volumes of products and constituents delivered by Seller hereunder and purchased by Buyer. Buyer acknowledges that any of Seller's data regarding process operating parameters that Seller considers in its sole discretion to be confidential will only be made available to an Independent Auditor under Section 7.5 or Billing Arbitrator under Article 8.
- (d) If the quantities of CO₂ and other components contained in the CO₂ Stream that are captured and stored in a geological formation are determined for purposes of GHGE Credit programs by a third party independent of Buyer or any of its Affiliates, then the determination so made in accordance

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with such program will be binding on Seller and will be made at the sole cost of Seller. Buyer agrees to allow the verifier to have access to its properties, facilities, records and information necessary to complete the verification process.

ARTICLE 10 GENERAL REPRESENTATIONS AND WARRANTIES

Each entity comprising Buyer and Seller represents and warrants to the other Party that:

10.1 Corporate Organization

It is a corporation duly organized and validly existing under the laws of its place of incorporation and is in good standing with respect to filing of annual corporate returns under the laws of its place of incorporation, has all requisite corporate capacity to execute and deliver this Agreement and perform its obligations hereunder and to own, lease and operate its assets and its business.

10.2 Authorization; Binding Effect

- (a) The execution and delivery of this Agreement and the consummation of the transactions contemplated hereby have been duly authorized by all requisite corporate proceedings.
- (b) This Agreement has been duly executed and delivered by it and constitutes its legal, valid and binding obligations, enforceable against it in accordance with its terms, subject to the qualifications that:
 - (i) such enforceability may be subject to bankruptcy, insolvency, moratorium, arrangement or other laws affecting creditors' rights and to general principles of equity (regardless of whether such enforceability is considered in a proceeding at equity or law); and
 - (ii) equitable remedies are discretionary and may not be available in any particular instance.

10.3 Consents and Approvals; No Violation

None of the execution or delivery hereof or performance of its obligations hereunder or the consummation of the transactions contemplated hereby will, and the fulfilment and compliance with the terms and conditions by it and the consummation of the transactions contemplated hereby will not:

- (a) conflict with or require the consent or waiver of rights of any Person under the terms, conditions or provisions of its constituting documents, by-laws or resolutions of directors or shareholders, except those that have been obtained;
- (b) violate any provision of, or require any Authorization or approval or declaration or filing with or notice to any Government Authority by it under, any Applicable Law;
- (c) conflict with, result in a breach of, constitute a default under (whether with notice or the lapse of time or both), or accelerate or permit the acceleration of the performance required by, or terminate or make terminable at the option of any other party to, or require any consent, authorization or approval that has not been obtained under, any indenture, mortgage, lien, lease, agreement or instrument to which it is a party or by which it is bound or to which its assets or properties is subject; or

- (d) result in the creation or enforceability of any security interest, lien, claim or encumbrance upon any of its assets,

which violation, conflict, breach or default would reasonably be expected to impair its ability to perform its obligations hereunder.

10.4 Insolvency

No Insolvency Event has occurred with respect to it and, to its knowledge, no proceedings related to an Insolvency Event have been commenced or are pending with respect to it.

10.5 Litigation

There are no (i) judgments, orders, decrees or injunctions or (ii) proceedings pending or, to its knowledge, threatened that have a reasonable likelihood of success and, that (in the case of either (i) or (ii)) would reasonably be expected to impair its ability to perform its obligations hereunder.

10.6 No Default

It is not in default under and no condition exists that with notice or lapse of time or both would constitute a default by it under:

- (a) any contract, agreement, deed, instrument or document to which it is a party or by which it or any of its properties is bound;
- (b) any Applicable Law; or
- (c) any Authorization,

that would reasonably be expected to affect its ability to perform its obligations hereunder.

10.7 Disclaimer

- (a) Except as and to the extent set forth in this Agreement, neither Party makes any representations or warranties whatsoever in connection with or in relation to this Agreement or the transactions contemplated hereby.
- (b) Each Party acknowledges that it has made its own independent investigations, analyses, evaluations and verifications of all matters related to this Agreement and the transactions contemplated hereby, provided that the foregoing will not limit or diminish the obligations and liabilities, nor the rights and remedies of the Parties under this Agreement.

ARTICLE 11 FORCE MAJEURE

11.1 Force Majeure Excuses Performance

If either Party fails to observe or perform any of the covenants or obligations imposed upon it by this Agreement and such failure is occasioned by or in consequence of Force Majeure, such failure will be excused and deemed not to be a breach of such covenants or obligations. No Force Majeure relieves a Party of its obligation to pay any amounts.

11.2 Certain Disentitling Events

Neither Party is entitled to the benefits of this Article 11 to the extent:

- (a) the failure to observe or perform any of the covenants or obligations hereunder imposed upon it was caused by the Party claiming such benefits failing to act in a reasonable and prudent manner under the circumstances;
- (b) the failure to observe or perform any of the covenants or obligations herein imposed upon it was caused by the Party claiming such benefits having failed to remedy the condition and to resume the performance of such covenants or obligations with reasonable dispatch; or
- (c) the Party claiming such benefits has failed to give to the other Party notice to the effect that such Party is unable by reason of Force Majeure (the nature whereof shall be therein specified) to perform the particular covenants or obligations as soon as is reasonably feasible after determining that the occurrence was of the nature of Force Majeure.

11.3 Notice of Remedy

The Party claiming benefits of the provisions of this Article 11 must likewise give prompt notice after the Force Majeure condition is remedied to the effect that the same has been remedied.

11.4 Settlement of Labour Disputes

Notwithstanding anything to the contrary in this Article 11 expressed or implied, the settlement of strikes, lockouts and other industrial disturbances shall be entirely within the discretion of the particular Party involved therein and such Party may make settlement thereof in such time and on such terms and conditions as it may deem to be advisable and no delay in making such settlement deprives such Party of the benefits of the provisions of this Article 11.

ARTICLE 12 TERM AND TERMINATION

12.1 Term

The term of this Agreement shall commence on the date hereof and continue until the expiry of the 15th Contract Year (the "**Initial Term**") and shall be automatically extended thereafter for successive periods of 1 Contract Year (each such period a "**Contract Extension**") unless terminated by notice given by either Party to the other at least 2 years prior to the expiry of the Initial Term or applicable Contract Extension.

12.2 Termination

In addition to the rights to terminate under Section 12.5, this Agreement may be terminated at any time:

- (a) by the written agreement of Buyer and Seller;
- (b) by Seller as contemplated by Section 3.5(c);

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- (c) by Seller on notice effective immediately if Buyer fails to pay any amount and such failure continues for a period exceeding 45 days after notice of non-payment;
- (d) by either MEGlobal as this Agreement pertains to MEGlobal and P1 or by A&O as this Agreement pertains to A&O and P2, on notice to be effective immediately if Buyer is in breach of a material obligation hereunder and such breach continues for 90 days after notice requiring Buyer to remedy the default;
- (e) by Buyer as this Agreement pertains to MEGlobal and P1 or as this Agreement pertains to A&O and P2, if MEGlobal or A&O, as applicable, is in breach of a material obligation hereunder and such breach continues for 90 days after notice requiring MEGlobal or A&O, as applicable, to remedy the default;
- (f) by either MEGlobal as this Agreement pertains to MEGlobal and P1 or by A&O as this Agreement pertains to A&O and P2, on notice to be effective immediately if an **Insolvency Event** has occurred with respect to Buyer; or
- (g) by Buyer as this Agreement pertains to either MEGlobal and P1 or as this Agreement pertains to A&O and P2, respectively, on notice to be effective immediately if any Insolvency Event has occurred with respect to MEGlobal or A&O, as applicable.

12.3 Consequences of Termination Under Section 12.2

Upon the termination of this Agreement under Section 12.2, and without limiting any other rights or remedies of the Parties as a result of the termination or the circumstances entitling a Party to terminate, all liabilities and obligations of the Parties accrued to and including the date of termination must be fully satisfied or discharged.

12.4 Set Off

Each Party reserves to itself all rights, set offs, counterclaims and other remedies and defences which such Party is or may be entitled to arising from or out of this Agreement. All obligations to make payment under the terms of this Agreement may be offset against each other.

12.5 Permanent Shutdown

- (a) MEGlobal is entitled to terminate this Agreement as it relates to MEGlobal and P1 and the related CO₂ Stream and A&O is entitled to terminate this Agreement as it pertains to A&O and P2 and the related CO₂ Stream, as applicable, if the terminating entity desires to permanently shutdown P1 or P2, as applicable.
- (b) Buyer shall be entitled to terminate this Agreement if Buyer desires to permanently shutdown the CO₂ System and Buyer and each of its Affiliates and its and their JV Partners are permanently shutting in or permanently suspending CO₂ injection or use at or in connection with all Oil Properties and other properties where they are permitted to use CO₂ delivered hereunder.
- (c) If a Party wishes to exercise its right of termination under Section 12.5(a) or (b), such Party shall provide at least 1 year's prior written notice of such election and shall specify the actual date of shutdown of the relevant facility. This Agreement shall terminate on the actual shutdown date.

- (d) In the event of termination under Section (c), if the Party terminating this Agreement, or any Affiliate of such Party thereafter within a period of three (3) years from such date of termination, resumes commercial operations at the applicable facilities or properties, then the Party who did not request termination of this Agreement shall be entitled upon notice to require the other Party to enter into an agreement on identical terms as are contained herein for the balance of the Term hereof had this Agreement not expired.

12.6 Consequences of Termination Under Section 12.5

Upon termination of this Agreement under Section 12.5, (i) all liabilities and obligations of the Parties accrued to and including the date of termination must be fully satisfied or discharged; and (ii) neither Party will be liable to the other under this Agreement for matters occurring or accruing after the date of termination.

ARTICLE 13 MISCELLANEOUS

13.1 Method of Notice

Every notice, statement, advice, request, demand, consent or other communication (each, a "**Communication**") under this Agreement must be in writing in the English language and must be sent by courier or telefax, as to each Party, to it at its address set forth on Schedule "C" or at such other address as is designated by it in a written notice to the other Party. Except as provided in this Section 13.1, all Communications will be deemed to have been given when delivered (in the case of courier delivery) or sent (in the case of telefax delivery). Any Communication delivered or sent on a day other than a Business Day, or after 3:00 p.m. at the intended point of receipt on a Business Day, will be deemed to have been given on the next Business Day. Until such notice of change of address has been given in the manner provided in this Section, Communications shall be addressed as set forth on Schedule "C".

13.2 Further Assurances

Each Party to this Agreement and its permitted successors and assigns shall do all such further acts and execute, acknowledge or verify and deliver any and all documents which from time to time may be reasonably requested by any other Party to this Agreement to carry out the purposes and intent of this Agreement.

13.3 Waiver

- (a) No failure on the part of any Party in exercising any right or remedy hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or remedy preclude any further or other exercise thereof, and no failure on the part of a Party to complain of any act or failure to act of another Party or to declare another Party in default, irrespective of how long such failure continues, shall constitute a waiver by such first mentioned Party of its rights hereunder.
- (b) No waiver of any provision of this Agreement, including this Section, shall be effective otherwise than by an instrument in writing dated subsequent to the date hereof executed by the Party entitled to give such waiver or its duly authorized representatives.
- (c) No consent or waiver, express or implied, by a Party to or of any breach or default by the other Party in the performance of such other Party of its obligations hereunder shall be deemed or

construed to be a consent or waiver to or of any other breach or default in the performance by such other Party of the same or any other obligations of such other Party hereunder.

13.4 Amendments

No variation or amendment of any provision of this Agreement, including this Section, shall be effective otherwise than by an instrument in writing dated subsequent to the date hereof executed by the Parties hereto.

13.5 No Joint Venture or Partnership

- (a) Neither Party shall by virtue of this Agreement in any way or for any purpose be or become a partner or agent of the other Party in the conduct of any business or otherwise or become a member of a joint venture or joint enterprise with the other Party.
- (b) Nothing in this Agreement confers on any Party any agency or attorney status to act on behalf of or bind the other Party.
- (c) Neither Party shall by virtue of this Agreement in any way or for any purpose incur fiduciary or similar obligations to the other Party.

13.6 Rights of Parties Independent

The rights available to the Parties under this Agreement and at law shall be deemed to be several and not dependent on each other and each such right accordingly shall be construed as complete in itself and not by reference to any other such right. Any one or more and/or any combination of such rights may be exercised by a Party from time to time and no such exercise shall exhaust the rights or preclude the other Party from exercising any one or more of such rights or combination thereof from time to time thereafter or simultaneously.

13.7 Time of Essence

Time is and shall continue to be of the essence in this Agreement.

13.8 Governing Law; Attornment; Waiver of Jury Trial and Immunity

- (a) This Agreement (and any dispute, controversy, proceedings or Claim of whatever nature arising out of or in any way relating to this Agreement or its formation) will be governed by and construed in accordance with Alberta law. There will be no application of any conflict of laws rules inconsistent with this Section 13.8(a).
- (b) Each Party does hereby:
 - (i) submit and attorn to the non-exclusive jurisdiction of the Alberta courts to hear and decide any action, suit or proceeding ("**Proceedings**") arising out of or in connection with this Agreement, or its formation, or any of the transactions contemplated hereby or legal relationship established thereby, and for the purpose of enforcement of any judgment against its respective assets, save that this submission shall not affect the right of any Party to take Proceedings in any court or courts having jurisdiction to the extent permitted by law nor shall the taking of Proceedings in any one or more jurisdictions

preclude the taking of Proceedings in any other jurisdiction (whether concurrently or not) if any to the extent permitted by law;

- (ii) waive all right to object to jurisdiction or execution in any Proceedings in such courts arising out of or in connection with this Agreement or its formation or the transactions contemplated hereby or legal relationship established thereby which they may now or hereafter have by reason of domicile or otherwise;
- (iii) waive and agree not to plead or claim that any Proceedings in such Courts has been brought in an inappropriate forum;
- (iv) waive to the extent permitted by law, any right they may have to, or to apply for, trial by jury in connection with any Proceedings arising out of or in connection with this Agreement or its formation or any of the transactions contemplated hereby or legal relationship established thereby; and
- (v) waive any right to immunity it may have or be entitled to in respect of jurisdiction or the enforcement of any award or judgment from Proceedings arising out of or in connection with this Agreement or its formation or any of the transactions contemplated hereby or legal relationship established thereby.

13.9 Severability

If any provision of this Agreement or portion thereof, or the application thereof to any Person or circumstances shall, to any extent, be invalid or unenforceable in any jurisdiction, the remainder of this Agreement or the application of such provision or portion thereof to any other Person or circumstances or in any other jurisdiction shall not be affected thereby and each provision of this Agreement shall be valid and enforceable to the fullest extent permitted by law.

13.10 Third Party Rights

Except as herein provided, this Agreement is not intended to and does not create any rights in favour of any Person other than the Parties hereto who hold such rights and they have not indicated and will not indicate to the contrary to any Person.

13.11 Enurement

This Agreement shall be binding upon, enure to the benefit of and be enforceable by and against the respective successors and permitted assigns of each Party to this Agreement.

13.12 Assignment

Neither this Agreement nor any of the rights and obligations hereunder shall be assignable by either Party without the prior written consent of the other Party, which consent may not be unreasonably withheld; provided, however, that a Party may assign this Agreement and the rights hereunder to:

- (a) an Affiliate thereof provided that no such assignment shall release the assigning Party from the performance of its obligations hereunder;

- (b) a lender or other creditor of the Party by way of security, provided that such lender or other creditor agrees to be bound by the terms of this Agreement;
- (c) in the circumstances of a bona fide disposition by an entity comprising Seller of its entire interest in P1 or P2, as applicable, to the acquiring Person;
- (d) in the circumstances of a bona fide disposition by Buyer of its entire interest in the CO₂ System, Downstream Equipment and the Ground Lease and by Buyer and each of its Affiliates of all Oil Properties to a single acquiror, to the acquiring Person,

provided however that

- (e) in the circumstances described in Section 13.12(c) and (d), the non-assigning Party is satisfied, acting reasonably, with the financial capability, creditworthiness, business reputation and operating practices of the proposed assignee, both current and historical; and
- (f) in the case of Section 13.12(d), Buyer must assign its interest in the Ground Lease to the acquiring Person.

13.13 Confidential Information

The Parties shall treat as confidential and not communicate to others the contents of this Agreement, the Ground Lease and all matters (other than those which are available to the public otherwise than through an act of the Parties) affecting the construction, ownership or operation of any facilities required by or related to the transactions contemplated by this Agreement or the Ground Lease, or affecting delivery, receipt, sale or purchase of the CO₂ Stream under this Agreement, or related to the performance by the Parties of their respective obligations hereunder other than (i) disclosure which is required to be made pursuant to Applicable Laws, including Environmental Laws or Authorizations, including in connection with applications or other proceedings to obtain or retain credits, allowances, relief or incentives; (ii) by the direction of any Government Authority having jurisdiction; (iii) in the case of either entity comprising Seller, DCCI or their Affiliates, announcements of the Sequestering or transfer of CO₂ contained in the CO₂ Stream provided the commercial terms hereof and the identity of Buyer are not made public; (iv) to any of its directors, officers, employees, agents or consultants who have a need to know the terms hereof provided that prior to such disclosure the recipient agrees with Seller to be bound by the confidentiality requirements of this Agreement; or (v) in the case of Buyer, to its Affiliates or any of its or their JV Partners who have a need to know the information provided that prior to such disclosure the recipient agrees with Buyer to be bound by the confidentiality requirements of this Agreement.

13.14 Entire Agreement

This Agreement constitutes the entire agreement between the parties relating to, and there are no collateral or other statements, understandings, covenants, agreements, representations or warranties, written or oral, relating to, the subject matter hereof, including the letter of intent dated May 21, 2004 as amended and the Confidentiality Agreement dated June 26, 2003. This Agreement supersedes all prior agreements, understandings, negotiations and discussions, whether oral or written, between the parties or their predecessors relating to the subject-matter of this Agreement. This Section 13.14 does not derogate from or otherwise affect the obligations of the parties under any agreement, document or instrument executed and delivered pursuant hereto or in implementation of the transactions contemplated hereby or thereby.

13.15 Supplemental Documents and Actions

The Parties shall execute and cause to be executed all reasonable documents requested by the other Party and do those other reasonable things reasonably necessary to allow the other Party to retain its benefits under this Agreement.

**ARTICLE 14
ARBITRATION****14.1 Reference to Arbitration**

Any dispute or need of interpretation arising out of this Agreement which the parties have agreed hereunder shall be resolved by arbitration, and any other matters that the Parties mutually agree to resolve by way of arbitration, shall be submitted to binding arbitration by one arbitrator with over fifteen years of diverse professional experience in various segments of the Canadian petroleum and/or chemical industry and who has not previously been employed by any Party, and does not have a direct or indirect interest in any Party or the subject matter of the arbitration. Such arbitrator shall either be as mutually agreed by the Parties within thirty (30) Days after written notice from either Party requesting arbitration, or failing agreement with such time period, shall be selected under the rules of the *Arbitration Act* (Alberta). Such arbitration shall be held in Calgary, Alberta.

14.2 Arbitration Procedure

Either Party may initiate arbitration by written notice to the other Party and the arbitration shall be conducted according to the following:

- (a) not later than 7 Days prior to the hearing date set by the arbitrator, pursuant to Section 14.2(b), both Parties will submit a brief with a single dollar figure for settlement of the dispute in respect of disputes related to financial matters wherein the figures submitted need not be the figures offered during prior negotiations and on all other disputes a statement of the Party's position in respect of the matter in dispute;
- (b) the hearing will be scheduled to commence within 7 Days following submission of the settlement figures or the Party's position statement of matters in dispute, or as soon thereafter as is acceptable to the arbitrator, and shall be conducted on a confidential basis without continuance or adjournment;
- (c) the arbitrator shall render his decision within 3 Business Days after the hearing, unless the Parties reach agreement prior thereto and withdraw the dispute from arbitration;
- (d) in disputes involving financial matters, the arbitrator shall be limited to selecting only one or the other of the two figures submitted by the Parties;
- (e) the arbitrator shall provide to the Parties explanations in writing of the reasons for the selection;
- (f) there shall be no release by the arbitrator of any information concerning the arbitration decision to anyone except the Parties;
- (g) each Party shall divide equally the cost of the hearing, and each shall be responsible for its own expenses and those of its counsel or other representatives;

Final

- (h) any evidence not prohibited by the arbitrator may be presented at the discretion of the Parties and it is the arbitrator's duty to assign such weight to the evidence as shall appear appropriate under the circumstances; and
- (i) evidence concerning the financial position or corporate make up of the Parties, any offers made or the details of any negotiation prior to arbitration, the cost to the Parties of their representatives, lawyers and advisors shall not be permitted.

14.3 Rules

The rules of the Arbitration Act (Alberta) shall apply to the extent not inconsistent with the rules specified above.

Final

ARTICLE 15 EXECUTION

15.1 Counterparts and Formal Date

This Agreement may be executed in counterparts, each of which when so executed shall be deemed to be an original and such counterparts together shall constitute one and the same instrument and, notwithstanding the date of execution, shall be deemed to bear date as of the date written at the beginning of this Agreement.

15.2 Execution

In witness whereof the Parties hereto have executed this Agreement as of the day and year first above written.

MEGLOCAL CANADA INC.

GLENCOE RESOURCES LTD.

By: *David C. Smith*
 Its: PRESIDENT & CEO

By: *Shirley A. Smith*
 Its: *President & CEO*
VP Production

**ALBERTA & ORIENT GLYCOL
COMPANY LIMITED**

DOW CHEMICAL CANADA INC.

m By: *David C. Smith*
 Its: PRESIDENT

By: *Ramona R. Rasmussen*
 Its: _____

SCHEDULE "A"

CO₂ STREAM SPECIFICATIONS

<u>Parameter</u>	<u>P2 Stream Specification</u>	<u>P1 Stream Specification</u>
Temp (C)	100 – 120 (pressure dependent)	90 – 110 (pressure dependent)
Flow rate of CO ₂ (kg/s)	2.5 - 4.5 at steady state	3 – 6 at steady state
Pressure at column top (kPaG)	65 – 105	70 (estimated maximum, not to be relied on)
<u>Primary Constituents</u>	<u>mol %</u>	<u>mol %</u>
Water	70 - 90	60 – 80
CO ₂	10 - 30	15 – 35
Total Hydrocarbons (as CH ₄) %	< 1.0	< 1.0
Oxygen	< 0.01	< 0.01
<u>Trace Components</u>	<u>mol%</u>	<u>mol%</u>
Methane	< 1.0	< 1.0
Ethylene	< 1.0	< 1.0
Ethane	< 0.1	< 0.1
Propane	< 0.001	< 0.001
Butane	< 0.001	< 0.001
Total aldehydes (as CH ₂ O)	< 0.01	< 0.01
1,4-Dioxane	< 0.001	< 0.001
N ₂	< 1.0	< 1.0
Ethylene Oxide	<0.01	<0.01

SCHEDULE "B"

CO₂ STREAM PRICES

The price payable by Buyer to Seller for the CO₂ Stream delivered and received by Buyer pursuant to this Agreement shall be calculated in accordance with the following provisions.

<u>Pricing on a Dry CO₂ basis</u>	<u>Per Tonne</u>	<u>Per mmscf</u>
First 4 Contract Years	\$2.00	\$105.4
Next 3 Contract Years	\$5.00	\$263.5
Next 3 Contract Years	\$7.50	\$395.25
Next 5 Contract Years	\$10.0	\$527

Sample Cash Flows for Illustration Purposes only:

3.6 10 ³ mmscf	x \$105.4 x 4 Contract Years	\$1,517,760
3.6 10 ³ mmscf	x \$263.5 x 3 Contract Years	\$2,845,800
3.6 10 ³ mmscf	x \$395.25 x 3 Contract Years	\$4,268,700
3.6 10 ³ mmscf	x \$527 x 5 Contract Years	\$9,486,000

Average \$336 per mmscf

SCHEDULE "C"

NOTICES

Seller:

ALBERTA & ORIENT GLYCOL COMPANY LIMITED
and/or MEGLOBAL CANADA INC.
(other than operational billings):

MEGlobal Canada Inc.
2200, 250 – 6th Avenue S.W.
Calgary, Alberta
Attention: President
Fax: (403) 267-3503

with a copy to:

MEGlobal Limited
54 Pall Mall
London SW 1Y 5JH
Attention: General Counsel
Fax: 011 44 207 451 4843

Operational Notices to:

Box 5501
Red Deer, Alberta T4N 6N1
Attention: Manufacturing Director
Fax: (403) 885-7270

Billings:

MEGlobal Customer Service
2020 Dow Center, Midland; MI 48674
Phone: (888) 610-9048

Buyer:

GLENCOE RESOURCES LTD.
1950, 633 6th Avenue S.W.
Calgary, Alberta T2P 2Y5
Attention: Vice President, Operations
Fax: (403) 269-6604

SCHEDULE "D"

GROUND LEASE

**relating to the demise of certain lands adjacent to the Prentiss Site
by MEGlobal Canada Inc.
to Glencoe Resources Ltd.**

**MEGLOCAL CANADA INC.
(as Lessor)**

and

**GLENCOE RESOURCES LTD.
(as Lessee)**

Dated as of February 1, 2005

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GROUND LEASE

This GROUND LEASE ("**Lease**") is made and entered into as of February 1, 2005 between MEGlobal Canada Inc., a body corporate having an office in Calgary, Alberta ("**Lessor**") and Glencoe Resources Ltd., a body corporate having an office in Calgary, Alberta (the "**Lessee**").

Recitals:

- A. Lessor has agreed to lease the Leased Lands to Lessee and Lessee has agreed to accept such lease.
- B. The Parties desire to enter into this Lease to set forth their respective rights and obligations in connection with the lease of the Leased Lands.

The Parties hereby agree as follows:

ARTICLE 1 INTERPRETATION

1.1 Rules of Interpretation; Definitions

In this Lease, including the Recitals and any Schedules attached hereto, unless a clear contrary intention appears, terms and expressions that are defined in the CO₂ Agreement will have the meanings therein ascribed to them and in addition:

- (a) "**Base Rent**" has the meaning set forth in Section 4.1.
- (b) "**Buyer Responsible Equipment**" means, collectively, (i) the Improvements and (ii) the following equipment and facilities located on the Prentiss Site: the Buyer Installed On Site Equipment and the CO₂ Collection Equipment.
- (c) "**CO₂ Agreement**" means the Prentiss CO₂ Stream Purchase and Sale Agreement dated as of December 1, 2004 between Alberta & Orient Glycol Company Limited and Lessor (collectively as Seller) and Lessee (as Buyer) to which the form of this Lease is attached as Schedule "D".
- (d) "**Commencement Date**" means February 1, 2005.
- (e) "**Event of Default**" has the meaning set forth in Section 10.1.
- (f) "**Expiry Date**" means the first date that the CO₂ Agreement has been terminated as to both P1 and P2.
- (g) "**Improvements**" means any tangible property, fixtures, buildings, machinery, building equipment, structures, improvements and property of every kind or nature constructed by or at the expense of Lessee or its permitted assignees, sublessees or invitees that are at any time and from time to time located on or under the Leased Lands, including, to the extent they are located on or under the Leased Lands, the Buyer Installed Offsite CO₂ Pipeline, the CO₂ Compressor and any Downstream Equipment.
- (h) "**Leased Lands**" means those portions of the N.W. ¼ and the S.W. ¼ of section 30, township 39, range 25 W4M that are denoted as "Plant Site" and cross-hatched on the Individual Ownership Plans attached as Schedule "A" hereto.

- (i) **"Lessee EH&S Requirements"** means, collectively, (i) Lessee's environmental, health and safety and construction rules and regulations promulgated by Lessee from time to time for the Leased Lands provided that such rules and regulations are not less stringent than the Lessor EH&S Requirements; and (ii) the safety requirements and reasonable safety recommendations of insurance carriers providing insurance coverage in respect of the Leased Lands or Improvements to Lessee
- (j) **"Lessor EH&S Requirements"** means Lessor's environmental, health, safety and construction rules and regulations for the Prentiss Site promulgated by Lessor from time to time for the Prentiss Site.
- (k) **"Lessor Responsible Contamination"** has the meaning set forth in Section 6.3(b).
- (l) **"Parties"** means Lessor and Lessee; and **"Party"** means either one of them.
- (m) **"Permitted Encumbrances"** means the following and only the following liens, claims, interests, charges and encumbrances:
 - (i) liens for Taxes, assessments or governmental charges, and statutory liens, deemed trusts and other Security Interests in favour of a Government Authority arising by statute or operation of law and which relate to or secure obligations, in each case not at the time due and delinquent;
 - (ii) undetermined or inchoate liens and charges incidental to construction or current operations which have not been filed pursuant to Applicable Law against the land or which relate to obligations not due or delinquent;
 - (iii) easements, rights-of-way, servitudes or other similar rights in land (including, rights-of-way and servitudes for railways, sewers, drains, gas and oil pipelines, gas and water mains, electric light and power and telephone or telegraph or cable television conduits, poles, wires and cables and hunting and trapping lines) granted to or reserved or taken by other Persons which individually and in the aggregate do not materially detract from the value of the land or materially impair the use of a material part of the land;
 - (iv) any easements or rights-of-way in favour of Dow Chemical Canada Inc. or A&O;
 - (v) security given to a public utility or any Government Authority when required by such utility or Government Authority, which individually and in the aggregate do not materially detract from the value of the land;
 - (vi) reservations, limitations, conditions, exceptions and provisos in any original grants from the Crown or other Government Authority and any land or interests therein and those imposed or implied by law including the implied conditions, reservations and exceptions pursuant to sections 61(1)(a), [(c),] (e) and (f) and section 61(2) and 62 of the *Land Titles Act* (Alberta);
 - (vii) the registrations on title to the Prentiss Site or the Leased Lands, as applicable, at the date hereof;
 - (viii) in the case of Lessee, any Security Interest over the Improvements that are not fixtures provided that the lender, lessor, security trustee, collateral agent or other Person entitled

to enforce the Security Interest has acknowledged in favour of Lessor in terms satisfactory to Lessor, acting reasonably, that (A) it has no rights, remedies or recourse against or in respect of the Leased Lands, Lessee's interests in the Leased Lands, the Improvements that are fixtures or the Prentiss Site or any property, plant or equipment on or under the Prentiss Site, (B) prior to any exercise of rights, remedies or recourse against Lessee or the Improvements subject to such Security Interest involving the dismantling, disconnection nor removal of such Improvements or any of them, the obligations of Lessee under Section 11.2 must be satisfied in full, (C) the Improvements subject to such Security Interest are subject to Lessor's right under Section 11.2(b) and (D) any sale, transfer or other disposition of the Improvements subject to such Security Interest whether under a power of sale or pursuant to any document, agreement or instrument (including a security agreement, debenture or trust deed) or pursuant to an order of court may only be effected in accordance with Section 9.1; and

- (ix) any extension, renewal or replacement (or successive extensions, renewals or replacements) as a whole or in part, of any Security Interest or right referred to in the preceding subparagraphs (i) to (viii) inclusive of this definition, so long as any such extension, renewal or replacement of such Security Interest or right is limited to all or any part of the same property that secured the Security Interest or right extended, renewed or replaced (plus improvements on such property) and the indebtedness or obligation secured thereby is not increased.
- (n) **"Permitted Uses"** has the meaning set forth in Section 5.1.
- (o) **"Prentiss Site"** means the S.W. ¼ of section 30, township 39, range 25 W4M and the portion of the NW ¼ of section 30, township 39, range 25 W4M that circumscribes the Leased Lands on such quarter section, in each case other than the Leased Lands.
- (p) **"Property Taxes"** means all levies, rates, charges and assessments imposed or charged from time to time by the appropriate Governmental Authority having jurisdiction relating to the lands which comprise the Prentiss Site, the Leased Lands and fixtures and improvements located thereon from time to time including all real estate taxes, school taxes, assessments, water and sewer rates and charges, license and permit fees and other governmental levies and charges, general and special, ordinary and extraordinary, of any kind or nature.
- (q) **"Rent"** means the Base Rent and, except as otherwise provided herein, any other payments due from the Lessee to Lessor under this Lease.
- (r) **"Safety Requirements"** means, collectively, the Lessee EH&S Requirements and the Lessor EH&S Requirements.
- (s) **"Security Interest"** means any security interest, mortgage, pledge, hypothecation, assignment by way of security, charge or deposit arrangement, encumbrance or lien (statutory or other) and any right in or to any property securing or intended to secure payment or performance of an obligation including any statutory trust (actual or deemed) intended as a security or collection device, lease intended as a security device or deemed to be a security interest, preferred claim, prior claim or preferential arrangement of any kind or nature whatsoever in respect of any property.
- (t) **"Term"** means the term of this Lease, as set forth in Section 3.1.

1.2 Interpretation

- (a) Unless a clear contrary intention appears, the rules of interpretation set forth in section 1.2 of the CO₂ Agreement will apply to this Lease, with references therein to "this Agreement" read as references to "this Lease" and references to any Article, Section, Schedule or other part being references to the specified Article, Section, Schedule or other part of this Lease.
- (b) In the event of conflict between the terms of the CO₂ Agreement and the terms of this Lease, the terms of the CO₂ Agreement will prevail to the extent of the conflict.

1.3 Attachments

All attachments hereto are by this reference incorporated into and are part of this Lease as fully as though contained in the body of this Lease; provided that wherever any provision of any attachment to this Lease conflicts with any provision in the body of this Lease, the provisions of the body of this Lease will prevail. References in any attachment to the Lease shall mean a reference to this Lease inclusive of all of its attachments. References in any attachment to another attachment shall mean a reference to an attachment to this Lease.

The attachments to this Lease are:

Schedule "A" – Leased Lands

Schedule "B" – Notices

ARTICLE 2 LEASE; QUIET ENJOYMENT

2.1 Ground Lease

Lessor, being the registered and beneficial owner of an estate in fee simple of the S.W. ¼ of section 30, township 29, range 25 W4M and being the beneficial owner of an estate in fee simple and entitled to become the registered owner of an estate in fee simple of that portion of the NW ¼ of section 30, township 39, range 25 W4M that circumscribes the portion of the Leased Lands on such quarter section, subject only to registered encumbrances, liens and interests, if any, in the Leased Lands, and to Permitted Encumbrances, does hereby lease to Lessee the Leased Lands, to be held by Lessee as tenant, for the term and at the rental set forth herein, all upon and subject to the terms and conditions set forth herein.

2.2 Acceptance

Lessee hereby accepts the lease of the Leased Lands upon and subject to the terms and conditions set forth herein.

2.3 Quiet Enjoyment

Lessee shall, when not in default hereunder, enjoy the peaceful and quiet use, possession and enjoyment of the Leased Lands without hindrance or disturbance by Lessor or any Persons claiming by, through or under Lessor except as expressly permitted by the terms hereof or by Applicable Law.

ARTICLE 3 TERM OF LEASE

3.1 Term

Subject to termination in the events and on the terms set out herein, the Term commences on the Commencement Date and expires on the Expiry Date provided that upon expiry of the Term or termination of this Lease (including if Lessee terminates the CO₂ Agreement pursuant to Section 12.5(b) thereof), Lessee must comply with its obligations under Section 11.2.

3.2 Holding Over

Should Lessee hold over after the expiry or termination of this Lease, with or without the express consent of Lessor, the resulting tenancy will be a monthly tenancy at a monthly rental rate payable in advance equal to fair market rent, but otherwise on the terms and conditions provided in this Lease.

3.3 Discharge of Public Filings On Termination

If the Term expires or this Lease terminates:

- (a) Lessee will file or record such discharges of this Lease or any caveat filed in respect hereof in the land titles office and any other documents, memoranda, notices or statements in respect hereof filed or entered in any public records or files as are necessary to give effective public notice of the expiration or termination of this Lease; and
- (b) all right, title and interest of Lessee and each Person claiming or to claim by, through or under Lessee, including any mortgagee (there being no permission hereby given for Lessee to mortgage the Leased Lands or its interest therein), in or to the Leased Lands and, if Lessor elects to have Lessee surrender and quitclaim the Improvements to Lessor, the Improvements, will automatically be extinguished and Lessee must thereafter and so often as the Lessor may request from time to time warrant that the Leased Lands or the Improvements, as applicable, and each part thereof and interest therein are free and clear of the interest of Lessee or any Security Interest created by Lessee or any Person claiming by, through or under the Lessee.

ARTICLE 4 RENT AND PAYMENTS

As rental for the Leased Lands, and for all other benefits, rights and privileges set out or contemplated in this Lease, Lessee will pay the sums hereinafter set forth in this Article 4.

4.1 Base Rent

Lessee will pay to Lessor a base rent of Ten Thousand Dollars (\$10,000) per annum, adjusted effective for the 2006 year and each year thereafter in proportion to the year over year change in the CPI for the December that precedes the commencement of the particular year and for the December one year earlier (as so adjusted, "**Base Rent**"), pro rated for part years. The Base Rent must be paid to Lessor in advance on or before the Commencement Date for the period from that date to December 31, 2005 and thereafter on or before the commencement of each Contract Year. For these purposes, "CPI" means the Consumers Price Index for Canada, all items (not seasonally adjusted) as published by

Statistics Canada, or its successor, or if such index ceases to be available, a replacement index selected by Lessor reflecting substantially the same information.

4.2 Rent Payments

All payments of Rent and other payments required to be made to Lessor must be in lawful money of Canada and must be paid to Lessor at Lessor's address for notices set forth in Section 17.1 or at such other place as Lessor may designate by notice in writing from time to time and may be made by cheque or draft payable to the order of Lessor, which cheque or draft must be paid in full when presented.

4.3 Net Lease

The Base Rent payable hereunder is absolutely net to Lessor so that this Lease yields to Lessor the Base Rent free of any charges, assessments or impositions of any kind charged, assessed or imposed on or against the Leased Lands, without abatement, counterclaim, deduction, defence, deferment or set-off by Lessee, save as otherwise set out in this Lease. Lessor is not expected or required to pay any such charge, assessment or imposition, and Lessor is not under any obligation or liability therefor.

4.4 Late Payments

If Lessee fails to pay Lessor any amount when due, then Lessee will pay Lessor interest on the unpaid amount from the due date until the date paid at the Interest Rate. The foregoing provision for the payment of interest by Lessee does not excuse late payment of any amount by Lessee, and Lessor's entitlement to such interest is in addition to any other remedies available to Lessor, whether hereunder, under Applicable Laws or otherwise.

4.5 Sales Taxes

All amounts payable to Lessor are exclusive of Sales Taxes and Lessee must pay to Lessor all amounts of Sales Taxes which Lessor may be liable to collect which relate to any amounts paid by Lessee to Lessor under this Lease.

4.6 Property Taxes

- (a) Subject to the provisions of Section 4.6(d), Lessee must pay, satisfy and discharge (i) Property Taxes levied in respect of the Leased Lands or the Improvements and (ii) a proportionate part of the Property Taxes levied in respect of the Buyer Installed On Site Equipment and the CO₂ Collection Equipment and the portion of the Prentiss Site on which they are located.
- (b) Where possible, Lessee will remit Property Taxes payable under Section 4.6(a) to the Government Authority before the date due and Lessee must provide proof of payment of all such Property Taxes to Lessor on request.
- (c) If any Property Taxes for which Lessee is responsible become due and payable during the Term with respect to a portion of a year, Lessee must pay a prorated share of such taxes, calculated on a per diem basis.
- (d) It is the intention of Lessor and Lessee that all Property Taxes respecting the Leased Lands or the Improvements be assessed separately from the Property Taxes upon the Prentiss Site or improvements thereon. Lessor and Lessee agree to cooperate in assessing the value of the Leased

Lands and the Improvements and to use commercially reasonable efforts in obtaining from the relevant Government Authority a separate assessment for the Leased Lands and the Improvements. Until such time as the Leased Lands and the Improvements are separately assessed, Lessor will reasonably allocate the Property Taxes as if the Leased Lands and Improvements were separately assessed and Lessee will remit its share of the Property Taxes as so determined to Lessor who, in turn, will pay the Property Taxes for the Prentiss Site when due; provided that Lessor is not responsible to Lessee for any failure to pay Property Taxes when due if Lessee has failed to discharge its obligations with respect to payments in relation to Property Taxes.

- (e) With respect to the Property Taxes for the Prentiss Site and the improvements thereon, Lessor will reasonably allocate such Property Taxes as if the portion of the Prentiss Site on which are located the Buyer Installed On Site Equipment and the CO₂ Collection Equipment and the Buyer Installed On Site Equipment and the CO₂ Collection Equipment were separately assessed and Lessee shall remit its share of the Property Taxes as so determined to Lessor who shall, in turn, pay the Property Taxes for the Prentiss Site when due.

4.7 Failure to Pay

- (a) If Lessee neglects or omits to pay to Lessor (i) any Sales Taxes payable by Lessee as reasonably determined and invoiced to Lessee by Lessor when due under Section 4.5 or (ii) any amount in respect of Property Taxes when due under Section 4.6 (the "**Outstanding Taxes**"), and Lessor is required by Applicable Law to pay such amounts to the appropriate Government Authority, Lessor may pay the Outstanding Taxes to the appropriate Government Authority, whereupon Lessee will and hereby covenants to pay to Lessor immediately upon demand, the amount of the Outstanding Taxes together with any interest or penalties thereon imposed by the Government Authority and interest on all such amounts paid by Lessor at the Interest Rate from the date of payment by Lessor until the date of payment in full by Lessee.
- (b) Notwithstanding any other provision in this Lease to the contrary, the amounts payable by Lessee under Section 4.6(a) will not be deemed or considered to be Rent, but Lessor shall have all the same remedies and rights of recovery for the Outstanding Taxes as it has for the recovery of Rent in arrears as provided for under Applicable Law or pursuant to this Lease.

4.8 Termination Does Not Affect Obligation to Pay

Expiration of the Term or termination of this Lease does not affect the obligation of Lessee to pay any amount accrued to the date of expiration or termination or any amount due as a result of termination of this Lease as a result of the occurrence of an Event of Default or any obligation that by its terms or obvious intent survives expiration of the Term or termination of this Lease, all of which will survive expiration of the Term or termination.

ARTICLE 5 USE OF THE LEASED LANDS

5.1 Use

Lessee may and shall use the Leased Lands only for the purposes of constructing, installing, testing, commissioning, operating, maintaining, repairing, replacing, dismantling, abandoning, decommissioning and reclaiming the Improvements or property, plant or equipment that is integrated therewith and the exercise of all rights and the performance of all obligations contemplated in the CO₂

Agreement and all uses ancillary thereto (collectively, the "**Permitted Uses**"), but for no other purpose. Lessee will not allow the Leased Lands, the Improvements or any part thereof to be used or occupied for any unlawful purpose or for any purpose that adversely affects the value or use of (i) improvements located on the Leased Lands that are not Improvements, or (ii) the Prentiss Site or any other lands in the vicinity of the Leased Lands or the Prentiss Facilities or any other improvements, equipment or property located on, above or under the Prentiss Site or any such other lands.

5.2 Manner of Use

Lessee will occupy and use the Leased Lands in accordance with:

- (a) Good Industry Practice;
- (b) Applicable Laws; and
- (c) the Safety Requirements.

5.3 Safety Requirements

- (a) Lessee must ensure that its officers, employees, agents, contractors, subcontractors, visitors and other invitees comply with (i) the Lessee EH&S Requirements while such parties are on the Leased Lands, and (ii) the Lessor EH&S Requirements if such parties are on the Prentiss Site (there being no permission granted by this Section 5.3(a) for any of such Persons to be on the Prentiss Site).
- (b) Lessor has provided the Lessor EH&S Requirements to Lessee prior to the date hereof and will provide amendments thereto to Lessee in writing in accordance with Section 17.1 of this Lease.
- (c) If any of Lessee's officers, employees, contractors, subcontractors, visitors and other invitees fail to follow the Lessee EH&S Requirements while on the Leased Lands or the Lessor EH&S Requirements while on the Prentiss Site, Lessor may refuse any such officer, employee, contractor, subcontractor, visitor or other invitee further access to the Prentiss Site.
- (d) Lessor will provide Lessee reasonable notice of and access to the rules and standards comprising the Lessor EH&S Requirements.
- (e) During any entry by Lessor onto the Leased Lands during the Term authorized hereunder, Lessor shall at all times comply with Applicable Laws and the Lessee EH&S Requirements, provided Lessor has been given reasonable notice of such rules and standards.

5.4 Improvements

- (a) Lessee will keep, maintain, use and operate the Improvements in good operating condition and in compliance with Good Industry Practice, Applicable Laws and the Safety Requirements.
- (b) Without limiting any other provision contained in this Lease:
 - (i) if the Leased Lands or Improvements or any part thereof require any alterations, additions, improvements, repairs or renewals in order to comply with Good Industry Practice, any Applicable Laws or the Safety Requirements, Lessee shall notify Lessor of the need to perform such work, and such work shall be performed by Lessee in a good

and workmanlike manner and in compliance with Good Industry Practice, all Applicable Laws and the Safety Requirements;

- (ii) all costs, expenses and obligations of any kind relating to the maintenance and operation of the Leased Lands or the Improvements, including all alterations, repairs and replacements, which may arise or become due during the Term, are the sole responsibility of and must be paid by Lessee; and
- (iii) Lessee will, at its sole cost, risk and expense, install and maintain a chain link or other suitable fence around the surface Improvements located on the Leased Lands and appropriate signage warning of dangers, in each case that is satisfactory to Lessor, acting reasonably.

ARTICLE 6 ENVIRONMENTAL MATTERS

6.1 Specified Substances

- (a) Lessee will not dispose of any Specified Substances (including any materials emanating from the Improvements or used on the Leased Lands) in or through the Leased Lands or on or under the Leased Lands except in accordance with all Environmental Laws.
- (b) In no event shall Lessee use the Leased Lands or permit the Leased Lands to be used for the disposal of any third-party Specified Substance.

6.2 Discovery of a Release and Remedial Action

If Lessee or Lessor discovers a Release of any Specified Substance that has occurred at, in, on, above, under or from the Leased Lands or any portion of the Prentiss Site on which is located any of the CO₂ Collection Equipment or the Buyer Installed On Site Equipment or that has migrated from, onto or under the Leased Lands or such portions of the Prentiss Site, the discovering Party will immediately (i) comply with all reporting obligations under Environmental Laws or the Lessor EH&S Requirements, whichever standard is more stringent, and (ii) notify the other Party in writing with all known details of the incident.

6.3 Lessee Remediation

- (a) Subject to Sections 6.3(b), and 7.5, but without prejudice to or limitation of the indemnities contained in Section 7.4 hereof, Lessee must take all Remedial Action in respect of a Release described in Section 6.2 hereof if (i) the Release was a direct consequence of actions or omissions of Lessee or its agents, contactors, subcontractors, visitors or invitees, (ii) the Remedial Action is required under Environmental Laws or the Lessor EH&S Requirements, or (iii) the Remedial Action is not required under Environmental Laws or the Lessor EH&S Requirements but the Release is causing or is reasonably likely to cause an adverse effect on Lessor, the Prentiss Site or any other lands in the vicinity of the Leased Lands or the Prentiss Facilities or any other improvements, equipment or property located on, above or under the Prentiss Site or such other lands. Subject to Section 6.3(b), and 7.5, Lessee is required to take such Remedial Action regardless of fault of or causation by, or absence of fault of or causation by, Lessee or its officers, employees, agents, contractors, subcontractors, visitors or invitees, except that if the Release relates only to a portion of the Prentiss Site on which is located any of the CO₂ Collection Equipment or the Buyer Installed On Site Equipment, then Lessee is required to take such

Remedial Action only if the Release was a direct consequence of actions or omissions of Lessee or its agents, contractors, subcontractors, visitors or invitees.

- (b) Lessee is not responsible for, or required to take Remedial Action in respect of, or required to indemnify Lessor or its Affiliates or their respective directors, officers, employees, agents or consultants from and against any Claims, including Environmental Claims, directly or indirectly arising out of the condition of the Leased Lands or the portion of the Prentiss Site on which are located any of the CO₂ Collection Equipment or the Buyer Installed On Site Equipment in each case at the Commencement Date or, if earlier, the date on which the Lessee first used, disturbed the surface of or brought any materials or equipment onto the Leased Lands or such portions of the Prentiss Site ("**Lessor Responsible Contamination**").

6.4 Environmental Reports

Lessor and Lessee acknowledge that they have not conducted and agree that they will not conduct or permit any Phase 2 environmental assessments or other environmental tests that involve disturbance of the surface or penetration of the subsurface of any of the Leased Lands or any lands on which any of the CO₂ Collection Equipment or the Buyer Installed On Site Equipment are or are to be located or surrounding areas or any testing of ground water or vapours evolved from such Leased Lands or any lands on which are located any of the CO₂ Collection Equipment or the Buyer Installed On Site Equipment or surrounding areas prior to final abandonment and reclamation, except as may be mutually agreed or required by Applicable Law (including as may be required in connection with Remedial Action undertaken in accordance with Section 6.3 hereof) or in order to determine responsibility for Remedial Action on the expiration of the Term or termination of this Lease.

6.5 Removal of Specified Substances

Without limiting the indemnity contained in Section 11.2 hereof, upon the expiration of the Term or termination of this Lease, Lessee, at its sole cost and expense, must:

- (a) remove any Specified Substance on or under the Leased Lands; and
- (b) remove any Specified Substance located on or under the Prentiss Site or any other lands adjoining or adjacent to or in the vicinity of the Leased Lands or the Prentiss Site to the extent such Specified Substances are attributable to the Buyer Responsible Equipment or Lessee's operations or use of or activities on the Leased Lands or such other lands,

and in each such case shall take all Remedial Action required by applicable Environmental Laws in respect of the Leased Lands except that Lessee need not take any Remedial Action with respect to Lessor Responsible Contamination. Lessee's obligations under this Section 6.4 will survive the expiry of the Term or termination of this Lease.

ARTICLE 7 CERTAIN COVENANTS

7.1 Maintenance

Lessee must, at its sole cost and expense, repair and maintain or cause to be repaired and maintained the Leased Lands and the Improvements as would a prudent owner thereof as may be necessary or desirable to ensure the continued safe, reliable and efficient operation and good condition of the Leased Lands and the Improvements and compliance with Good Industry Practice, all Applicable

Laws and the Safety Requirements. Lessee is not obligated to incur any costs with respect to Permitted Encumbrances created by, through or under Lessor.

7.2 Implied Covenants

Lessor and Lessee agree that the implied covenants pursuant to Section 96 and 97 of the *Land Titles Act* (Alberta) as amended from time to time shall not apply to this Lease.

7.3 Lessor Right to Perform

If Lessee fails, refuses or neglects to: (i) pay any imposition or cost as provided herein; (ii) cause any Security Interest, adverse claim or encumbrance on or affecting the Leased Lands or any Improvements thereon (except Permitted Encumbrances) to be discharged, removed from title or released; or (iii) observe or perform any other act to be observed or performed under this Lease, then Lessor may at its option, but will not be obligated to, without notice, pay the imposition or other cost, cause the removal of the Security Interest, adverse claim or encumbrance or perform such other act and the costs of so doing and all reasonably necessary incidental costs and expenses incurred by Lessor in connection with such performance (including costs and expenses of counsel), plus interest at the Interest Rate from the date any expense is incurred by Lessor to the date of reimbursement by Lessee to Lessor, will be payable by Lessee as additional Rent.

7.4 General Lessee Indemnity

Lessee will indemnify and save harmless Lessor and its Affiliates and each of their directors, officers, employees, agents or consultants from and against any and all Claims, including Environmental Claims, directly or indirectly arising out of or attributable to (a) breach by Lessee of its representations, warranties or obligations hereunder; (b) subject to Sections 6.3(b) and 7.5, the condition at any time of the Leased Lands or the Buyer Responsible Equipment or any other assets located or brought by Lessee onto the Leased Lands or the Prentiss Site, or any part thereof; (c) Lessee's use or occupancy of the Leased Lands, the Buyer Responsible Equipment or any other assets located or brought by Lessee onto the Leased Lands or the Prentiss Site and/or any contiguous, proximate or neighbouring property and/or any improvements thereon or the Lessee's operation of any of the foregoing, including damage to property whether or not such property is owned or leased by Lessor or (d) damage to property or injury to or death of Persons on the Leased Lands, or injury or death to persons on any contiguous, proximate or neighbouring property, whether or not such property is owned or leased by Lessor, other than any such damage to property or injury or death arising from Lessor's gross negligence or wilful misconduct. Lessee's obligations under this Section 7.4 will survive the expiry of the Term or termination of this Lease.

7.5 Lessor Indemnity

Lessor will indemnify and save harmless Lessee and its Affiliates and each of their directors, officers, employees, agents or consultants from and against any and all Claims, including Environmental Claims, directly or indirectly arising out of or attributable to (a) breach by Lessor of its representations, warranties or obligations hereunder; or (b) Lessor Responsible Contamination.

7.6 No Responsibility for Utilities or Services

Lessee acknowledges that Lessor is not responsible to provide Lessee any utilities or services all of which will be the responsibility of Lessee to obtain at its sole cost, risk and expense.

7.7 Estoppel Certificates

Each Party will, from time to time, upon fifteen (15) days' prior written notice by the other Party in circumstances where such other Party is intending to enter into a sale or financing relating to the Leased Lands, the Prentiss Site, the Improvements or the Prentiss Facilities or Lessor's other improvements on the Prentiss Site, as the case may be, execute and deliver to the requesting Party a certificate signed by an authorized officer of the requested Party stating that this Lease is unmodified (or, if there have been modifications, that such Lease is in full force and effect as modified, and setting forth such modifications), and, if such is the case, in full force and effect and that no Event of Default exists hereunder or specifying each such Event of Default of which the signer has knowledge. Any certificate given pursuant to this Section 7.7 may be relied upon by any prospective mortgagee or purchaser of any interest in this Lease, the Leased Lands, the Prentiss Site or the Improvements, as the case may be.

7.8 No Special Damages

Notwithstanding anything to the contrary contained in this Agreement, neither Party will be liable to the other for any damages, costs, expenses, injuries, losses or other liabilities of an indirect, special or consequential nature or any exemplary or punitive damages, costs or expenses suffered by the other Party, other than any of the foregoing resulting from a claim by a third party against the other Party; provided that this Section 7.8 will not limit a Party's liability under Section 7.4 or Section 7.5 or if the other Party terminates this Ground Lease pursuant to Section 10.2(c).

ARTICLE 8 INSURANCE

8.1 Insurance of Lessee

Lessee will acquire and maintain in effect at least the following insurance coverages at all times during the Term except that the coverage described in (a) need only be maintained until 3 months after the commissioning of the Buyer Responsible Equipment:

- (a) all risk course of construction insurance on behalf of Lessee, Lessor and all contractors and subcontractors and their respective directors, officers, employees, servants, agents and consultants associated with the construction or installation of the Buyer Responsible Equipment;
- (b) insurance in respect of any casualty affecting the Improvements or the Leased Lands, to provide proceeds at least sufficient to cover, without co-insurance, the costs of repairing or rebuilding the Improvements and, if Lessee elects to abandon the Improvements following a casualty event, the demolition and Restoration Obligations as provided in Section 11.2, removal of debris and other like actions which may be necessary to render the Improvements and Leased Lands safe after a casualty thereto;
- (c) comprehensive general liability insurance (including coverage against contractual liability, liability in tort, products liability and completed operations, and against loss or damage for bodily injury, death or property damage) in respect of loss or damage occurring on or as a result of the testing, commissioning, ownership, use, operation, maintenance, dismantling or decommissioning of or activities on or affecting the Leased Lands or the Improvements, such public liability insurance to be at least sufficient to afford protection to the limit of Five Million Dollars (\$5,000,000). The liability insurance to be maintained pursuant to this Section may be carried on under blanket policies maintained by Lessee as long as such policies otherwise comply with the requirements of this Lease;

- (d) workers' compensation insurance, as required under Applicable Laws and the Safety Requirements; and
- (e) automobile liability coverage with limits of not less than Two Million Dollars (\$2,000,000) per occurrence, covering all vehicles owned, leased or used by Lessee at the Leased Lands.

8.2 Requirements of Policies

- (a) All insurance to be maintained pursuant to Section 8.1 must: (i) name Lessor as additional insured as its interest may appear; (ii) provide if coverage is cancelled, reduced or otherwise materially changed, such cancellation, reduction or change will not be effective as to Lessor until at least 30 days after prior written notice from the insurer to Lessor; (iii) provide that Lessor will not have any liability for premiums in connection with such insurance; (iv) provide that the insurers waive any rights of subrogation against Lessor; (v) provide that such insurance is primary, without right of contribution from any other insurance carried by Lessor with respect to its interest in the Leased Lands or the Improvements located thereon or any other insurance Lessor may have in respect of assets and operations at the Prentiss Site; (vi) provide that such insurance shall not be invalidated as to Lessor by any act or neglect of Lessee or any other Person or by any breach or violation by Lessee or any other Person of any warranties, declarations or conditions contained in or related to the policies or by any changes in the title or ownership of the Leased Lands or the Improvements located thereon or any interest thereon or with respect thereto; and (vii) provide that the limits of liability and deductibles will operate in the same manner as if there were a separate policy insuring each insured.
- (b) Within ninety (90) days of the commencement of the Term and annually thereafter, Lessee will, without request, give Lessor current and valid certificates of insurance confirming that Lessor is included as an additional insured in accordance with the provisions of this Lease and that insurance has been obtained and is in force in accordance with the provisions of this Lease.

8.3 Lessor May Obtain

If Lessee fails to maintain or cause to be maintained insurance as herein provided, Lessor at its option may maintain such insurance and, in such event, Lessee shall reimburse Lessor upon demand for the cost thereof together with interest at the Interest Rate from the date paid by Lessor until reimbursed by Lessee as additional Rent.

ARTICLE 9 ASSIGNMENT, SUBLETTING AND LIENS

9.1 Assignments by Lessee

- (a) Lessee must assign its interest in this Lease to a Person to which it assigns the CO₂ Agreement in accordance with Section 13.12 thereof except that Lessee may not create or suffer to exist any Security Interest arising by, through or under Lessee on, over or in respect of the Leased Lands or Lessee's interest in the Leased Lands or the Improvements that are fixtures. If Lessee makes an assignment pursuant to and in accordance with Section 13.12 of the CO₂ Agreement, Lessee must assign its interest in this Lease to the same assignee, and if Lessor is satisfied with the proposed assignee to whom the disposition is made pursuant to and in accordance with Section 13.12(d) of the CO₂ Agreement, and such assignee assumes all obligations of Lessee hereunder, Lessee will be released of all liabilities under this Lease accruing thereafter. Lessee will not be released of its

obligations hereunder in the case of any assignment or disposition of its interest in this Lease except as provided in the preceding sentence.

- (b) Except as provided in Section 9.1(a), this Lease may not be assigned, transferred, conveyed, sublet or licensed and Lessee may not part with possession of the Leased Lands or the Improvements nor may Lessee delegate any obligations hereunder without the prior written consent of Lessor, which consent may be unreasonably or arbitrarily withheld.

9.2 Assignment by Lessor

- (a) Lessor may assign its rights and obligations hereunder to a Person who purchases the Prentiss Site or either of the Prentiss Facilities provided such Person assumes all obligations of Lessor hereunder. Upon such assumption becoming effective, Lessor will be released of all liabilities under this Lease accruing thereafter.
- (b) Lessor may make an assignment of this Lease to a Person to which it assigns the CO₂ Agreement in accordance with Section 13.12 thereof but, except as provided in Section 9.2(a), Lessor will not be released of its obligations hereunder.
- (c) Except as provided in Section 9.2(a), this Lease may not be assigned by Lessor nor may Lessor delegate any obligations hereunder without the prior written consent of Lessee, which consent may not be unreasonably withheld.

9.3 Lessee Liens

Except for an assignment made in accordance with Section 9.1(a) hereof, and Permitted Encumbrances, Lessee will not create or suffer to exist and shall keep all of the Leased Lands and the Improvements that are fixtures free and clear of any and all (i) Security Interests arising by, through or under Lessee; and (i) adverse claims or encumbrances against or upon Lessee's or Lessor's respective interests in the Leased Lands and the Improvements. Lessee will, at its own expense, keep the Leased Lands and the Improvements free and clear of any and all of such Security Interests and adverse claims or encumbrances and will indemnify, defend and hold Lessor, and its successors and assigns, harmless from and against any and all such Security Interests, adverse claims or encumbrances and any suits or other proceedings pertaining thereto.

9.4 Lessor Liens

Except for an assignment made in accordance with Section 9.2(a) hereof, and Permitted Encumbrances, Lessor will not create or suffer to exist and shall keep all of the Leased Lands and the Improvements free and clear of any and all (i) Security Interests arising by, through or under Lessor; and (i) adverse claims or encumbrances against or upon Lessee's or Lessor's respective interests in the Leased Lands and the Improvements. Lessor will, at its own expense, keep the Leased Lands and the Improvements free and clear of such any and all of such Security Interests and adverse claims or encumbrances and will indemnify, defend and hold Lessee, and its successors and assigns, harmless from and against any and all such Security Interests, adverse claims or encumbrances and any suits or other proceedings pertaining thereto.

ARTICLE 10 EVENTS OF DEFAULT

10.1 Definition

An Event of Default will be deemed to exist under this Lease upon the occurrence of any one or more of the following events:

- (a) the failure by Lessee to pay Base Rent for fifteen (15) Business Days after notice in writing of such failure is given by Lessor;
- (b) failure by Lessee to pay any sum other than Base Rent required to be paid by Lessee hereunder or if Lessee is in default of any of the provisions of Article 9, and (in either case) any such failure or default is not cured within sixty (60) days after notice in writing of such default is given by Lessor;
- (c) the non-performance or non-observance by Lessee of any of its covenants, agreements or obligations under this Lease other than any mentioned in Section 10.1(a) or (b), which non-performance or non-observance either is not curable or, if curable, is not cured within sixty (60) days after notice in writing of such non-performance or non-observance is given by Lessor; provided, however, that if such non-performance or non-observance is curable but is of such nature that it cannot be cured within such sixty (60) day period, such non-performance or non-observance shall not constitute an Event of Default so long as (i) curative action satisfactory to Lessor is instituted within such sixty (60) day period and diligently pursued to completion thereafter and (ii) the non-performance or non-observance is cured within one hundred twenty (120) days after Lessor's notice to Lessee of such non-performance or non-observance; or
- (d) if the Term hereby granted or the Improvements or any interest of Lessee therein shall be taken as a result of the enforcement of any Security Interest created or arising by, through or under Lessee (there being no permission hereby granted for Lessee to create or suffer to exist any such Security Interest in respect of this Lease or the Leased Lands or any of the Improvements that are fixtures) or taken or exigible in execution or in attachment or if a writ of execution shall issue against Lessee in such cases as would prevent Lessee from carrying on its business operations at the Leased Lands and any such execution or attachment is not vacated within one hundred twenty (120) days thereafter;
- (e) if an Insolvency Event occurs with respect to Lessee; or
- (f) Lessee abandons the Leased Lands, ceases to operate the Improvements or removes a substantial part of the Improvements from the Leased Lands without replacing them with property and equipment of equal value and utility.

10.2 Rights of Lessor Upon Default

Upon the occurrence of an Event of Default, at the option of Lessor:

- (a) the full amount of the Base Rent then due and all other sums will immediately become due and payable and Lessor may immediately distrain for the same together with any arrears then unpaid;

- (b) Lessor may, subject to Applicable Laws, forthwith enter upon and take possession of the Leased Lands or any part thereof and remove and sell the Improvements or any other of Lessee's goods, chattels, equipment and improvements found there; and
- (c) subject to Applicable Laws, Lessor may terminate this Lease by notice in writing to Lessee whereupon the estate and Term hereby granted shall absolutely cease, determine and be void,

provided however that Lessor will in all events be entitled to recover from Lessee all sums due pursuant to this Lease. Lessor will be under no liability by reason of such entry, possession or removal, other than for the negligence or wilful misconduct of Lessor or those for whom it is responsible at law. No such entry or repossession of the Leased Lands or any part thereof or removal will be construed as an election by Lessor to terminate this Lease unless a notice of such termination is given to Lessee, or such termination is decreed by a court or other governmental tribunal of competent jurisdiction. If Lessor elects to enter as herein provided or takes possession pursuant to legal proceedings or pursuant to subparagraph (c) hereof or otherwise, Lessee will peaceably quit and surrender the Leased Lands to Lessor. Subject to Applicable Laws, in any such event, neither Lessee nor any Person claiming through or under Lessee, will be entitled to possession or to remain in possession of the Leased Lands, or any part thereof, but will forthwith quit and surrender and deliver up vacant possession of the Leased Lands, and each part thereof, to Lessor.

10.3 Additional Remedies Upon Re-Entry by Lessor

Should Lessor enter or terminate this Lease as provided in Section 10.2, in addition to any other remedies Lessor may have, Lessor may recover from Lessee all damages Lessor may incur by reason of the breach, including:

- (a) Base Rent and all sums due up to the date of entry or termination, whichever is later;
- (b) all costs and expenses payable by Lessee pursuant to this Lease until the date of entry or termination, whichever is later;
- (c) all reasonable expenses which Lessor may incur or has incurred in connection with entering or terminating and reletting or collecting sums due or payable by Lessee or realizing upon assets seized, including, without limitation, commission expenses, and legal fees and disbursements on a solicitor-client basis;
- (d) any amount payable by Lessee pursuant to Section 11.3; and
- (e) as liquidated damages, the present value, discounted at the Interest Rate at the time of termination, of the excess, if any, of the amount of Base Rent and other sums payable under this Lease for the remainder of the Term over the then reasonable rental value of the Leased Lands for the remainder of the Term established by reference to the terms and provision upon which Lessor relets them, if such reletting is accomplished within a reasonable time after termination of this Lease, and otherwise with reference to all market and other relevant circumstances.

10.4 Costs of Legal Action

If Lessor brings an action to recover possession of the Leased Lands or to recover Base Rent or other sums or if a breach of any other covenant on the part of Lessee to be kept or performed is established, Lessee will pay to Lessor all reasonable expenses incurred in respect thereof including Lessor's legal fees and disbursements on a solicitor-client basis.

10.5 Rights of Lessor

- (a) No reference to or exercise of a specific right or remedy by Lessor precludes Lessor from or prejudices Lessor in exercising another right or pursuing another remedy or maintaining an action to which it may otherwise be entitled either at law or in equity.
- (b) Failure to insist upon the strict performance of any provision hereof or to exercise any option, right, power or remedy contained herein does not constitute a waiver or relinquishment thereof for the future. Receipt by Lessor of any Rent or other sum payable hereunder with knowledge of the breach of a provision hereof does not constitute a waiver of such breach, and no waiver by Lessor of any provision hereof will be deemed to have been made unless made in writing. Notwithstanding the foregoing provisions of this Article 10, Lessor is entitled to injunctive relief in the case of the violation or attempted or threatened violation of any of the provisions hereof, a decree compelling performance of any of the provisions hereof or any other remedy allowed to Lessor by Applicable Laws.

**ARTICLE 11
OWNERSHIP AND REMOVAL OF IMPROVEMENTS**

11.1 Ownership and Severance of Improvements

- (a) This Lease is a ground lease.
- (b) Subject to Lessor's right to have the Improvements surrendered to it at the expiration of the Term or termination of this Lease, all Improvements now existing or hereafter constructed or installed by or for Lessee on the Leased Lands, and all equipment at any time acquired by Lessee and located on the Leased Lands or Prentiss Site, are deemed to be trade fixtures, and title thereto shall remain with Lessee, regardless of the degree or object of attachment or affixation of the Improvements or equipment to the Leased Lands.

11.2 Dismantling and Reclamation

- (a) If the Term expires or this Lease terminates or Lessee wishes to remove all or a substantial portion of the Improvements from the Leased Lands without replacing them with property or equipment of equal value and utility, then unless Lessor elects in its sole and absolute discretion to have Lessee surrender and quitclaim the Improvements to Lessor as contemplated by Section 11.2(b), Lessee will its sole cost, risk and expense complete the following by the end of Term or, in the case of termination of this Lease, within one hundred twenty (120) days of the termination:
 - (i) dismantle the Buyer Responsible Equipment and prepare the respective parts thereof for transportation acceptable to the carrier as contemplated by clause (ii) below all without disturbing the property of others;
 - (ii) deliver the Buyer Responsible Equipment to the nearest railhead (or the nearest truck loading facility) suitable for transporting the same; and
 - (iii) take all Remedial Action and restore the Leased Lands (and any contiguous, proximate or neighbouring property affected by operations on or in respect of the Leased Lands or the dismantling of the Improvements) and the portions of the Prentiss Site affected by the Buyer Installed On Site Equipment and the CO₂ Collection Equipment or the dismantling thereof (as determined by Lessor acting reasonably) to substantially the condition they

were in at the Commencement Date (assuming compliance by Lessee with Section 5.4(a)) and in compliance with all Applicable Laws including Environmental Laws and all Authorizations and Remedial Criteria (collectively, the "**Restoration Obligations**").

- (b) If Lessor so elects by the date that is ninety (90) days before the end of the Term or, in the case of termination of this Lease, within ninety (90) days of the termination, Lessee will surrender and quitclaim the Improvements to the Lessor or its designee with:
 - (i) the Leased Lands (and any contiguous, proximate or neighbouring property affected by operations on or in respect of the Leased Lands) and the portions of the Prentiss Site affected by the Buyer Installed On Site Equipment and the CO₂ Collection Equipment (as determined by Lessor acting reasonably) restored to the condition they were on the Expiry Date or date of termination of this Lease, as applicable, (assuming compliance by Lessee with Section 5.4(b)) and
 - (ii) the Buyer Responsible Equipment restored to the condition it was in at the Expiry Date or date of termination of this Lease, as applicable (assuming compliance by Lessee with Section 5.4(a)).

11.3 Failure to Restore

If Lessee fails to satisfy the Restoration Obligations or its obligations under Section 11.2(b), then Lessor may, in its sole and absolute discretion:

- (a) treat the Improvements as having been abandoned and, if Lessor elects, as belonging to Lessor, without compensation to any Person or the need for any action by Lessor; and/or
- (b) effect the removal and restoration required pursuant to Section 11.2(a) or the restoration required by Section 11.2(b), in which case Lessee must pay Lessor all costs and expenses of effecting the removal and restoration plus interest from the date Lessor incurs the same to the date of payment by Lessee at the Interest Rate.

11.4 Survival

Lessee's obligations under Sections 11.2 and 11.3 will survive expiration of the Term or termination of this Lease.

ARTICLE 12 LESSOR'S ACCESS RIGHTS TO THE LEASED LANDS

12.1 Lessor's Right of Access

- (a) Lessor reserves the right to enter upon the Leased Lands at any time and from time to time during the Term (including the right to haul materials and equipment across the Leased Lands) for any of the following purposes:
 - (i) ingress to or egress from the Prentiss Site in the event of an emergency;
 - (ii) inspection, operation, maintenance, repair, replacement and, if applicable, removal or demolition of Lessor's assets, if any, located on or adjacent to the Leased Lands which

assets Lessee acknowledges Lessor is entitled to maintain on the Leased Lands for the exclusive use and/or control of Lessor;

- (iii) to perform any obligation or exercise any rights of Lessor pursuant to this Lease;
- (iv) to monitor compliance by Lessee with its obligations under this Lease and to conduct such inspections or tests as are reasonable for the purposes of determining Lessee's compliance with its obligations hereunder; or
- (v) any other legitimate commercial purpose,

provided that in all such cases if Lessor disturbs the Leased Lands, Lessor must return the Leased Lands to the state they were in before the commencement of such activities. In connection with such inspections and tests, subject to Section 6.4 hereof, Lessor may take samples for analysis of materials and substances present on the Leased Lands, and will provide Lessee with copies of the results of such samplings and any environmental reports or documentation produced in connection with such samplings, inspections or tests. Lessee agrees to co-operate on a reasonable basis with such investigations.

- (b) Lessee will permit Lessor to exercise its right of entry as provided in Section 12.1(a).
- (c) In exercising the right of entry under Section 12.1(a), Lessor must (i) provide reasonable notice to the Lessee of the date and time of its intended access of the Leased Lands, (ii) respect Lessee EH&S Requirements, and (iii) proceed in a manner so as to not unreasonably interfere with Lessee's use and enjoyment of the Leased Lands.
- (d) Lessor will not incur any liability for any loss to Lessee of occupation or quiet enjoyment of the Leased Lands occasioned by Lessor's exercise of its right to enter upon the Leased Lands pursuant to Section 12.1(a), provided that Lessor will be responsible for and indemnify Lessee from and against the costs of the repair of any property damage caused by such entry, and any loss or damage suffered by Lessee from the negligent acts or omissions of Lessor or those for whom Lessor is responsible in law during the course of such entry.

ARTICLE 13 EXPROPRIATION

13.1 Expropriation

If the Leased Lands (or the fee simple title to lands comprising the Leased Lands) or Lessee's interest therein is expropriated, this Lease will automatically terminate and Base Rent and any other charges payable by Lessee will be apportioned and paid to the date of termination and any compensation proceeds in respect of such expropriation will be paid as follows:

- (a) Lessor and Lessee will each be entitled to pursue their respective entitlements to compensation proceeds with respect to their respective interests; and
- (b) upon determination of the final award of such proceeds, Lessee and Lessor must attempt to agree on the appropriate allocation thereof based upon:
 - (i) the fair market value of the Leased Lands (fee simple and leasehold interest) and, if applicable, the Improvements and any of Lessor's improvements on the Leased Lands, in

relation to the value of all of the real estate and improvements that were expropriated; and

- (ii) as between Lessor and Lessee, the value of their respective interests in the Leased Lands (fee simple and leasehold interest) and their respective improvements,

and if Lessor and Lessee fail to reach such agreement, the issue will be submitted to arbitration in accordance with Article 14 hereof.

ARTICLE 14 ARBITRATION

14.1 Reference to Arbitration

Any dispute or need of interpretation arising out of this Agreement which the parties have agreed hereunder will be resolved by arbitration, and any other matters that the Parties mutually agree to resolve by way of arbitration, shall be submitted to binding arbitration in accordance with the provisions of the CO₂ Agreement.

ARTICLE 15 LESSOR'S RIGHT TO REQUIRE CHANGE OF LEASED LANDS

15.1 Changes at Lessor's Request

- (a) Lessor may, upon at least two (2) years' advance notice, require Lessee to move the Improvements to or rebuild or replace the Improvements at another portion of the Leased Lands, a portion of the Prentiss Site, lands adjacent to or in the vicinity of the Prentiss Site or the Leased Lands, or to a location that straddles two or more of such areas (an "**Alternate Location**") and Lessee will do so, provided that:
 - (i) Lessor or the owner or lessee of such Alternate Location (as Lessor) has entered into a ground lease with Lessee in substantially the same form as this Lease with respect to the Alternate Location provided that the "Commencement Date" thereunder will be the date of execution thereof;
 - (ii) locating the Improvements (which, for the purposes of this Article 15 and any replacement lease, includes any rebuilt or replaced Improvements) on the Alternate Location (A) is in accordance with Applicable Laws and (B) either (I) is in accordance with all applicable Authorizations, or (II) the existing Authorizations can be amended or replaced to permit the use and operation of the Improvements at the Alternate Location;
 - (iii) Lessee will not suffer any material adverse harm as a result of locating, owning and operating the Improvements on the Alternate Location;
 - (iv) Lessor agrees to pay all reasonable costs and expenses of Lessee in removing, relocating, reconstructing and reactivating the Improvements to the Alternate Location (including costs and expenses related to dismantling and Restoration Obligations under Section 11.2); and
 - (v) locating the Improvements on the Alternate Location and owning and operating them there will not result in any material liability to Lessee which is different in nature or

extent from the liabilities of Lessee in locating the Improvements on the Leased Lands in respect of which Lessor has not agreed to provide indemnity to Lessee.

- (b) If Lessor requests Lessee to remove the Improvements to an Alternate Location in accordance with Section 15.1(a), then upon the execution of a replacement ground lease and issuance of all necessary Authorizations, the Improvements will be relocated to the Alternate Location by contractors selected by Lessor and acceptable to Lessee, acting reasonably, all at the cost, risk and expense of Lessor.

ARTICLE 16

GENERAL REPRESENTATIONS AND WARRANTIES

Each Party represents and warrants to the other Party that:

16.1 Corporate Organization

It is a corporation duly organized and validly existing under the laws of its place of incorporation and is in good standing with respect to filing of annual corporate returns under the laws of its place of incorporation, has all requisite corporate capacity to execute and deliver this Lease and perform its obligations hereunder and to own, lease and operate its assets and its business.

16.2 Authorization; Binding Effect

- (a) The execution and delivery of this Lease and the consummation of the transactions contemplated hereby have been duly authorized by all requisite corporate proceedings.
- (b) This Lease has been duly executed and delivered by it and constitutes its legal, valid and binding obligations, enforceable against it in accordance with its terms, subject to the qualifications that:
 - (i) such enforceability may be subject to bankruptcy, insolvency, moratorium, arrangement or other laws affecting creditors' rights and to general principles of equity (regardless of whether such enforceability is considered in a proceeding at equity or law); and
 - (ii) equitable remedies are discretionary and may not be available in any particular instance.

16.3 Consents and Approvals; No Violation

None of the execution or delivery hereof or performance of its obligations hereunder or the consummation of the transactions contemplated hereby will, and the fulfilment and compliance with the terms and conditions by it and the consummation of the transactions contemplated hereby will not:

- (a) conflict with or require the consent or waiver of rights of any Person under the terms, conditions or provisions of its constituting documents, by-laws or resolutions of directors or shareholders, except those that have been obtained;
- (b) violate any provision of, or require any Authorization or approval or declaration or filing with or notice to any Government Authority by it under, any Applicable Law;
- (c) conflict with, result in a breach of, constitute a default under (whether with notice or the lapse of time or both), or accelerate or permit the acceleration of the performance required by, or terminate or make terminable at the option of any other party to, or require any consent, authorization or approval that has not been obtained under, any indenture, mortgage, lien, lease,

agreement or instrument to which it is a party or by which it is bound or to which its assets or properties is subject; or

- (d) result in the creation or enforceability of any security interest, lien, claim or encumbrance upon any of its assets,

which violation, conflict, breach or default would reasonably be expected to impair its ability to perform its obligations hereunder.

16.4 Insolvency

No Insolvency Event has occurred with respect to it and, to its knowledge, no proceedings related to an Insolvency Event have been commenced or are pending with respect to it.

16.5 Litigation

There are no (i) judgments, orders (including environmental), decrees or injunctions or (ii) proceedings pending or, to its knowledge, threatened that have a reasonable likelihood of success and, that (in the case of either (i) or (ii)) would reasonably be expected to impair its ability to perform its obligations hereunder.

16.6 No Default

It is not in default under and no condition exists that with notice or lapse of time or both would constitute a default by it under:

- (a) any contract, agreement, deed, instrument or document to which it is a party or by which it or any of its properties is bound;
- (b) any Applicable Law; or
- (c) any Authorization,

that would reasonably be expected to affect its ability to perform its obligations hereunder.

16.7 Disclaimer

- (a) Except as and to the extent set forth in this Lease, neither Party makes any representations or warranties whatsoever in connection with or in relation to this Lease or the transactions contemplated hereby.
- (b) Each Party acknowledges that it has made its own independent investigations, analyses, evaluations and verifications of all matters related to this Lease and the transactions contemplated hereby, provided that the foregoing will not limit or diminish the obligations and liabilities, nor the rights and remedies of the Parties under this Lease.

ARTICLE 17 GENERAL

17.1 Method of Notice

Every notice, statement, advice, request, demand, consent or other communication (each, a "**Communication**") under this Lease must be in writing in the English language and must be sent by courier or telefax, as to each Party, to it at its address set forth herein or at such other address as is designated by it in a written notice to the other Party. Except as provided in this Section 17.1, all Communications will be deemed to have been given when delivered (in the case of courier delivery) or sent (in the case of telefax delivery). Any Communication delivered or sent on a day other than a Business Day, or after 3:00 p.m. at the intended point of receipt on a Business Day, will be deemed to have been given on the next Business Day. Until such notice of change of address has been given in the manner provided in this Section, Communications shall be addressed as set forth on Schedule "B".

17.2 Transaction Costs

Except as specifically provided herein, all legal and other costs and expenses in connection with this Lease and the transactions contemplated hereby will be paid by the Party that incurred the same.

17.3 Further Assurances

Each Party to this Lease and its permitted successors and assigns shall do all such further acts and execute, acknowledge or verify and deliver any and all documents which from time to time may be reasonably requested by any other Party to this Lease to carry out the purposes and intent of the CO₂ Agreement and this Lease.

17.4 Successors and Assigns

This Lease shall be binding upon and enure to the benefit of the Parties hereto and their respective successors and permitted assigns.

17.5 Entire Lease

This Lease and the CO₂ Agreement constitute the entire agreement between the Parties relating to, and there are no collateral or other statements, understandings, covenants, agreements, representations or warranties, written or oral, relating to, the subject matter hereof. This Lease and the CO₂ Agreement supersede all prior agreements, understandings, negotiations and discussions, whether oral or written, between the Parties and their respective Affiliates relating to the subject matter hereof. This Section 17.5 does not derogate from or otherwise affect the obligations of the Parties under any agreement, document or instrument executed and delivered pursuant hereto or in implementation of the transactions contemplated hereby or thereby.

17.6 Waiver

- (a) No failure on the part of any Party in exercising any right or remedy hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or remedy preclude any further or other exercise thereof, and no failure on the part of a Party to complain of any act or failure to act of another Party or to declare another Party in default, irrespective of how long such failure continues, shall constitute a waiver by such first mentioned Party of its rights hereunder.

- (b) No waiver of any provision of this Lease, including this Section, shall be effective otherwise than by an instrument in writing dated subsequent to the date hereof executed by the Party entitled to give such waiver or its duly authorized representatives.
- (c) No consent or waiver, express or implied, by a Party to or of any breach or default by the other Party in the performance of such other Party of its obligations hereunder shall be deemed or construed to be a consent or waiver to or of any other breach or default in the performance by such other Party of the same or any other obligations of such other Party hereunder.

17.7 Amendments

No variation or amendment of any provision of this Lease, including this Section, shall be effective otherwise than by an instrument in writing dated subsequent to the date hereof executed by the Parties hereto.

17.8 No Joint Venture or Partnership

- (a) Neither Party shall by virtue of this Lease in any way or for any purpose be or become a partner or agent of the other Party in the conduct of any business or otherwise or become a member of a joint venture or joint enterprise with the other Party.
- (b) Nothing in this Lease confers on any Party any agency or attorney status to act on behalf of or bind the other Party.
- (c) Neither Party shall by virtue of this Lease in any way or for any purpose incur fiduciary or similar obligations to the other Party.

17.9 Continuing Liability

Except as provided herein, any provision of this Lease under which an obligation of a Party has accrued but has not been discharged will not be affected by termination of this Lease, nor will the Party liable to perform be discharged as a result of any such termination, nor will termination prejudice any right of a Party against the other in respect of anything done or omitted hereunder prior to such termination or in respect of any right to damages or other remedies.

17.10 Time of the Essence

Time is and shall continue to be of the essence in this Lease.

17.11 Governing Law; Attornment; Waiver of Jury Trial and Immunity

- (a) This Lease (and any dispute, controversy, proceedings or Claim of whatever nature arising out of or in any way relating to this Lease or its formation) will be governed by and construed in accordance with Alberta law. There will be no application of any conflict of laws rules inconsistent with this Section 17.11(a).
- (b) Each Party does hereby:
 - (i) submit and attorn to the non-exclusive jurisdiction of the Alberta courts to hear and decide any action, suit or proceeding ("**Proceedings**") arising out of or in connection with this Lease, or its formation, or any of the transactions contemplated hereby or legal relationship established thereby, and for the purpose of enforcement of any judgment

against its respective assets, save that this submission shall not affect the right of any Party to take Proceedings in any court or courts having jurisdiction to the extent permitted by law nor shall the taking of Proceedings in any one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction (whether concurrently or not) if any to the extent permitted by law;

- (ii) waive all right to object to jurisdiction or execution in any Proceedings in such courts arising out of or in connection with this Lease or its formation or the transactions contemplated hereby or legal relationship established thereby which they may now or hereafter have by reason of domicile or otherwise;
- (iii) waive and agree not to plead or claim that any Proceedings in such Courts has been brought in an inappropriate forum;
- (iv) waive to the extent permitted by law, any right they may have to, or to apply for, trial by jury in connection with any Proceedings arising out of or in connection with this Lease or its formation or any of the transactions contemplated hereby or legal relationship established thereby; and
- (v) waive any right to immunity it may have or be entitled to in respect of jurisdiction or the enforcement of any award or judgment from Proceedings arising out of or in connection with this Lease or its formation or any of the transactions contemplated hereby or legal relationship established thereby.

17.12 Severability

If any provision of this Lease or portion thereof, or the application thereof to any Person or circumstances shall, to any extent, be invalid or unenforceable in any jurisdiction, the remainder of this Lease or the application of such provision or portion thereof to any other Person or circumstances or in any other jurisdiction shall not be affected thereby and each provision of this Lease shall be valid and enforceable to the fullest extent permitted by law.

17.13 Third Party Rights

Except as herein provided, this Lease is not intended to and does not create any rights in favour of any Person other than the Parties hereto who hold such rights and they have not indicated and will not indicate to the contrary to any Person.

17.14 Confidential Information

Section 13.13 of the CO₂ Agreement applies to this Ground Lease.

17.15 Supplemental Documents and Actions

The Parties shall execute and cause to be executed all reasonable documents requested by the other Party and do those other reasonable things reasonably necessary to allow the other Party to retain its benefits under this Lease.

**ARTICLE 18
EXECUTION**

18.1 Counterparts and Formal Date

This Lease may be executed in counterparts, each of which when so executed shall be deemed to be an original and such counterparts together shall constitute one and the same instrument and, notwithstanding the date of execution, shall be deemed to bear date as of the date written at the beginning of this Lease.

18.2 Execution

In witness whereof the Parties hereto have executed this Lease as of the day and year first above written.

IN WITNESS WHEREOF, the Parties have executed this Lease as of the date first written above.

Lessor:

MEGLOCAL CANADA INC.

By: _____

Charles C. Smith
Title: PRESIDENT & CEO

Lessee:

GLENCOE RESOURCES LTD.

By: _____

[Signature]
Title: VP Production

By: _____

[Signature]
Title: President & CEO

SCHEDULE "A"
LEASED LANDS

GLENCOE RESOURCES LTD.

INDIVIDUAL OWNERSHIP PLAN (REVISION # 1)

SHOWING

PLANT SITE

IN

N.W. 1/4 SEC. 30 TWP. 39 RGE. 25 W.4 M.

LACOMBE COUNTY

SCALE: 1:5000

CERTIFIED CORRECT:



ALBERTA LAND SURVEYOR

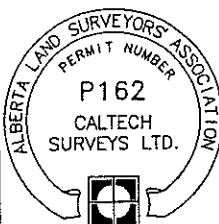
LEGEND

PLANT SITE SHOWN THUS
DISTANCES ARE SHOWN IN METRES
DATE: DECEMBER 17, 2004.


**CALTECH
SURVEYS LTD**

Ph: 263-8055 Fax: 263-8058

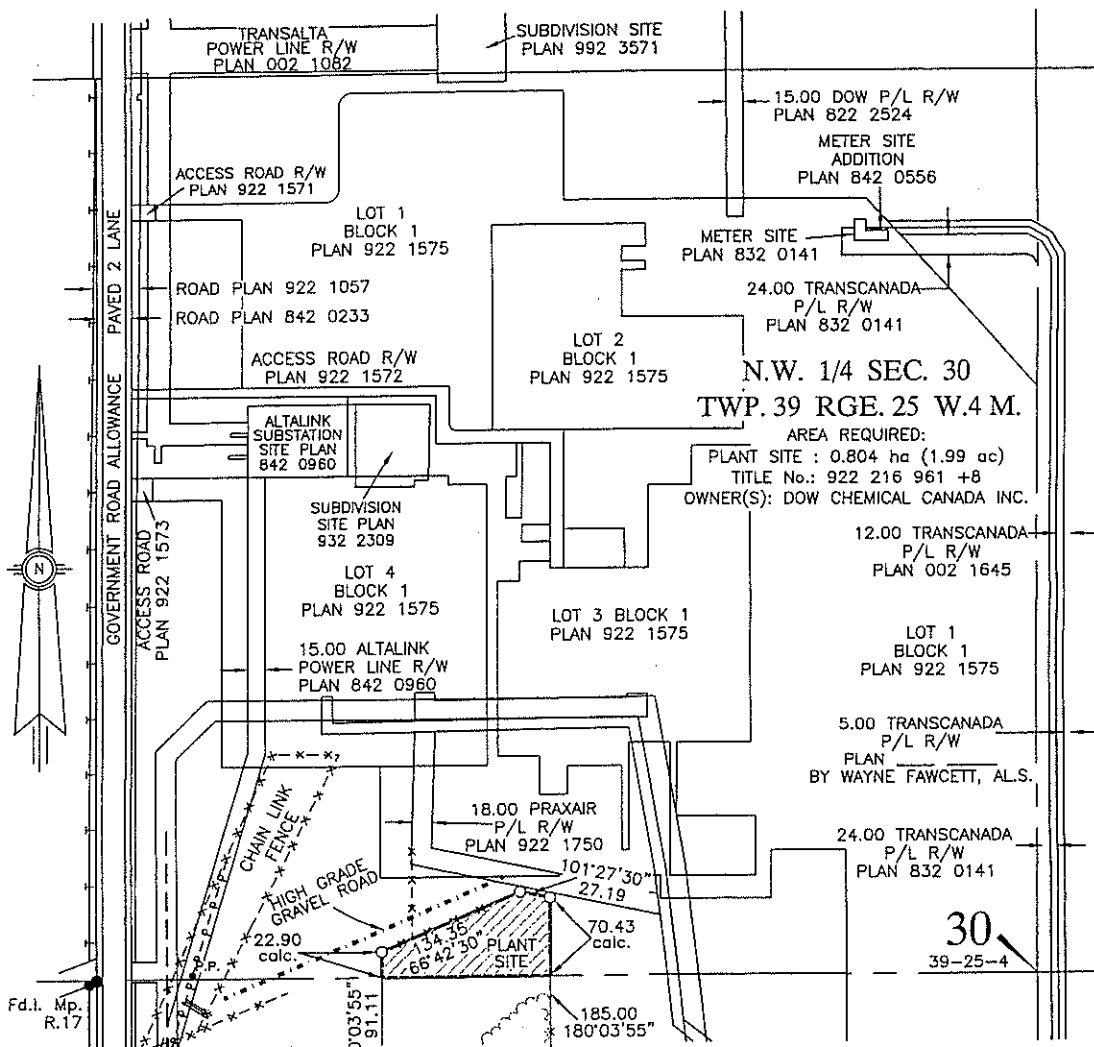
JOB NO:	04-1790-1	DRAWN:	HZ
Rev.No.	Date	Description	
0	2004.11.16	ISSUED	
1	2004.12.17	REVISED P/L R/W	



I (we) have no objection to the location of the
proposed plant site as shown herein.
Dated this ____ day of ____ A.D. 2004.

DOW CHEMICAL CANADA INC. Witness

Owner Witness



GLENCOE RESOURCES LTD.

INDIVIDUAL OWNERSHIP PLAN (REVISION # 1)

SHOWING
PLANT SITE

IN

S.W. 1/4 SEC. 30 TWP. 39 RGE. 25 W.4 M.
LACOMBE COUNTY

SCALE: 1:5000

CERTIFIED CORRECT:



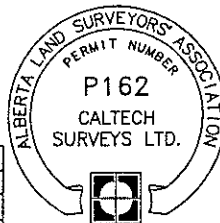
ALBERTA LAND SURVEYOR



**CALTECH
SURVEYS LTD**

Ph: 263-8055 Fax: 263-8058

JOB NO:	04-1790-1	DRAWN:	HZ
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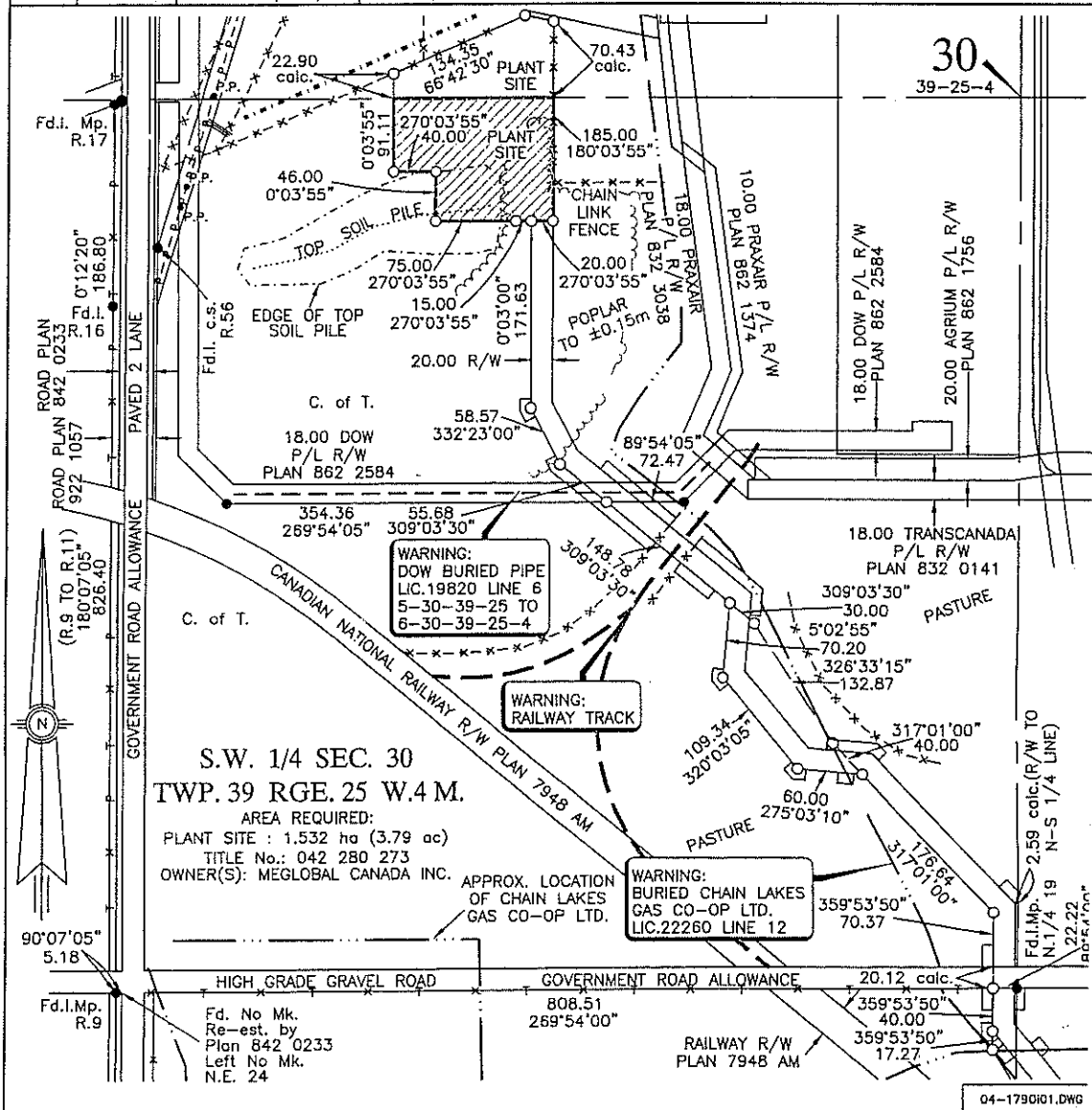
LEGEND

PLANT SITE SHOWN THUS
DISTANCES ARE SHOWN IN METRES
DATE: DECEMBER 17, 2004.

I (we) have no objection to the location of the
proposed plant site as shown herein.
Dated this ____ day of _____ A.D. 2004.

MEGLOBAL CANADA INC. Witness

Owner Witness



SCHEDULE "B"
NOTICES

Lessor:

MEGlobal Canada Inc.
2200, 250 – 6th Avenue S.W.
Calgary, Alberta
Attention: President
Fax: (403) 267-3503

with a copy to:

MEGlobal Limited
54 Pall Mall
London SW 1Y 5JH
Attention: General Counsel
Fax: 011 44 207 451 4843

Lessee:

GLENCOE RESOURCES LTD.
1950, 633 6th Avenue S.W.
Calgary, Alberta T2P 2Y5
Attention: Vice President, Operations
Fax: (403) 269-6604

Attachment 2

ASSIGNMENT AND NOVATION AGREEMENT

THIS AGREEMENT made as of the 1st day of June 2015

BETWEEN:

GLENCOE RESOURCES LTD., a body corporate, having an office at the City of Calgary, in the Province of Alberta
(hereinafter referred to as the "Assignor")

- and -

OEI HOLDINGS TRUST, by its trustee, OES Corporation (wholly owned by OMERS Administration Corporation) a body corporate, having an office in the City of Calgary, in the Province of Alberta
(hereinafter referred to as "OMERS" or "Assignee")

The body or bodies corporate identified as Third Party in Schedule "A" attached hereto (whether one or more, hereinafter collectively referred to as the "Third Party")

WHEREAS the Assignor and the Third Party are parties to or successors in interest to parties to the agreement or agreements described and set forth in Schedule "A" attached hereto, such agreement or agreements, including all amendments, if any thereto (hereinafter referred to as the "said Agreement");

AND WHEREAS Assignor is transferring operatorship of the Prentiss C02 Facility related to the said Agreement effective July 1, 2015 and therefore for operating purposes, Assignor is assigning its entire right, title, estate and interest in the said Agreement to OMERS (the "Assigned Interest").

AND WHEREAS the Third party is willing to consent to such transfer and conveyance and to recognize and accept the Assignee as a party to the said Agreement in the place and stead of the Assignor to the extent of the interest assigned and conveyed as aforesaid;

NOW THEREFORE THIS AGREEMENT WITNESSETH THAT, in consideration of the premises and of the mutual covenants hereinafter set forth, the parties hereto mutually covenant and agree as follows;

1. The Assignor hereby assigns, transfers, sets over and conveys unto the Assignee, effective as of **July 1, 2015**, (hereinafter referred to as the "Effective Date"), the Assigned Interest in and to the said Agreement to hold the same unto the Assignee for its sole use and benefit absolutely, subject nevertheless to the terms and conditions of the said Agreement.

2. The Assignee hereby accepts the written assignment and transfer to it of the Assigned Interest in the said Agreement, and the Assignee hereby covenants and agrees with the Assignor and the Third Party that it shall and will from and after the Effective Date, be bound by and observe, perform and fulfill each and every covenant, agreement, term, condition and stipulation thereafter accruing on the part of the Assignor in the said Agreement reserved and contained so far as the same relates to the interest hereby assigned and conveyed
3. The Assignee expressly acknowledges that in all matters relating to the said Agreement, insofar as it relates to the Assigned Interest, vis-à-vis the Third Party only, subsequent to the Effective Date and prior to delivery of a fully executed copy of this Agreement to the Third Party, in all matters including but not limited to all accounting, conduct of operations and disposition of production thereunder, the Assignor, to the extent of the Assignee's interest, will be deemed to have been acting as trustee for and as duly authorized agent on behalf of the Assignee for the benefit of the Third Party only and the Assignee hereby expressly ratifies, adopts and confirms all acts or omissions of the Assignor in its capacity as trustee and agent to the end that all acts and omissions shall for the purposes be construed as having been made or done by the Assignee vis-à-vis the Third Party only.
4. The Third Party, by its execution hereof, does hereby consent to the within conveyance and accepts the Assignee as a party to the said Agreement and does hereby covenant and agree that the Assignee shall be entitled to hold and enforce all of the rights and privileges of the Assignor insofar as they relate to the Assigned Interest conveyed as aforesaid, and the said Agreement shall continue in full force and effect with the Assignee substituted as a party thereto in the place and stead of the Assignor with regard to the interest hereby assigned and conveyed, and the Third party hereby expressly waives all its pre-emptive purchase rights, if any, so as to permit the Assignee to acquire such interest of the Assignor in and to the said Agreement.
5. The Third Party, by its execution hereof, does hereby wholly release and discharge the Assignor from the observance and performance of its covenants and agreements in the said Agreement accruing from and after the Effective Date insofar as the same relates to the Assigned Interest assigned and conveyed, to the same extent as if the said Agreement had been wholly terminated in relation thereto by the mutual agreement of the Third Party and the Assignor as of the Effective Date of **PROVIDED THAT** nothing herein contained shall be construed as a release of the Assignor from any obligation or liability under the said Agreement which obligation or liability had accrued prior to the Effective Date, saving and excepting only any obligation to give notice to the Third Party of such disposition by the Assignor to the Assignee and the Third Party, by its execution hereof, expressly consents to the disposition.
6. This Agreement may be executed in counterpart and when a counterpart has been executed by each party, all counterparts together shall constitute one Agreement.
7. The address of the Assignee for all notices to be hereafter served on it under the said Agreement, but subject to the provisions thereof as to notices, shall be:

OEI Holdings Trust, by its trustee OES Corporation
c/o OMERS Energy Inc.
Centennial Place, East Tower
3000, 520 – 3rd Avenue S.W.
Calgary, Alberta
T2P 0R3
Attention: VP Land and Corporate Development

9. The parties hereto shall, from time to time and at all times hereafter, do all such further acts and execute all such further deeds and documents as shall be reasonably required in order to fully perform and carry out the terms and conditions of this Agreement.
10. This Agreement shall enure to the benefit of and be binding upon the parties hereto and their respective successors and assigns.

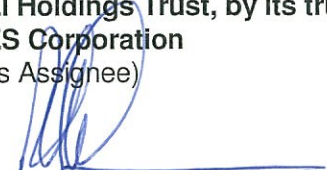
IN WITNESS WHEREOF the parties hereto have executed this Agreement as of the date first above written.

GLENCOE RESOURCES LTD.
(As Assignor)

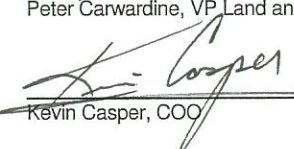


Doug Geeraert, Executive Vice President

**OEI Holdings Trust, by its trustee
OES Corporation**
(As Assignee)



Peter Carwardine, VP Land and Corporate Development



Kevin Casper, COO

Execution Page to an Assignment and Novation Agreement dated the **1st** day of **June 2015** (effective **July 1, 2015**) between **Glencoe Resources Ltd.** (Assignor) **OEI Holdings Trust, by its trustee, OES Corporation** (Assignee) and Third Party.


THIRD PARTY

ALBERTA & ORIENT GLYCOL COMPANY
LIMITED



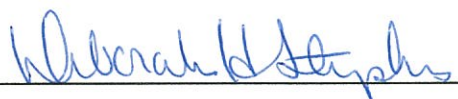
C. L. Dueck
Director / Business Manager

MEGLOCAL CANADA INC.



R. Schurink
VP operations

DOW CHEMICAL CANADA ULC



President



Third Party Execution Page to an Assignment and Novation Agreement dated the **1st** day of **June 2015 (effective July 1, 2015)** between **Glencoe Resources Ltd.** (Assignor) **OEI Holdings Trust, by its trustee, OES Corporation** (Assignee) and Third Party.

SCHEDULE "A"

Attached to and forming a part of an Assignment and Novation Agreement dated the **1st** day of **June 2015 (effective July 1, 2015)** between **Glencoe Resources Ltd.** (Assignor) **OEI Holdings Trust, by its trustee, OES Corporation** (Assignee) and Third Party.

"The Agreement"

Prentiss C02 Stream Purchase and Sale Agreement dated December 1, 2004 among Alberta & Orient Glycol Company Limited, MEGlobal Canada Inc., Glencoe Resources Ltd. and Dow Chemical Canada Inc. (as may be amended from time to time)

"Assigned Interest"

100% interest

"Third Party"

ALBERTA & ORIENT GLYCOL COMPANY LIMITED
MEGLOBAL CANADA INC.
DOW CHEMICAL CANADA ULC

ASSIGNMENT AND NOVATION AGREEMENT

THIS AGREEMENT made as of the 1st day of June 2015

BETWEEN:

GLENCOE RESOURCES LTD., a body corporate, having an office at the City of Calgary, in the Province of Alberta
(hereinafter referred to as the "Assignor")

- and -

OEI HOLDINGS TRUST, by its trustee, OES Corporation (wholly owned by OMERS Administration Corporation) a body corporate, having an office in the City of Calgary, in the Province of Alberta
(hereinafter referred to as "OMERS" or "Assignee")

The body or bodies corporate identified as Third Party in Schedule "A" attached hereto (whether one or more, hereinafter collectively referred to as the "Third Party")

WHEREAS the Assignor and the Third Party are parties to or successors in interest to parties to the agreement or agreements described and set forth in Schedule "A" attached hereto, such agreement or agreements, including all amendments, if any thereto (hereinafter referred to as the "said Agreement");

AND WHEREAS Assignor is transferring operatorship of the Ground Lease associated with the Prentiss C02 Facility related to the said Agreement effective July 1, 2015 and therefore for operating purposes, Assignor is assigning its entire right, title, estate and interest in the said Agreement to OMERS (the "Assigned Interest").

AND WHEREAS the Third party is willing to consent to such transfer and conveyance and to recognize and accept the Assignee as a party to the said Agreement in the place and stead of the Assignor to the extent of the interest assigned and conveyed as aforesaid;

NOW THEREFORE THIS AGREEMENT WITNESSETH THAT, in consideration of the premises and of the mutual covenants hereinafter set forth, the parties hereto mutually covenant and agree as follows;

1. The Assignor hereby assigns, transfers, sets over and conveys unto the Assignee, effective as of **July 1, 2015**, (hereinafter referred to as the "Effective Date"), the Assigned Interest in and to the said Agreement to hold the same unto the Assignee for its sole use and benefit absolutely, subject nevertheless to the terms and conditions of the said Agreement.

2. The Assignee hereby accepts the written assignment and transfer to it of the Assigned Interest in the said Agreement, and the Assignee hereby covenants and agrees with the Assignor and the Third Party that it shall and will from and after the Effective Date, be bound by and observe, perform and fulfill each and every covenant, agreement, term, condition and stipulation thereafter accruing on the part of the Assignor in the said Agreement reserved and contained so far as the same relates to the interest hereby assigned and conveyed
3. The Assignee expressly acknowledges that in all matters relating to the said Agreement, insofar as it relates to the Assigned Interest, vis-à-vis the Third Party only, subsequent to the Effective Date and prior to delivery of a fully executed copy of this Agreement to the Third Party, in all matters including but not limited to all accounting, conduct of operations and disposition of production thereunder, the Assignor, to the extent of the Assignee's interest, will be deemed to have been acting as trustee for and as duly authorized agent on behalf of the Assignee for the benefit of the Third Party only and the Assignee hereby expressly ratifies, adopts and confirms all acts or omissions of the Assignor in its capacity as trustee and agent to the end that all acts and omissions shall for the purposes be construed as having been made or done by the Assignee vis-à-vis the Third Party only.
4. The Third Party, by its execution hereof, does hereby consent to the within conveyance and accepts the Assignee as a party to the said Agreement and does hereby covenant and agree that the Assignee shall be entitled to hold and enforce all of the rights and privileges of the Assignor insofar as they relate to the Assigned Interest conveyed as aforesaid, and the said Agreement shall continue in full force and effect with the Assignee substituted as a party thereto in the place and stead of the Assignor with regard to the interest hereby assigned and conveyed, and the Third party hereby expressly waives all its pre-emptive purchase rights, if any, so as to permit the Assignee to acquire such interest of the Assignor in and to the said Agreement.
5. The Third Party, by its execution hereof, does hereby wholly release and discharge the Assignor from the observance and performance of its covenants and agreements in the said Agreement accruing from and after the Effective Date insofar as the same relates to the Assigned Interest assigned and conveyed, to the same extent as if the said Agreement had been wholly terminated in relation thereto by the mutual agreement of the Third Party and the Assignor as of the Effective Date of **PROVIDED THAT** nothing herein contained shall be construed as a release of the Assignor from any obligation or liability under the said Agreement which obligation or liability had accrued prior to the Effective Date, saving and excepting only any obligation to give notice to the Third Party of such disposition by the Assignor to the Assignee and the Third Party, by its execution hereof, expressly consents to the disposition.
6. This Agreement may be executed in counterpart and when a counterpart has been executed by each party, all counterparts together shall constitute one Agreement.
7. The address of the Assignee for all notices to be hereafter served on it under the said Agreement, but subject to the provisions thereof as to notices, shall be:

OEI Holdings Trust, by its trustee OES Corporation
c/o OMERS Energy Inc.
Centennial Place, East Tower
3000, 520 – 3rd Avenue S.W.
Calgary, Alberta
T2P 0R3
Attention: VP Land and Corporate Development

9. The parties hereto shall, from time to time and at all times hereafter, do all such further acts and execute all such further deeds and documents as shall be reasonably required in order to fully perform and carry out the terms and conditions of this Agreement.
10. This Agreement shall enure to the benefit of and be binding upon the parties hereto and their respective successors and assigns.


IN WITNESS WHEREOF the parties hereto have executed this Agreement as of the date first above written.

GLENCOE RESOURCES LTD.
(As Assignor)



Doug Geeraert, Executive Vice President

**OEI Holdings Trust, by its trustee
OES Corporation**
(As Assignee)




Peter Carwardine, VP Land and Corporate Development

Kevin Casper, COO

Execution Page to an Assignment and Novation Agreement dated the **1st** day of **June 2015** (effective **July 1, 2015**) between **Glencoe Resources Ltd.** (Assignor) **OEI Holdings Trust, by its trustee, OES Corporation** (Assignee) and Third Party.

THIRD PARTY

MEGLOCAL CANADA INC.

A handwritten signature, possibly "H", written above a horizontal line.A handwritten signature, possibly "R. Johnson", written above a horizontal line.

VP operations

Third Party Execution Page to an Assignment and Novation Agreement dated the **1st** day of **June 2015 (effective July 1, 2015)** between **Glencoe Resources Ltd.** (Assignor) **OEI Holdings Trust,** by its trustee, **OES Corporation** (Assignee) and Third Party.

SCHEDULE "A"

Attached to and forming a part of an Assignment and Novation Agreement dated the **1st** day of **June 2015 (effective July 1, 2015)** between **Glencoe Resources Ltd.** (Assignor) **OEI Holdings Trust, by its trustee, OES Corporation** (Assignee) and Third Party.

"The Agreement"

Ground Lease Agreement dated February 1, 2005 between MEGlobal Canda Inc. (Lessor) and Glencoe Resources Ltd. (Lessee) (as may be amended from time to time)
(as may be amended from time to time)

"Assigned Interest"

100% interest

"Third Party"

MEGLOBAL CANADA INC.

Attachment 3

ASSIGNMENT AND NOVATION AGREEMENT

THIS AGREEMENT made as of the 1st day of December 2016

BETWEEN:

OEI HOLDINGS TRUST, by its trustee, **OES Corporation** (wholly owned by **OMERS Administration Corporation**) a body corporate, having an office in the City of Calgary, in the Province of Alberta
(hereinafter referred to as “**OMERS**” or the “**Assignor**”)

- and -

1994450 ALBERTA INC. a body corporate, having an office in the City of Calgary, in the Province of Alberta
(hereinafter referred to as “**1994450**” or the “**Assignee**”)

The body or bodies corporate identified as Third Party in Schedule “A” attached hereto
(whether one or more, hereinafter collectively referred to as the “**Third Party**”)

WHEREAS the Assignor and the Third Party are parties to or successors in interest to parties to the agreement or agreements described and set forth in Schedule “A” attached hereto, such agreement or agreements, including all amendments, if any thereto (hereinafter referred to as the “**said Agreement**”);

AND WHEREAS Assignor is transferring operatorship of the Prentiss CO2 Facility related to the said Agreement effective December 1, 2016 and therefore for operating purposes, Assignor is assigning its entire right, title, estate and interest in the said Agreement to the Assignee (the “**Assigned Interest**”).

AND WHEREAS the Third Party is willing to consent to such transfer and conveyance and to recognize and accept the Assignee as a party to the said Agreement in the place and stead of the Assignor to the extent of the interest assigned and conveyed as aforesaid;

NOW THEREFORE THIS AGREEMENT WITNESSETH THAT, in consideration of the premises and of the mutual covenants hereinafter set forth, the parties hereto mutually covenant and agree as follows;

1. The Assignor hereby assigns, transfers, sets over and conveys unto the Assignee, effective as of **December 1, 2016**, (hereinafter referred to as the “**Effective Date**”), the Assigned Interest in and to the said Agreement to hold the same unto the Assignee for its sole use and benefit absolutely, subject nevertheless to the terms and conditions of the said Agreement.
2. The Assignee hereby accepts the written assignment and transfer to it of the Assigned Interest in the said Agreement, and the Assignee hereby covenants and agrees with the Assignor and the Third Party that it shall and will from and after the Effective Date, be bound by and observe, perform and fulfill each and every covenant, agreement, term, condition and stipulation thereafter accruing on the part of

the Assignor in the said Agreement reserved and contained so far as the same relates to the interest hereby assigned and conveyed.

3. The Assignee expressly acknowledges that in all matters relating to the said Agreement, insofar as it relates to the Assigned Interest, vis-à-vis the Third Party only, subsequent to the Effective Date and prior to delivery of a fully executed copy of this Agreement to the Third Party, in all matters including but not limited to all accounting, conduct of operations and disposition of production thereunder, the Assignor, to the extent of the Assignee's interest, will be deemed to have been acting as trustee for and as duly authorized agent on behalf of the Assignee for the benefit of the Third Party only and the Assignee hereby expressly ratifies, adopts and confirms all acts or omissions of the Assignor in its capacity as trustee and agent to the end that all acts and omissions shall for the purposes be construed as having been made or done by the Assignee vis-à-vis the Third Party only.
4. The Third Party, by its execution hereof, does hereby consent to the within conveyance and accepts the Assignee as a party to the said Agreement and does hereby covenant and agree that the Assignee shall be entitled to hold and enforce all of the rights and privileges of the Assignor insofar as they relate to the Assigned Interest conveyed as aforesaid, and the said Agreement shall continue in full force and effect with the Assignee substituted as a party thereto in the place and stead of the Assignor with regard to the interest hereby assigned and conveyed, and the Third Party hereby expressly waives all its pre-emptive purchase rights, if any, so as to permit the Assignee to acquire such interest of the Assignor in and to the said Agreement.
5. The Third Party, by its execution hereof, does hereby wholly release and discharge the Assignor from the observance and performance of its covenants and agreements in the said Agreement accruing from and after the Effective Date insofar as the same relates to the Assigned Interest assigned and conveyed, to the same extent as if the said Agreement had been wholly terminated in relation thereto by the mutual agreement of the Third Party and the Assignor as of the Effective Date **PROVIDED THAT** nothing herein contained shall be construed as a release of the Assignor from any obligation or liability under the said Agreement which obligation or liability had accrued prior to the Effective Date, saving and excepting only any obligation to give notice to the Third Party of such disposition by the Assignor to the Assignee and the Third Party, by its execution hereof, expressly consents to the disposition.
6. This Agreement may be executed in counterpart and when a counterpart has been executed by each party, all counterparts together shall constitute one Agreement.
7. The address of the Assignee for all notices to be hereafter served on it under the said Agreement, but subject to the provisions thereof as to notices, shall be:

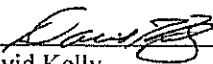
1994450 Alberta Inc.
Suite 2900, 605 – 5th Avenue SW
Calgary, Alberta T2P 3H5
Attention: Joint Venture Department


8. The parties hereto shall, from time to time and at all times hereafter, do all such further acts and execute all such further deeds and documents as shall be reasonably required in order to fully perform and carry out the terms and conditions of this Agreement.
9. This Agreement shall enure to the benefit of and be binding upon the parties hereto and their respective successors and assigns.

IN WITNESS WHEREOF the parties hereto have executed this Agreement as of the date first above written.

OEI HOLDINGS TRUST,
by its trustee **OES CORPORATION**
(As Assignor)

1994450 ALBERTA INC.
(As Assignee)

Per: 
David Kelly
Production Manager

Per: 
Vicki Benoit
Chief Operating Officer

Per: 
Robert Fryk
Chief Operating Officer

Execution Page to an Assignment and Novation Agreement dated the 1st day of **December 2016** (effective **December 1, 2016**) between **OEI Holdings Trust, by its trustee, OES Corporation** (Assignor), **1994450 Alberta Inc.** (Assignee) and Third Party.

THIRD PARTY

ALBERTA & ORIENT GLYCOL COMPANY ^{ULC R.S.} ~~LIMITED~~

Per:  _____

Per: _____

MEGLOCAL CANADA ^{ULC R.S.} ~~INC.~~

Per:  _____

Per: _____

DOW CHEMICAL CANADA ULC

Per: _____

Per: _____

Third Party Execution Page to an Assignment and Novation Agreement dated the 1st day of **December 2016** (effective **December 1, 2016**) between **OEI Holdings Trust, by its trustee, OES Corporation** (Assignor), **1994450 Alberta Inc.** (Assignee) and Third Party.

THIRD PARTY

ALBERTA & ORIENT GLYCOL COMPANY LIMITED

Per: _____

Per: _____

MEGLOCAL CANADA INC.

Per: _____

Per: _____

DOW CHEMICAL CANADA ULC

58 Per: Heborah H. Stephens

Per: _____

Third Party Execution Page to an Assignment and Novation Agreement dated the 1st day of **December 2016** (effective **December 1, 2016**) between **OEI Holdings Trust**, by its trustee, **OES Corporation** (Assignor), **1994450 Alberta Inc.** (Assignee) and Third Party.

SCHEDULE "A"

Attached to and forming a part of an Assignment and Novation Agreement dated the 1st day of December 2016 (effective December 1, 2016) between OEI Holdings Trust, by its trustee, OES Corporation (Assignor), 1994450 Alberta Inc. (Assignee) and Third Party.

"The Agreement"

Prentiss CO2 Stream Purchase and Sale Agreement dated December 1, 2004 among Alberta & Orient Glycol Company Limited, MEGlobal Canada Inc., Glencoe Resources Ltd., and Dow Chemical Canada Inc. (as may be amended from time to time)

"Assigned Interest"

100% Interest

"Third Party"

ALBERTA & ORIENT GLYCOL COMPANY LIMITED
MEGLOCAL CANADA INC.
DOW CHEMICAL CANADA ULC

ASSIGNMENT AND NOVATION AGREEMENT

THIS AGREEMENT made as of the 1st day of December 2016

BETWEEN:

OEI HOLDINGS TRUST, by its trustee, **OES Corporation** (wholly owned by **OMERS Administration Corporation**) a body corporate, having an office in the City of Calgary, in the Province of Alberta
(hereinafter referred to as “OMERS” or the “Assignor”)

- and -

1994450 ALBERTA INC. a body corporate, having an office in the City of Calgary, in the Province of Alberta
(hereinafter referred to as “1994450” or the “Assignee”)

The body or bodies corporate identified as Third Party in Schedule “A” attached hereto
(whether one or more, hereinafter collectively referred to as the “Third Party”)

WHEREAS the Assignor and the Third Party are parties to or successors in interest to parties to the agreement or agreements described and set forth in Schedule “A” attached hereto, such agreement or agreements, including all amendments, if any thereto (hereinafter referred to as the “said Agreement”);

AND WHEREAS Assignor is transferring operatorship of the Ground Lease associated with the Prentiss CO2 Facility related to the said Agreement effective December 1, 2016 and therefore for operating purposes, Assignor is assigning its entire right, title, estate and interest in the said Agreement to the Assignee (the “Assigned Interest”).

AND WHEREAS the Third Party is willing to consent to such transfer and conveyance and to recognize and accept the Assignee as a party to the said Agreement in the place and stead of the Assignor to the extent of the interest assigned and conveyed as aforesaid;

NOW THEREFORE THIS AGREEMENT WITNESSETH THAT, in consideration of the premises and of the mutual covenants hereinafter set forth, the parties hereto mutually covenant and agree as follows;

1. The Assignor hereby assigns, transfers, sets over and conveys unto the Assignee, effective as of **December 1, 2016**, (hereinafter referred to as the “Effective Date”), the Assigned Interest in and to the said Agreement to hold the same unto the Assignee for its sole use and benefit absolutely, subject nevertheless to the terms and conditions of the said Agreement.
2. The Assignee hereby accepts the written assignment and transfer to it of the Assigned Interest in the said Agreement, and the Assignee hereby covenants and agrees with the Assignor and the Third Party that it shall and will from and after the Effective Date, be bound by and observe, perform and fulfill

each and every covenant, agreement, term, condition and stipulation thereafter accruing on the part of the Assignor in the said Agreement reserved and contained so far as the same relates to the interest hereby assigned and conveyed.

3. The Assignee expressly acknowledges that in all matters relating to the said Agreement, insofar as it relates to the Assigned Interest, vis-à-vis the Third Party only, subsequent to the Effective Date and prior to delivery of a fully executed copy of this Agreement to the Third Party, in all matters including but not limited to all accounting, conduct of operations and disposition of production thereunder, the Assignor, to the extent of the Assignee's interest, will be deemed to have been acting as trustee for and as duly authorized agent on behalf of the Assignee for the benefit of the Third Party only and the Assignee hereby expressly ratifies, adopts and confirms all acts or omissions of the Assignor in its capacity as trustee and agent to the end that all acts and omissions shall for the purposes be construed as having been made or done by the Assignee vis-à-vis the Third Party only.
4. The Third Party, by its execution hereof, does hereby consent to the within conveyance and accepts the Assignee as a party to the said Agreement and does hereby covenant and agree that the Assignee shall be entitled to hold and enforce all of the rights and privileges of the Assignor insofar as they relate to the Assigned Interest conveyed as aforesaid, and the said Agreement shall continue in full force and effect with the Assignee substituted as a party thereto in the place and stead of the Assignor with regard to the interest hereby assigned and conveyed, and the Third Party hereby expressly waives all its pre-emptive purchase rights, if any, so as to permit the Assignee to acquire such interest of the Assignor in and to the said Agreement.
5. The Third Party, by its execution hereof, does hereby wholly release and discharge the Assignor from the observance and performance of its covenants and agreements in the said Agreement accruing from and after the Effective Date insofar as the same relates to the Assigned Interest assigned and conveyed, to the same extent as if the said Agreement had been wholly terminated in relation thereto by the mutual agreement of the Third Party and the Assignor as of the Effective Date **PROVIDED THAT** nothing herein contained shall be construed as a release of the Assignor from any obligation or liability under the said Agreement which obligation or liability had accrued prior to the Effective Date, saving and excepting only any obligation to give notice to the Third Party of such disposition by the Assignor to the Assignee and the Third Party, by its execution hereof, expressly consents to the disposition.
6. This Agreement may be executed in counterpart and when a counterpart has been executed by each party, all counterparts together shall constitute one Agreement.
7. The address of the Assignee for all notices to be hereafter served on it under the said Agreement, but subject to the provisions thereof as to notices, shall be:

1994450 Alberta Inc.
Suite 2900, 605 – 5th Avenue SW
Calgary, Alberta T2P 3H5
Attention: Joint Venture Department


8. The parties hereto shall, from time to time and at all times hereafter, do all such further acts and execute all such further deeds and documents as shall be reasonably required in order to fully perform and carry out the terms and conditions of this Agreement.
9. This Agreement shall enure to the benefit of and be binding upon the parties hereto and their respective successors and assigns.

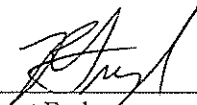
IN WITNESS WHEREOF the parties hereto have executed this Agreement as of the date first above written.

OEI HOLDINGS TRUST,
by its trustee **OES CORPORATION**
(As Assignor)

1994450 ALBERTA INC.
(As Assignee)

Per: 
David Kelly
Production Manager

Per: 
Vicki Benoit
Chief Operating Officer

Per: 
Robert Fryk
Chief Operating Officer

Execution Page to an Assignment and Novation Agreement dated the 1st day of **December 2016 (effective December 1, 2016)** between **OEI Holdings Trust, by its trustee, OES Corporation (Assignor), 1994450 Alberta Inc. (Assignee)** and Third Party.

THIRD PARTY

MEGLOCAL CANADA INC. ^{ULC R.S.}

Per:  _____

Per: _____

Third Party Execution Page to an Assignment and Novation Agreement dated the 1st day of **December 2016** (effective **December 1, 2016**) between **OEI Holdings Trust**, by its trustee, **OES Corporation** (Assignor), **1994450 Alberta Inc.** (Assignee) and Third Party.

SCHEDULE "A"

Attached to and forming a part of an Assignment and Novation Agreement dated the 1st day of **December 2016 (effective December 1, 2016)** between **OEI Holdings Trust, by its trustee, OES Corporation** (Assignor), **1994450 Alberta Inc.** (Assignee) and Third Party.

"The Agreement"

Ground Lease Agreement dated February 1, 2005 between MEGlobal Canada Inc. (Lessor) and Glencoe Resources Ltd. (Lessee) (as may be amended from time to time)

"Assigned Interest"

100% Interest

"Third Party"

MEGLOCAL CANADA INC.

Attachment 4



April 5, 2017

NOTICE TO INDUSTRY

RE: 1994450 Alberta Inc.

Effective February 6, 2017, 1994450 Alberta Inc. changed its name to Sequoia Operating Corp.

All notices, correspondence, invoices and payments formerly addressed to 1994450 Alberta Inc. should now be issued in the name of Sequoia Operating Corp. and sent to the following address:

**Sequoia Operating Corp.
2900, 605 – 5th Avenue S.W.
Calgary, AB
T2P 3H7**

**Phone: (587) 393-5059
Fax: (587) 393-5060**

GST #736 658 725 RT0001

The Government of Alberta Certificate of Amendment dated February 6, 2017 reflecting the name change is attached.

Please circulate this notice to all departments within your organization and amend your records accordingly. Should you require any further information please contact your regular point of contact at Sequoia Operating Corp.

Sequoia Operating Corp.

2900, 605 – 5th Avenue SW, Calgary, AB T2P 3H5
Main Phone: 587-393-5059
Fax: 587-393-5060

CORPORATE ACCESS NUMBER: 2019944509

**Government
of Alberta ■**

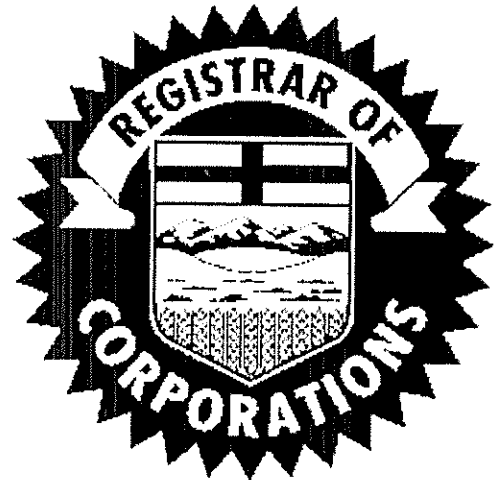
BUSINESS CORPORATIONS ACT

CERTIFICATE

OF

AMENDMENT

1994450 ALBERTA INC.
CHANGED ITS NAME TO SEQUOIA OPERATING CORP. ON 2017/02/06.



Name Change Alberta Corporation - Registration Statement

Alberta Amendment Date: 2017/02/06

Service Request Number: 26493491

Corporate Access Number: 2019944509

Legal Entity Name: 1994450 ALBERTA INC.

French Equivalent Name:

Legal Entity Status: Active

Alberta Corporation Type: Named Alberta Corporation

New Legal Entity Name: SEQUOIA OPERATING CORP.

New French Equivalent Name:

Nuans Number: 120150879

Nuans Date: 2017/02/03

French Nuans Number:

French Nuans Date:

Professional Endorsement Provided:

Future Dating Required:

Annual Return

No Records returned

Attachment

Attachment Type	Microfilm Bar Code	Date Recorded
Share Structure	ELECTRONIC	2016/09/21
Other Rules or Provisions	ELECTRONIC	2016/09/21
Restrictions on Share Transfers	ELECTRONIC	2016/09/21

Registration Authorized By: XIAODI JIN
SOLICITOR

This information is collected in accordance with the *Business Corporations Act*. It is required to update an Alberta corporation's articles for the purpose of issuing a certificate of amendment. Collection is authorized under s. 33(a) of the *Freedom of Information and Protection of Privacy Act*. Questions about the collection can be directed to Service Alberta Contact Centre staff at cr@gov.ab.ca or 780-427-7013 (toll-free 310-0000 within Alberta).

1. Name of Corporation

2. Corporate Access Number

1994450 ALBERTA INC.

2019944509

3. Item number 1 of the Articles of the above named corporation are amended in accordance with Section 173(1)(a) of the *Business Corporations Act* as follows.

The name of the Corporation be changed to:

SEQUOIA OPERATING CORP.

FILED

February 2, 2011
McCarthy Tétrault LLP
Calgary, Alberta

Per [Signature]

4. Authorized Representative/Authorized Signing Authority for the Corporation

[Signature]
Last Name, First Name, Middle Name (optional)

[Signature]
Relationship to Corporation

[Signature]
Telephone Number (optional)

[Signature]
Email Address (optional)

20110201
Date of submission (yyyy-mm-dd)

[Signature]
Signature

Attachment 5



January 24, 2018

MEGlobal Canada Inc.
Hwy 597 & Prentiss Road
Red Deer, Alberta
T4N 6N1

Attention: Rocco Schurink

RE: Prentiss CO2 Stream Purchase and Sale Agreement dated December 1, 2004 between Alberta & Orient Glycol Company Limited and MEGlobal Canada Inc. (together as Seller) and Glencoe Resources Ltd. (as Buyer) and Dow Chemical Canada Inc. (as third party)

This letter has been prepared in accordance with clause 12.5 (b) and (c) of the subject Purchase and Sale Agreement providing notice of termination effective February 1, 2019, relating to the permanent shutdown of the CO2 system.

Clause 12.5 (c) provides for a one (1) year prior written notice specifying the actual date of shutdown of the relevant facility. In accordance with the subject clause, the one (1) year notice is being provided using February 1, 2019 as the shutdown date. The Agreement shall terminate on the actual shutdown date.

Should you wish to discuss this notice, please contact the undersigned at your convenience at (587) 393.-5067 or Jelena Sekularac at (587) 393-5076.

Please acknowledge your receipt of this notice of termination and your concurrence by signing below on both copies enclosed and return one (1) signed copy to the undersigned..

Yours truly,

Received and Concur this ____ day of _____, 2018

Sequoia Operating Corp.

MEGlobal Canada Inc.


Vicki Benoit
COO

Sequoia Operating Corp.

2900, 605 – 5th Avenue SW, Calgary, AB T2P 3H5
Main Phone: 587-393-5059
Fax: 587-393-5060

Attachment 6



February 1, 2018

Sequoia Operating Corporation
2900, 605-5th Avenue, SW
Calgary, Alberta
T2P 3H5

Attention: Vicki Benoit

Re: Prentiss CO2 Stream Purchase and Sale Agreement dated December 1, 2004 between Alberta & Orient Glycol Company Limited and MEGlobal Canada Inc. (together as Seller) and Glencoe Resources Ltd. (as Buyer) and Dow Chemical Canada Inc. (as third party)

With reference to your letter dated on 24 January 2018, we hereby acknowledge receiving the same and preserve all our rights under the Prentiss CO2 Stream Purchase and Sale Agreement dated December 1, 2004 (and subsequent amendment(s)/assignments terms) and the Ground Lease Agreement dated February 1, 2005

Sincerely,

A handwritten signature in black ink, appearing to be "R. Schurink".

Rocco Schurink
VP Operations
MEGlobal Canada ULC
1-403-885-8555

T + 1 403 885 8500

www.meglobal.biz

MEGlobal Canada ULC
PO Box 5501
Red Deer, Alberta, Canada
T4N 6N1

Attachment 7



MEGlobal Canada ULC
1300, 1969 Upper Water Street
Purdy's Wharf Tower II
Halifax, NS
B3J 3R7

-delivered via email-

September 25, 2018

Attn: Deborah Queliza

Re: MEGlobal Canada invoice 950038933 dated 18APR2017; \$135,165.19

Please be advised that Sequoia Operating Corp changed its name to AlphaBow Energy Ltd ("ABE") by way of an amendment to its articles of incorporation effective June 1, 2018.

ABE is in receipt of the above noted invoice however ABE is disputing the charges and will not be paying this invoice for the following reasons:

- The invoice date of April 18, 2017 is twenty-eight (28) months past the 2014 contract year of which this invoice is related to and therefore beyond the terms set out in Sec 7.2(d) and Sec. 7.3(c) of the Prentiss CO2 Stream Purchase and Sale Agreement and is likely time barred, if not statute barred
- These facilities were operated by Glencoe Resources Ltd for the period of January to May 2014
 - Glencoe Resources Ltd was granted a receivership order dated January 23, 2017
 - ABE acquired Glencoe Resources' interest by way of an Approval and Vesting Order dated November 15, 2017 which we believe erased all arrears not specifically assumed within the Approval and Vesting Order

If you require further information or details, please contact me at deankaiser@alphabowenergy.com

Kind regards,

ALPHABOW ENERGY LTD

Dean Kaiser

Director of Finance

Cc: Rick Ironside

AlphaBow Energy Ltd.

1800, 222 – 3rd Avenue SW, Calgary, AB T2P 0B4

Main Phone: 587-393-5059

Fax: 587-393-5060

Attachment 8

November 9, 2018

VIA FACSIMILE
& VIA E-MAIL DELIVERY (courtesy copy)

AlphaBow Energy Ltd.
1800, 222-3rd Avenue SW
Calgary, Alberta
T2P 0B4
Attn: Rick Ironside
Facsimile: 587-393-5060
Email: rickironside@alphabowenergy.com

Re: Prentiss CO2 Stream Purchase and Sale Agreement dated December 1, 2004 between Alberta & Orient Glycol Company Limited and MEGlobal Canada Inc. (collectively, “Seller”) and Glencoe Resources Ltd. (“Buyer”) and Dow Chemical Canada Inc. (as third party) (together with subsequent assignment(s)/amendments, the “CO2 Agreement”) and Ground Lease dated February 1, 2005 between MEGlobal Canada Inc. (“Lessor”) and Glencoe Resources Ltd. (“Lessee”) (together with subsequent assignment(s)/amendments, the “Lease”)

Dear Rick:

Reference is made to that certain letter dated January 24, 2018, whereby Seller was notified of the permanent shutdown of the CO2 system, effective February 1, 2019, pursuant to the above-referenced CO2 Agreement. As you are aware, both the CO2 Agreement and Lease shall terminate on such permanent shutdown date subject, however, to certain termination and payment obligations to be performed by Buyer/Lessee pursuant to the terms and conditions of both the CO2 Agreement and Lease.

Please contact me at your convenience to discuss such termination and payment obligations.

Sincerely,

MEGlobal Canada ULC



By: Rocco Schurink
Its: VP Operations

cc: Dean Kaiser (via e-mail, courtesy copy)

ALBERTA & ORIENT
GLYCOL COMPANY ULC
An **EQUATE** Company

P.O. Box 5501 Red Deer, Alberta, Canada T4N 6N1

November 9, 2018

VIA FACSIMILE
& VIA E-MAIL DELIVERY (courtesy copy)

AlphaBow Energy Ltd.
1800, 222-3rd Avenue SW
Calgary, Alberta
T2P 0B4
Attn: Rick Ironside
Facsimile: 587-393-5060
Email: rickironside@alphabowenergy.com

Re: Prentiss CO2 Stream Purchase and Sale Agreement dated December 1, 2004 between Alberta & Orient Glycol Company Limited and MEGlobal Canada Inc. (collectively, “Seller”) and Glencoe Resources Ltd. (“Buyer”) and Dow Chemical Canada Inc. (as third party) (together with subsequent assignment(s)/amendments, the “CO2 Agreement”) and Ground Lease dated February 1, 2005 between MEGlobal Canada Inc. (“Lessor”) and Glencoe Resources Ltd. (“Lessee”) (together with subsequent assignment(s)/amendments, the “Lease”)

Dear Rick:

Reference is made to that certain letter dated January 24, 2018, whereby Seller was notified of the permanent shutdown of the CO2 system, effective February 1, 2019, pursuant to the above-referenced CO2 Agreement. As you are aware, both the CO2 Agreement and Lease shall terminate on such permanent shutdown date subject, however, to certain termination and payment obligations to be performed by Buyer/Lessee pursuant to the terms and conditions of both the CO2 Agreement and Lease.

Please contact me at your convenience to discuss such termination and payment obligations.

Sincerely,

Alberta & Orient Glycol Company ULC



By: Rocco Schurink
Its: Director

cc: Dean Kaiser (via e-mail, courtesy copy)

Attachment 9



November 9, 2018

MEGlobal Canada Inc.

P.O. Bag 5501

Red Deer, Alberta

T4N 6N1

Attention: **Mr. Rocco Schurink**
VP Operations

Dear Sir:

Re: Prentiss CO2 Stream Purchase and Sale Agreement dated December 1, 2014 between Alberta & Orient Glycol Company Limited and MEGlobal Canada Inc. (together as Seller) and Glencoe Resources Ltd. (as Buyer) and Dow Chemical Canada Inc. (as third party) ("Purchase Agreement")

Reference is made to the termination letter ("Termination Letter") prepared and dated January 24, 2018 by Sequoia Operating Corp. ("SOC") (predecessor to AlphaBow Energy Ltd. ("ABE")) pursuant to which Sequoia provided to MEGlobal Canada Inc. ("MEGlobal") a notice of termination pursuant to clause 12.5 (b) and (c) of the Purchase Agreement.

Pursuant to ongoing good faith negotiations with respect to an amendment to the Purchase Agreement between ABE and MEGlobal, ABE hereby formally rescinds the termination notice and Termination Letter with effect immediately.

Please do not hesitate to contact me at (587) 393-9755 should you have any questions or wish to discuss.

Yours truly,

AlphaBow Energy Ltd.

Rick Ironside

Chief Operating Officer

AlphaBow Energy Ltd.

1700, 222 – 3rd Avenue SW, Calgary, AB T2P 0B4

Main Phone: 587-393-5059

Fax: 587-393-5060

Attachment 10

November 14, 2018

VIA FACSIMILE
& VIA E-MAIL DELIVERY (courtesy copy)

AlphaBow Energy Ltd.
1800, 222-3rd Avenue SW
Calgary, Alberta
T2P 0B4
Attn: Rick Ironside
Facsimile: 587-393-5060
Email: rickironside@alphabowenergy.com

Re: Prentiss CO2 Stream Purchase and Sale Agreement dated December 1, 2004 between Alberta & Orient Glycol Company Limited and MEGlobal Canada Inc. (collectively, “Seller”) and Glencoe Resources Ltd. (“Buyer”) and Dow Chemical Canada Inc. (as third party) (together with subsequent assignment(s)/amendments, the “CO2 Agreement”) and Ground Lease dated February 1, 2005 between MEGlobal Canada Inc. (“Lessor”) and Glencoe Resources Ltd. (“Lessee”) (together with subsequent assignment(s)/amendments, the “Lease”)

Dear Rick:

Reference is made to that certain letter dated November 9, 2018, whereby AlphaBow Energy Ltd. (“AlphaBow”, current Buyer and Lessee under the above-referenced CO2 Agreement and Ground Lease, respectively), provided Seller with its notice to rescind that certain notice of termination dated January 24, 2018. Seller deems Buyer’s notice of rescission as ineffective since the January 24, 2018 letter was a one-year notice of permanent shutdown of the CO2 system with specific consequences. As such, the permanent shutdown of the CO2 system will be effective February 1, 2019, and both the CO2 Agreement and Lease shall terminate on such permanent shutdown date subject, however, to certain termination and payment obligations to be performed by Buyer/Lessee pursuant to the terms and conditions of both the CO2 Agreement and Lease.

As you recently requested, I will be happy to discuss this situation in person on November 20, 2018.

Sincerely,

MEGlobal Canada ULC



By: Rocco Schurink
Its: VP Operations

cc: Dean Kaiser (via e-mail, courtesy copy)

ALBERTA & ORIENT
GLYCOL COMPANY ULC
An **EQUATE** Company

P.O. Box 5501 Red Deer, Alberta, Canada T4N 6N1

November 14, 2018

VIA FACSIMILE
& VIA E-MAIL DELIVERY (courtesy copy)

AlphaBow Energy Ltd.
1800, 222-3rd Avenue SW
Calgary, Alberta
T2P 0B4
Attn: Rick Ironside
Facsimile: 587-393-5060
Email: rickironside@alphabowenergy.com

Re: Prentiss CO2 Stream Purchase and Sale Agreement dated December 1, 2004 between Alberta & Orient Glycol Company Limited and MEGlobal Canada Inc. (collectively, “Seller”) and Glencoe Resources Ltd. (“Buyer”) and Dow Chemical Canada Inc. (as third party) (together with subsequent assignment(s)/amendments, the “CO2 Agreement”) and Ground Lease dated February 1, 2005 between MEGlobal Canada Inc. (“Lessor”) and Glencoe Resources Ltd. (“Lessee”) (together with subsequent assignment(s)/amendments, the “Lease”)

Dear Rick:

Reference is made to that certain letter dated November 9, 2018, whereby AlphaBow Energy Ltd. (“AlphaBow”, current Buyer and Lessee under the above-referenced CO2 Agreement and Ground Lease, respectively), provided Seller with its notice to rescind that certain notice of termination dated January 24, 2018. Seller deems Buyer’s notice of rescission as ineffective since the January 24, 2018 letter was a one- year notice of permanent shutdown of the CO2 system with specific consequences. As such, the permanent shutdown of the CO2 system will be effective February 1, 2019, and both the CO2 Agreement and Lease shall terminate on such permanent shutdown date subject, however, to certain termination and payment obligations to be performed by Buyer/Lessee pursuant to the terms and conditions of both the CO2 Agreement and Lease.

As you recently requested, I will be happy to discuss this situation in person on November 20, 2018.

Sincerely,

Alberta & Orient Glycol Company ULC



By: Rocco Schurink

Its: Director

cc: Dean Kaiser (via e-mail, courtesy copy)

Attachment 11



November 27, 2018

MEGlobal Canada Inc.
P.O. Bag 5501
Red Deer, Alberta
T4N 6N1

Attention: **Mr. Rocco Schurink**
VP Operations

Dear Sir:

Re: Prentiss CO2 Stream Purchase and Sale Agreement dated December 1, 2014 between Alberta & Orient Glycol Company Limited and MEGlobal Canada Inc. (together as Seller) and Glencoe Resources Ltd. (as Buyer) and Dow Chemical Canada Inc. (as third party) ("Purchase Agreement")

We are in receipt of your letter dated November 14, 2018 with respect to the rescission of that certain letter of Buyer dated November 9, 2018, whereby provided notice to Seller of its decision to rescind that certain notice of termination dated January 24, 2018 ("**Original Notice**").

Respectfully, we believe that the Original Notice is no longer effective and has been rescinded. Section 12.5 of the Agreement sets forth the mechanisms for termination in the event of permanent shut down of the facilities and provides a notice procedure for such shut down operations. Termination under 12.5 occurs on the actual shut down date and not on the specified notice date. The Agreement is clear that if permanent shut down does not occur, the Agreement does not terminate, despite the notice of termination. Buyer no longer intends to effect permanent shut down of the facility. This was communicated to Seller as early as May 24, 2018. Since that time, the parties have been engaged in good faith negotiations to amend the Purchase Agreement and there were repeated discussions between the Buyer and Seller that the permanent shutdown of the facility would not occur on the date set out in the Original Notice as the parties were negotiating the amendment of the Purchase Agreement.

Please do not hesitate to contact me at (587) 393-9755 should you have any questions or wish to discuss.

Yours truly,

AlphaBow Energy Ltd.

Rick Ironside
Chief Operating Officer

AlphaBow Energy Ltd.

1700, 222 – 3rd Avenue SW, Calgary, AB T2P 0B4
Main Phone: 587-393-5059
Fax: 587-393-5060

Attachment 12

**FIRST AMENDING AGREEMENT TO THE PRENTISS CO₂ STREAM
PURCHASE AND SALE AGREEMENT**

This First Amending Agreement (the "**First Amendment**") is made effective as of January 1, 2019 ("**Effective Date**"),

BETWEEN:

MEGGLOBAL CANADA ULC, a Nova Scotia unlimited liability company ("**MEGlobal**") and
ALBERTA & ORIENT GLYCOL COMPANY ULC, a Nova Scotia unlimited liability
company ("**A&O**"), both having offices in the City of Calgary, in the Province of Alberta

(collectively, MEGlobal and A&O are referred to herein as "**Seller**")

- and -

ALPHABOW ENERGY LTD., an Alberta corporation ("**ABE**"), having an office in the City of
Calgary, in the Province of Alberta

("**Buyer**")

WHEREAS:

A. MEGlobal (as successor in interest to MEGlobal Canada Inc.), A&O (as successor in interest to Alberta & Orient Glycol Company Limited), ABE (as successor in interest to Glencoe Resources Ltd.) and Dow Chemical Canada ULC (as successor in interest to Dow Chemical Canada Inc., and as a third party) entered into that certain Prentiss CO₂ Purchase and Sale Agreement (the "**Agreement**") dated December 1, 2004, whereby Seller agreed to sell and deliver, and Buyer agreed to purchase, take and receive at the Point of Delivery, the CO₂ Stream on the terms specified therein;

B. Buyer delivered a termination notice pursuant to Section 12.1 of the Agreement dated January 8, 2018, whereby Buyer elected to terminate the Agreement with such termination being effective as of December 1, 2019 (the "**Initial Termination Notice**");

C. Buyer subsequently delivered a termination notice pursuant to Sections 12.5(b) and (c) of the Agreement dated January 24, 2018, whereby Buyer elected to terminate the Agreement with such termination being effective as of February 1, 2019 (the "**Second Termination Notice**" and, together with the Initial Termination Notice, the "**Termination Notices**");

D. Buyer shut down its CO₂ collection plant located on the Leased Lands;

E. Buyer restarted its CO₂ collection plant located on the Leased Lands;

F. Seller agrees to accept Buyer's rescission of its Termination Notices;

G. Seller and Buyer each agree to extend the Initial Term of the Agreement;

H. Buyer agrees to engineer, design, plan, construct and install certain water treatment infrastructure to demineralize water, to the extent possible, extracted from the CO₂ Stream and return such Treated Water (as defined herein) back to Seller for use at P1 and P2, subject to any applicable regulatory approvals;

I. Seller is the current owner of the GHGE Credits from its "**CO₂ Capture from Prentiss1 for EOR**" and its "**CO₂ Capture from Prentiss2 for EOR**" (collectively, the "**Seller's Project**") and Buyer agrees to expeditiously

develop and apply for its own offset credit project ("**Buyer's Project**") for approval in order to become the owner of GHGE Credits under Buyer's Project; and

J. The Parties wish to amend the Agreement as more particularly set forth herein.

NOW, THEREFORE, in consideration of the premises, the covenants herein contained and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged by all of the Parties hereto, the Parties hereby agree as follows:

1. The foregoing recitals are acknowledged to be accurate and are incorporated herein by reference. Capitalized terms used in this First Amendment, but not otherwise defined herein, shall have the meanings given to such terms in the Agreement.
2. Amendments to the Agreement:
 - a. Clause 2.3 of the Agreement is deleted in its entirety since any and all such ROFR rights solely attributable to this Clause 2.3 have been extinguished;
 - b. Clause 4.1 (f) shall be added to the Agreement as follows:

“(f) Buyer shall, subject to receiving prior Authorizations by the applicable Government Authorities, also have the right to inject the CO₂ into an CO₂ sequestration scheme.”;
 - c. Clause 5.9(a) of the Agreement is hereby amended by deleting the second (2nd) sentence therein;
 - d. Clause 5.9(c) shall be added to the Agreement as follows:

“(c) If CO₂ is made available by Seller to Buyer and Buyer fails to take such CO₂ except in the case of mechanical failures for up to ten (10) days per calendar year, Buyer shall pay Seller C\$20.00 per tonne of such CO₂ that is not taken ("**Failure to Take Payment**"). Buyer will be deemed to have taken the CO₂ if Buyer receives the CO₂ and removes water vapour whether or not such CO₂ is subsequently captured or vented. Taking CO₂ shall not constitute nor require that Buyer capture the CO₂. At the end of each calendar year, Seller shall calculate the Failure to Take Payment owed by Buyer to Seller, if any. Seller shall invoice Buyer such amount on January 15th of the following year.”;
 - e. Clause 6.1(a) of the Agreement is deleted and replaced in its entirety with:

“(a) Buyer agrees to develop and apply for Buyer's Project under the Enhanced Oil Recovery Protocol, as amended and/or other approved Protocols regulated under the Carbon Competitiveness Incentive Regulation for volumes of CO₂ as of January 1, 2019 (or viable date) and thereafter. Buyer and/or Buyer's consultant shall participate in the technical working group for such Enhanced Oil Recovery Protocol to ensure the maximization and certainty of Buyer's GHGE Credits going forward. Buyer agrees to communicate and collaborate with Seller on the status of Buyer's Protocol application for Buyer's Project. Once such Protocol has been approved, Buyer will receive all GHGE Credits captured or attributable to or arising from the sequestering or use of the CO₂ Stream (including any use permitted by Clause 4.1(d), subject to the requirements hereof) as defined in the Agreement as of January 1, 2019 or other such viable date agreed to by the Parties; provided, however, Buyer shall pay Seller an amount calculated on a monthly basis and invoiced and paid in full to Seller the following month in accordance with the formula detailed in Schedule E. Once Buyer's Project is approved, Seller's Project will no longer generate any further credits, be left to expire, and Buyer shall have no liability

towards the monetary value of GHGE Credits sold or owned by Seller under Seller's Projects unless Seller is impacted by Buyer's willful misconduct or gross negligence.”;

f. Clauses 6.1(b), (c) and (d) of the Agreement shall remain in full force and effect as to any GHGE Credits earned prior to January 1, 2019, but are hereby rescinded with respect to any GHGE Credits earned after such date; provided, however, such rescission is dependent upon Buyer timely developing and submitting Buyer's Project to and receiving Authorization for Buyer's Project from the applicable Government Authorities;

g. Clause 6.1(e) shall be added to the Agreement as follows:

“(e) During the Initial Term of the Agreement, and any extensions hereof, Seller shall have the right of first refusal “***Seller's ROFR***” to purchase any or all of the GHGE Credits related to this First Amendment on the same terms and conditions which Buyer is prepared to sell to any bona fide third party. Buyer shall provide to Seller a notice of intent to sell all or some of the GHGE Credits (the “***Notice***”) at least thirty (30) days prior to the intended sale date. Such Notice shall contain the material terms and conditions of such sale to a bona fide third party, including the number of GHGE Credits proposed to be sold, the proposed sale price and the name and address of the proposed purchaser. Seller shall have the right to purchase the same number of GHGE Credits on the terms described in the Notice within ten (10) Business Days' receipt of the Notice by Seller. Notwithstanding anything contained herein to the contrary, Seller's ROFR shall be restored (i) if Buyer fails to sell the GHGE Credits described in the Notice to said bona fide third party or (ii) as to any remaining GHGE Credits subsequent to such bona fide third-party sale.

h. Clause 1.1 of the Agreement is amended by inserting the following additional definitions in alphabetical order:

““***In-Service Date***” means the date that the construction and installation of the Water Treatment System are complete, such Water Treatment System has been adequately tested and the Prentiss Site first receives delivery of the Treated Water, other than for the purpose of testing, which date will be the commencement of the first Day of a calendar month;

“***On-Site Water Equipment***” means the Seller-owned equipment located on the Prentiss Site to receive the Treated Water;

“***Treated Water***” means the water extracted from the CO₂ Stream and treated by the Water Treatment System and meeting the specifications set forth in **Schedule F** attached hereto;

“***Water Treatment System***” means the water treatment system located on the Leased Lands comprised of existing equipment including water storage tanks, metering, a transfer pump and a water disposal well plus equipment to be installed that is expected to include but not be limited to additional metering, piping modifications, a reverse osmosis molecular sieve (membrane) process package, a Microbiological Reactor, PH treating and monitoring equipment, additional control and alarm system or upgrade and an additional transfer pump;”;

i. A new Article 6A is inserted after Article 6 of the Agreement, being the following:

**“ARTICLE 6A
WATER TREATMENT AND DISPOSAL**

6A.1 Responsibility of the Planning, Construction and Installation of the Water Treatment System

- (a) On or before December 31, 2020, Buyer shall, at its sole cost, risk and expense, undertake the engineering, design, and planning for the Water Treatment System on the Leased Lands and Seller shall, at its sole cost, risk and expense, undertake the engineering, design, and planning for the On-Site Water Equipment necessary to receive such Treated Water. Buyer shall provide Seller with an estimated budget for all capital and variable costs to complete such Water Treatment System prior to Seller obtaining any of its required corporate approvals. In case the Seller doesn't obtain its required corporate approvals to continue with this project, Seller shall pay Buyer for the actual engineering costs, up to a maximum of C\$50,000.00 in the form of a credit against the CO₂ purchase price. If Buyer doesn't obtain its required corporate approvals to continue with this project, Buyer shall pay Seller for its actual engineering costs up to a maximum C\$50,000.00.
- (b) Subject to Seller's and its Affiliates' approvals, on or before December 31, 2021, Buyer shall, at its sole cost, risk and expense, undertake the construction, installation, testing and commissioning of the Water Treatment System on the Leased Lands.
- (c) Subject to Seller's and its Affiliates' approvals, on or before December 31, 2021, Seller shall, at its sole cost, risk and expense, undertake the construction, installation, testing and commissioning of the On-Site Water Equipment.
- (d) Each Party will keep the other informed on a regular basis with respect to the progress of all phases detailed in Clauses 6A.1(a), (b) and (c) and any changes to any information that could affect the components for which the other is responsible.

6A.2 Specific Representations and Indemnifications

- (a) Buyer represents and warrants to Seller that when completed, in accordance with Buyer's plans, the Water Treatment System will have sufficient capacity to return to Seller all of the Treated Water from the P1 and P2 CO₂ Streams.
- (b) Buyer agrees to have the sole responsibility and to indemnify Seller and its Affiliates for the Water Treatment System pursuant to the same terms and conditions applicable to the CO₂ System and Buyer Installed On-Site Equipment, respectively, contained in Clause 3.6 of the Agreement.
- (c) Buyer has sole responsibility to, and at its sole cost and expense will, obtain and maintain in full force and effect any Authorizations that are required to be obtained in connection with the engineering, design, planning, construction, installation, testing, commissioning, ownership, use, operation, maintenance, dismantling, abandonment, decommissioning or reclamation of the Water Treatment System.

6A.3 Fees for Water Treatment and Disposal

Upon the In-Service Date of the Water Treatment System, Seller shall purchase, take and receive from Buyer all of the Treated Water made available to it at a monthly fee equal to the agreed upon (i) Buyer's capital investment for the Water Treatment System multiplied by 0.009785 (equates to 10% IRR over 20 year term) plus (ii) Buyer's variable monthly cost (actual operating and maintenance cost) of the Water Treatment System plus 10% mark-up, such fee to be invoiced by Buyer to Seller on a monthly basis. Buyer and Seller shall agree annually in writing on the following year's operating and maintenance cost.

6A.4 Treated Water Specifications

- (a) Buyer represents and warrants to Seller that the Treated Water delivered to Seller shall meet the specifications set forth in Schedule F.

- (b) Seller shall be entitled to refuse to accept delivery of Treated Water that does not meet the specifications set forth in **Schedule F** without incurring any liability for such refusal. If Seller refuses delivery of such Treated Water, Buyer may dispose of such water at its sole discretion.
- (c) Upon determining that any of the Treated Water tendered does not meet the specifications required by Clause 6A.4(a), as indicated by on line analysis or otherwise, Seller or Buyer, as the case may be, shall immediately advise the other and the Parties shall attempt to resolve the matter on commercially reasonable terms, there being no obligation on the part of Seller to accept the same.
- (d) During the Initial Term, and any extensions thereof, Buyer will not use the Water Treatment System to sell the Treated Water to any Person other than Seller or an Affiliate of Seller at any time when Seller is ready, willing and able to take such Treated Water and is not in default of any of its obligations hereunder.”;
- j. Clauses 7.2(a) and (b) of the Agreement are deleted and replaced in their entirety with the following:
 - “(a) Seller will prepare and deliver a statement to Buyer for the CO₂ Stream delivered by Seller during each Contract Month no later than the 15th day after the last day of the Contract Month. Buyer will prepare and deliver a statement to Seller for the Treated Water delivered by Buyer during each Contract Month no later than the 15th day after the last day of the Contract Month. Buyer shall advise Seller of the disposition of the CO₂ Stream as delivered, which may include venting, use for enhanced oil recovery pursuant to Clause 4.1(d) of the Agreement or injection for Sequestration purposes pursuant to Clause 4.1(f) of the Agreement or may also be attributable to measurement error.
 - (b) Each Party must pay to the other Party the net amount specified in the statements delivered pursuant to Clause 7.2(a) on or prior to thirty (30) days from receipt of statement.”;
- k. Clause 9.6(a) of the Agreement shall be amended by deleting the following phrases in the first sentence “(i) in the case of P2,” and “or (ii) in the case of P1, CO₂ analyzer and cycle gas flow meter”;
- l. Clause 12.1 of the Agreement is deleted and replaced in its entirety with the following:

“Term

The term of the Agreement shall commence on the date hereof and continue until December 31, 2028 (the “**Initial Term**”) and shall be automatically extended thereafter for successive periods of one (1) Contract Year (each such period a “**Contract Extension**”) unless terminated by notice given by either Party to the other at least two (2) years prior to the expiry of the Initial Term or applicable Contract Extension.”;
- m. Clause 13.12(d) of the Agreement is amended by inserting the words “Water Treatment System” following the words Downstream Equipment;
- n. **Schedule B** of the Agreement is deleted in its entirety and the First Amendment **Schedule B** attached hereto and incorporated herein, hereby replaces **Schedule B** of the Agreement in its entirety;
- o. **Schedule C** of the Agreement is deleted in its entirety and the First Amendment **Schedule C** attached hereto and incorporated herein, hereby replaces **Schedule C** of the Agreement in its entirety;

- p. The First Amendment Schedule E attached hereto and incorporated herein, is hereby inserted as Schedule E of the Agreement; and
- q. The First Amendment Schedule F attached hereto and incorporated herein, is hereby inserted as Schedule F of the Agreement.
3. As of the Effective Date, the Termination Notices are each hereby rescinded in their entirety by Seller and such rescission is accepted and confirmed as of the Effective Date by Buyer.
4. Buyer has sole responsibility to, and at its sole risk and expense, shall make the necessary applications for all required Authorizations from the Alberta Energy Regulator (“*AER*”), Alberta Environment & Parks (“*AEP*”) and any other applicable Government Authority with respect to Buyer’s Project.
5. Subject to Seller’s (including those of its Affiliates) and Buyer’s required corporate approvals, Seller and Buyer intend to proceed in good faith to undertake the engineering, design, planning, construction, installation and commissioning of new facilities to capture the additional boiler CO₂ from the Prentiss Site. Seller intends to install the necessary facilities up to the boundary of the Leased Lands at Seller’s cost and Buyer intends to modify its existing facilities and install any necessary facility upgrades as required to accept this incremental CO₂ Stream at Buyer’s cost. Such incremental CO₂ Stream shall be subject to the same terms and conditions as the current CO₂ Stream recovered from P1 and P2; provided, however, Schedule A may be modified as to the required CO₂ Stream specifications.
6. Buyer agrees to expend the necessary capital to guarantee the permanence of the CO₂ Stream captured (i) from Seller’s Project, (ii) as of the Effective Date and thereafter and (iii) from any incremental volumes of CO₂ from the Prentiss Site. The Parties agree to provide CO₂ Stream updates to each other so that Buyer has a reasonable assurance that the CO₂ Stream will be available on an ongoing basis and Seller has a reasonable assurance that the CO₂ Stream will be captured.
7. It is agreed and understood that the aforesaid Agreement shall remain in full force and effect without modification except as expressly set forth herein. Accordingly, all remaining terms, conditions, and provisions of such Agreement shall remain unchanged in full force and effect. All defined terms in the Agreement shall have the same meaning herein, unless otherwise amended. Whenever the provisions of this First Amendment are inconsistent with the terms and conditions of the Agreement, the provisions of this First Amendment shall control.
8. This First Amendment may be executed in counterparts (and by different Parties hereto in separate counterparts), each of which shall constitute an original, but all of which, when taken together, shall constitute a single contract. Delivery of an executed counterpart of a signature page of this First Amendment by facsimile or in electronic (i.e., “*pdf*” or “*tiff*”) format shall be effective as delivery of a manually executed counterpart of this Amending Agreement.

[Balance of page intentionally left blank]

IN WITNESS WHEREOF the Parties hereto have executed this First Amendment which is made effective as of the day and year first above written.

SELLER:

MEGLOCAL CANADA ULC,
a Nova Scotia unlimited liability company

By: R Schurink

Name: [Signature]
(Print)

Its: VP operations

ALBERTA & ORIENT GLYCOL COMPANY ULC,
a Nova Scotia unlimited liability company

By: [Signature]

Name: R Schurink
(Print)

Its: Director

BUYER:

ALPHABOW ENERGY LTD.,
an Alberta corporation

By: [Signature]

Name: Marshall Shi
(Print)
Chief Executive Officer

Its: _____

SCHEDULE B

CO₂ STREAM PRICES

The price payable by Buyer to Seller for the CO₂ Stream captured by Buyer pursuant to this Agreement shall be calculated on a monthly average basis according to the following provisions. The price for the CO₂ Stream shall be linked to the Edmonton Light Oil benchmark price which is available on the website www.gljpc.com; provided, however, if the required information is not provided or available at such website, then both Buyer and Seller shall agree on a source from which this required information can be retrieved. The CO₂ price is independent of the end use of the CO₂ captured.

- C\$2.5/MT when Edmonton Light Oil benchmark price is less than C\$45
- C\$5/MT when Edmonton Light Oil benchmark price is \geq C\$45 and \leq C\$65
- C\$10/MT when Edmonton Light Oil benchmark price exceeds C\$65 \leq C\$90
- C\$12.5/MT when Edmonton Light Oil benchmark price exceeds C\$90

SCHEDULE C

NOTICES

SELLER:

(other than operational billings)

MEGLOCAL CANADA ULC

Hwy. 597 & Prentiss Road
P.O. Bag 5501
Red Deer, Alberta, Canada
T4N 6N1
Attention: VP of Operations
Facsimile: (403) 885-8572
Email: rocco.schurink1@meglobal.biz

ALBERTA & ORIENT GLYCOL COMPANY ULC

Hwy. 597 & Prentiss Road
P.O. Bag 5501
Red Deer, Alberta, Canada
T4N 6N1
Attention: Director
Facsimile: (403) 885-8572
Email: rocco.schurink1@meglobal.biz

with a copy to:

MEGLOCAL AMERICAS INC.

2150 Town Square Place, Suite 750
Sugar Land, TX 77479
Attention: General Counsel
Facsimile: (281) 690-5629
Email: oconnekn@meglobal.biz

Operational Notices to:

MEGlobal Canada ULC
P.O. Bag 5501
Red Deer, Alberta, Canada
T4N 6N1
Attention: Site Leader
Facsimile: (403) 885-8586
Email: millerda@meglobal.biz

BUYER:

ALPHABOW ENERGY LTD.

1700, 222 - 3rd Avenue SW
Calgary, Alberta, Canada
T2P 0B4
Attention: Chief Operating Officer
Facsimile: (587) 393-5060
Email: rickironside@alphabowenergy.com

SCHEDULE E

CALCULATION FORMULA APPLICABLE TO SECTION 6.1(a)

Monthly Amount Payable = $0.5 \times ((80\% \times \text{ABGov\$} \times 75\% \text{ GHGInj}) - \text{C\$11} \times \text{GHGInj})$ (Parties agree that no payment is due from Seller to Buyer when the Monthly Amount Payable results in a negative value)

ABGov\$ – the official Government of Alberta tax rate that industrial emitters are required to pay per tonne for emissions of CO₂ to the atmosphere.

GHGInj – total tonnage of CO₂ injected on a monthly basis as indicated by Meter #3 located upstream of the refrigeration system; provided, however, Seller may validate such total tonnage of CO₂ injected on a monthly basis through Seller's ethylene mass balance.

80% – Constant agreed to by the Parties to account for the discounted market rate of GHGE Credits.

75% – Constant agreed to by the Parties to account for the reduced volume for which GHGE Credits are achieved.

The Parties further agree to true up the volume subject to the GHGE Credits annually after completion of the annual verification of emissions reductions achieved by a provincial accredited third party as per ISO14064-3. The cost of such annual verification shall be paid by Buyer and Buyer agrees to provide a copy of such verification report to Seller. Buyer shall pay Seller if the true up results in a credit to Seller and Seller shall credit Buyer against future CO₂ sales if the true up results in a credit to Buyer.

SCHEDULE F
TREATED WATER SPECIFICATIONS

- pH: 6.6 - 8.5
- Total hardness: 0.1 ppm CaCO₃ (max)
- TOC: 4 ppm (max)
- Iron: 0.06 ppm
- Conductivity: 10mS (max)
- TDS: 0.0 PPM

**Second Amending Agreement to the Prentiss CO₂ Stream
Purchase and Sale Agreement**

This Second Amending Agreement (the "**Second Amendment**") is made effective as of Dec 1, 2019 ("**Effective Date**"),

BETWEEN:

MEGLOCAL CANADA ULC, a Nova Scotia unlimited liability company ("**MEGlobal**") and
ALBERTA & ORIENT GLYCOL COMPANY ULC, a Nova Scotia unlimited liability
company ("**A&O**"), both having offices in the City of Calgary, in the Province of Alberta

(collectively, MEGlobal and A&O as referred to herein as "**Seller**")

-and-

ALPHABOW ENERGY LTD., an Alberta Corporation ("**ABE**"), having an office in the City of
Calgary, in the Province of Alberta.

("**Buyer**")

WHEREAS:

A. MEGlobal (as successor in interest to MEGlobal Canada Inc.), A&O (as successor in interest to Alberta & Orient Glycol Company Limited), ABE (as successor in interest to Glencoe Resources Ltd) and Dow Chemical Canada ULC (as successor in interest to Dow Chemical Canada Inc., and as a third party) entered into that certain Prentiss CO₂ Purchase and Sale Agreement (the "**Original Agreement**") dated December 1, 2004, whereby Seller agreed to sell and deliver, and Buyer agreed to purchase, take and receive at the Point of Delivery, the CO₂ Stream on the terms specified therein;

B. MEGlobal, A&O and ABE entered into that certain First Amendment (the "**First Amendment**") dated January 1, 2019. The Original Agreement and the First Amendment shall hereinafter be collectively referred to as the "**Agreement**"; and

C. The Parties wish to amend the Agreement as more particularly set forth herein.

NOW, THEREFORE in consideration of the premises, the covenants herein contained and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged by all of the Parties hereto, the Parties hereby agree as follows:

1. The foregoing recitals are acknowledged to be accurate and are incorporated herein by reference. Capitalized terms used in this Second Amendment, but not otherwise defined herein, shall have the meanings given to such terms in the Agreement.
2. Amendments to the Original Agreement and/or First Amendment:
 - a. Clause 2.e. of the First Amendment is hereby deleted in its entirety. Clause 6.1(a) of the Original Agreement shall now read as follows:

“(a) Buyer agrees to develop and apply for Buyer’s Project under the Enhanced Oil Recovery Protocol, as amended and/or other approved Protocols regulated under the Carbon Competitiveness Incentive Regulation.

Notwithstanding the Effective Date of this Second Amendment, and for purposes of this sentence of Clause 6.1(a) only, the Parties agree and acknowledge that Buyer took ownership and regulatory control of Seller’s Project as of January 1, 2019 for those

volumes of CO₂ generated on January 1, 2017 and thereafter; provided, however, Buyer consents to Seller having sold certain historical GHGE Credits from 2015 and 2016 during 2019.

Buyer will receive all GHGE Credits captured or attributable to or arising from the sequestering or use of the CO₂ Stream (including any use permitted by Clause 4.1 (d), subject to the requirements hereof) as defined in the Agreement as of January 1, 2019 or other such viable date agreed to by the Parties; provided, however, notwithstanding Clause 6.1 (j), Buyer shall pay Seller an amount calculated on a monthly basis and invoiced and paid in full to Seller the following month in accordance with the formula detailed in Schedule E of the First Amendment. Buyer shall have no liability towards the monetary value of GHGE Credits sold or owned by Seller under Seller's Projects unless Seller is impacted by Buyer's willful misconduct or gross negligence.”;

- b. Clause 2.f. of the First Amendment is deleted and replaced in its entirety with:

“Clauses 6.1(b), (c) and (d) of the Original Agreement shall remain in full force and effect as to any GHGE Credits earned prior to January 1, 2017 but are hereby rescinded with respect to any GHGE Credits earned after such date.”;
 - c. Clause 6.1(f) shall be added to the Original Agreement as follows:

“(f) Buyer agrees to purchase Seller's 2017 and 2018 Net Sequestration Allocation as set out in Schedule G attached hereto and incorporated herein. Seller shall invoice Buyer within thirty (30) days of the execution by all Parties to this Second Amendment. Buyer shall remit full payment to Seller within thirty (30) days' receipt of such invoice.”;
 - d. Clause 6.1(g) shall be added to the Original Agreement as follows;

“(g) Subject to Clause 4.1, Buyer indemnifies Seller from any issues related to the removal or release of the CO₂ volumes injected prior to January 1, 2017 and guarantees permanence of CO₂ captured under the BOR protocol. Seller agrees to indemnify Buyer from having any responsibility for any material concerns that arise regarding the verification and certification of the historical volumes prior to that date.”;
 - e. Clause 1.1 of the Original Agreement is amended by inserting the following additional definition in alphabetical order therein:

“‘*Net Sequestration Allocation*’ means the quantity of carbon dioxide that is sequestered in a geological formation, less the quantity of specified gases, expressed in CO₂e tonnes, released as a result of the sequestration activity;”;
 - f. The Second Amendment Schedule G attached hereto and incorporated herein, is hereby inserted as Schedule G of the Agreement.
- 3. It is agreed and understood that the Agreement shall remain in full force and effect without modification except as expressly set forth herein. Accordingly, all remaining terms, conditions and provisions of such Agreement shall remain unchanged in full force and effect. All defined terms in the Agreement shall have the same meaning herein, unless otherwise amended. Whenever the provisions of this Second Amendment are inconsistent with the terms and conditions of the Agreement, the provisions of this Second Amendment shall control.
 - 4. This Second Amendment may be executed in counterparts (and by different Parties hereto in separate counterparts), each of which shall constitute an original, but all of which, when taken together, shall constitute a single contract. Delivery of an executed counterpart of a signature page of this Second

Amendment by facsimile or in electronic (i.e., "pdf" or "tiff") format shall be effective as delivery of a manually executed counterpart of this Second Amendment.

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IN WITNESS WHEREOF the Parties hereto have executed this Second Amendment which is made effective as of the day and year first above written.

SELLER:

MEGLOCAL CANADA ULC,
a Nova Scotia unlimited liability company

By: [Signature]

Name: R Schurink
(Print)

Its: VP operations

Date: 1/28/2020

ALBERTA & ORIENT GLYCOL COMPANY ULC,
a Nova Scotia unlimited liability company

By: [Signature]

Name: R Schurink
(Print)

Its: Director

Date: 1/28/2020

BUYER:

ALPHABOW ENERGY LTD.,
an Alberta corporation

By: [Signature]

Name: Rick Ironside
Chief Operating Officer
(Print)

Its: _____

Date: 2020-01-28

SCHEDULE G
NET SEQUESTRATION ALLOCATION DETAILS

Description	Year Produced (vintage)	Tonnes of CO₂e	Price / Tonne of CO₂e	Price (CAD Dollars)
CO₂ Capture from Prentiss1 for EOR Net Emission Sequestration	2017	0	\$25.24	\$ 0.00
CO₂ Capture from Prentiss1 for EOR Net Emission Sequestration	2018	7932	\$25.24	\$ 200,203.68
CO₂ Capture from Prentiss2 for EOR Net Emission Sequestration	2017	13244	\$25.24	\$ 334,278.56
CO₂ Capture from Prentiss2 for EOR Net Emission Sequestration	2018	5748	\$25.24	\$ 145,079.52
CO₂ Capture from Prentiss1 and Prentiss2 for EOR Report Verification	2017/2018	---	---	(\$ 1821.80)
Purchase Price:				\$ 677,739.96

Attachment 13

Attachment 14

**Third Amending Agreement to the Prentiss CO₂ Stream
Purchase and Sale Agreement**

This Third Amending Agreement (the "**Third Amendment**") is made effective as of Jan 1, 2020 ("**Effective Date**"),

BETWEEN:

MEGLOBAL CANADA ULC, a Nova Scotia unlimited liability company ("**MEGlobal**") and **ALBERTA & ORIENT GLYCOL COMPANY ULC**, a Nova Scotia unlimited liability company ("**AO**"), both having offices in the City of Calgary, in the Province of Alberta

(collectively, MEGlobal and A&O as referred to herein as "**Seller**")

-and-

ALPHABOW ENERGY LTD, and Alberta Corporation ("**ABE**"), having an office in the City of Calgary, in the Province of Alberta

("**Buyer**")

WHEREAS:

- A. MEGlobal (as successor in interest to MEGlobal Canada Inc.), A&O (as successor in interest to Alberta & Orient Glycol Company Limited, ABE (as successor in interest to Glencoe Resources Ltd) and Dow Chemical Canada ULC (as successor in interest to Dow Chemical Canada Inc., and as a third party) entered into that certain Prentiss CO₂ Purchase and Sale Agreement (the "**Original Agreement**") dated December 1, 2004, whereby Seller agreed to sell and deliver, and Buyer agreed to purchase, take and receive at the Point of Delivery, the CO₂ Stream on the terms specified therein.
- B. MEGlobal, A&O and ABE entered into that certain First Amendment (the "**First Amendment**") dated January 1, 2019 and that certain Second Amendment (the "**Second Amendment**") effective December 1, 2019. The Original Agreement, First Amendment and Second Amendment shall hereinafter be collectively referred to as the "**Agreement**"; and
- C. The Parties wish to amend the Agreement as more particularly set forth herein.

NOW, THEREFORE in consideration of the premises, the covenants herein contained and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged by all of the Parties hereto, the Parties hereby agree as follows;

- 1. The foregoing recitals are acknowledged to be accurate and are incorporated herein by reference. Capitalized terms used in the Third Amendment, but not otherwise defined herein, shall have the meanings given to such terms in the Agreement.
- 2. Amendments to the Agreement:
 - a. Clause 2a. of the Second Amendment is hereby deleted in its entirety. Clause 6.1(a) of the Original Agreement shall now read as follows:
 - “(a) Buyer agrees to develop and apply for Buyer’s Project under the Enhanced Oil Recovery Protocol, as amended and/or other approved Protocols regulated under the Carbon Competitiveness Incentive Regulation.

Notwithstanding the Effective Date of this Third Amendment, and for the purposes of this sentence of Clause 6.1(a) only, the Parties agree and acknowledge that Buyer took

ownership and regulatory control of Seller's Project as of January 1, 2019 for those volumes of CO₂ generated on January 1, 2017 and thereafter; provided, however, Buyer consents to Seller having sold certain historical GHGE Credits from 2015 and 2016 during 2019.

Buyer will receive all GHGE Credits captured or attributable to or arising from the sequestering or use of the CO₂ stream (including any use permitted by Clause 4.1(d), subject to the requirements hereof) as defined in the Agreement as of January 1, 2019 or other such viable date agreed to by the Parties; provided, however, notwithstanding Clause 6.1(j), Buyer shall pay Seller an amount calculated on a monthly basis, invoiced semiannually by Seller in June and December and paid in full to Seller the following month in accordance with the formula detailed in Schedule E of the First Amendment. Buyer shall have no liability towards the monetary value of GHGE Credits sold or owned by Seller under Seller's Projects unless Seller is impacted by Buyer's willful misconduct or gross negligence.”;

- b. The last paragraph of Schedule E of the First Amendment is hereby deleted in its entirety and shall now read as follows:

“The Parties further agree to true up the volume subject to the GHGE Credits semiannually after completion of the semiannual verification of emissions reductions achieved by a provincial accredited third party as per ISO14064-3. The cost of such semiannual verification shall be paid by Buyer and Buyer agrees to provide a copy of such verification report to Seller. Buyer shall pay Seller if the true up results in a credit to Seller and Seller shall credit Buyer against future CO₂ sales if the true up results in a credit to Buyer.”

3. It is agreed and understood that the Agreement shall remain in full force and effect without modification except as expressly set forth herein. Accordingly, all remaining terms, conditions and provisions of such Agreement shall remain unchanged in full force and effect. All defined terms in the Agreement shall have the same meaning herein, unless otherwise amended. Whenever the provisions of this Third Amendment are inconsistent with the terms and conditions of the Agreement, the provisions of this Third Amendment shall control.
4. This Third Amendment may be executed in counterparts (and by different Parties hereto in separate counterparts), each of which shall constitute an original, but all of which, when taken together, shall constitute a single contract. Delivery of an executed counterpart of a signature page of this Third Amendment by facsimile or in electronic (i.e., “pdf” or “tiff”) format shall be effective as delivery of a manually executed counterpart of this Third Amendment.

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IN WITNESS WHEREOF the Parties hereto have executed this Third Amendment which is made effective as of the day and year first above written.

SELLER:

MEGLOCAL CANADA ULC,
a Nova Scotia unlimited liability company


By:  DocuSigned by:
B7F633D1B88C419...

Name: Rocco Schurink
(Print)

Its: VP Operations

Date: 2020-08-06

ALBERTA & ORIENT GLYCOL COMPANY ULC,
a Nova Scotia unlimited liability company

By:  DocuSigned by:
B7F633D1B88C419...

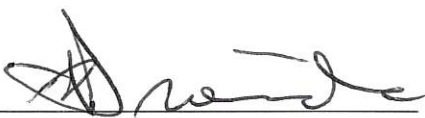
Name: Rocco Schurink
(Print)

Its: Director

Date: 2020-08-06

BUYER:

ALPHABOW ENERGY LTD.,
an Alberta corporation

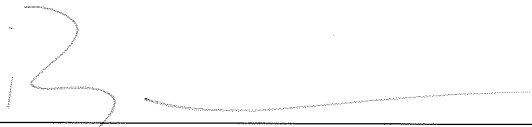
By: 

Name: Rick Ironside
Chief Operating Officer
(Print)

Its: _____

Date: August 4, 2020

THIS IS EXHIBIT "G" referred to in
the Affidavit of **ROCCO SCHURINK**
SWORN BEFORE ME this 5th day
of August, 2025.



A COMMISSIONER FOR OATHS in and
for the Province of Alberta.

Isaac Belland
Barrister and Solicitor

7/28/2025 15:52

MEGGLOBAL CANADA	Invoice #	Invoice Date	Net due date	Amount Due	Invoice currency	No of days overdue	Description	GST	Pre-GST
ME01	5659908	2/1/2021	2/1/2021	\$ 16,682.40	CAD	1,639	CO2 SALE - AUG 2020- REMAINING BAL FOR INV 5659908	\$ 794.40	\$ 15,888.00
ME01	5689890	7/20/2021	7/25/2021	\$ 165,424.00	CAD	1,465	GHG CREDITS - DEC 2020 - MAY 2021	\$ 7,877.33	\$ 157,546.67
ME01	5692900	11/30/2021	11/30/2021	\$ (829.13)	CAD	1,337	OVERPAYMENT FOR INV #5692900	\$ -	\$ (829.13)
ME01	5699613	12/9/2021	12/25/2021	\$ 87,205.13	CAD	1,312	NOV 2021 CONSUMPTION - CO2	\$ 4,152.63	\$ 83,052.50
ME01	5699991	12/13/2021	12/25/2021	\$ 161,770.25	CAD	1,312	GHG CREDITS - JUN 2021 - NOV 2021	\$ 7,703.35	\$ 154,066.90
ME01	5703093	1/18/2022	1/28/2022	\$ 71,677.20	CAD	1,278	DEC 2021 CONSUMPTION - CO2	\$ 3,413.20	\$ 68,264.00
ME01	5705306	2/9/2022	2/25/2022	\$ 97,426.88	CAD	1,250	JAN 2022 CONSUMPTION - CO2	\$ 4,639.38	\$ 92,787.50
ME01	5708403	3/14/2022	3/25/2022	\$ 84,889.88	CAD	1,222	FEB 2022 CONSUMPTION - CO2	\$ 4,042.38	\$ 80,847.50
ME01	5711104	4/12/2022	4/25/2022	\$ 109,018.88	CAD	1,191	MAR 2022 CONSUMPTION - CO2	\$ 5,191.38	\$ 103,827.50
ME01	5714586	5/23/2022	6/2/2022	\$ 44,114.44	CAD	1,153	APR 2022 CONSUMPTION - CO2	\$ 2,100.69	\$ 42,013.75
ME01	5719502	7/14/2022	7/25/2022	\$ 301,532.23	CAD	1,100	GHG CREDITS - DEC 2021 - MAY 2022	\$ 14,358.68	\$ 287,173.55
ME01	5730610	11/21/2022	12/1/2022	\$ 48,687.19	CAD	971	SEP 2022 CONSUMPTION - CO2	\$ 2,318.44	\$ 46,368.75
ME01	5730607	11/21/2022	12/1/2022	\$ 82,860.75	CAD	971	OCT 2022 CONSUMPTION - CO2	\$ 3,945.75	\$ 78,915.00
ME01	5731979	12/5/2022	12/25/2022	\$ 107,428.13	CAD	947	NOV 2022 CONSUMPTION - CO2	\$ 5,115.63	\$ 102,312.50
ME01	5732547	12/13/2022	12/25/2022	\$ 181,621.81	CAD	947	GHG CREDITS - SEP 2022 - NOV 2022	\$ 8,648.66	\$ 172,973.15
ME01	5735045	1/11/2023	1/25/2023	\$ 83,893.69	CAD	916	DEC 2022 CONSUMPTION - CO2	\$ 3,994.94	\$ 79,898.75
ME01	5737811	2/8/2023	2/25/2023	\$ 81,495.75	CAD	885	JAN 2023 CONSUMPTION - CO2	\$ 3,880.75	\$ 77,615.00
ME01	5740568	3/14/2023	3/25/2023	\$ 79,559.81	CAD	857	FEB 2023 CONSUMPTION - CO2	\$ 3,788.56	\$ 75,771.25
ME01	5742988	4/11/2023	4/25/2023	\$ 103,600.88	CAD	826	MAR 2023 CONSUMPTION - CO2	\$ 4,933.38	\$ 98,667.50
ME01	5746012	5/15/2023	5/25/2023	\$ 94,192.88	CAD	796	APR 2023 CONSUMPTION - CO2	\$ 4,485.38	\$ 89,707.50
ME01	5747740	6/7/2023	6/25/2023	\$ 43,299.38	CAD	765	MAY 2023 CONSUMPTION - CO2	\$ 2,061.88	\$ 41,237.50
ME01	5749156	6/26/2023	7/6/2023	\$ 536,984.54	CAD	754	GHG CREDITS - DEC 2022 - MAY 2023	\$ 25,570.69	\$ 511,413.85
ME01	5767842	1/15/2024	1/25/2024	\$ 919,128.00	CAD	551	2023 FAILURE TO TAKE	\$ 43,768.00	\$ 875,360.00
ME01	5799161	1/8/2025	1/25/2025	\$ 2,102,563.89	CAD	(16)	2024 FAILURE TO TAKE	\$ 100,122.09	\$ 2,002,441.80
				\$ 5,604,228.86					
A&O	Invoice #	Invoice Date	Net due date	Amount Due	Invoice Currency	No of days overdue	Description	GST	Pre-GST
ME02	5659909	3/1/2021	3/1/2021	\$ 11,855.29	CAD	1,611	AUG 2020 CONSUMPTION - CO2 REMAINING BALANCE FOR INV 5659909	\$ 564.54	\$ 11,290.75
ME02	5689889	7/20/2021	7/25/2021	\$ 199,990.35	CAD	1,465	GHG CREDITS - DEC 2020 - MAY 2021	\$ 9,523.35	\$ 190,467.00
ME02	5665004	11/1/2021	11/1/2021	\$ 58.17	CAD	1,366	OCT 2020 CONSUMPTION - CO2	\$ 2.77	\$ 55.40
ME02	5699614	12/9/2021	12/25/2021	\$ 73,581.38	CAD	1,312	NOV 2021 CONSUMPTION - CO2	\$ 3,503.88	\$ 70,077.50
ME02	5699990	12/13/2021	12/25/2021	\$ 105,633.94	CAD	1,312	GHG CREDITS - JUN 2021 - NOV 2021	\$ 5,030.19	\$ 100,603.75
ME02	5703094	1/18/2022	1/28/2022	\$ 45,651.90	CAD	1,278	DEC 2021 CONSUMPTION - CO2	\$ 2,173.90	\$ 43,478.00
ME02	5705307	2/9/2022	2/25/2022	\$ 86,415.00	CAD	1,250	JAN 2022 CONSUMPTION - CO2	\$ 4,115.00	\$ 82,300.00
ME02	5708404	3/14/2022	3/25/2022	\$ 78,885.19	CAD	1,222	FEB 2022 CONSUMPTION - CO2	\$ 3,756.44	\$ 75,128.75
ME02	5711105	4/12/2022	4/25/2022	\$ 98,227.50	CAD	1,191	MAR 2022 CONSUMPTION - CO2	\$ 4,677.50	\$ 93,550.00
ME02	5714587	5/18/2022	5/28/2022	\$ 15,358.88	CAD	1,158	APR 2022 CONSUMPTION - CO2	\$ 731.38	\$ 14,627.50
ME02	5731022	3/31/2022	3/31/2022	\$ (373.32)	CAD	1,216	OVERPAYMENT	\$ -	\$ (373.32)
ME02	5719499	7/14/2022	7/25/2022	\$ 241,627.52	CAD	1,100	GHG CREDITS - DEC 2021 - MAY 2022	\$ 11,506.07	\$ 230,121.45
ME02	5730611	11/21/2022	12/1/2022	\$ 31,808.44	CAD	971	SEP 2022 CONSUMPTION - CO2	\$ 1,514.69	\$ 30,293.75
ME02	5730608	11/21/2022	12/1/2022	\$ 28,869.75	CAD	971	OCT 2022 CONSUMPTION - CO2	\$ 1,374.75	\$ 27,495.00
ME02	5731980	12/5/2022	12/25/2022	\$ 103,566.75	CAD	947	NOV 2022 CONSUMPTION - CO2	\$ 4,931.75	\$ 98,635.00
ME02	5732546	12/13/2022	12/25/2022	\$ 124,826.15	CAD	947	GHG CREDITS - SEP 2022 - NOV 2022	\$ 5,944.10	\$ 118,882.05
ME02	5735046	1/11/2023	1/25/2023	\$ 22,288.88	CAD	916	DEC 2022 CONSUMPTION - CO2	\$ 1,061.38	\$ 21,227.50
ME02	5737812	2/8/2023	2/25/2023	\$ 175.35	CAD	885	JAN 2023 CONSUMPTION - CO2	\$ 8.35	\$ 167.00
ME02	5749155	6/26/2023	7/6/2023	\$ 17,185.04	CAD	754	GHG CREDITS - DEC 2022 - MAY 2023	\$ 818.34	\$ 16,366.70
ME02	5767843	1/15/2024	1/25/2024	\$ 1,217,017.20	CAD	551	2023 FAILURE TO TAKE	\$ 57,953.20	\$ 1,159,064.00
ME02	5799162	1/8/2025	1/25/2025	\$ 1,849,393.77	CAD	(16)	2024 FAILURE TO TAKE	\$ 88,066.37	\$ 1,761,327.40
				\$ 4,352,043.13					

**No CO2 sales to Alphabow from MEGlobal Canada or A&O from May - Aug 2022.

INTEREST	Invoice #	Invoice Date	Net due date	Amount Due	Invoice Currency	No of days overdue	Description	GST	Pre-GST
ME01	5695086	10/15/2021	10/25/2021	\$ 1,355.16	CAD	1,373	INTEREST CHARGE	-	\$ 1,355.16
ME01	5697933	11/17/2021	11/25/2021	\$ 1,405.67	CAD	1,342	INTEREST CHARGE	-	\$ 1,405.67
ME01	5700054	12/15/2021	12/25/2021	\$ 1,011.24	CAD	1,312	INTEREST CHARGE	-	\$ 1,011.24
ME01	5702880	1/17/2022	1/27/2022	\$ 1,982.25	CAD	1,279	INTEREST CHARGE	-	\$ 1,982.25
ME01	5706093	2/17/2022	2/27/2022	\$ 1,575.60	CAD	1,248	INTEREST CHARGE	-	\$ 1,575.60
ME01	5708459	3/15/2022	3/25/2022	\$ 2,201.28	CAD	1,222	INTEREST CHARGE	-	\$ 2,201.28
ME01	5711760	4/12/2022	4/25/2022	\$ 3,473.18	CAD	1,191	INTEREST CHARGE	-	\$ 3,473.18
ME01	5714106	5/18/2022	5/28/2022	\$ 2,935.15	CAD	1,158	INTEREST CHARGE	-	\$ 2,935.15
ME01	5717353	6/21/2022	7/1/2022	\$ 4,217.03	CAD	1,124	INTEREST CHARGE	-	\$ 4,217.03
ME02	5700053	12/15/2021	12/25/2021	\$ 1,008.79	CAD	1,312	INTEREST CHARGE	-	\$ 1,008.79
ME02	5702879	1/17/2022	1/27/2022	\$ 1,640.59	CAD	1,279	INTEREST CHARGE	-	\$ 1,640.59
ME02	5706092	2/17/2022	2/27/2022	\$ 1,927.24	CAD	1,248	INTEREST CHARGE	-	\$ 1,927.24
ME02	5708460	3/15/2022	3/25/2022	\$ 1,942.50	CAD	1,222	INTEREST CHARGE	-	\$ 1,942.50
ME02	5711759	4/12/2022	4/25/2022	\$ 3,061.79	CAD	1,191	INTEREST CHARGE	-	\$ 3,061.79
ME02	5714104	5/18/2022	6/2/2022	\$ 2,582.18	CAD	1,153	INTEREST CHARGE	-	\$ 2,582.18
ME02	5717352	6/21/2022	7/1/2022	\$ 3,592.24	CAD	1,124	INTEREST CHARGE	-	\$ 3,592.24

\$ 9,992,183.88

Invoice Reference

Notes

1 Only a portion of invoice is outstanding
2 Only a portion of invoice is outstanding
N/A

3 GHG CREDITS
4 FAILURE TO TAKE
5 EXCESS PMT
6
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18
19
20
21
22
23 Not included in claim

INTEREST
CO2 SALES
GHG CREDITS
FAILURE TO TAKE
EXCESS PMT

* GHG credits billed se

24 Only a portion of invoice is outstanding
25
26 Only a portion of invoice is outstanding
27
28
29
30
31
32
33
N/A
34
35
36
37
38
39
40
41
42
43 Not included in claim

MEG Canada				A&O				TOTAL
Pre-2022*	2022	2023	2024	Pre-2022*	2022	2023	2024	
\$ 3,772.07	\$ 16,384.49			\$ 1,008.79	\$ 14,746.54			\$ 35,911.89
\$ 175,564.73	\$ 658,319.84	\$ 402,148.70		\$ 131,146.74	\$ 465,420.39	\$ 175.35		\$ 1,832,775.75
\$ 327,194.25	\$ 483,154.04	\$ 536,984.54		\$ 305,624.29	\$ 366,453.67	\$ 17,185.04		\$ 2,036,595.83
\$ -	\$ -	\$ 919,128.00	#####	\$ -	\$ -	\$1,217,017.20	\$1,849,393.77	\$ 6,088,102.86
\$ (829.13)				\$ (373.32)				\$ (1,202.45)
\$ 505,701.92	\$ 1,157,858.37	#####	#####	\$ 437,406.50	\$ 846,620.60	\$1,234,377.59	\$1,849,393.77	\$ 8,142,790.11
	\$ 5,624,385.42				\$4,367,798.46			

mi-annually, Dec 2021 amount is billed in 2022 and as such is listed under the 2022 column

in CAD

Interest	Jun 21, 2022 - Apr 26, 2024	\$	561,544.89
	Apr 27, 2024 - Oct 22, 2024	\$	318,439.54

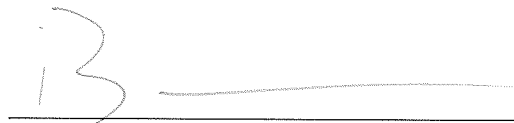
Land Lease	2018	\$	12,409.87
	2019	\$	12,656.55
	2020	\$	12,941.18
	2021	\$	13,036.05
	2022	\$	13,662.24
	2023	\$	14,525.62
	2024	\$	15,018.98

		\$	94,250.47
Incl. GST		\$	98,963.00

	Interest*		CO2	Land Lease	Failure to Take		GHG Credits	TOTAL
	Invoiced	Not Invoiced	Invoiced	Not Invoiced	Invoiced	Not Invoiced	Invoiced	
Prior to Apr 26, 2024	\$ 34,709.44	\$ 561,544.89	\$ 1,832,775.75	\$ 98,963.00	\$ 2,136,145.20	\$ -	\$ 2,036,595.83	\$ 6,700,734.11
After Apr 26, 2024	\$ -	\$ 318,439.54	\$ -	\$ -	\$ 3,951,957.66	\$ -	\$ -	\$ 4,270,397.20
TOTAL	\$ 34,709.44	\$ 879,984.43	\$ 1,832,775.75	\$ 98,963.00	\$ 6,088,102.86	\$ -	\$ 2,036,595.83	\$ 10,971,131.31

* Interest is only calculated on outstanding invoiced amounts up to Oct 22, 2024

THIS IS EXHIBIT "H" referred to in
the Affidavit of **ROCCO SCHURINK**
SWORN BEFORE ME this 5th day
of August, 2025.



A COMMISSIONER FOR OATHS in and
for the Province of Alberta.

Isaac Belland
Barrister and Solicitor

Anderson, Cassy

From: Pawlyk, Jerritt
Sent: Monday, December 16, 2024 1:45 PM
To: david.mann@bluerocklaw.com
Subject: Alphabow CCAA: MEGlobal
Attachments: Asset Purchase and Sale Agreement - December 9, 2024.pdf; Letter encl Proofs of Claim and documentation - October 23, 2024.pdf

David,

I am counsel to MEGlobal in these proceedings. I note that your client as purchaser of certain assets has listed contracts with my client as assets that it wishes to acquire (I have excerpted and attached the corresponding schedule from the APA).

Please find attached my client's Proof of Claim, which represents the associated cure costs.

If you have any questions, please do not hesitate to contact me.

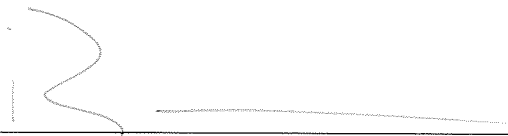
Jerritt Pawlyk
Partner

T [+1 780.429.6835](tel:+17804296835)
F +1 780.670.4329
E jerritt.pawlyk@dlapiper.com



DLA Piper (Canada) LLP
Suite 2700
10220 - 103rd Ave NW
Edmonton, AB T5J 0K4
www.dlapiper.com

THIS IS EXHIBIT "I" referred to in
the Affidavit of **ROCCO SCHURINK**
SWORN BEFORE ME this 5th day
of August, 2025.



A COMMISSIONER FOR OATHS in and
for the Province of Alberta.

Isaac Belland
Barrister and Solicitor

Anderson, Cassy

From: David Mann <David.mann@bluerocklaw.com>
Sent: Wednesday, December 18, 2024 2:37 PM
To: Pawlyk, Jerritt
Cc: Keely Cameron; Evan Hall; iron.rick@shaw.ca; 'Tony Kinnon'
Subject: [EXTERNAL] RE: Alphabow CCAA: MEGlobal

DLA Piper (Canada) LLP ALERT: This is an external email. Do not click links or open attachments unless you recognize the sender's email address and know the content is safe.

Hi Jerritt, thanks for your note below.

Please be advised that your client's contract will be disclaimed and it, and its related claims, will be included in the Transferred Assets.

Accordingly, the following contracts have been removed from Schedule "A" to the 2628069 Alberta Ltd. Asset Purchase Agreement (under "Contracts: 1. Co2 Facilities Agreements").

- Prentiss CO₂ Stream Purchase and Sale Agreement with MEGlobal dated December 1, 2004
- First Amending Agreement to the Prentiss CO₂ Stream Purchase and Sale Agreement dated January 1, 2019
- Second Amending Agreement to the Prentiss CO₂ Stream Purchase and Sale Agreement dated December 1, 2019
- Third Amending Agreement to the Prentiss CO₂ Stream Purchase and Sale Agreement dated January 1, 2020

Regards,

Dave

David Mann K.C.

Partner, Blue Rock Law LLP.

m: 403.605.3992

o: 587.317.0643

e: david.mann@bluerocklaw.com

a: 700 - 215 9th Ave. S.W. Calgary, AB

w: www.bluerocklaw.com

From: Pawlyk, Jerritt <jerritt.pawlyk@ca.dlapiper.com>
Sent: December 16, 2024 1:45 PM
To: David Mann <David.mann@bluerocklaw.com>
Subject: Alphabow CCAA: MEGlobal

David,

I am counsel to MEGlobal in these proceedings. I note that your client as purchaser of certain assets has listed contracts with my client as assets that it wishes to acquire (I have excerpted and attached the corresponding schedule from the APA).

Please find attached my client's Proof of Claim, which represents the associated cure costs.

If you have any questions, please do not hesitate to contact me.

Jerritt Pawlyk

Partner

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THIS IS EXHIBIT "J" referred to in
the Affidavit of **ROCCO SCHURINK**
SWORN BEFORE ME this 5th day
of August, 2025.

A handwritten signature in dark ink, appearing to be 'Isaac Belland', written over a horizontal line.

A COMMISSIONER FOR OATHS in and
for the Province of Alberta.

Isaac Belland
Barrister and Solicitor

Anderson, Cassy

From: Sarah Aaron <aarons@bennettjones.com>
Sent: Monday, December 23, 2024 9:55 AM
To: Pawlyk, Jerritt; david.mann@bluerocklaw.com
Cc: Keely Cameron
Subject: RE: [EXTERNAL] AlphaBow CCAA

Hi Jerritt,

My understanding is that Cascade does not believe that the contracts were assigned, but rather is looking to work out a deal with MEGlobal on a go forward basis. I expect Dave may be able to provide more insight.

Thanks,
Sarah

Sarah Aaron (she/her), Associate, Bennett Jones LLP
T. 403 298 3177 | F. 403 265 7219

From: Pawlyk, Jerritt <jerritt.pawlyk@ca.dlapiper.com>
Sent: Monday, December 23, 2024 8:36 AM
To: david.mann@bluerocklaw.com; Sarah Aaron <aarons@bennettjones.com>
Subject: FW: [EXTERNAL] AlphaBow CCAA

Good morning David and Sarah,

As you can see from the below correspondence, Cascade seems to be under the mistaken understanding that the MEGlobal contracts were assigned pursuant to the SAVO. I attach your correspondence confirming the opposite. The redline SAVO that I reviewed confirmed this as well. Can you please clarify with your client that this Prentiss CO2 agreements were not transferred. Thank-you.

Jerritt Pawlyk
Partner

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F [+1 780.670.4329](tel:+1780.670.4329)
E jerritt.pawlyk@dlapiper.com



DLA Piper (Canada) LLP
Suite 2700
10220 - 103rd Ave NW
Edmonton, AB T5J 0K4
www.dlapiper.com

From: O'Connell KN (Katherine) MEG <oconnekn@meglobal.biz>
Sent: Monday, December 23, 2024 7:22 AM
To: Pawlyk, Jerritt <jerritt.pawlyk@ca.dlapiper.com>; Childress R (Rhonda) MEG <rhonda.childress@meglobal.biz>
Subject: RE: [EXTERNAL] AlphaBow CCAA

Good morning Jerritt:

Please see the below emails that our operations folks received from Cascade which appear to contradict what counsel had emailed to you. Can you please look into this further and advise?

From: iron.rick@shaw.ca <iron.rick@shaw.ca>
Sent: December 20, 2024 2:22 PM
To: Schurink R (Rocco) MEG <rocco.schurink1@meglobal.biz>
Cc: Idicula A (Abey) MEG <aidicula@meglobal.biz>; tonykinnon@icloud.com
Subject: RE: meeting

Caution: This email originated from outside the organization EQUATE. Do not click links, open attachments or reply unless you recognize the sender and know the content is safe.

Hi Rocco and Abey,

We thought we should follow up on our last email sent on December 12th now that the CCAA process for Alphabow has been heard by the Alberta Court of King's Bench. As you may already be aware, we have been granted our vesting order for our winning bids placed in the Alphabow process and will move forward to close the transactions in the first quarter of 2025. As we will now be the new operators of Prentiss CO2 facilities, we would very much like to sit down with you to discuss how we can work with MEGlobal to restart Prentiss CO2 facility and continue to take and sequester MEGlobal's emission stream.

As you can imagine, we have been frustrated with how long the Alphabow/AER/OWA process has taken and throughout it we have worked hard and put forward ideas that we believed would be acceptable to the AER to allow us to invest the capital needed to restart and properly operate both Prentiss CO2 and Chigwell EOR. So we understand how frustrated MEGlobal and you both must be with how long this has taken but we are hopeful that we can work with you to resolve the difficulties of the past and move forward to our mutual benefits.

As part of our discussion, we would like to explore the possibility of undertaking an early start of the facilities, if for nothing else the sole purpose of removing the water plume from the site.

Is it possible for us to set up a time to meet?

Best Regards,
Rick

From: iron.rick@shaw.ca <iron.rick@shaw.ca>
Sent: December 12, 2024 1:50 PM
To: 'Schurink R (Rocco) MEG' <rocco.schurink1@meglobal.biz>
Cc: 'Idicula A (Abey) MEG' <aidicula@meglobal.biz>; 'tonykinnon@icloud.com' <tonykinnon@icloud.com>
Subject: RE: meeting

Hi Rocco,

Merry Xmas and the Best of the Season to you and your family.

We are pleased to inform you that Cascade Capture's bid for Prentiss CO2 and Chigwell EOR has been selected as the winning bid by the Alphabow CCAA monitor, KSV Advisory. All related purchase and sale agreements have been executed with AlphaBow as part of the CCAA process. The next step will be AlphaBow / KSV / Bennett Jones making application to the Court of Kings Bench on Dec 19th to seek approval of overall CCAA outcome and all related

transactions. Assuming the approval of the Court we will receive vesting orders related to our transaction(s) and will be able to move forward from there.

Tony and I would very much like to meet with you and Abey to discuss the process and how we can move forward to get Prentiss restarted as soon as possible post vesting order and licence transfer. We are happy to do either a zoom call or come meet you in person at MEGlobal. Please let us know if it is possible to have a meeting and what timing is best for you.

Best Regards,
Rick

Regards,

Katherine N. O'Connell, Esq.
General Counsel – The Americas

oconnkn@meglobal.biz
T +281-207-0234
M +832-802-9810
F +281-690-5629

MEGlobal Americas Inc.
2150 Town Square Place
Seventh Floor, Suite 750
Sugar Land, TX 77479



www.meglobal.biz

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THIS IS EXHIBIT "K" referred to in
the Affidavit of **ROCCO SCHURINK**
SWORN BEFORE ME this 5th day
of August, 2025.



A COMMISSIONER FOR OATHS in and
for the Province of Alberta.

Isaac Belland
Barrister and Solicitor

Action No.: 2401-05179
E-File Name: CVK25ALPHABOW
Appeal No.: _____

IN THE COURT OF KING'S BENCH OF ALBERTA
JUDICIAL CENTRE OF CALGARY

N THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT,
R.S.C. 1985, c. C-36, as amended

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF
ALPHABOW ENERGY LTD.

P R O C E E D I N G S

Calgary, Alberta
December 19, 2024

Transcript Management Services
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1 Proceedings taken in the Court of King's Bench of Alberta, Courthouse, Calgary, Alberta

2

3 December 19, 2024

Afternoon Session

4

5 The Honourable

Court of King's Bench of Alberta

6 Justice P.R. Jeffrey

7

8 K. Cameron (remote appearance)

For AlphaBow Energy Ltd.

9 S. Aaron (remote appearance)

For AlphaBow Energy Ltd.

10 R. Zahara (remote appearance)

For Orphan Well Association

11 K.L. Reiffenstein (remote appearance)

For Bears paw Petroleum Ltd.

12 M. Swanberg (remote appearance)

For Red Deer County and Municipal District of
Greenvview

13

14 L. Falkenberg Walsh (remote appearance)

For Department of Justice, Canada

15 T. Cones (remote appearance)

For Department of Justice, Canada

16 L. Delamont (remote appearance)

For Strathcona Resources Ltd.

17 J.L. Oliver (remote appearance)

For KSV Restructuring Inc.

18 A. Basi (remote appearance)

For KSV Restructuring Inc.

19 M.E. Lavelle (remote appearance)

For Alberta Energy Regulator

20 K. Holmes (remote appearance)

For Torxen Energy Ltd.

21 W.M. Laurin (remote appearance)

For EnerNEXT

22 D. Sigurdson (remote appearance)

For Flagstaff County, Lamont County, Settler
County, Starland County, County of Warner,
Municipal District of Provost and Ponoka
County.

23 (Student-at-Law)

24

25

26 V. Baylis (remote appearance)

For Direct Energy Marketing Limited

27 R. Algar (remote appearance)

For North 40 Resources Ltd.

28 B. LaBranche

For North 40 Resources Ltd.

29 S. Kroeger (remote appearance)

For NOVA Chemicals Corporation

30 H. Buswell (remote appearance)

For West Earth Sciences Ltd.

31 E. Paplawski (remote appearance)

For Canadian Natural Resources Ltd.

32 R. Toor (remote appearance)

For Sunalta

33 D.W. Mann, KC

For Cascade Capture Ltd.

34 J. Peterson

Court Clerk

35

36 Discussion

37

38 THE COURT:

You guys have been busy. You look very calm
and relaxed and all of the stuff you generated. Wow. I will start by saying I did receive
word a very short time ago that the Direct Energy concern is no longer a concern.

39

40

41

1 MS. CAMERON: That's correct, Justice Jefferys (sic). We have
2 language proposed for the reverse vesting order and one of the asset purchase agreements
3 involving the numbered company ending in 069.
4

5 THE COURT: Okay. You are Keely Cameron, I take it?
6

7 MS. CAMERON: Yeah.
8

9 THE COURT: Okay.
10

11 MS. CAMERON: Good morning or good afternoon.
12

13 THE COURT: Good afternoon. Why don't you begin with some
14 introductions and then we will take it from there.
15

16 MS. CAMERON: Perfect. Thank you, Justice Jefferys. It's Keely
17 Cameron. Appearing with me is my associate, Sarah Aaron, from Bennett Jones, on behalf
18 of the applicant, AlphaBow Energy Ltd. In attendance today, and I'm going off the list
19 provided in the chat, is --
20

21 THE COURT: Oh.
22

23 MS. CAMERON: -- Stephen Kroeger, from Osler, who's counsel
24 to NOVA Chemicals Corporation. Ryan Zahara, from MLT Aikins, who's legal counsel
25 for the Orphan Well Association.
26

27 THE COURT: Okay.
28

29 MS. CAMERON: Katherine --
30

31 THE COURT: Hold - hold on.
32

33 MS. CAMERON: -- Reiffenstein --
34

35 THE COURT: Sorry, I am just trying to --
36

37 MS. CAMERON: -- from Code --
38

39 THE COURT: -- cat - I am just trying to catch up because I don't
40 - I don't have access to the chat directly, so. Mr. Zahara was for the on - Orphan Well
41 Association?

1
2 MS. CAMERON: Correct.
3
4 THE COURT: Okay. Carry on. Thanks.
5
6 MS. CAMERON: Katherine Reiffenstein, from Code Hunter,
7 counsel for Bearspaw Petroleum.
8
9 THE COURT: Right.
10
11 MS. CAMERON: Jeffrey Oliver from Cassels Brock, who's
12 counsel for KSV Restructuring, the Monitor.
13
14 THE COURT: Thank you.
15
16 MS. CAMERON: Maria Lavelle, legal counsel to the Alberta
17 Energy Regulator.
18
19 THE COURT: Thank you.
20
21 MS. CAMERON: Kerry Holmes from Anderson Morin LLP,
22 counsel to Torxen Energy Ltd.
23
24 THE COURT: Okay.
25
26 MS. CAMERON: Tristen Cones from the Department of Justice
27 Canada for the Minister of National Revenue. Lyndsey Delamont, from McCarthy Tetrault,
28 who's counsel for Strathcona Resources. Lora Falkenberg Walsh from the Department of
29 Justice, who's counsel for Indian Oil and Gas Canada. Michael Swanberg, from Reynolds
30 Mirth Richards & Farmer, counsel for Red Deer County and the Municipal District of
31 Greenview. Andrew Basi from KSV Restructuring, on behalf of the Monitor. Ryan Algar
32 from Burnet, Duckworth and Palmer, counsel for the proposed purchaser, North 40
33 Resources. Hannah Buswell from West Earth Sciences, William Laurin from EnerNEXT
34 counsel, who's external counsel for Torxen. Emily Paplowski from Osler, counsel for
35 Canadian Natural Resources Limited. Dylan Sigurdson from Brownlee, counsel for
36 Flagstaff County, Lamont County, Settler County, Starland County, County of Warner,
37 Municipal District of Provost, and Ponoka County. And then Victoria Baylis from Fasken
38 Martineau, who's counsel for Direct Energy.
39
40 THE COURT: And - and I missed who Ms. Paplowski is
41 representing. Can you tell me that again?

1
2 MS. CAMERON: Canadian Natural Resources.
3
4 THE COURT: CNRL. Okay, thank you. Well, so, like, half the
5 Alberta bar. That is good.
6
7 MS. CAMERON: It's been a big insolvency and lots going on. And
8 as you'll see and from the huge volumes we've unfortunately provided to your office.
9
10 THE COURT: Yeah, and I - I should, I - I regret that the
11 message may have been, I - I like paper copies but of the briefs. Yes --
12
13 MS. CAMERON: The briefing -
14
15 THE COURT: -- Monitor's report, that is great. The five
16 banker's boxes of copies of asset and purchase agreements and so on, I - I regret how many
17 trees that may have killed and staff you have burned out, Ms. Cameron getting that over
18 here. Thank you for it, so. That said, a couple of things, it is - there have been some moving
19 parts, obviously, and so --
20
21 MS. CAMERON: Yeah.
22
23 THE COURT: -- I - I welcome your updating me and so on as it
24 pertains to various questions I have. Maybe on the - the bigger picture first. The purchase
25 price of the various assets that are being sold, that does not go, I gather, to AlphaBow
26 residual trust, not at all. How is, where - where is that going?
27
28 MS. CAMERON: So - so the purchase price actually will go into
29 the residual trust to deal with the priority claim. So that money flows into AlphaBow's
30 bank --
31
32 THE COURT: Okay.
33
34 MS. CAMERON: -- accounts, those bank account, the bank
35 account's been excluded as an asset under the subscription agreement. So --
36
37 THE COURT: Okay.
38
39 MS. CAMERON: -- you probably haven't --
40
41 THE COURT: Well then --

1
2 MS. CAMERON: -- seen, because there's an update to our main
3 order for the stay extension, for the proposal is some of those funds would be used to deal
4 in the very near term with the - our - the reasonable care and measures costs that the Orphan
5 Well Association's been incurring as -- in looking after these assets. The rest of the funds
6 after professional fees, et cetera, are dealt with - with a small holdback, would end up in
7 the trust at closing.
8
9 THE COURT: So, are they part of what is defined as secure
10 costs here? The --
11
12 MS. CAMERON: No --
13
14 THE COURT: -- the ones --
15
16 MS. CAMERON: -- so --
17
18 THE COURT: -- to --
19
20 MS. CAMERIN: -- to put --
21
22 THE COURT: Go ahead.
23
24 MS. CAMERON: -- so your costs are being assumed by all of the
25 purchasers including --
26
27 THE COURT: Okay.
28
29 MS. CAMERON: -- under the subscription agreement which,
30 I'm sure you've seen it's a touchy issue on some reverse vesting order matters and this one,
31 cure costs are being assumed. So what we anticipate is that with the proceeds from the
32 various transactions that will likely go towards the priority claimants, which we understand
33 to primarily be made up of the Alberta Energy Regulator for their various levies and fees -
34 -
35
36 THE COURT: Okay.
37
38 MS. CAMERON: -- as well as municipal tax arrears.
39
40 THE COURT: And I jumped ahead, myself, I apologize. I did
41 want to ask of all of those who are present, who wishes to be called on before I make any

1 decision? I probably don't know who - who is going first, maybe. I - I am assuming that I
2 will be calling on Mr. Oliver. I am assuming I will be calling on Ms. Reiffenstein, if I have
3 that pronounced correctly. Should I call on Mr. Zahara, yourself, Ms. Lazelle (sic)?
4

5 MR. ZAHARA: Justice Jeffrey, it's Zahara, 'R', for the record
6 from the Orphan Well Association. We'll have brief comments put on the record but, or -
7 or not depending on the position on the application today. Thank you.
8

9 THE COURT: Thank you.
10

11 MS. PAPALAWSKI: Good afternoon, Justice Jeffrey. Eve Paplawski,
12 we'll also have a few brief comments after the company makes its submissions.
13

14 THE COURT: Okay. Thank you.
15

16 MS. LAVELLE: And --
17

18 MS. HOLMES: Good afternoon, this is Holmes, first initial 'K'.
19 I'm on for Torxen Energy Limited. And similarly, I'll have just a few brief comments this
20 - this afternoon.
21

22 MS. LAVELLE: And, Justice Jefferys, Maria Lavelle for the
23 Alberta Energy Regulator. Similar to the others who have spoken I will have very brief
24 comments that we're not taking a position on today's application. Thank you.
25

26 THE COURT: Okay.
27

28 MR. KROEGER: Good afternoon, My Lord. Stephen Kroeger
29 from Osler on - for NOVA Chemical Cor - NOVA Chemical Cors - Corporation. I - I may
30 have some brief comments if I can get them out.
31

32 THE COURT: Okay. Thank you.
33

34 MR. SWANBERG: Good afternoon, Sir, this is Michael Swanberg.
35 Again, I'm on for two of the municipalities in this matter. I'll also have some comments.
36 About 10 minutes ago a revised form of order, specifically with respect to the payment
37 anticipated to the AER was submitted. I do have some concerns with that that I would like
38 to speak to.
39

40 THE COURT: Okay, thank you, Mr. Swanberg.
41

1 MS. DELAMONT: Good afternoon, Sir. Lastname Delamont, first
2 initial 'L' of McCarthy Tetrault, counsel for Strathcona Resources. I will have brief
3 comments as well, Sir.
4

5 THE COURT: Okay. Thank you.
6

7 MR. ALGAR: Good afternoon, Justice Jefferys. Ryan Algar
8 with Burnet, Duckworth and Palmer. As Ms. Cameron mentioned, we are counsel to one
9 of the proposed purchasers, North 40. I understand, and you will have seen the brief from
10 Ms. Reiffenstein, and so I expect that I'll want to respond to her submissions on that, Sir.
11

12 THE COURT: Okay. Thank you.
13

14 MS. BAYLIS: And, Victoria Baylis, B-A-Y-L-I-S, first initial
15 'V', counsel for Direct Energy. I - I don't anticipate that we will be needing to make
16 comments in light of the agreement that was reached prior to today's hearing but I just
17 wanted to make a note in - in the event that any questions arise.
18

19 THE COURT: Okay. Thank you.
20

21 MR. OLIVER: Sir, Jeffrey Oliver for the Monitor. I think you
22 correctly telegraphed we would have some brief submissions. Thank you.
23

24 THE COURT: Thank you. That seems to be it. Almost
25 everybody. Here we go.
26

27 MR. SIGURDSON: Dylan - Dylan Sigurdson, student-at-law with
28 Brownlee LLP. We are for, I believe, seven municipalities. We may have some very brief
29 comments but no substantial submissions today.
30

31 THE COURT: Thank you, Mr. Sigurdson. Good. Well, given
32 some of the parties who indicate they intend to offer some comments, I will perhaps reserve
33 a few of the questions until they come. I am just reviewing -- of the areas requested for
34 approval by the Court there are a couple that I didn't have any concern but I am just
35 glancing at them, thinking of the parties that wish to speak if I should --
36

37 MS. CAMERON: M-hm.
38

39 THE COURT: -- hold off on that.
40

41 MS. CAMERON: Just - Justice Jefferys if it would be of assistance

1 I could maybe provide a high level overview of where I think there are --

2

3 THE COURT: Sure.

4

5 MS. CAMERON: -- potential --

6

7 THE COURT: Good, yes, okay.

8

9 MS. CAMERON: -- concerns or are - areas in contention because
10 that might help you determine when and where you might want to ask your questions before
11 I jump in.

12

13 THE COURT: Okay.

14

15 MS. CAMERON: So, specific to, we - we have worked very hard
16 with the various stakeholders to try to resolve the various concerns that we were aware of
17 leading up to this application today. And a - as recently as a few -- there it -- the last half
18 hour before the application we were still working on some minor amendments to try to
19 address some of those concerns. And I'll be able to walk you through those. My - my
20 understanding is there's three areas of potential concerns with the stakeholders present
21 today. One is in respect of the proposed North 40 transaction. That transaction was also
22 before the Court in our last application. And there's an issue with regards to a unit
23 agreement that AlphaBow --

24

25 THE COURT: Okay.

26

27 MS. CAMERON: -- hasn't --

28

29 THE COURT: And that is Bearspaw, okay.

30

31 MS. CAMERON: Correct.

32

33 THE COURT: Good.

34

35 MS. CAMERON: That's Bearspaw. That's also why Torxen's here
36 because they're the -- my -- they're the other, one of the other parties in the agreement. So,
37 that dispute deals with three of the stakeholders on - online, so North 40, Bearspaw, and
38 Torxen, are relevant to that matter and --

39

40 THE COURT: Right.

41

1 MS. CAMERON: -- whether that unit agreement should be pulled
2 out of the purchase and sale agreement, pending a resolution on an interpretation of that
3 agreement.
4

5 The other issue, which was alluded to from my friends from the municipalities, involves
6 the language that we have -- we will be seeking as part of the stay extension order enabling
7 AlphaBow to pay the Orphan Well Association costs incurred by the Orphan Well
8 Association as it relates to their care and custody of AlphaBow's assets, which care and
9 custody has pre-dated these proceedings. So, my understanding is the concern is whether
10 it's appropriate to pay the pre-filing amounts at this point in time in respect of those
11 amounts incurred by the Orphan Well Association. I do note that the Orphan Well
12 Association's costs do fall under the AER's *Oil and Gas Conservation Act's* statutory lien
13 that grants it priority with respect to debts owed by a licensee.
14

15 THE COURT: And is that issue limited to the pre-filing costs?
16

17 MS. CAMERON: That - that's my understanding. With regards to
18 the post-filing amounts --
19

20 THE COURT: Yes.
21

22 MS. CAMERON: -- sought to be paid, we've been intending and
23 proposing to pay those from the start of these proceedings. It was always considered that
24 those were valid post-filing amounts that should be paid because the Orphan Well
25 Association has stepped in and is providing care and custody with regards to AlphaBow's
26 assets pursuant to an Alberta Energy Regulator order.
27

28 THE COURT: And the third area of concern?
29

30 MS. CAMERON: And the third issue relates to CNRL. And we did
31 deal with that a bit in Mr. Li's affidavit and that issue relates to, in, I believe around 2017,
32 and my friends can correct me if I'm incorrect, what happened is Pengrowth - Pengrowth
33 sold some interests in certain oil and gas assets to AlphaBow, which CNRL was a partner
34 in those assets and never consented with regards to the assignment of those interests. Those
35 sites have been pursuant to ongoing litigation. Pengrowth is now Strathcona. So, that's why
36 Strathcona is here today. And the issue relates to -- and my understanding with - from
37 CNRL is that they view this as a post-closing issue in terms of whether, should the various
38 purchase and sale agreements and the subscription agreement be approved, whether a post-
39 closing they would recognize the assignment of the various interests under the agreements
40 that CNRL's a partner in. And they had provided correspondence, which is included in Mr.
41 Li's affidavit at Exhibit M, where they had provided us with previous notice that, to the

1 extent they had concerns regarding the appropriateness of a purchaser they may withhold
2 their assignment. I understand some of our purchasers have been able to reach an agreement
3 with CNRL on how that would be treated. And it's my understanding that there's one
4 purchase and sale agreement involving Sunalta, where no agreement has been reached.
5

6 THE COURT: Which one is the one involving Sunalta?

7
8 MS. CAMERON: Those are, there's two asset purchase agreements
9 --
10

11 THE COURT: Okay.

12
13 MS. CAMERON: -- that we're seeking approval of.
14

15 THE COURT: Well maybe I was looking at the wrong stuff. I
16 thought there were four or five. You have got North 40, you have got Eastrock, you have
17 got a bunch of, I am just asking which ones --
18

19 MS. CAMERON: Yeah, with this --
20

21 THE COURT: -- pertain --
22

23 MS. CAMERON: -- CNRL --
24

25 THE COURT: -- to Sunalta --
26

27 MS. CAMERON: -- issue it's, my understanding, is the CNRL
28 issue didn't apply to all of the various asset purchase agreements, only select agreements
29 involving the numbered companies, North 40, and Sunalta. And so the issues only
30 outstanding under my understanding with regards to Sunalta and whether language should
31 be included in a vesting order preserving CNRL's position.
32

33 THE COURT: Okay. Thank you. And appreciate that - those
34 from my review of the information. Okay. I think it best, I do want to ask first, just
35 threshold, about service. One of my two --
36

37 MS. CAMERON: Okay.
38

39 THE COURT: -- questions have been answered. And then I will
40 invite you to proceed, Ms. Cameron.
41

1 MS. CAMERON:

Perfect.

2

3 THE COURT:

But one --

4

5 MS. CAMERON:

I --

6

7 THE COURT:

-- one of the pieces of relief being requested is
8 through abridge service and tell me by and how much time am - am I abridging it? What -
9 -

10

11

12 MS. CAMERON:

Certainly. In regards of the affidavit of service,

13

14

15 THE COURT:

Yes.

16

17 MS. CAMERON:

-- service. I don't know if it's made its way to
18 you yet. In terms of the abridgment, we did file our mater - our initial materials on
19 December 9th, not by the noon deadline but later that day. So, parties did receive them, an
20 unfiled copy on December 9th, just not by noon, and then on December 11th we provided
21 proof of filing. We had reached to your office and sought leave to file the supplemental
22 affidavit of Mr. Li, which just provided updates on, there are a couple of schedules that had
23 previously been missed, as well as an update of two of the transactions at the time of filing
24 on December 9th. We had not had a signed agreement with Rock East, which we provided
25 as part of that supplemental affidavit. And then we also provided update that the Bench
26 Creek transaction, we were not proceeding with as a result of proposed changes.

27

28

29

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40

41

MS. CAMERON:

-- that was provided.

1 THE COURT: It - it is more with respect to supplement. I will
2 just ask if any of the parties present had planned to seek an adjournment as a consequence
3 of shorter notice than you would otherwise be entitled to.
4

5 Ms. Cameron, please go ahead then with your submissions.
6

7 **Submissions by Ms. Cameron (First Concern)**
8

9 MS. CAMERON: Perfect. Thank you. Just a quick housekeeping
10 item before we begin. I just want to confirm, Justice Jefferys, that you have a copy of our
11 application, our brief, the affidavit of Ben Li, sworn December 9th and his supplemental
12 affidavit, sworn December 6th, as well as the sixth report of the Monitor, in terms of the
13 primary application materials?
14

15 THE COURT: Those all sound familiar, let me just look for 1
16 minute.
17

18 MS. CAMERON: And then you would have also received a --
19

20 THE COURT: Yes.
21

22 MS. CAMERON: -- a from --
23

24 THE COURT: Yes.
25

26 MS. CAMERON: -- an aff --
27

28 THE COURT: The answer is yes.
29

30 MS. CAMERON: Okay. And - and then do you also have the brief,
31 the Direct Energy, that matter's resolved, so that's not important but - for today's purposes,
32 but do you also a copy of the brief of Bearspaw and their affidavit of Patri - Patricia
33 Merrick?
34

35 THE COURT: I have those and I do have all the Direct --
36

37 MS. CAMERON: Okay.
38

39 THE COURT: -- Energy materials and those consumed my
40 morning. I wish you could have settled it last night, but there we are.
41

1 MS. CAMERON: Yeah, apologies for that --
2
3 THE COURT: I do have a question - I do have a question about
4 that, out of curiosity but I will leave --
5
6 MS. CAMERON: Sure.
7
8 THE COURT: -- that until --
9
10 MS. CAMERON: Okay.
11
12 THE COURT: -- if we don't have time, it won't matter. So, just
13 go ahead.
14
15 MS. CAMERON: Okay. Moving on. By way of a brief background.
16 So, AlphaBow, it's a privately owned company. They're -- it's an oil and gas company.
17 Their assets are all located in Alberta. They're the licensee of approximately 3800 wells,
18 4,000 pipelines, and over 300 facilities in Alberta, with Alberta Energy Regulator deemed
19 liabilities estimated at just under \$230 million. These proceedings arose as a result of
20 AlphaBow defaulting on its financial obligations, which resulted in a series of orders from
21 the Alberta Energy Regulator, including an order that AlphaBow shut in its assets and -
22 and that was in the summer of 2023. In September 2023, the Regulator directed the Orphan
23 Well Association to take possession and provide care and custody over AlphaBow's assets,
24 which continue to currently be subject to the suspension order, as well as under the care
25 and custody of the Orphan Well Association.
26
27 AlphaBow, in response to the AER's orders, launched various appeals and regulatory
28 appeals of the AER's decision. Following the issuance of the AER's decision on its internal
29 regulatory appeal, which upheld the decision to issue the suspension order and move care
30 and custody to the Orphan Well Association, AlphaBow commenced proceeding -- NOI
31 proceedings in April of this year which were then converted to CCAA proceedings. As part
32 of an application, in April, AlphaBow got court approval to retain CR Energy advisors, to
33 help them run a court approved sale and investment solicitation process, the goal of which,
34 and part of the prioritization, was to ensure that all of its environmental obligations are
35 assumed through the process. And we're pleased to say that we're here today seeking Court
36 of approval of the last of the transaction, subject to potentially remarketing for a brief
37 period, the assets that were going to be subject to the Bench Creek transaction which, if we
38 don't remarket those, those would just form part of the assets staying with AlphaBow,
39 assumed by the purchaser under the subscription agreement.
40
41 THE COURT: Is that a potential after the Monitor has reviewed

1 the revised -- so I - I read that the Monitor says we don't see any value in remarketing
2 anything but then because of this development, the adjustment on --

3

4 MS. CAMERON: Yeah.

5

6 THE COURT: -- Bench Creek, is it, Beach - Birch Creek?

7

8 MS. CAMERON: Be - Bench Creek.

9

10 THE COURT: Be - Bench Creek. Yes, so that, there is a
11 suggestion that one of the options, as you have just said, is they may go and remarket some
12 of that.

13

14 MS. CAMERON: Yeah and - and we -- I -- by remarket I don't
15 anticipate there be a formal process but a - as you may have seen, and how we end up with
16 the Rock East transaction that we're seeking approval of, that was another example where
17 following vandalism to the site, that offer had changed. Throughout this process the
18 shareholders of AlphaBow have been supportive and early on in the process, and as part of
19 the sales process, they'd indicated a willingness to potentially take on certain assets should
20 another purchaser not be found for them. So, one of the things we will be exploring with
21 the Energy Regulator is whether that's something they'd be supportive of us looking to
22 advance.

23

24 THE COURT: Okay. In your high level overview you referred
25 to \$230 million of --

26

27 MS. CAMERON: Correct.

28

29 THE COURT: -- environmental liabilities, other liabilities,
30 through AER. In the materials that is filed, one of the selling points to the RVO, you say
31 that there will be \$150 million worth of environmental remediation reclamation costs
32 covered that otherwise likely would fall to the public.

33

34 MS. CAMERON: Correct.

35

36 THE COURT: What about the other 80, where are those?

37

38 MS. CAMERON: That's all going to other, various other
39 purchasers through the other transactions. So, all of the --

40

41 THE COURT: So - so --

1
2 MS. CAMERON: -- environmental --
3
4 THE COURT: -- all --
5
6 MS. CAMERON: -- obligations will --
7
8 THE COURT: -- 100 and --
9
10 MS. CAMERON: -- be assumed.
11
12 THE COURT: -- 150 are going to the AlphaBow residual trust?
13
14 MS. CAMERON: Not, so not to the residual trust. The way the
15 residual trust works is that's largely financial obligations that aren't being assumed. So,
16 right whereas you would normally vest those off in a normal purchase and sale agreement,
17 those financial obligations not being assumed through the subscription agreement will go
18 into the trust as well as contracts that haven't been assigned. And explicitly, and we worked
19 with the Alberta Energy Regulator on that and one of the amendments to the RVO
20 language, and it - and it is, I would say, clear in the subscription agreement but less so in
21 the RVR. We've made it clear no environmental obligations can go into the trust. So, all
22 environmental obligations are assumed either by third parties through our asset purchase -
23 -
24
25 THE COURT: Okay.
26
27 MS. CAMERON: -- agreements or by the third-party sh - share
28 purchaser through the corporate transaction. And what --
29
30 THE COURT: What - what --
31
32 MS. CAMERON: -- we did --
33
34 THE COURT: -- do you --
35
36 MS. CAMERON: -- to try to --
37
38 THE COURT: -- see happ --
39
40 MS. CAMERON: -- pro --
41

1 THE COURT: -- what do you see happening to AlphaBow
2 residual trust in future? So, the longer --
3

4 MS. CAMERON: Yes.

6 THE COURT: -- return.
7

8 MS. CAMERON: So - so what will happen wi - with the trust is it
9 will be utilized to deal with the -- to finalize the claims process and to distribute the
10 proceeds from the sales and then it will be wound up.
11

12 THE COURT: All right. Carry on please.
13

14 MS. CAMERON: Perfect. And - and so, part of the overall driver
15 in this application today, beyond addressing environmental obligations, is we do submit
16 there is a bit of urgency in terms of advancing these transactions, which is why I apologize
17 in advance that we've jammed the Court with so many materials but these assets have been
18 shut in for over a year as a result of the various orders and the amount of time in this
19 process. So, there is a keen interest in getting assets transferred out of the Orphan Well
20 Association as soon as possible. And, similarly, as noted in Mr. Li's affidavit, as well as
21 the Monitor's report, we've already seen some loss of value as this process drags on in
22 terms of purchasers --
23

24 THE COURT: M-hm.
25

26 MS. CAMERON: -- seeking to reduce and change their purchase
27 price or to amend their asset listings as sites get vandalized as a result of not having a full-
28 time operator there to look after them. So, it's under that lens today that we're seeking
29 Court of approval of the various transactions as well as the stay extension to enable us to
30 conclude --
31

32 THE COURT: Sure.
33

34 MS. CAMERON: -- these transactions and wind up the estate.
35

36 THE COURT: That - that will be the least of your concerns
37 today, I think.
38

39 MS. CAMERON: So, in terms of the stay extension, current stay
40 expires December 30th. It's --
41

1 THE COURT: Right.
2
3 MS. CAMERON: -- clear that more time is required to enable this
4 process to conclude. In part, given limited availability on the commercial list, we are
5 seeking an extension to, and including, February 14th --
6
7 THE COURT: Are you --
8
9 MS. CAMERON: -- in --
10
11 THE COURT: -- are you --
12
13 MS. CAMERON: - order to enable --
14
15 THE COURT: -- come --
16
17 MS. CAMERON: -- AlphaBow --
18
19 THE COURT: -- are you comfortable that is enough time? I
20 would rather your next visit be your last one, no offence.
21
22 MS. CAMERON: You know, the - the concern, Justice Jefferys, of
23 why we did the 14th and - and I will let the Monitor to speak to this to comment, because
24 we would welcome a further extension, is just because of cash flow issues and the ability
25 to pay post - continue to pay post filing amounts, will turn on whether certain of these
26 transactions close.
27
28 THE COURT: Okay. No, I understand. Okay.
29
30 MS. CAMERON: Yeah, and - and so to the extent they don't, I - I
31 do anticipate to regardless that we will need to come back January or February to deal with
32 some issues relating the claims process and distribution of funds.
33
34 In terms of the stay extension we do deal with this in our brief, Mr. Li's affidavit, at
35 paragraph 70 in the Monitor's --
36
37 THE COURT: It --
38
39 MS. CAMERON: -- report.
40
41 THE COURT: It is fine.

1
2 MS. CAMERON: Perfect.
3
4 THE COURT: Yes. It -- the other matters, I think, is where or
5 where you want to focus your comments.
6
7 MS. CAMERON: Thank you. So, moving to the transactions as
8 mentioned. The sales being advanced today were the result of bids selected through the
9 sales process, which was court approved. The various asset transactions, those are
10 summarized in Mr. Li's affidavit in terms of what's being sought to be purchased by each
11 of the purchasers. So, for --
12
13 THE COURT: I will be --
14
15 MS. CAMERON: -- example --
16
17 THE COURT: -- I will be more specific. I - I would like if you
18 would address the three matters you headlined at the outset.
19
20 MS. CAMERON: Okay.
21
22 THE COURT: So, the --
23
24 MS. CAMERON: Perfect.
25
26 THE COURT: -- the issue affecting North 40 municipalities if
27 you want to lay the groundwork now before I hear them and also CNRL, please.
28
29 MS. CAMERON: Perfect. I'll - I'll deal with the North 40 issue
30 involving Bearspaw first. And so my understanding of the issue is there's a dispute as
31 between Bearspaw and Torxen regarding the proper interpretation of a unit agreement.
32
33 THE COURT: Right.
34
35 MS. CAMERON: There is no dispute as far as I understand that
36 AlphaBow has an interest in that unit agreement. The only dispute, as far as I understand
37 it, is there's one -- there's a specific well that is subject to the unit agreement and there's a
38 dispute in terms of who's entitled to the oil.
39
40 THE COURT: The oil proceeds, right. And why --
41

1 MS. CAMERON: The oil --
2
3 THE COURT: -- why does --
4
5 MS. CAMERON: -- proceeds and how --
6
7 THE COURT: -- Alph --
8
9 MS. CAMERON: -- you interpret it.
10
11 THE COURT: Wh - why do you say AlphaBow does not claim
12 any interest in it? I - I assume --
13
14 MS. CAMERON: Interest in the dispute?
15
16 THE COURT: Well --
17
18 MS. CAMERON: Specific to --
19
20 THE COURT: Yes. So AlphaBow, I gather, never received any
21 receipts for proportionate amount on the sale of oil, it - it - natural --
22
23 MS. CAMERON: So --
24
25 THE COURT: -- gas and NGLs, as I understand it.
26
27 MS. CAMERON: That - that's our understanding from the
28 invoices. Now, that said, they don't specify and build out what AlphaBow would've
29 received the funds for, whether it's gas or NGLs or oil, with regards to the specific well at
30 issue. Our - our view, in terms of the insolvency proceedings, is with regards to funds that
31 were received by AlphaBow, any claim Bears paw has there, that would be a claim being
32 vested out in any event. It'd be an unsecured claim. There are -- AlphaBow doesn't have
33 those funds to the extent they ever received them. I can also advise that AlphaBow and -
34 and I believe this may have been my friend's materials, AlphaBow's been garnished by the
35 Alberta Energy Regulator. So, they weren't receiving, starting in part of last year and this
36 year, amounts that Torxen would've paid in any event. So, on the who - who should've
37 been paid and what should've been done with those proceeds, Bears paw may have a claim
38 against Torxen. They may have a claim against AlphaBow. But that claim, for any
39 monetary amounts from AlphaBow --
40
41 THE COURT: Yes, and --

1
2
3
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9

MS. CAMERON: -- would be stayed and unsecured. Specific to the interpretation of the unit agreement and whether oil should be included as part of AlphaBow's interests or not, all we are purporting to sell is whatever interest AlphaBow has under the unit agreement. And we would submit that's a more appropriate issue for the purchaser to deal with because AlphaBow doesn't have much skin in the game in terms of whether they have an interest in the oil and gas or just the oil going forward. And we wouldn't propose to use limited estate fees on that.

10 THE COURT: Can I hear from Mr. Algar for a moment, please?
11 Are you --

12
13 MR. ALGAR: So --

14
15 THE COURT: -- muted?

16
17 MR. ALGAR: Thank --

18
19 THE COURT: So, more - more specifically, I - I was just trying
20 to get a handle on whether your client would perceive a success by Bearspaw, a loss to the
21 value of assets your client is expecting to acquire.

22
23 **Submissions by Mr. Algar (First Concern)**

24
25 MR. ALGAR: So, we're - we're prepared to proceed with both
26 the purchase price and the form of agreement. We have had discussions with Bearspaw's
27 counsel and it has remained North 40's position, as Ms. Cameron has just indicated, we are
28 - we are prepared to buy what AlphaBow is selling. We're not trying to acquire whatever
29 interest, to the extent it has one, that Bearspaw has.

30
31 THE COURT: Okay.

32
33 MR. ALGAR: And there's a history to - to this matter. So, I - I
34 think it's fair to say that to the extent that, as Ms. Cameron's pointed out, revenue has flown
35 to AlphaBow if it shouldn't have. You know, that - that's a claim against AlphaBow that
36 may go --

37
38 THE COURT: Yes, that is --

39
40 MR. ALGAR: -- nowhere and a potential claim against Torxen
41 but - but no our - our argue is we're prepared to proceed. We think that what Ms. Cameron

has included is an appropriate remedy. And I know Ms. Reiffenstein probably has a different position and would like to have this claim resolved. But our view, it - it would be that this transaction is part of, obviously, a large sweep that I think all parties are hoping to have approved today. And - and we don't see any true prejudice in contrast to the *Taber* decision being referenced. I can respond on that later but - but no, our view is we are prepared to proceed. We think that what Ms. Cameron has included is an appropriate remedy and I know Ms. Reiffenstein probably has a different position and would like to have this claim resolved, but our view it - it would be that this transaction is part of obviously a large sweep that I think all parties are hoping to have approved today and - and we don't see any true prejudice in contrast to the *Taber* decision being referenced. I can respond on that later, but - but our view is we're prepared to proceed with the purchase price and the assets that are being conveyed, which is AlphaBow's interest to whatever that is.

THE COURT: Okay. Thank you, that is - that is really what I was trying to get at earlier. Maybe I will just ask Ms. - is it Reiffenstein or Riffenstein (phonetic)? How do I - are you there?

Submissions by Ms. Reiffenstein (First Concern)

MS. REIFFENSTEIN: Good afternoon, Justice Jeffrey. Can you hear me?

THE COURT: I can hear you, yes, thank you.

MS. REIFFENSTEIN: Okay.

THE COURT: What - why --

MS. REIFFENSTEIN: Reiffenstein --

THE COURT: -- why --

MS. REIFFENSTEIN: -- initial 'K' --

THE COURT: -- why do you --

MS. REIFFENSTEIN: -- for the record.

THE COURT: -- thank you. Why do you want the approvals deferred out if -- in light of what Mr. Algar has said? It doesn't seem that it would affect

1 the estate.

2
3 MS. REIFFENSTEIN:

We were - are relying on the decision of Justice Feasby in the *Re Taber* matter that we provided to the Court. He held that the best practice where there is a dispute over ownership of an interest that's being transacted in an insolvency proceeding is to have that dispute determined before the vesting order and if necessary to exclude the disputed property from the vesting order. As far as we're aware, North 40 would still proceed with the transaction even if that unit agreement is excluded. We haven't heard otherwise and in - in our submission there is potential harm to Bearspaw if the vesting order is granted with this unit agreement included.

11
12 Our concern is that North 40 will find a way to argue, in the future, that the - the vesting order does extinguish Bearspaw's claim for a declaration in respect of Bearspaw's interest in the oil produced from this particular well. As well, we will have to proceed against North 40, we'll have to add them to our originating application so the matter will become more complex and the operator, Torxen, will continue to allocate proceeds incorrectly in our submission until there is a court determination. So, given all of that, our submission is that the Court could exclude the unit agreement from this vesting order and direct a hearing for determination of the interest that's being conveyed through the North 40 purchase and sale agreement.

21
22 THE COURT:

Is it your understanding that Justice Feasby in the *Taber* case is dealing with a title dispute between a couple of third parties or dealing with an asset that affects the size of what is available to creditors.

25
26 MS. REIFFENSTEIN:

It's my understanding that Justice Feasby was dealing with a working interest and the ownership of that interest. Of course, it was a different situation because the vesting order had already been granted, and in that case I believe the - as far as I understand, the working interest was a substantial part of the transaction. I don't know if that answers your question, Sir.

31
32 THE COURT:

Well, and - was -- we will go back to it. Was it CCAA or was it a bankruptcy?

34
35 MS. REIFFENSTEIN:

It was a bankruptcy.

36
37 THE COURT:

Okay. And did the trustee have a claim? Was it one of the parties to the title dispute, the working interest title dispute?

39
40 MS. REIFFENSTEIN:

I don't know that detail and maybe I would need to read the decision again, but it's my understanding that the - the party who was putting

1 forward the concern after the bankruptcy had already been approved was not the actual
2 owner of the interest and that may have had some impact on the decision as well.

3
4 THE COURT: Okay.

5
6 MS. REIFFENSTEIN: But basically the - in that case nobody had put
7 forward this concern at the time of the - the hearing of the approval and vesting order.

8
9 THE COURT: Your request then -- I am hearing two things.
10 Maybe one is in the alternative, but you are - you are asking for the - the application for
11 approval of the asset sale to North 40 to not be approved today. And is it in the alternative,
12 it should only be approved if the asset is excluded or in some expressed words that it is
13 without prejudice to the - the interest claimed by your client and Torxen. Something like
14 that?

15
16 MS. REIFFENSTEIN: Yes, I think that's fair. The -- our position is that
17 the transaction in its current form should not proceed. It could -- we would have no
18 objection if it proceeds without the unit agreement included in the list of assets. And finally
19 in - final alternative would be that the order include very specific language ensuring that
20 Bearspaw's claim is not impacted by the granting of the order.

21
22 THE COURT: And - and if -- I don't know if it is option 1 or 2,
23 but not 3, if I went with one of those options and I am excluding an asset. I presume it is
24 limited to your client's claim to the oil production not the natural gas of the NGLs from
25 that unit?

26
27 MS. REIFFENSTEIN: In - in our submission, the whole unit agreement
28 would have to be excluded because the -- because the expenses and the proceeds are all
29 connected --

30
31 THE COURT: I see.

32
33 MS. REIFFENSTEIN: -- intrinsically in --

34
35 THE COURT: Okay.

36
37 MS. REIFFENSTEIN: -- that unit agreement.

38
39 THE COURT: Okay. Now, I understand that. Thank you. Is
40 there anything you wanted to say? I think my intention now is to go back to Mr. Algar for
41 response, and then back to Ms. Cameron, and then invite any other party that wishes to be

1 heard. So, go ahead, Ms. Reiffenstein.

2

3 MS. REIFFENSTEIN: Those are my submissions for now, Sir.

4

5 THE COURT: For now. I am not sure what that means.

6

7 MS. REIFFENSTEIN: I - I don't think I'll have anything further unless
8 something unexpected comes out of their submissions.

9

10 THE COURT: Okay.

11

12 MS. REIFFENSTEIN: Thank you.

13

14 THE COURT: Thank you. Mr. Algar, please. You wanted to
15 respond about *Taber*.

16

17 **Submissions by Mr. Algar (First Concern) (Response)**

18

19 MR. ALGAR: Yes. Thank you, Sir. And - and I should point out
20 for the record I am also joined by one of my colleagues, Ms. LaBranche, here this
21 afternoon. I did check her into the chat and she is the solicitor in our energy group that has
22 been working on this transaction on behalf of North 40 so she probably has a lot more
23 technical knowledge than I do and if misspeak she may have to turn her camera and - and
24 become a barrister here for the afternoon --

25

26 THE COURT: Okay.

27

28 MR. ALGAR: -- but I know, Sir, you'd asked a few questions
29 about how this would be adjusted. As it stands, we don't have - we don't have an EPA
30 before this Court that has that asset or that unit agreement removed so to just suggest that
31 it should be removed and that the transaction can otherwise be approved, I'm not sure is
32 feasible. There would not doubt need to be a purchase price adjustment assuming that North
33 40 was still prepared to proceed with that, but we don't have those instructions at this time.
34 I think what Ms. Cameron has proposed and - and you've heard from or at least seen in
35 Bears paw's brief is that there's a way to have some language carving out in protecting this
36 claim.

37

38 North 40's been clear from - from the start that we're only buying what AlphaBow is selling
39 and clearly there's dispute between the parties and - and I understand Torxen is represented
40 here so I'm not sure if their counsel is going to make submissions on this point, but Ms.
41 LaBranche did - did inform me, I mean, title in contrast to what I understand happened in

the *Taber* decision but the title to the asset isn't being assigned to North 40. This is a - it's a unit interest and that's obtained as being assigned so to the extent that AlphaBow has that interest, that's being assigned to us, nothing more nothing - nothing less. So, to the extent that there's prejudice with respect to Bearspaw, I think it's perhaps in timing considerations. I think if there was to be some suggestion that this deal wasn't going to be approved along with what I think we're all hoping is the rest of them here this afternoon, I think that could have, sort of, a bit of a snowball affect of course with the corporate backstop trans - transaction as well. So, Sir, we would - we would oppose that and to the extent you view it as necessary, we would suggest the language that's provided by AlphaBow's counsel at paragraph 17 of the North 40 CABO is sufficient. We've all been clear on the record. And Ms. Reiffenstein suggested that perhaps we would turn around try to waive this CABO in their face. I think that would be a tough luck, certainly on me as counsel, if this transcript were pulled and we - we tried to later use that. So I think we're clear on this is clearly a dispute I would suggest largely between Torxen and - and Bearspaw. And so, Sir, other than there are any questions you have for me or if Ms. LaBranche turns her camera on and tells me that I've misspoken, those are my only submissions.

THE COURT: Thank you. I will give a long pause in case Ms. LaBranche wants to --

MS. LABRANCHE: Sure. Yes.

THE COURT: -- join --

MS. LABRANCHE: Yeah, no, I'll --

THE COURT: -- join the racier part of the bar --

MS. LABRANCHE: -- I think I can --

THE COURT: -- as an advocate. Okay. Go ahead.

Submissions by Ms. LaBranche (First Concern) (Response)

MS. LABRANCHE: Yes. I was - I was just saying to - to Ryan I'm a little bit nervous because I think the only time I've been in - in court over the last 10 years has been to bring an application for a new lawyer, so this is a little bit out of my regular scope.

THE COURT: Well --

1
2 MS. LABRANCHE: But, no, Ryan, I think that --
3
4 THE COURT: Yes, go ahead. Go ahead.
5
6 MS. LABRANCHE: -- that was very - oh, sorry. Go ahead.
7
8 THE COURT: No, I am fine. Please proceed.
9
10 MS. LABRANCHE: Okay. Ryan, very well said. I think that the one
11 point I just - I just thought we could focus on for a minute because I think it's helpful is
12 that this is a unit interest that's - that's being assigned. So, AlphaBow had an interest in a
13 unit and the actual asset at issue here is not an asset that AlphaBow had an actual interest
14 in. It did not contribute the asset to the unit so its interest in that is just by virtue of the unit
15 ownership. So, there is no title being assigned here on this particular well. Like it is - it is
16 a unit asset. It's a unit interest that is going in and we've been very clear the entire time
17 that all we're buying is the unit interest. And this is a natural gas unit, it's not an oil unit.
18
19 THE COURT: Okay.
20
21 MS. LABRANCHE: So, I - I - I can speak to - from North 40's
22 perspective that, you know, they're not - they're not looking to obtain interest in - in the
23 oil after this. This isn't something they're after. They just - they - they want the unit interest
24 which they understand is a natural gas unit and we don't believe the way we've structured
25 the transaction which is just stating that we're buying a unit interest and this well is listed
26 on the well schedule because we have a unit interest in that well in - in any way causes an
27 issue with - with Bearspaw's claim go - on a go forward basis. And don't have any concerns
28 with language being added to make it very clear that Bearspaw's claim should not be
29 prejudice by this order. So, to the extent the transaction can go ahead with the unit interest
30 in there, that's - that is certainly the preference cause removing it at this point is - is going
31 to cause some - some issues I think we're just not prepared to talk about today because we
32 - we would need some input from the party on that.
33
34 THE COURT: Okay. Thank you. Thank you, Ms. --
35
36 MS. LABRANCHE: Thank you.
37
38 THE COURT: -- LaBranche. And - and so, should I be calling
39 on Torxen next or Ms. Cameron? Do you want to say something further before I call on
40 Ms. Holmes?
41

1 **Submissions by Ms. Cameron (First Concern) (Response)**

2

3 MS. CAMERON: Yes, thank you, Justice Jeffrey. Just for the
4 record too cause you may not have it in front of you, the language we've proposed --

5

6 THE COURT: I was looking for --

7

8 MS. CAMERON: -- in our --

9

10 THE COURT: -- it in paragraph 17 --

11

12 MS. CAMERON: -- yeah --

13

14 THE COURT: -- of what?

15

16 MS. CAMERON: -- this North 40's CABO and --

17

18 THE COURT: Oh, is this --

19

20 MS. CAMERON: -- and it's the one --

21

22 THE COURT: -- this specific --

23

24 MS. CAMERON: -- we just --

25

26 THE COURT: -- agreement --

27

28 MS. CAMERON: -- provided recent - right before the application.

29 It provides nothing in this order shall be construed as determining AlphaBow's ownership

30 of oil produced from the well identified as, and then it has the descriptor for the well that

31 issue in terms of is oil being produced and who should get it. From Alpha --

32

33 THE COURT: Could I --

34

35 MS. CAMERON: -- Alpha --

36

37 THE COURT: -- can you just stop for a minute because I am

38 looking for it and - and you have told me a description. What --

39

40 MS. CAMERON: Yes.

41

1 THE COURT: -- what is it in?
2
3 MS. CAMERON: It's --
4
5 THE COURT: So, I start with the --
6
7 MS. CAMERON: -- paragraph --
8
9 THE COURT: -- right - no --
10
11 MS. CAMERON: -- 17 of --
12
13 THE COURT: -- they - they - they --
14
15 MS. CAMERON: -- the --
16
17 THE COURT: -- they - they - the --
18
19 MS. CAMERON: -- it's a separate order was provided to you this
20 afternoon. It's the order - it's the sales approval and vesting order for the North 40
21 transaction.
22
23 THE COURT: If it was provided this afternoon I don't have it
24 online digitally yet. I don't have it. Can that be sent somehow so I can look at it?
25
26 MS. CAMERON: Yes. It - can - is there a way to send it directly to
27 you? We did send it to Corbin or should we follow up with --
28
29 THE COURT: Just send it to me at my email address if you
30 would. My initials P-R and then Jeffrey ending R-E-Y @albertacourts.ca.
31
32 MS. CAMERON: Okay.
33
34 THE COURT: Thank you. Now as I open my email log I see two
35 from the coordinator about AlphaBow. You sent two things recently?
36
37 MS. CAMERON: Yes. Two sets of the amendments to the
38 agreements with - with the associated black lines.
39
40 THE COURT: Okay. Yes, that is in a separate email. I have that
41 now from the coordinator and --

1
2 MS. CAMERON: Perfect.

3
4 THE COURT: -- there is another one with about seven or eight
5 documents attached. So, I am - is paragraph 17 I think Mr. Algar said?
6

7 MS. CAMERON: Yes.
8

9 THE COURT: Nothing in this order should be construed as
10 determining AlphaBow's ownership of oil produced from ... Ms. Reiffenstein, does that
11 do it for you?
12

13 **Submissions by Ms. Reiffenstein (First Concern) (Response)**
14

15 MS. REIFFENSTEIN: We would prefer the language proposed in our
16 brief at paragraph 34. My concern with the way that my friends have phrased it is the words
17 ownership of oil. There's all kinds of issues with the use of the words natural gas and oil
18 in the underlying agreements and so I would prefer not to use the words natural gas or oil
19 in that paragraph, but instead just refer to Bearspaw's claims more generally.
20

21 THE COURT: The Bearspaw --
22

23 MS. REIFFENSTEIN: So, we had proposed --
24

25 THE COURT: -- Bearspaw is not --
26

27 MS. REIFFENSTEIN: -- proposed the --
28

29 THE COURT: -- Bearspaw is not claiming any interest in
30 natural gas or NGLs.
31

32 MS. REIFFENSTEIN: That's correct. The concern is that Torxen as far
33 as we understand their argument has argued that the words natural gas in the unit agreement
34 actually include oil and so we just want to avoid any --
35

36 THE COURT: So --
37

38 MS. REIFFENSTEIN: -- controversy around the use of those words.
39

40 THE COURT: -- has Bearspaw framed its claim in a court filing
41 already? An --

1
2 MS. REIFFENSTEIN: Yes.

3
4 THE COURT: -- an - an originating application, something like
5 that?

6
7 MS. REIFFENSTEIN: Yes.

8
9 THE COURT: How would Bearspaw feel if it was - shall be
10 construed as determining Bearspaw claim as described in an action number?

11
12 MS. REIFFENSTEIN: That's fine, although I would want to leave it
13 open enough that amendments to that claim can also be made. So, what we had drafted was
14 nothing in this order shall be construed as limiting or impacting the right and ability of
15 Bearspaw Petroleum Ltd. to pursue claims for declarations relating to section 15-29-
16 20W4M made or to be made in Court of King's Bench action number 2401-12358. And
17 we proposed that language, I didn't hear my friends - haven't say that they had any specific
18 objection to that language.

19
20 THE COURT: At what paragraph of your brief is that one, 34?

21
22 MS. REIFFENSTEIN: Yes.

23
24 THE COURT: Okay. Let me just pull that up before I hear
25 further from Ms. Cameron and then Ms. Holmes, please. Give me a moment.

26
27 Ms. Cameron, please.

28
29 **Submissions by Ms. Cameron (First Concern) (Response)**

30
31 MS. CAMERON: Thank you, Justice Jeffreys. I would more defer
32 to my friends for Torxen and North 40 given they would be the ones largely impacted by
33 this order --

34
35 THE COURT: Ms. Holmes.

36
37 MS. CAMERON: -- but I can advise that when we provided our
38 amended language our - our concern with what was proposed is - is the breadth of it and it
39 does go a bit beyond the sale - the - the purchase agreement and the vesting order that we're
40 seeking which is really limited to what - what's being - what interests are being vested and
41 sold as a result of the proposed transaction.

1
2 THE COURT: Ms. Holmes, please. Hope I have the name right.
3 Torx - counsel for Torxen.
4

5 **Submissions by Ms. Holmes (First Concern) (Response)**
6

7 MS. HOLMES: Thank you. Thank you, Sir. Yes, this is Holmes,
8 first initial 'K'. Can you hear me okay this afternoon?
9

10 THE COURT: Very fine. Thank you.
11

12 MS. HOLMES: Very good. Thank you. So, my comments will be
13 very minor, Sir, and non-substantive in nature. Torxen does not take a position on the
14 matters heard this afternoon or the proposed sale to North 40. Just a small comment that
15 my - my friends have alluded to and referenced is that Torxen along with AlphaBow are
16 respondents to the originating application brought by Bearspaw in September of this year
17 in the action number earlier referenced. And from reading Bearspaw's materials, I
18 understand that Bearspaw seeks to potentially have some of the matters set out in that
19 unfiled amended version of that originating application heard as part of the within
20 proceedings and prior to any sale to North 40 proceedings. So, Torxen doesn't take a - a
21 position on whether or not the sale proceeds as proposed, but if the request is granted and
22 those matters -- sorry, granted to have the matters of the originating application heard on
23 the commercial list in the near year as proposed, my only comment is - is Torxen would
24 like to participate in that process. There was some comments in my friend's brief that
25 indicated that she may not be seeking any particular relief as against Torxen at this time
26 and the - the determination would be more discrete in nature, but my comments today are
27 simply that that determination may have an ultimate impact on Torxen and its ability to
28 respond to that originating application as it may apply to Torxen at the later date. So, I just
29 want to ensure that Torxen's ability to participate in any hearing of matters subject to that
30 originating application is preserved so that they - they can participate if that is so ordered.
31 And, of course, subject to any questions that the Court may have, those are my only
32 submissions on the matter today.
33

34 THE COURT: Well, I - I got off track when you said the
35 parties are going to have this done on a commercial list. I - I have the sense that if I am
36 going to be approving the sale transaction it is back to being a civil matter between the
37 parties about this --
38

39 MS. HOLMES: And --
40

41 THE COURT: -- originating application. And - and --

1
2 MS. HOLMES: -- and --
3
4 THE COURT: -- as a party, you are going to have all your
5 participatory rights, notice, service, all of that sort of thing in the originating application.
6 How are you seeing this as being dealt with as a commercial chambers matter?
7
8 MS. HOLMES: So, just to be clear, that's not my suggestion or
9 proposal --
10
11 THE COURT: Okay.
12
13 MS. HOLMES: -- but I understand that that's been the proposal
14 of - of Bears paw. So, if as you've noted we leave the usual course of civil litigation and an
15 originating application and the court directs us to proceed on the commercial list and - and
16 bifurcate some of the elements of that originating application. I just want to ensure that
17 Torxen has an ability to participate and make submissions to the court if it chooses.
18
19 THE COURT: Okay. Understood. And unless --
20
21 MS. HOLMES: Thank you, Sir.
22
23 THE COURT: -- persuaded otherwise, I think it is going to be
24 unlikely it continues supplanting urgent insolvency matters off this list to deal with the
25 civil dispute.
26
27 MS. HOLMES: Thank you, Sir.
28
29 THE COURT: So, you - your client is not opposed to the
30 approval of the sale. With respect to wording which, as I understand it, as being requested
31 here out of concern that at some point in the originating application your client may take
32 the position that whatever interests they may have had has been extinguished or foreclosed
33 or it is - it is no longer able to be pursued because of a vesting order that this Court is
34 considering giving here today.
35
36 MS. HOLMES: I think from Torxen's position, Torxen does not
37 take a position on - on the sale to North 40 and - and doesn't have concerns about a potential
38 hearing of the originating application of Bears paw in the usual course. So, we take no
39 position on - on whether or not the sale is approved today. Simply we wanted to make sure
40 that we can be involved if the - the Court directs any particularly special hearing of some
41 of the matters that --

1
2 THE COURT: I have got all of that.
3
4 MS. HOLMES: -- are in that originating application.
5
6 THE COURT: I have got all of that. Let me try it a different way.
7
8 MS. HOLMES: Oh, I'm sorry, Sir.
9
10 THE COURT: Is - is your client prepared to say we will not rely
11 upon any decision coming out of today's applications in the CCAA as adversely affecting
12 Bearspaw's claimed rights to the unit agreement?
13
14 MS. HOLMES: No, Sir. I don't have instructions for that today,
15 Sir.
16
17 THE COURT: All right. Are you fussed about whatever
18 wording I might include? I have had two competing versions proposed.
19
20 MS. HOLMES: I'm not concerned, Sir.
21
22 THE COURT: Thank you, Ms. Holmes. All right.
23
24 MS. HOLMES: Thank you so much.
25
26 MR. ALGAR: Sir, if I may? I --
27
28 THE COURT: Yes. Go ahead, Mr. Algar.
29

30 **Submissions by Mr. Algar (First Concern) (Response)**
31

32 MR. ALGAR: I think - just I appreciate that there are a number
33 of other orders on your desk that you're trying to hopefully also issue today and we've
34 taken up a lot of air time. So, I think, again from the purchaser's perspective, we can live
35 with Bearspaw's proposed wording. The qualification to that, and you said you had two
36 versions in front of you and I don't mean to overcomplicate things, but we had previously
37 proposed to Bearspaw similar language but that would also include the right of the
38 defendants in the action including the -- North 40 as the successor to AlphaBow dispute,
39 the existence, validity, or the quantum of the amounts claimed. Basically, just making it a
40 two way street. Nothing impacts their ability to pursue that claim and North 40 or Torxen
41 for that matter is I believe a defendant, so I'm hoping that that's uncontroversial and

1 perhaps uncontested and you might --

2

3 THE COURT: Would I find --

4

5 MR. ALGAR: -- hear from some other counsel.

6

7 THE COURT: Would I find that wording in something in front
8 of me? And if not, tell me how you would modify paragraph - at paragraph 34 of Ms.
9 Reiffenstein's submission.

10

11 MR. ALGAR: Yes, Sir, I - I'm - I'm on my feet at the moment,
12 but if that - the proposed language in section 34 says nothing that sort of shall be construed
13 as limiting or impacting the right and the ability of Bearspaw to pursue claims or
14 declarations relating to 15-29-20-West-4, made or made in this - that action and then if we
15 just added or the right of the defendants in that action including the purchaser, because that
16 would be defined in the order, as the successor to AlphaBow dispute the existence, validity
17 or quantum of the amounts claimed and the relief sought. We had defined that as the
18 Bearspaw action. So, if - if conceptually if that's agreeable to Ms. Reiffenstein, I think
19 that's something that we could take offline and - and deal with Ms. Cameron on, cause I'm
20 - I'm guessing she's - doesn't want to be too involved going forward. But if - if
21 conceptually the - our right to defend that action is okay then I would expect that the
22 wording we could agree on offline.

23

24 THE COURT: Then I will ask Ms. Reiffenstein otherwise I will
25 be back to you Mr. Algar about the wording, Ms. Reiffenstein?

26

27 **Submissions by Ms. Reiffenstein (First Concern) (Response)**

28

29 MS. REIFFENSTEIN: I don't think we can object to that. Every party
30 would have the ability to make whatever arguments they want to in that action.

31

32 THE COURT: Okay. And so --

33

34 MS. REIFFENSTEIN: As long as it's not an argument that our claim is
35 extinguished by this order.

36

37 THE COURT: That is a concern.

38

39 MS. REIFFENSTEIN: But I think that's clear enough from the
40 language.

41

1 THE COURT: Yes. So, Mr. Algar, is a simpler way just to add
2 a few parties' names after Bearspaw Petroleum Ltd.? So, the same thing applies also to
3 Torxen and North 40.
4

5 MR. ALGAR: I think that works, Sir, if - if we added North 40,
6 Torxen and then perhaps to pursue and or defend. I - I'm not sure we're advancing any
7 claims, but I - I suppose maybe we would. Who knows.
8

9 THE COURT: Ms. Reiffenstein --
10

11 MS. REIFFENSTEIN: Yes --
12

13 THE COURT: -- adding the parties' names --
14

15 MS. REIFFENSTEIN: -- that works.
16

17 THE COURT: -- to pursue or defend - okay. So, that is what we
18 are going to do. Ms. Cameron, you will amend your paragraph 17 accordingly?
19

20 MS. CAMERON: Yes. Certainly, Justice Jeffrey.
21

22 THE COURT: Thank you. All right. Thank you, counsel, on that
23 issue. You are welcome to remain on or not as you may choose. Ms. Cameron, the second
24 on your list. The municipalities, please.
25

26 **Submissions by Ms. Cameron (Second Concern)**
27

28 MS. CAMERON: Yes, and - and the - the issue in - and I don't
29 know how much of it - it is a concern so maybe I'll just set it up and then ask --
30

31 THE COURT: Sure.
32

33 MS. CAMERON: -- propose that you --
34

35 THE COURT: Yes.
36

37 MS. CAMERON: -- turn it over to them. So, what we are seeking
38 is a bit unusual cause we are prior to formal distributions and conclusion of the claims
39 process we are seeking at the request of the Orphan Well Association and the Alberta
40 Energy Regulator the ability to use purchase - use proceeds from the sales to pay not only
41 the post filing cost for maintaining the assets as well as the pre-filing costs. So, the --

1
2 THE COURT: Can I ask --
3
4 MS. CAMERON: -- pre-file --
5
6 THE COURT: -- for clarification?
7
8 MS. CAMERON: Yes.
9
10 THE COURT: Is this in respect only of the assets affected by the
11 purchase agreements in front of me today or is it for ones already approved by the court
12 for Cenovus for another nine companies?
13
14 MS. CAMERON: Yes. It would be for all of the assets. I can advise
15 there were some very small licenced assets that were groups of licenced assets that were
16 approved at the last court application. But for the most part, we've primarily deferred
17 seeking court of approval of assets that are licenced by then Energy Regulator until today
18 because it was very important to them that they had confidence that we were selling and
19 dealing with all of the liability in order for them to not oppose.
20
21 THE COURT: And relatedly I noticed -- (WEBEX AUDIO
22 INTERRUPTED) I - I am hearing somebody else. Whoever -- yes - mute your mic if you
23 would, please. I - I - I - mister clerk can you mute --
24
25 THE COURT CLERK: Yeah.
26
27 THE COURT: -- mute that?
28
29 THE COURT CLERK: (INDISCERNIBLE)
30
31 THE COURT: Okay. Thank you. Ms. Cameron, I noticed in the
32 terms of the sale agreements that there will be no adjustments to the price.
33
34 MS. CAMERON: Correct.
35
36 THE COURT: And then this 3.1 and 8-3.4 says there might be a
37 - if there is an excess of 750,000, but let's just say there is no adjustments. So, there is no
38 adverse effect after the fact to the approved sales to Cenovus and nine others, is that right?
39
40 MS. CAMERON: Correct.
41

1 THE COURT: Okay. Then I am fine with that. Thank you.
2
3 MS. CAMERON: Yeah. Yeah.
4
5 THE COURT: Is there more --
6
7 MS. CAMERON: So, the only --
8
9 THE COURT: -- you wanted -- go ahead before I --
10
11 MS. CAMERON: -- yeah, so - so the only --
12
13 THE COURT: -- ask to the others.
14
15 MS. CAMERON: -- thing I'll just add on is, as I said, we wouldn't
16 normally see approval at this point in time prior to concluding our claims process for these
17 pre-filing amounts. However, we understand this may otherwise become a concern and an
18 in issue in terms of getting suspension orders lifted and the transfers through cause it may
19 impact the regulators consideration of the transfer applications. So, on that basis we are
20 seeking approval at this time, and as noted we do understand the AER has a statutory lien
21 in respect of the assets that would likely provide them priority in any event. And that we
22 do anticipate even after paying these amounts, which we anticipate to be under \$3 million,
23 we do anticipate if all the transactions are approved and closed that there will still be other
24 funds available for professional fees, ongoing costs, and even available for distribution.
25
26 THE COURT: Okay. Thank you. Then I will call next on either
27 or both of -- who do we have here, Swanberg, Sigurdson. I suspect --
28
29 MR. SWANBERG: Yes, Sir. This is Michael Swanberg. Can you
30 hear me, okay?
31
32 THE COURT: I suspect I will also - I can, just a second. Also,
33 if you would like me calling on Lavelle and then the Monitor or not, but go ahead, please,
34 Mr. Swanberg.
35
36 **Submissions by Mr. Swanberg (Second Concern)**
37
38 MR. SWANBERG: Thank you, Sir. I -- just to preface this, the main
39 issue we have with respect to the insertion of I believe this is new paragraph 3 of the order
40 - of the - of - of - of the court order that has been - been circulated is with respect to the
41 fact that late notice has been provided on this. I was first advised yesterday, verbally, by

1 Ms. Cameron that this request had been made by the AER and OWA to essentially insert a
2 term that would require their amounts to be paid prior to any other creditor, and we only
3 saw the language to this order when it was circulated at 1:58 PM today. So, the reason I
4 have a concern about that, Sir, is while we do recognize that there is a statutory security
5 that applies to the AER and the OWA with respect to their RCAM amounts, there was --

6
7 THE COURT: Mister clerk --

8
9 MR. SWANBERG: -- an interesting argument --

10
11 THE COURT: -- can I get some water?

12
13 MR. SWANBERG: -- that was made -- oh.

14
15 THE COURT: Sorry, I just - talking to the clerk for a second.
16 Go ahead.

17
18 MR. SWANBERG: Oh, sure. No problem. Sorry, Sir. I am not sure,
19 Sir, if you're familiar with the *Razor Energy* matter, it's a matter that recently concluded a
20 few weeks ago, and in that matter the issues were slightly different but there was an
21 argument that was made that the statutory security that applies to the AER and the OWA
22 by virtue of section 39 of the CCAA should not apply in these proceedings because the
23 statutory securities are not registered at a public registry.

24
25 Now, this - Madam Justice Romaine issued some brief reasons a few weeks ago which
26 suggested that she was not convinced that - or that she was convinced that in fact section
27 39 would apply such that the statutory security would not apply in the context of CCAA
28 proceedings with respect to the AER and the OWA. I think her intention was to release
29 lengthier reasons but given that the matter was subsequently resolved I think she may not
30 be releasing lengthier reasons on that.

31
32 So, the difficulty, Sir, is that originally when this matter was set down for today our
33 understanding was that the sales would proceed, that it would result in the proceedings
34 being paid to the trust and then at some point in the new year, January or February, there
35 would be an opportunity for the creditors to make submissions with respect to the priorities
36 that should apply. And it wasn't until very late yesterday that we were advised that now
37 there is an attempt to modify the terms of the order to essentially give the AER their entire
38 claim before the claims process has unfolded and before any other parties can make
39 submissions on that. So, that's my primary concern, Sir. Our preference would be that the
40 original process be respected, that the sales would be approved without any specific
41 direction of amounts being paid to the AER or the OWA and have those matters dealt with

1 with respect to how the proceeds paid to the trust should be distributed to creditors
2 including as between the municipalities and the AER and the OWA. That would be provide
3 procedural fairness to the parties, it would also allow myself and my friends at Brownlee
4 to also properly obtain instructions with respect to any positions we may take. So, subject
5 to any questions, Sir, those are my submissions on that issue.
6

7 THE COURT: Do you have a view on the reference Ms.
8 Cameron made to statutory lien? I am just wondering if it is - it is of no consequence that
9 it would be approved now as opposed to later. If it is inevitable. Do - do you know if - on
10 that?
11

12 MR. SWANBERG: Yes, Sir. So, I think this is the provision of the
13 *Oil and Gas Conservation Act* and it provides a statutory lien which attaches broadly to the
14 property of a debtor corporation and I agree with my friend, Ms. Cameron, that the RCAM
15 amounts would be included in that. The challenge is and I - I recognize this, I - I think was
16 made perhaps the first time it was raised, this issue, but in a matter that had just concluded
17 a few weeks ago there was a suggestion that in fact the statutory lien cannot apply in a
18 CCAA proceeding by virtue of section 39 of the CCAA which requires that liens granted
19 to the Crown need to be registered at a public registry otherwise they would not be
20 recognized in these proceedings. This, of course, raises a paramountcy issue between the
21 federal and the provincial legislation. So, again, Sir, the - the difficulty I have is I haven't
22 had time to --
23

24 THE COURT: Right.
25

26 MR. SWANBERG: -- obtain the proper instructions from my clients
27 on whether we would take a position on that because that would affect the priority vis-à-
28 vis the municipalities and the AER and the OWA.
29

30 THE COURT: Right. Thank you, Mr. Swanberg.
31

32 Mr. Sigurdson. Do you wish to be heard on this?
33

34 MR. SIGURDSON: I'd just like to echo the submissions of Mr.
35 Swanberg. We didn't really have enough time to properly look at this and we're just not
36 happy the -- with the late notice we were provided on this.
37

38 THE COURT: Okay. Thank you. Mr. Oliver? Do you want to
39 be heard on this?
40

41 MR. OLIVER: Yes, I would, Sir, but perhaps if - if it's okay,

1 perhaps other counsel could go and then I could.

2
3 THE COURT: Sure. Is there - is there anyone else that - that
4 wants to be heard on this?

5
6 MR. OLIVER: Thank you.

7
8 MS. LAVELLE: Justice Cameron, perhaps -- or sorry, pardon.
9 Justice Jeffrey perhaps I could respond to Mr. Swanberg's ...

10
11 THE COURT: Go ahead.

12
13 **Submissions by Ms. Lavelle (Second Concern)**

14
15 MS. LAVELLE: Sure. So, I - I understand as Mr. Swanberg has
16 indicated that he doesn't dispute the - the application of the lien to the RCAM costs. As
17 Ms. Cameron outlined, the basis on which we are seeking this language is because -- it's
18 to facilitate the lifting of the suspension orders and to get the - the assets into, and the
19 license transfer process as a result.

20
21 I would make just a few other comments. The first is that we would entirely dispute the -
22 the ground that section 39 of the CCAA should apply as we did in the *Razor Energy* and -
23 and as Mr. Swanberg has pointed out, Justice Romaine did not determine that that section
24 should apply, and, in fact, gave no reasons that touched on that section that I'm aware of.

25
26 Section 39 of the CCAA, it applies to Crown - the Crown. The AER is not the Crown, the
27 AER is a statutory corporation and so in that sense, there is no application of section 39 of
28 the CCAA. Further, it requires registration, and much like the municipal lien, the AER's
29 lien is not one that is subject to registration. It - it applies automatically at the time that the
30 - the costs are not paid. So, there is no - no ability to register it, in fact. It's - it's not
31 included.

32
33 With respect to the *Municipal Government Act*, I would just point out that under section
34 348 of the *Municipal Government Act*, that the priority of the municipalities under 348(c),
35 is subject to the priority over the Crown and in that legislation, specifically in section 248,
36 the Crown is defined such as to include the Alberta Energy Regulator and so any priority
37 of the - of the municipalities over - over that of the AER is - is dealt with in that - in that
38 statute expressly.

39
40 And, you know, we are sympathetic to who the -- the notice point that Mr. Swanberg raises.
41 However, I would just add that we were all contending with over 6,000 pages of - of

1 materials, and very difficult to get through and the -- our pre-filing RCAM costs are
2 included in our claim that was submitted to the - to the Monitor.

3
4 THE COURT: Can you give me a sense of what portion it
5 represents?

6
7 MS. LAVELLE: Portion in - in respect to what, sorry, Sir?

8
9 THE COURT: The pre-filed RCAM costs.

10
11 MS. LAVELLE: How much are they?

12
13 THE COURT: As a portion of the total amount that is being
14 claimed now.

15
16 MS. LAVELLE: Sure, you're asking me to do math on the spot
17 but I - I will endeavour to do so.

18
19 THE COURT: You - you - you could just do it generally, is it ...

20
21 MS. LAVELLE: Sure. The -- well, the - the pre-filing RCAM
22 claim is approximately \$1.2 million. The post-filing claim is \$700,000 and there are also
23 admin fees and orphan levy fees that are outstanding and they are approximately 2 - 2 and
24 a half to \$3 million total, roughly. So, 1.2 out of -- 1.2 with 3.7 million (INDISCERNIBLE)
25 the other ones.

26
27 THE COURT: I - I - I won't make you do that.

28
29 MS. LAVELLE: Yes, sorry.

30
31 THE COURT: I won't make you do that. That is fine. I - I had
32 heard Ms. Cameron say that the claims were roughly 3 million in total but - but your
33 number is much higher than that, so. Maybe she was just speaking of pre-file RCAM and
34 pre-filing admin and orphan levy costs?

35
36 MS. LAVELLE: Possibly. Or my math is completely off, but I
37 tried to ...

38
39 THE COURT: Okay. So, yes. All right. Anything else Ms.
40 Lavelle?

41

- 1 MS. LAVELLE: I think I've covered it, subject to any questions.
2 But I - but I am happy to give you a proper amount or the Monitor may be able to assist in
3 that regard.
4
- 5 THE COURT: Yes. It is not the math, it is critical. Just a sense
6 of proportion.
7
- 8 MS. LAVELLE: I - I think.
9
- 10 THE COURT: Ms. - Ms. Lavelle. Go ahead.
11
- 12 MS. LAVELLE: Sorry - sorry, Sir. I would just say that part of the
13 issue is that, and part of the need for some expediency is that until the RCAM post - pos-
14 filing RCAM orders or - or until the RCAM orders are lift -- the suspension order is lifted,
15 then the OWA continues to provide RCAM. And so, in that \$3 million, is a bit of a - of a -
16 of a - an ongoing cost until they're in the hands of another licensee and the - and those
17 orders lifted.
18
- 19 THE COURT: One of the things you said near the outset of your
20 submissions was that the payment now would facilitate, I don't know if you said lifting or
21 listing, but basically, getting the assets off the - the ongoing cost of the government -- sorry,
22 of AER and Orphan Well.
23
- 24 MS. LAVELLE: Yes, that's correct. The -- as we -- the language
25 to the materials was amended to make it clear that the -- in order for an - a purchaser to
26 commence using these assets they have to have a licence and the current suspension order
27 would have to be lifted and the direction to the OWA also lifted. So, those two steps. And
28 so, in the interim period, those would remain in place.
29
- 30 THE COURT: So, then, either continued cost incurrence but in
31 terms of payment now or payment later affecting the transfer of the assets out of the OWA
32 is - is there a time difference?
33
- 34 MS. LAVELLE: Payment now or payment later. Well, I think it's
35 - it's the AER's position that with -- until those costs are dealt with then the licence transfer
36 would not proceed.
37
- 38 THE COURT: They wouldn't do it. Okay.
39
- 40 MS. LAVELLE: My friend, Mr. Zahara, may wish to add
41 something from the OWA.

1
2 MR. ZAHARA: Thank you, Ms. Lavelle.

3
4 THE COURT: Go ahead.

5
6 **Submissions by Mr. Zahara (Second Concern)**

7
8 MR. ZAHARA: Zahara, 'R', for the record, Justice Jeffery, on
9 behalf of the Orphan Well Association. As Ms. Lavelle has very capably pointed out, the
10 OWA has been exercising reasonable care and measures in respect to these assets for a
11 significant period of time. Throughout these proceedings and at the risk of sounding like a
12 further broken record, at each application we have put on the record that those are RCAM,
13 or reasonable care and measures costs, will have to be dealt with prior to any of these assets
14 being moved out of AlphaBow, or, you know, the RCAM order being lifted. So this -
15 though the language in this order came out late, that position has been on the record at
16 multiple -- right from the outset of this proceeding, and so --

17
18 THE COURT: Well, that would be -- that is - that is my
19 remaining question, and maybe you can address it. Mr. Swanberg doesn't say that this came
20 out of the blue, it is just the timing that did. The anticipated process was opportunity later
21 in the process to argue priorities and while we have been here - I have been here listening
22 and talking, an email circulated at 1 something, at 1:58. I guess maybe I was in the elevator
23 at the time. I - I wasn't aware of it either, but it has - it has accelerated and wants the relief
24 now and I can understand having benefitted from the submissions of parties that it would
25 stop the bleeding, as it were, sooner but how do I deal with the lack of procedural fairness
26 here?

27
28 MR. ZAHARA: I think, like, from our point of view it's a bit
29 irrelevant as to his position on these because none of these, I think, transactions, or like,
30 the assets are really capable of being completed until that RCAM order is lifted. I don't
31 imagine the purchasers want to not know when they get their assets out or may result in
32 adjustments to purchase prices and the purchases are required to pay those amounts to lift
33 an RCAM order, and so the thinking from --

34
35 THE COURT: Mr. Zahara - Mr. Zahara, you have gone too
36 quick for me. I didn't understand that.

37
38 MR. ZAHARA: Sorry.

39
40 THE COURT: You are saying that we are talking about different
41 assets and Mr. Swanberg's clients, Mr. Sigurdson's clients aren't actually affected by this?

1
2 MR. ZAHARA: Well, the assets, at least as I understand it have
3 to go to the AER through a transfer process. They consider numerous things in that transfer
4 process. One of the things they will consider and what we are trying to expedite in this
5 process is whether or not the RCAM costs have been paid by AlphaBow and in order to
6 lift those RCAM orders and the directions to the OWA, I understand those have to be paid.
7 So, whether they are or they aren't, somebody has to pay them and it is going to wind up,
8 AlphaBow is not going to pay them, they are not going to get paid. It may fall to the
9 purchasers to get the RCAM order. Otherwise, how do they get those assets out of that
10 bind?

11
12 So, in order to avoid that chicken or egg scenario, what we propose, is to take and hold
13 back the amounts with the monitor for the RCAM amount so that when the transfers go in
14 it's one last thing on AER's plate to consider and in terms of, to your point, moving these
15 things out of the care and control of the OWA and into the hands of a party who can exercise
16 proper care and measures in respect of them. And so that was the practical reality we were
17 trying to deal with in terms of this.

18
19 In terms of procedural fairness to Mr. Swanberg's clients, like I said, without this going
20 through and none of these transactions being able to close or proceed, I think we're down
21 to the OWA appointing a receiver, in which case all parties will be materially worse off.
22 We're not unlikely to see all of these abandonment and reclamation obligations which sit
23 on top of everything, they're dealt with. So, that's the problem we're trying to address --

24
25 THE COURT: If I was to agree with you, would I not be doing
26 so -- isn't that one of the issues that will be dealt with at the priorities hearing?

27
28 MR. ZAHARA: I - I don't know when that hearing would happen,
29 Justice Jeffrey, and I mean --

30
31 THE COURT: Neither do I. My question - my question is, am I,
32 basically, denying Mr. Swanberg's clients the right to be heard on the point by agreeing
33 with your reasoning? And I could be wrong, I am just trying to understand what you have
34 been saying.

35
36 MR. ZAHARA: Yeah, well, I think you've heard from Mr.
37 Swanberg's clients, I think, that they - they think they want to consider this but they haven't
38 been able to tell you why they would be entitled to those funds, in any event, or how they
39 would get access to them.

40
41 THE COURT: Well, no because they thought they would be

1 doing that next year, not in 10 minutes. So, then you -- do consider it, get instructions and
2 -- all right. Any - anyone else on this? I will hear from the Monitor and I will be coming
3 back to Mr. Swanberg and Mr. Sigurdson, I think, as in the nature of the reply. Anyone
4 else before I hear from Mr. Oliver? Mr. Oliver, please.
5

6 **Submissions by Mr. Oliver (Second Concern)**
7

8 MR. OLIVER: Thank you very much, Sir. First of all, I - I just
9 wish to echo the comment of some of my friends about the timing with respect to the
10 matters that are - that are at issue. There have been many balls in a year that have been -
11 that have been juggled and there's certainly, while I'm - I'm sympathetic to the position of
12 - of my friend, it's - it's just unfortunately the - the timing in which this proceeding has
13 unfolded when it was obvious that this was the direction this was going, Ms. Cameron did
14 reach out to him yesterday with the - with the - with the information and appreciating that
15 the actual language followed later. I just wanted to mention, Sir, that the -- what the
16 language in the proposed form of order says, and I - I apologize, I - I may have to rely upon
17 Ms. - Ms. Cameron to direct you to the - to the exact order itself, just because there's been
18 so, so many floating around.
19

20 THE COURT: I will - I will tell both of you, if it helps, to know
21 if you should redirect me but I have in front of me right now paragraph 3 from the order -
22 - a sales approval vesting in respect of Warwick. That is the one I - I opened.
23

24 MS. CAMERON: Justice Jeffrey, it would be in the CCAA stay
25 extension order.
26

27 THE COURT: Okay.
28

29 MS. CAMERON: And it's paragraph 3 of that order.
30

31 THE COURT: So, is there a new one that came at 1:58 PM or?
32

33 MS. CAMERON: Yes.
34

35 THE COURT: Okay. So, let me find that email again, please.
36 Which paragraph?
37

38 MR. OLIVER: Three.
39

40 THE COURT: Okay. We have got something, right? The
41 number. Go ahead, Mr. Oliver.

1
2 MR. OLIVER: So -- thank you. So, in - in essence, what has
3 been proposed here is -- and I will just, sort of, summarize paragraph 3. At closing of the
4 transaction contemplated -- or the - the - the transactions, plural. AlphaBow is to forthwith
5 and directly pay to the monitor a hold back and that's in the sum of \$3 million from the net
6 proceeds of the sale. And that hold back is to satisfied the pre and post filing amounts,
7 claim related to the Orphan Well Association for the RCAM costs, so, pre and post. The
8 Monitor is authorized to deliver payment of the costs claimed from the hold back to the
9 Alberta Energy Regulator after the completion of its determination of the RCA - or the
10 RCAM costs claim.

11
12 So, what has happened, Sir, just so you're aware is the Energy Regulator did file a proof
13 of claim as Ms. - as Ms. Lavelle indicated. That claim was amended to include the - the
14 pre-filing RCAM costs. That claim has not yet been reviewed by the Monitor and in terms
15 - in turn, Sir, I - I - I just wish to say that the amount of the \$3,000,000 hold back is intended
16 to provide buffer for the ongoing costs that, I believe, it was Ms. Lavelle mentioned, in the
17 event that the matter takes a little time to close.

18
19 So, all of which to say, Sir, it is -- I - I - I don't think the parties are necessarily expecting
20 a payment here to be made by the Monitor to the Energy Regulator in the next week or
21 two, the claim has to be reviewed and we'll obviously do so. I -- so, this - this is - is - is
22 not something that I think from the Monitor's perspective has to happen necessarily
23 immediately but these transactions absolutely need to close and if we had to err on the side
24 of closure versus delay with respect to an argument that has to be made, I - I would submit
25 that the circumstances would probably lean in the - in the direction of proceeding with the
26 transactions. But I - I did want to make sure, Sir, that you --

27
28 THE COURT: And just --

29
30 MR. OLIVER: -- understood what this structure was. Yes, thank
31 you.

32
33 THE COURT: Can I just - can I just make sure I understand
34 between the lines, what you have said is that the sales cannot close without the licence
35 transfers?

36
37 MR. OLIVER: Correct.

38
39 THE COURT: Okay. Okay. Carry on, please.

40
41 MR. OLIVER: I don't believe I have anything else, Sir. Thank

4
5 **Submissions by Ms. Cameron (Second Concern) (Response)**

12
13 THE COURT: In that case - in that case, the - the risk of these
14 transactions not closing at all would be avoided?

17
18 THE COURT: But the distribution could remain subject to
19 parties' claims and perhaps they could be back in the week of January 6th, fully informed
20 and instructed and deal with that narrow issue. And - and it would be decided before any
21 dollars are distributed to the prejudice of one of the parties.

28
29 THE COURT: Yes. I - I think that - that is my understanding,
30 that it was just dealing with the pre-filing.

33
34 THE COURT: And of the numbers that Ms. Lavelle gave me, it
35 is not the entire total. It is 1.2 million?

38
39 THE COURT: Maybe there is additional pre-filed admin and
40 orphan levy pre-filing, I don't but it - it is --

1 MS. CAMERON: Those aren't being included here it's just the cost
2 of the OWA maintaining the sites and that's the difference between Ms. Lavelle's number
3 and the number I provided is we're just proposing to deal with the cost right now for the
4 actual care and maintenance of these sites while they've been under of the protection of the
5 Orphan Well Association. The regulator's levy claims would be dealt with as part of the
6 more broader consideration of their claims.
7

8 THE COURT: Okay. And you put that number at about 3
9 million, roughly, is that right?
10

11 MS. CAMERON: Correct. That - that's the amount we proposed in
12 the vesting order that provides the buffer, so the actual amount -- my -- the estimated
13 amount for pre- and post-filing actually is currently around 2 million.
14

15 THE COURT: Okay.
16

17 MS. CAMERON: And then we've proposed to hold a further buffer
18 of a million dollars just because we don't know when licences would ultimately transfer to
19 make sure we're covering any further post-filing amounts.
20

21 THE COURT: But the pre-filing number should be fixed, it is
22 not changing.
23

24 MS. CAMERON: Correct.
25

26 THE COURT: If it takes 4 months to get these things
27 transferred, the pre-filing number is still just 1.2, isn't it?
28

29 MS. CAMERON: Around there. The monitor actually hasn't
30 completed their assessment --
31

32 THE COURT: Right, right. Fair. Okay.
33

34 MS. CAMERON: -- of the proof of claim, but the amount, that's
35 been submitted. So, it shouldn't be more than what was submitted, but it - so it should be
36 around the 1.2.
37

38 THE COURT: It could happen. Okay. Mr. Oliver, you are -- you
39 came back on, did you want to say something further?
40

41 MR. OLIVER: Yes, I just wish to add that we would certainly be

1 willing to provide some prior notification to the municipalities prior to a distribution if that
2 is something that would be of assistance.

3
4 THE COURT: All right.

5
6 MR. OLIVER: Thank you.

7
8 THE COURT: Thank you. Mr. Sigurdson, please, your reply. Or
9 sorry, Mr. Swanberg. Well, we could do it in reverse order if you want.

10
11 MR. SWANBERG: Thank you, Sir. I'll start.

12
13 THE COURT: Okay. Thank you.

14
15 **Submissions by Mr. Swanberg (Second Concern) (Response)**

16
17 MR. SWANBERG: One -- if I understand the submissions from the
18 AER and the OWA, the suggestion is that the entire amounts that are owed to them must
19 be paid in order for the regulator to approve any licence transfers. I have some conceptual
20 issues with that.

21
22 It seems to be the regulator using its regulatory authority to withhold the transfer of licences
23 and assets that have been sold under court proceedings in order to ensure that amounts that
24 are paid to them are, in fact, paid. That seems to be contrary to the general rule in CCAA
25 proceedings and insolvency proceedings generally that, you know, if - if you take a haircut,
26 you take a haircut. But, you know, ultimately regulatory authority -- I just have some
27 concerns about how that seems to be framed.

28
29 But nevertheless, I mean, I think there's probably an opportunity to probably come back
30 sometime in January, early mid-January to deal with this issue. I recognize it's possible
31 that once I've obtained instructions and, of course, my friends at Brownlee will need to
32 obtain instructions on their side, it's possible that we may be able to resolve this. But again,
33 the issue that I have is the short notice and inability to consider a position on this particular
34 issue. Thank you, Sir.

35
36 THE COURT: Mr. Swanberg am I -- let us see if I have still got
37 this. Am I right that it is the 1.2 that is the amount that is - is disputed? So, I -- let me put
38 it the other way around. Does your client take an issue that the ongoing costs, since April
39 2024, that those are properly priority payment?

40
41 MR. SWANBERG: So, if I understand the situation correctly, the

1 post-filing amounts deals, essentially, with amounts accrued by the OWA to maintain these
2 sites.

3
4 THE COURT: Yes - yes.

5
6 MR. SWANBERG: I think that would properly be considered a post-
7 filing claim that needs to be paid given that this is reflecting, you know, the preservation
8 of assets which benefits the entire estate, but that's, of course, conceptually different than
9 pre-filing amounts. Those are subject to different considerations.

10
11 THE COURT: Right. So, it is the - it is the pre-filing amount.
12 And I wonder if there is an approach that the Court could take to not stand in the way of
13 payment out of the post-filing charges and would the - what --

14
15 MR. SWANBERG: I wouldn't have any issue with that.

16
17 THE COURT: Okay. And what would the AER, OWA withhold
18 the licence transfers without paying the pre-filing, Ms. Lavelle?

19
20 MS. LAVELLE: Justice, I think that, you know, the -- it - it - it
21 actually will be up to the statutory decision making around the licence transfers so I can't
22 really tell you exactly what their decision will be at this point. It is definitely a factor, but
23 I think it's agreeable if the post-filing is paid more promptly and then the notice provision,
24 and we can have whatever discussions ensue for the pre-filing amount.

25
26 THE COURT: And let me take it one step further. The parties
27 both -- well, all of the municipalities and AER and OWA come back in the week of January
28 6th. My understanding is there is room on our commercial chambers list. I think in the
29 Wednesday and all day Thursday, I believe. And so, this could be set down. If I was in
30 your shoes, I would take the latest possible of those dates which would be the Thursday
31 afternoon and at that point, all parties have enough time to prepare and get instructions and
32 deal with the pre-filing priority and all of this should be done before things are in front of
33 a regulator to approve transfer or not. Can I just test that assumption, Ms. Cameron, with
34 you and Mr. - Mr. Oliver with you?

35
36 **Submissions by Ms. Cameron (Second Concern) (Response)**

37
38 MS. CAMERON: Justice Jeffrey, so, my understanding, and Ms.
39 Lavelle could speak to it better, is, ideally, we would help submit licence transfers before
40 then but they have to go through a 30 day policy notice period. So, no decision would be
41 made by --

1
2 THE COURT: Okay. Okay.
3
4 MS. CAMERON: -- the first week of January on the transfers. The
5 only comment I would make, Justice Jeffrey, is whether we could potentially proceed with
6 the language we have but with the ability of the parties to come back the first week of
7 January? In case my friends with the municipalities end up being okay with that language
8 just so we're not having to needlessly go to Court.
9
10 THE COURT: Sure, I - I --
11
12 MS. CAMERON: And get instructions saying everything's good. I
13 don't want to prejudice anyone but I also want to avoid having to come back to court if we
14 don't have to.
15
16 THE COURT: Subject to hearing from the other parties, I don't
17 have a problem with that but I am thinking, of course, about the court process and what I
18 would be doing is directing you to be here and then you can --
19
20 MS. CAMERON: M-hm.
21
22 THE COURT: -- contact the commercial coordinator to say we
23 no longer need that time, rather than getting to Tuesday of that week and finding out there
24 is no time. And Mr. Oliver, anything to add in?
25
26 MR. OLIVER: No, I -- that - that works for the Monitor, Sir.
27
28 THE COURT: Yes. Okay - okay. Mr. Swanberg?
29
30 MR. SWANBERG: Yes, Sir. That works for me and I am available
31 on January the 9th, so that would be acceptable.
32
33 THE COURT: Okay. Mr. Zahara?
34
35 MR. ZAHARA: Justice Jeffrey, no problem. No concerns from
36 the OWA on that proposal.
37
38 THE COURT: Thank you. Ms. Lavelle?
39
40 MS. LAVELLE: No concerns, Justice.
41

1 THE COURT: Okay. So, mister clerk, if you would send a note
2 to Corbyn right away, 2 PM, January 9th, Thursday afternoon. Shall I say 90 minutes? Do
3 you think that will suffice or will you need more time if it is the full arguments. Mr.
4 Swanberg, I will ask you.

5
6 MR. SWANBERG: I would think 90 minutes should be sufficient.

7
8 THE COURT: Okay, okay. Ms. Lavelle?

9
10 MS. LAVELLE: Yes, that should be sufficient. Thank you.

11
12 THE COURT: Okay. I - I do think it will be but there are, you
13 know, five or six counsel, and so, you know, as things go. Mr. Sigurdson, any - any views
14 contrary?

15
16 MR. SIGURDSON: No views contrary.

17
18 THE COURT: Okay. Thank you. Can I then with respect to the
19 second concern, Ms. Cameron, say that is how we will proceed and hope --

20
21 MS. CAMERON: Yes, Justice Jeffrey, should I put language to that
22 we're -- extent in our order as well?

23
24 THE COURT: Yes.

25
26 MS. CAMERON: Regarding that provision? Okay.

27
28 THE COURT: Yes, yes. Thank you. All right. And then the third
29 concern.

30
31 MS. CAMERON: So, third - third issue, and --

32
33 THE COURT: And I will say again, if any counsel need to beg
34 off now that are done that is fine. Thank you for your assistance. Okay, the third concern,
35 please.

36
37 **Submissions by Ms. Cameron (Third Concern)**

38
39 MS. CAMERON: Yeah. So - so, this is dealt with at Exhibit N to
40 Mr. Li's affidavit from December 9th. It provides an - an email from counsel from counsel
41 from CNRL that provided to us in late August. The - their view was that AlphaBow has no

1 interest in certain assets and agreements as a result of their withholding of consent when
2 the assets were sold from Pengrowth/Strathcona to AlphaBow.

3
4 It is acknowledged in the email though that as a result of CNRL's position, they had been
5 invoicing Strathcona. They did though, receive some payment from AlphaBow in respect
6 to these interests which they accepted on a without prejudice basis and CNRL has advised
7 that they would be prepared to consent to conveyance of these consent withheld interests
8 to a purchaser depending on certain factors including the credit worthiness of the purchaser.
9

10 My understanding is CNRL is concerned about ensuring their next partner of these assets
11 is solvent and able to address their obligations in respect of the assets. Three of our -- so,
12 in our reverse vesting order and the two associated asset purchase agreements, we have the
13 purchaser, our office, and CNRL, have agree to language this preserving allowing the tran
14 - the Court to approve the transactions and the transactions to proceed but preserving
15 CNRL's position to make a determination with regard to those withheld interests and
16 whether they'll acknowledge and consent with regards to those purchasers, and then.
17

18 THE COURT: Is that acceptable to the purchasers?

19
20 MS. CAMERON: Those purchasers, yes. They're okay with it.
21 With a - a - and I would say the difference there, so, with regards to the Sunalta transactions
22 there's a greater concern and you'll have seen in their vest -- in their asset purchase
23 agreements there's some languages regarding concerns related to partners withholding
24 consent and what that means to their ability to effectively operate and actually exercise the
25 interest being assumed.
26

27 So, there's different levels of comfort between a few of our purchasers in terms of what
28 including that language will result in, and the added potential risk to them in terms of the
29 transaction clo -- or of the assignments being recognize by CNRL. I also understand
30 Strathcona has some concerns with that language being included as well. And from
31 AlphaBow's perspective our - our big concern is we want all these transactions to proceed.
32 So, to the extent there's language or something that can be done that makes everybody
33 happy, ideally, that would be our - our - our preference in order to enable this to advance.
34

35 THE COURT: So, I call then on the CNRL and Strathcona to
36 see -- or sorry, Sunalta and who else is affected by this?
37

38 MS. CAMERON: It - it would be CNRL, Sunalta and Strathcona, I
39 believe but Ms. Paplawski can correct me if I'm wrong if there are any of our other
40 purchasers impacted.
41

1 MS. PAPLAWSKI: No. It's just - it's just that transaction. The two
2 Sunalta transactions.

3
4 THE COURT: So, just Sunalta. So, I just want to ask, using Ms.
5 Cameron's vernacular, what your happiness threshold is. What would make you happy to
6 still go ahead with the preservation of the rights of CNRL and Strathcona?
7

8 **Submissions by Ms. Paplawski (Third Concern)**
9

10 MS. PAPLAWSKI: Sure. So, we had proposed to Sunalta that the
11 same language that the numbered co-purchaser agreed to be included in their approval and
12 vesting orders, and the language is: (as read)
13

14 This order is without prejudice to the rights of Canadian Natural
15 to consider in process (or refuse to process) the request for
16 assignment innovation of the assumed contracts, as and when
17 received from AlphaBow or the purchaser in the normal course
18 and in accordance with the terms of the applicable assumed
19 contract.
20

21 Admittedly, because the Sunalta language and conditions are redacted in the agreements,
22 Canadian Natural hasn't seen them so it's a bit tricky for us to assess how this language
23 may interfere with those conditions, if at all. But we - we were somewhat surprised to learn
24 that this was a concern considering, first, that - that really, under the purchase and sale
25 agreement the assignment of the contracts is a post-closing issue.
26

27 The purchase and sale agreements are explicit that there's nothing therein which purports
28 to assign or force assign contracts and that AlphaBow and the purchaser will use best efforts
29 to obtain those consents after the closing. Also, the - the - the transactions are on an as-is,
30 where-is, basis. And so, the purchaser is only taking whatever title AlphaBow has. CNRL
31 disputes that it has any title in certain assets but that issue hasn't been determined. The
32 litigation is ongoing and has been ongoing since 2019.
33

34 Of course, there's been a stay of proceedings in place and Ms. Cameron can correct me if
35 I'm wrong but I - I highly expect that AlphaBow has no interest in litigating those issues
36 before the approval and vesting orders are granted specifically because they are on an as-
37 is, where-is, basis so the purchasers take - take title with - with the risk, or any risk that
38 may be associated with that title.
39

40 And so, in - in CNRL's view, really, the - the process for assessing and transferring
41 contracts will happen after the closing of the transaction and the purpose of the language

1 was really just to make it clear for everybody that that process will, you know, be
2 undertaken in the normal course and that there's nothing in the approval and vesting order
3 that would prohibit that or interfere with that. And I don't think there is but it was really
4 for clarification purposes and to avoid any, you know, uncertainty or disputes or anything
5 down the road.

6
7 And so, if - if - if the Court's not comfortable including it, I - I don't think it really impacts
8 anything substantive. Particularly, because we have put our position on that record that -
9 that those assignments will be considered and processed in the normal course, but I - I do
10 think it's beneficial to include it so that everybody is absolutely crystal clear about that
11 process and when it will be undertaken and the limitations on it, if - if any.

12
13 THE COURT: And so, you are in agreement with the proposed
14 additional language, is that right?

15
16 MS. PAPLAWSKI: We - we have proposed the additional language.

17
18 THE COURT: Oh, I see. I thought CNRL did.

19
20 MS. PAPLAWSKI: The - Sunalta is the only purchaser - effected
21 purchaser. There's certain transactions that Canadian Natural has no interest in here and it
22 doesn't matter to them of course whether --

23
24 THE COURT: Oh.

25
26 MS. PAPLAWSKI: -- the language is included in those. But
27 Sunalta's the only potential purchaser here who I understand has objected to the inclusion
28 of that language. And - and - and the objection came after the hearing had begun so, we
29 haven't even had an opportunity to consider on what grounds they might be objecting. So,
30 I - I'd be interested to - to hear that because may be able to massage some of the language
31 to really achieve you know, Canadian Natural's purpose and theirs.

32
33 THE COURT: Can you direct me again to where I would find
34 that language, so I have it in front of me for the rest of this discussion?

35
36 MS. PAPLAWSKI: Yeah, I'll have to defer to Ms. Cameron on that
37 because I believe it was added in a late draft.

38
39 THE COURT: In a recent email, Ms. Cameron, is that - is that
40 where I look?

41

1 MS. CAMERON: Justice Jeffrey, we did not include the language
2 because it was not agreed to. So, it's not in - in that order for the Sunalta one. I believe it
3 should be in the numbered company - numbered company order -- my associates actually
4 just correcting me. She says it's in the numbered company orders at paragraph 17.
5

6 THE COURT: And where do I find the numbered company
7 order please? I have -- maybe just a second maybe I have got them here. The ones I am
8 pulling up now are the ones loaded on our digital system, should I look at the email and
9 revise?
10

11 MS. CAMERON: Yes, if you should - can check the email those -
12 my - I think it might be easier Justice Jeffrey my associate will email it directly to you.
13

14 THE COURT: I do have the form of order most recently sent,
15 for sale and vesting to the numbered company 2628071 that is what we are talking about?
16

17 MS. CAMERON: Yes.
18

19 THE COURT: Okay. Where do I --
20

21 MS. CAMERON: Yeah, and --
22

23 THE COURT: -- where do I look?
24

25 MS. CAMERON: It should be paragraph 17 I'm told.
26

27 MS. PAPLAWSKI: I - I believe it's 15.
28

29 MS. CAMERON: Fifteen?
30

31 MS. PAPLAWSKI: I think so.
32

33 THE COURT: It's not immediately (WEBEX AUDIO
34 INTERRUPTED). Mister clerk (INDISCERNIBLE)
35

36 THE COURT CLERK: They are muted now, Sir.
37

38 THE COURT: Thank you. We solved that anyway. It is not
39 immediately apparent to me to where it is talking about assignments in there but let me
40 hear from CNRL, please, Strathcona as you may wish.
41

1 **Submissions by Ms. Delamont (Third Concern)**

2

3 MS. DELAMONT:

Thank you, Sir. Last name Delamont first initial

4 'L.', I'm - I'm counsel for Strathcona Resources Ltd. which is formerly Pengrowth Energy
5 Corporation in action number 1901-15627 and I - I just want to give you some brief
6 background here, Sir. We first became aware of - of the proposed inclusion of certain carve
7 out language by CNRL in these orders on Tuesday afternoon. I have not yet seen a copy of
8 these orders notwithstanding that I have requested them. So, this issue is evolving as far as
9 I understand it. And I've now heard from my friend Ms. Paplawski that there's in fact
10 further or additional language or perhaps supplementary language being proposed that I
11 have not reviewed and - and have not had an opportunity to consider its impact upon
12 Strathcona.

13

14 This (INDISCERNIBLE) stand, Sir, as far as I understand it the proposed paragraph that
15 CNRL had originally intended to include in - in what I understand is at least four purchase
16 agreements is as follows and I'll just read it into the record: (as read)

17

18 This order is without prejudice, the amended statement of claim
19 filed by Canadian Natural in Alberta Court of King's Bench action
20 number 1901-15627 including without limitation Canadian
21 Natural's position that as a result of Canadian Natural's
22 withholding of consent to the transaction between Pengrowth
23 Energy Corporation and AlphaBow. AlphaBow did not acquire
24 and does not hold any right, title, or interest to the assets
25 purportedly conveyed thereunder.

26

27 So, Sir, Strathcona isn't here to object to the asset sales, but we do object to the inclusion
28 of that proposed paragraph in - in any of the forms of order. I'm going to - and I guess, Sir,
29 I - I will have to reserve our position as this alternative language as I simply haven't had a
30 chance to review it. I haven't even seen the proposed paragraph inclusion - in - in a form
31 of order. I - I don't have any of the forms of order before me as - as they presently stand,
32 Sir. And so, our view is that CNRL is not objecting to the - the sale of these assets and -
33 and therefore, Sir, Strathcona's concern with the inclusion of that type of language is that
34 it - it could suggest that Strathcona is liable for future acts or admissions of - of these
35 particular purchasers, which I - I imagine is not the intent of the order or the purpose of
36 these insolvency proceedings and - and would be very unfair to Strathcona. And so, our
37 view is as Ms. Paplawski has said assignment is a post closing issue and - but that language
38 would suggest that Strathcona liability continues to run.

39

40 I understand that my friend wants to make sure that her argument in the action between our
41 two clients with respect to Strathcona's liability in that interim period be preserved. I can

1 fully appreciate that, but our position is that Strathcona's liability should not continue to
2 run after assumption of these assets by these new purchasers and inclusion of this type of
3 language would suggest something otherwise. And - and so, we, again, don't object to the
4 asset sales themselves but we - we strongly object to the inclusion of that type of language.
5 And as I've said, Sir, I haven't seen the other language so, I - I - I can't speak to how that
6 impacts Strathcona or if we would take a position on that language and so.

7
8 THE COURT: Well, you are one step ahead of me because I
9 have not even found the language you read. So, it -- I am - I am not finding it in the number
10 company or mister clerk, you have some help?

11
12 THE COURT CLERK: There was an email from Ravinder Toor, he was
13 trying to respond on behalf of Sunalta to just to CNRL's comments, but his mic wasn't
14 working so, I'm not sure if that was him who had called in. So, I'd like --

15
16 THE COURT: What is the name?

17
18 THE COURT CLERK: Ravinder Toor.

19
20 THE COURT: Okay. Yes.

21
22 THE COURT CLERK: I just asked if that was him who called in but he's
23 trying to respond. So, maybe I'll unmute that call and - and see.

24
25 THE COURT: Anybody recognize the name Ravinder Toor is
26 it, mister clerk?

27
28 MS. DELAMONT: Justice Jeffrey, that's counsel for Sunalta.

29
30 THE COURT: Okay. Ms. Delamont, you are - oh, you are
31 Strathcona, okay.

32
33 MS. DELAMONT: Correct, Sir.

34
35 THE COURT: Okay. So, apparently clerk says he was trying to
36 speak into conversation and might have been some feedback or something, but he got the
37 heave-ho, so he might still be trying to get in.

38
39 THE COURT CLERK: He's --

40
41 MR. TOOR: No, I'm - I'm here, Sir.

1
2 THE COURT: You are here? All right.

3
4 MR. TOOR: Yeah.

5
6 THE COURT: Were you wanting to --

7
8 MR. TOOR: Apologies, we're actually in the middle of a
9 massive office move so I don't have a camera.

10
11 THE COURT: Were you --

12
13 MR. TOOR: IT is not working well.

14
15 THE COURT: Were you wanting to be heard now, later or not
16 at all?

17
18 **Submissions by Mr. Toor (Third Concern)**

19
20 MR. TOOR: I just want - I can just make a very quick
21 submission. I mean Ms. Paplawski running comments are essentially that that verbiage is
22 not required. It's a post closing issue. I know similar to Strathcona, I mean the way we look
23 at it is CNRL's rights are not impacted vis-à-vis the existing governing agreements as well
24 as the existing lawsuit. Our concern is - is you know, there -- and again it's debatable and
25 I don't - we don't need to get in to define - fine tooth of that. But you know, my concern is
26 - is that there has been conduct by CNRL over the years that implies that they did agree to
27 AlphaBow owning these assets. And my concern is this language essentially resets that. It
28 gives them a clean slate to argue and rely on this order for the purposes of exercising you
29 could say.

30
31 You know, from our perspective you know, we are trying to acquire assets, AlphaBow is
32 trying to sell us assets. And from our perspective if we, you know, get into a situation
33 where we still can't get consent after paying cure costs, we would like the ability to
34 essentially apply for a forced assignment if we need to. And my concern is in order that it
35 - in a language of that nature is potentially, you know, contradictory to CNRL's conduct
36 essentially for, you know, the past - you know several years.

37
38 THE COURT: Anyone else wish to be heard on this before I
39 hear again from Ms. Paplawski? Go ahead Ms. Paplawski, your response?

40
41 **Submissions by Ms. Paplawski (Third Concern)(Response)**

1
2 MS. PAPLAWSKI: I think there's two - there's two issues and I
3 hadn't realized that Ms. Delamont would be appearing today. So, I hadn't really addressed
4 --

5
6 THE COURT: Except it sound like she did not appreciate she
7 would be either.

8
9 MS. PAPLAWSKI: Fair - fair enough. So, let - let me - let me break
10 out the two issues though so that they're absolutely clear. The language that Ms. Delamont
11 was referring to is in the RVO and the reason it's in the RVO is because of course there's
12 no assignments that will happen. And so, because there's been no determination of the
13 litigation, CNRL needed to preserve its rights to pursue that litigation. Of course, to the
14 extent the subsequent purchasers aren't accepted. You know, CNRL may accept them, look
15 at them and say, they're financially viable, we're okay with this, we accept them.

16
17 THE COURT: Right.

18
19 MS. PAPLAWSKI: So, the language Ms. Delamont was referring to
20 is in the RVO and I think her submissions really are - are illustrative of the - of the issue
21 that CNRL is trying to address here. There hasn't been a judicial determination of the issues
22 in the litigation. There hadn't been a determination of whether or not Strathcona's
23 assignment to AlphaBow -- or Pengrowth's assignment to AlphaBow was effective and
24 what the legal effect of the withholding consent is. And now trying to use an approval a
25 vesting order or you know a reverse vesting order to somehow foreclose on Canadian
26 Natural's rights to have that heard and determined on the merits is improper. Particularly
27 because it is an as-is where-is transaction and the vesting language in the model order
28 doesn't purport to vest out ownership claims. And so, I - I - I think that Ms. Delamont's
29 submissions on this really did illustrate the reasons that we sought and the RVO purchaser
30 agreed to include this language in the RVO.

31
32 With respect to the Sunalta purchase and vesting orders the - the -- it's - it appears that my
33 friend's concerns relate to CNRL bolstering its position by the inclusion of the language
34 providing that the assignments will be considered in the normal course as and when
35 received. And that's absolutely not the intention. The intention is simply to ensure that
36 Canadian Natural's rights are preserved in the normal course to consider and approve or
37 reject the assignments as of when received. There's not - they're not trying to bolster their
38 position, they're not trying to undo any defences that anybody may wish to raise in the
39 litigation to the extent it proceeds. There's - there's absolutely no intention. And so, the
40 extent there's something in that language that's of concern to Sunalta, we're happy to
41 address that because that's not the intention, the intention is just simply preserve and make

1 clear that the assignments will be considered in the normal course.

2

3 THE COURT: That is what I was going to inquire into. It sounds
4 like parties can just revise the wording, certainly in respect of the latter concern. And it
5 would not be opposed by anybody, but the first one Ms. Delamont's - yes, I am not sure
6 where we go with it. On the latter is - is that fair that you and your colleague can just work
7 out acceptable wording to both parties and Ms. Cameron is likely to receive it gratefully?

8
9 MS. PAPLAWSKI: I - I -- that's fine with - with me.

10

11 MR. TOOR: Yes, Sir. We can - we can consider language, I
12 mean we're open to it. Again - you know, again the challenge like Ms. Paplawski said and
13 I apologize if I'm pronouncing that incorrectly, is - is - is that this is unnecessary because
14 by the concept of the assumed contract under our purchase and sale agreements they - their
15 rights under the assumed contracts are not impacted. So, there's no -- they're leaving that
16 language out is absolutely not prejudicial to CNRL.

17

18 MS. PAPLAWSKI: I - I - I think there's been some suggestions today
19 to the contrary that would indicate that, but I would also say that would apply equally to
20 Sunalta. But why don't you leave that with us, and we can - we can hopefully work out
21 some language, I'm sure we can.

22

23 THE COURT: Can I give you a deadline on it for Ms.
24 Cameron's sake?

25

26 MS. PAPLAWSKI: Of course.

27

28 THE COURT: Do you need more than a day?

29

30 MS. PAPLAWSKI: I don't think so, I hope -- I don't think so.

31

32 MR. TOOR: Sir, I'm actually - with the Christmas break and
33 our office moves my availabilities going to be very sporadic, I apologize for that.

34

35 MS. PAPLAWSKI: We can do it this evening if you're available
36 before the Christmas break?

37

38 MR. TOOR: I unfor -- no, unfortunately I'm tied up right after
39 this call I'm tied up and then I'm tied up tomorrow and --

40

41 THE COURT: I have --

1
2 MR. TOOR: -- I'm - I'm off on break.
3
4 THE COURT: -- frankly little sympathy for that because I will
5 not enjoy any of that for about 3 months. So, you have to make it work Mr. Toor or I will
6 just go with Ms. Paplawski's suggestion.
7
8 MR. TOOR: Okay. Well, we'll try -- all I'm saying is I - I
9 don't think I could do it in a day is really my point if - if - if - I mean what - what is the
10 time -- and I apologize, Sir, I'm not a litigator by any stretch or an insolvency lawyer by
11 any stretch so, I mean what's the standard timing that you would consider reasonable for
12 this?
13
14 THE COURT: Well, if we were sitting next week I - I could see
15 it being done by then I think that would still be acceptable for Ms. Cameron's purposes,
16 but I am - I am not certain of that. But I said a day because tomorrow is getting to be the
17 last opportunity for support staff here to facilitate signatures and all of that so. You are -
18 you are going to have to --
19
20 MR. TOOR: Fair enough.
21
22 THE COURT: -- plans something Mr. Toor that is the bottom
23 line.
24
25 MR. TOOR: Yeah - yeah, no I'll - I'll see what I can do.
26 Again, I don't have access to digital, all our servers are being disconnected from what I
27 understand.
28
29 THE COURT: Do you have an iPhone or --
30
31 MR. TOOR: So, I - I'll have to figure something out.
32
33 THE COURT: Do you have an iPhone or an Android --
34
35 MR. TOOR: Yeah.
36
37 THE COURT: -- or something like that or an abacus that you
38 could use --
39
40 MR. TOOR: Yeah - yeah - yeah I mean that - that's - that's
41 fine, we'll - we'll have to figure something out.

1
2 THE COURT: Good. So --
3
4 MS. DELAMONT: Sir, if I may --
5
6 THE COURT: -- I want to make sure before we move to
7 anything else that Ms. Paplawski and Ms. - Mr. Toor have contact info for each other?
8
9 MR. TOOR: Yeah - yeah, we've - we've --
10
11 THE COURT: Okay.
12
13 MR. TOOR: -- dealt with Ms. Paplawski on several other files.
14
15 THE COURT: Great. Thank you. Ms. Delamont can you be
16 thrown in this basket or not?
17
18 MS. DELAMONT: I would like to be, Sir. Thank you. I - I - given
19 that this is now new language to me I understood that the proposed paragraph as it was
20 delivered to me was the - the singular language being used. I would appreciate the
21 opportunity to review and comment on it, I'm not clear for example if the action number
22 that my client is involved in is - is included in that language or not.
23
24 THE COURT: Okay.
25
26 MS. DELAMONT: So, yes I would appreciate the opportunity to
27 review and - and comment on it and I'm happy to do so expediently.
28
29 THE COURT: Thank you. Do you have what you need for that
30 purpose? Are you confident you have the right wording and that - all of that ?
31
32 MS. DELAMONT: Well, I haven't seen the order, Sir. So, I'm
33 hoping someone will share those to me to the extent that there's this new language being
34 included. And I'm -- and again, Sir, because I haven't seen the orders I wasn't aware that
35 the proposed paragraph, as I recited it to you, is only being included in the - in the reverse
36 vesting order transaction. So, Sir, I guess I suppose I would ask for your same indulgence
37 that we have the opportunity to comment on that inclusion as well. I think my submission
38 is that it's still improper and unnecessary and that if CNRL - CNRL is being made whole
39 with cure costs then that is in effect consenting to these transactions. And so, Strathcona's
40 liability should be crystalized at that point in time being the - the entering of these orders.
41 And so, my submission is that these orders -- there -- that language is not appropriate or

1 necessary.

2

3 MS. PAPLAWSKI: If I could clarify, if Canadian Natural determines
4 that it's not comfortable with these purchasers and it - and it will not consent to these
5 assignments, there's no suggestion that they're going to be accepting cure costs from the
6 purchasers, they'll just continue to look to Strathcona and litigate that issue in the, you
7 know, four corners of the litigation. So, they - they're not trying to put a
8 (INDISCERNIBLE) here.

9

10 MS. DELAMONT: Understood - understood. Our - our
11 understanding is that the cure costs were going alongside of the inclusion of this language
12 which is essentially a reservation of rights into the future.

13

14 THE COURT: There is still something that will be the subject
15 of discussion or is this ...

16

17 MS. PAPLAWSKI: I don't see any - I don't see any path forward on
18 the RVO based on Ms. Delamont's objection to the concept. I think that unfortunately has
19 to be determined.

20

21 THE COURT: Then I need to see the wording and I will need to
22 have the opportunity to ask a question on it after I get the wording so, that is not happening
23 today. I am going to come back to Ms. Cameron on the larger application overall.

24

25 Mr. Oliver, do you want to say anything about this last issue before I go back to Ms.
26 Cameron on the main pieces?

27

28 MR. OLIVER: Sir, we're not taking a position on the issue you
29 just stressed that it obviously can't hold up the transaction of course that would be it. Thank
30 you.

31

32 THE COURT: And it may. All right. Ms. Cameron?

33

34 **Submissions by Ms. Cameron (Vesting Order Language)**

35

36 MS. CAMERON: Thank you, Justice Jeffrey. With regard the
37 reverse vesting order language if I may suggest on these two issues with CNRL if we could
38 propose maybe language get exchanged and see if perhaps a resolution could be reached
39 by tomorrow.

40

41 THE COURT: So, you are wanting that specifically in the

1 RVO?

2

3 MS. CAMERON: Correct.

4

5 THE COURT: I am fine with that. What is the or else or the fall
6 back?

7

8 MS. CAMERON: The - the - the fallback, Justice Jeffrey, that we
9 would submit is that the language requested by CNRL not be included but I - I -- my hope
10 and suspicion is we should be able to reach language that works for everybody. Because
11 my understanding with regards to CNRL, especially from their counsel, submissions today
12 is they just want to preserve their rights. Where is under a normal asset transaction they
13 would have a chance to exert their position with regards to the assignment.

14

15 THE COURT: Yes.

16

17 MS. CAMERON: But because of the nature of the reverse vesting
18 order transaction that right doesn't apply because there is no assignment. And it's certainly
19 not our intent in picking a reverse vesting order to make any party worse off. So, we would
20 be happy to work with CNRL and Strathcona to see if language can be arrived at, that
21 preserves CNRL's rights without changing the entitlements of Strathcona and the defences
22 and positions they might have.

23

24 THE COURT: Ms. Paplawski? With respect to all of that.

25

26 **Submissions by Ms. Paplawski (Vesting Order Language)**

27

28 MS. PAPLAWSKI: I think --

29

30 THE COURT: Go ahead.

31

32 MS. PAPLAWSKI: -- the fallback excluding --

33

34 THE COURT: Yes.

35

36 MS. PAPLAWSKI: -- the language? I think in particular in the RVO
37 like I -- my comments - my initial comments about it being confirmatory were limited to
38 the AVOs because of the assignment process. I -- our view that it's absolutely critical with
39 respect to the RVO that it be included because of the fact that there is no secondary process
40 as Ms. Key - as Ms. Cameron mentioned, this is - this is it. But I -- if I could make a
41 suggestion I understand, and Ms. Cameron can correct me if I'm wrong that the RVO will

1 be the last of these to close. The language is limited to the RVO and so to the extent that
2 we can't reach language that's agreeable to counsel --

3

4 THE COURT: Yes.

5

6 MS. PAPLAWSKI: -- my suggestion would be that we either
7 reappear in early January or just do short written submissions like 2 pages or something
8 for your consideration on that one paragraph inclusion.

9

10 THE COURT: Ms. Cameron, we all appreciate an RVO is an
11 unusual duck relatively new and for various reasons aren't germane now. But it does
12 represent -- though there is no conveyance that is one of the beauties of it, a contracting
13 counterparty is now looking to a different animal, I'll call it. It - it - it's as if there's a de
14 facto assignment even though there is not one in fact or in law. So, why - why - why would
15 --

16

17 MS. CAMERON: The --

18

19 THE COURT: -- the default be no wording?

20

21 MS. CAMERON: So - so in one way, Justice Jeffrey, I - I would
22 say with no wording there would in actually not necessarily be an impact to CNRL given
23 that they're already currently opposed whether AlphaBow -- right like they don't recognize
24 the assignment in respect of AlphaBow. And AlphaBow is going to continue to exist, and
25 these interests are going to remain with AlphaBow. So, in some ways it's --

26

27 THE COURT: But it is - but it is --

28

29 MS. CAMERON: -- somewhat status quo without no wording --

30

31 THE COURT: -- it is the name --

32

33 MS. CAMERON: -- however, I think --

34

35 THE COURT: -- it is the name, but it is a very different entity
36 with far less realize - it is less credit worthy because good stuffs gone, it has got the dogs
37 whatever. It -- so, if -- I am just saying it is very different, it is as if it has been assigned to
38 an entity that is about to implode.

39

40 MS. CAMERON: On that point, Justice Jeffrey, we would just
41 agree because part - part of the interest in these assets and why we have a purchaser willing

1 to take on so much liability is because they're actually assuming a bunch of carbon assets,
2 right, which - which are quite popular now and there's various potential for that with carbon
3 capture in storage. And so - so - so, I wouldn't say they're the dog assets, we purposely
4 structure things to ensure that there's good assets as part of that transaction.
5

6 THE COURT: Okay.

7
8 MS. CAMERON: But - but you're right it is different in that when
9 CNRL withheld their consent in the first instance it was based on their assessment of
10 AlphaBow's credit worthiness at the time. And so, there is a new player in place now which
11 is why we have said, and our purchaser is amendable to language being included in that
12 reverse vesting order.
13

14 THE COURT: Okay. So, the default need not be no language?

15
16 MS. CAMERON: Yeah, but at the same --
17

18 THE COURT: Yes.
19

20 MS. CAMERON: -- time I would --
21

22 THE COURT: Why do you not - why do you not --
23

24 MS. CAMERON: -- say it's still AlphaBow and AlphaBow still
25 hasn't been recognized.
26

27 THE COURT: And you have to say that.
28

29 MS. CAMERON: So, in that sense --
30

31 THE COURT: Then why --
32

33 MS. CAMERON: -- the positions the same.
34

35 THE COURT: -- why do you not put in the order rather than you
36 know absent agreement there is no language additional, the parties are to you know, best
37 efforts to reach agreement and absent that you will be back Thursday, January 9 at 3:30.
38

39 MS. CAMERON: Okay.
40

41 THE COURT: Any chance Ms. Paplawski that your client will

1 have sufficient opportunity before then to gain confidence with a new purchasers?

2

3 MS. PAPLAWSKI: I don't know what their timing is, I also don't
4 know with holidays, et cetera, which of the applicable individuals within the organization
5 that assesses these assignments will be in the office and when they'll be in the office. So, I
6 just unfortunately because of the time of year I just cannot comment on that.

7

8 THE COURT: It - it just could represent a short answer to the
9 whole thing so, good luck seeing if you can --

10

11 MS. PAPLAWSKI: Yeah.

12

13 THE COURT: -- extract that from them. Otherwise then any of
14 the parties want to be heard on any of the other relief that is being requested by AlphaBow?

15

16 MR. MANN: Sir, it's David Mann I'm with Blue Rock Law
17 and we are - before we leave that topic I - I just wanted to put in my 2 cents worth in the
18 sense that we're the beneficiaries of the RVO. And so, to the extent there's going to be
19 parties talking about what the terms of the order look like, we just want to be on that
20 circulation though.

21

22 THE COURT: Mr. Mann, I see you it has been a while but who
23 - who are you acting for when you say we?

24

25 MR. MANN: Cascade Capture Ltd. we're the beneficiaries
26 under the RVO and two of the AVOs.

27

28 THE COURT: Oh, okay.

29

30 MR. MANN: It's our duck in other words, Sir.

31

32 THE COURT: Okay. Maybe it is a rare Mallard or something
33 credibly valuable, okay. Thank you.

34

35 MR. MANN: Thank you, Sir.

36

37 THE COURT: Ms. Cameron then I think that exhausts the
38 others, anything else you feel you need to address?

39

40 MS. CAMERON: No, Justice Jeffrey. Subject to any questions you
41 have I would say our brief and the Monitor's report go into detail on --

1
2 THE COURT: Yes, they do.

3
4 MS. CAMERON: -- why we believe the transactions meet the test.
5 We also deal with the sealing order that's being sought.

6
7 THE COURT: Right. And so, I can -- I was persuaded on those
8 things subject to, of course, the three concerns that we have addressed. My only remaining
9 question for you is about the releases actually.

10
11 MS. CAMERON: Okay.

12
13 THE COURT: And they seem to be broad -- of sufficient
14 breadth of scope to apply to future actions. And I may have that wrong, is it just they are -
15 they are included in the RVO, but it talks about all of the CCAA actions and activities and
16 so on.

17
18 MS. CAMERON: It - it --

19
20 **Decision**

21
22 THE COURT: I would rather - I would rather have it limited to
23 the actions to date and, in respect, I am approving the RVO subject to the amendment -
24 adjustments that have been discussed here. I am extending the stay to February 14th, 2025.
25 The sealing is absolutely appropriate except I want it not indefinite, it has to have an end
26 date. So, I am abridging service, swallowing hard as I do that one, and I am approving the
27 asset sales. So, all of that but the release is --

28
29 MS. CAMERON: Thank you.

30
31 THE COURT: -- why should it absolve now for actions yet to
32 be taken?

33
34 MS. CAMERON: Certainly, Justice Jeffrey and - and we do
35 provide with respect to the releases it does maintain the original carve outs of things that
36 can't be released from.

37
38 THE COURT: I saw that - I saw that but it is --

39
40 MS. CAMERON: The reason why we have it going forward into
41 the future is because we're not able to close right away. And so, maybe one way to deal it

1 is to make the release last only until closing. And the reason why that's important is, for
2 example, the new share holders --
3
4 THE COURT: Sure, the purchasers.
5
6 MS. CAMERON: -- and owners --
7
8 THE COURT: I get that.
9
10 MS. CAMERON: Right. They can't be liable for what happens.
11
12 THE COURT: And so, I am prepared to go to that date but --
13
14 MS. CAMERON: Okay.
15
16 THE COURT: -- the rest you should leave to your distribution
17 application or your --
18
19 MS. CAMERON: Yeah.
20
21 THE COURT: -- discharge whatever.
22
23 MS. CAMERON: Okay. So, I can make that amendment to closing
24 --
25
26 THE COURT: Okay. Thank you. And then with respect to the
27 sealing?
28
29 MS. CAMERON: I - I believe our order provides it's for until 1
30 month after the Monitor is discharged.
31
32 THE COURT: Oh, is it? I did not see that.
33
34 MS. CAMERON: And we did - yeah.
35
36 THE COURT: That is - that is fine with me.
37
38 MS. CAMERON: And then we --
39
40 THE COURT: That is fine with me.
41

1 MS. CAMERON: Okay.

2
3 THE COURT: Okay, yes. That is good.

4
5 MS. CAMERON: Perfect.

6
7 THE COURT: Yes.

8
9 MS. CAMERON: And then just - just for the benefit of the record I
10 did just want to draw yourself - your attention to two changes that were made leading up
11 to today -- well three to the orders just leading up to today's applications to address
12 concerns of creditors and stakeholders in this proceeding. So, with regard to the reverse
13 vesting order and the Nova -- the reverse vesting order and one of the related number
14 company asset transactions. There's a dispute over the ownership and certain contracts
15 related to some of the carbon assets being purchased. And there's ongoing litigating with
16 Nova Chemicals. So, we did add language at their request that the purchaser Nova has
17 agreed to just preserving both parties rights in respect of the litigation.

18
19 THE COURT: Now I know why Nova Chem has appeared by
20 counsel then.

21
22 MS. CAMERON: Yes, and so I just want to put that on the record
23 those changes were circulated shortly before but what I will do as well for your sake is
24 provide you a clean package with all of the orders to be signed because I know they've
25 been coming in in dribs and drabs this afternoon. Direct Energy as well that was resolved,
26 we did put language in again the reverse vesting order in one of the numbered company
27 asset - or vesting orders. Just making clear the agreement they've reached with those
28 purchasers is to the extent Energy is turned back on within 1 year of closing to those sites
29 where there's the Direct Energy equipment. Arrears will be paid for those sites, so where
30 value is generated from having that equipment available.

31
32 THE COURT: Okay.

33
34 MS. CAMERON: Otherwise no amounts are being paid.

35
36 THE COURT: I think that is a requirement in the ATCO terms
37 and conditions as I was looking at that. I - I wondered - this is just my curiosity question it
38 does not go to --

39
40 MS. CAMERON: M-hm.

41

1 THE COURT: -- any relief affecting those parties now but was
2 it the customer AlphaBow or was it the customer's retailer Direct Energy that agreed with
3 ATCO to have the assets on idle rather than one of the other options?
4

5 MS. CAMERON: We're not sure, I can tell you AlphaBow wasn't
6 involved in that determination, this all happened even before these proceedings started and
7 then the sites right have been under the OWA's care and custody. So, AlphaBow has no
8 knowledge on whose providing electricity to what sites or that was --
9

10 THE COURT: Okay.
11

12 MS. CAMERON: -- we didn't know if this was something being
13 requested from the OWA or just something occurring on its own regard. So, unfortunately
14 I can't --
15

16 THE COURT: That is fine.
17

18 MS. CAMERON: -- comment on that.
19

20 THE COURT: That is fine. And I - and I will not say more than
21 just that that was of interest to me. One of the things --
22

23 MS. BAYLIS: And sorry, I - sorry to - to interrupt this is
24 Victoria Baylis, counsel for Direct Energy, and I'm happy to provide a bit of a background
25 on how those charges came to be and explain the connection but I - I see that we're beyond
26 time and don't want to eat up more of --
27

28 THE COURT: M-hm.
29

30 MS. BAYLIS: -- the Court's time. But essentially as the
31 customer of record AlphaBow received full service and when it was disconnected they
32 remained liable for the idle charges. Because as the customer of record they maintained the
33 benefit of having the energy infrastructure maintained on site. Direct Energy doesn't
34 benefit from the infrastructure remaining there and the customer of record has the
35 opportunity and the unique opportunity to request salvage, which Direct Energy does not
36 enjoy.
37

38 THE COURT: Yes, okay. Yes, I - I -- in my review of the ATCO
39 I call it a tariff, the terms and conditions. It seemed that these charges that have been levied
40 by ATCO would only have been levied if either the retailer or the end use customer had
41 agreed to that arrangement. And so, I was wondering which did and that would have been

1 (INDISCERNIBLE) but you are right we are past time.

2
3 Ms. Cameron, I - I did want to have you include in the reverse vesting order or its preamble
4 or whatever so, I am saying that by my conclusion I am satisfied based on the written
5 submissions that the heart gold - or hearty gold factors are satisfied in this case, but I have
6 a Jeffrey factor that I include also. And so, you - I would just put it in the preamble as well
7 that I am satisfied that the RVO is not being undertaken to evade the plan process
8 established under the CCAA, including the voting procedures, okay?
9

10 MS. CAMERON: Yes.

11
12 THE COURT: I - I look for that but there we are.

13
14 MR. MANN: Excuse me, Sir, David Mann again. I - I - I just
15 wanted to make one more comment for the record. When my friend was talking about the
16 wording that was added for the benefit of Direct Energy in the 071 vesting order I believe
17 it should also be added the 069 vesting order, I just wanted to clarify that.
18

19 THE COURT: Thank you.

20
21 MR. MANN: Thank you.

22
23 THE COURT: Then anything else Ms. Cameron? Does that
24 conclude?
25

26 MS. CAMERON: I think that's everything. Thank you so much for
27 your time today.
28

29 THE COURT: Thank you. With that, court is adjourned.
30

31
32
33 PROCEEDINGS ADJOURNED UNTIL 2:00 PM, JANUARY 9, 2025
34
35
36
37
38
39
40
41

Certificate of Record

I, Jesse Peterson, certify this recording is the record made of the evidence in the Court of King's Bench held in courtroom 1702 at Calgary, Alberta, on the 19th day of December, 2024, and I was the court official in charge of the sound-recording machine during the proceedings.

1 **Certificate of Transcript**

2

3 I, Debra Gagné, certify that

4

5 (a) I transcribed the record, which was recorded by a sound-recording machine, to the best of
6 my skill and ability and the foregoing pages are a complete and accurate transcript of the
7 contents of the record, and

8

9 (b) the Certificate of Record for these proceedings was included orally on the record and is
10 transcribed in this transcript.

11

12 Gagné Transcription Services

13 Order Number: TDS-1076839

14 Dated: February 9, 2025

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THIS IS EXHIBIT "L" referred to in
the Affidavit of **ROCCO SCHURINK**
SWORN BEFORE ME this 5th day
of August, 2025.

A handwritten signature in blue ink, appearing to be 'Isaac Belland', written over a horizontal line.

A COMMISSIONER FOR OATHS in and
for the Province of Alberta.

Isaac Belland
Barrister and Solicitor

Anderson, Cassy

From: David Mann <David.mann@bluerocklaw.com>
Sent: Tuesday, December 24, 2024 12:28 PM
To: Pawlyk, Jerritt; aarons@bennettjones.com
Cc: iron.rick@shaw.ca; 'Tony Kinnon'
Subject: [EXTERNAL] AlphaBow CCAA

DLA Piper (Canada) LLP ALERT: This is an external email. Do not click links or open attachments unless you recognize the sender's email address and know the content is safe.

Hi Jerritt,

To answer your question, the current state of the contract is that it has been disclaimed. That said, our client is very much interested in continuing in discussions with MEGlobal to carry on in business together.

We are sorry for the confusion. Our clients reached out to MEGlobal on December 12th not only to inform them of their winning bid but to demonstrate for them that the new company that will operate Prentiss is financially strong and, though it won the bid, it did so through a structure that only accepted a very small fraction of the abandonment and reclamation liabilities (within Cascade Capture Ltd.) that caused Alphabow to become a financially stressed company. Our clients would still like the opportunity to show MEGlobal how they achieved this and demonstrate that no matter what happens there will not be a repeat of the Alphabow history. In addition, our clients intend to operate under similar principles to MEGlobal's commitment to Responsible Care. In this light and in order to resolve and compensate MEGlobal for its recent hardships related to AlphaBow, my client would like to propose to pay the capital cost to build a water treatment facility for MEGlobal's emissions stream that comes from Prentiss ethylene glycol manufacture. This could occur through a variety of mechanisms – from a reinstatement of the disclaimed contract to a similar but new contract through to other possibilities – all of which remain open to our client.

It was in this context that the email below, from Mr. Ironside, was sent to your client - Cascade is interested in pursuing a new arrangement with MEGlobal and is hopeful those discussions can continue to find something mutually beneficial between our respective clients.

We're hopeful that your clients will contact Mr. Ironside and his team.

Cheers,

Dave

David Mann K.C.

Partner, Blue Rock Law LLP.

m: 403.605.3992

o: 587.317.0643

e: david.mann@bluerocklaw.com

a: 700 - 215 9th Ave. S.W. Calgary, AB

w: www.bluerocklaw.com

From: Pawlyk, Jerriitt <jerritt.pawlyk@ca.dlapiper.com>
Sent: December 23, 2024 8:36 AM
To: David Mann <David.mann@bluerocklaw.com>; aarons@bennettjones.com
Subject: FW: [EXTERNAL] AlphaBow CCAA

Good morning David and Sarah,

As you can see from the below correspondence, Cascade seems to be under the mistaken understanding that the MEGlobal contracts were assigned pursuant to the SAVO. I attach your correspondence confirming the opposite. The redline SAVO that I reviewed confirmed this as well. Can you please clarify with your client that this Prentiss CO2 agreements were not transferred. Thank-you.

Jerriitt Pawlyk
Partner

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From: O'Connell KN (Katherine) MEG <oconnekn@meglobal.biz>
Sent: Monday, December 23, 2024 7:22 AM
To: Pawlyk, Jerriitt <jerritt.pawlyk@ca.dlapiper.com>; Childress R (Rhonda) MEG <rhonda.childress@meglobal.biz>
Subject: RE: [EXTERNAL] AlphaBow CCAA

Good morning Jerriitt:

Please see the below emails that our operations folks received from Cascade which appear to contradict what counsel had emailed to you. Can you please look into this further and advise?

From: iron.rick@shaw.ca <iron.rick@shaw.ca>
Sent: December 20, 2024 2:22 PM
To: Schurink R (Rocco) MEG <rocco.schurink1@meglobal.biz>
Cc: Idicula A (Abey) MEG <aidicula@meglobal.biz>; tonykinnon@icloud.com
Subject: RE: meeting

Caution: This email originated from outside the organization EQUATE. Do not click links, open attachments or reply unless you recognize the sender and know the content is safe.

Hi Rocco and Abey,

We thought we should follow up on our last email sent on December 12th now that the CCAA process for Alphabow has been heard by the Alberta Court of King's Bench. As you may already be aware, we have been granted our vesting order for our winning bids placed in the Alphabow process and will move forward to close the transactions in the first quarter of 2025. As we will now be the new operators of Prentiss CO2 facilities, we would

very much like to sit down with you to discuss how we can work with MEGlobal to restart Prentiss CO2 facility and continue to take and sequester MEGlobal's emission stream.

As you can imagine, we have been frustrated with how long the Alphabow/AER/OWA process has taken and throughout it we have worked hard and put forward ideas that we believed would be acceptable to the AER to allow us to invest the capital needed to restart and properly operate both Prentiss CO2 and Chigwell EOR. So we understand how frustrated MEGlobal and you both must be with how long this has taken but we are hopeful that we can work with you to resolve the difficulties of the past and move forward to our mutual benefits.

As part of our discussion, we would like to explore the possibility of undertaking an early start of the facilities, if for nothing else the sole purpose of removing the water plume from the site.

Is it possible for us to set up a time to meet?

Best Regards,
Rick

From: iron.rick@shaw.ca <iron.rick@shaw.ca>

Sent: December 12, 2024 1:50 PM

To: 'Schurink R (Rocco) MEG' <rocco.schurink1@meglobal.biz>

Cc: 'Idicula A (Abey) MEG' <aidicula@meglobal.biz>; 'tonykinnon@icloud.com' <tonykinnon@icloud.com>

Subject: RE: meeting

Hi Rocco,

Merry Xmas and the Best of the Season to you and your family.

We are pleased to inform you that Cascade Capture's bid for Prentiss CO2 and Chigwell EOR has been selected as the winning bid by the Alphabow CCAA monitor, KSV Advisory. All related purchase and sale agreements have been executed with AlphaBow as part of the CCAA process. The next step will be AlphaBow / KSV / Bennett Jones making application to the Court of Kings Bench on Dec 19th to seek approval of overall CCAA outcome and all related transactions. Assuming the approval of the Court we will receive vesting orders related to our transaction(s) and will be able to move forward from there.

Tony and I would very much like to meet with you and Abey to discuss the process and how we can move forward to get Prentiss restarted as soon as possible post vesting order and licence transfer. We are happy to do either a zoom call or come meet you in person at MEGlobal. Please let us know if it is possible to have a meeting and what timing is best for you.

Best Regards,
Rick

Regards,

Katherine N. O'Connell, Esq.
General Counsel – The Americas

oconnkn@meglobal.biz

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M +832-802-9810
F +281-690-5629



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THIS IS EXHIBIT "M" referred to in
the Affidavit of **ROCCO SCHURINK**
SWORN BEFORE ME this 5th day
of August, 2025.



A COMMISSIONER FOR OATHS in and
for the Province of Alberta.

Isaac Belland
Barrister and Solicitor



DLA Piper (Canada) LLP
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F +1 780.670.4329

April 8, 2025

FILE NUMBER: 103704-00007

DELIVERED BY EMAIL/READ RECEIPT

CAMERONK@BENNETTJONES.COM
AARONS@BENNETTJONES.COM

Bennett Jones LLP
4500, 855 2 Street SW
Calgary, AB T2P 4K7

Attention: Ms. Keely Cameron and Ms. Sarah Aaron

Dear Ms. Cameron and Ms. Aaron:

Re: Demand for removal of AlphaBow Energy Ltd.'s (successor in interest to Glencoe Resources Ltd.) ("*AlphaBow*") property and equipment ("*Demand Letter*"), with reference to that certain Prentiss CO₂ Stream Purchase and Sale Agreement between MEGlobal Canada ULC (previously known as MEGlobal Canada Inc.) ("*MEGlobal*"), Alberta & Orient Glycol Company ULC (previously known as Alberta & Orient Glycol Company Limited) ("*A&O*"), AlphaBow and Dow Chemical Canada ULC (previously known as Dow Chemical Canada Inc.) dated December 1, 2004, (together with subsequent assignment(s)/amendments the "*CO₂ Agreement*"), which includes as Schedule "D" that certain Ground Lease between MEGlobal and AlphaBow dated February 1, 2005 (together with subsequent assignment(s)/amendments, the "*Lease*"); the CO₂ Agreement and Lease are referred to collectively herein as the "*Agreement*".

We are counsel to MEGlobal and A&O and write this Demand Letter to you in your capacity as counsel to AlphaBow. Unless otherwise indicated, capitalized terms in this Demand Letter have the meanings given to them in the Agreement.

On December 18, 2024, Mr. David Mann of Blue Rock Law LLP confirmed to me that the CO₂ Agreement and Lease were to be disclaimed. Additionally, Mr. Mann confirmed that they were disclaimed to me via email on December 24, 2024.

Although the CO₂ Agreement and Lease have been disclaimed, AlphaBow has Buyer Responsible Equipment on my clients' site, and therefore, AlphaBow is hereby notified that, it must remove all Buyer Responsible Equipment at its sole cost, risk and expense. Additionally, AlphaBow must restore the land.

Prior to beginning any such removal and/or restoration, and by no later than April 22nd, 2025, AlphaBow must contact Mr. Abey Idicula at my clients' site via phone at +1 (403) 885-8542 or via email at



aidicula@meglobal.biz to discuss the details of such removal and/or restoration, and to schedule a time convenient to my clients for the same.

My clients have the right to have their representatives present during such removal and/or restoration, and, when AlphaBow is on my clients' site, they must adhere to all Safety Requirements.

If you or your client have any questions or concerns about this Demand Letter, please contact me directly. I await your confirmation that AlphaBow is proceeding with haste and in accordance with the terms of the Agreement to complete the removal and restoration.

Sincerely,
DLA Piper (Canada) LLP
Per:



Jerri R. Pawlyk
Partner

JUP/cpa

cc. KSV Restructuring Inc. – Attn: Andrew Basi and Ross Graham
abasi@kvsadvisory.com and rgraham@kvsadvisory.com

Cassels Brock & Blackwell LLP – Attn: Jeff Oliver
joliver@cassels.com

Blue Rock Law LLP – Attn: David Mann
david.mann@bluerocklaw.com

THIS IS EXHIBIT "N" referred to in
the Affidavit of **ROCCO SCHURINK**
SWORN BEFORE ME this 5th day
of August, 2025.

A handwritten signature in black ink, appearing to be 'IB' or similar initials, positioned above a horizontal line.

A COMMISSIONER FOR OATHS in and
for the Province of Alberta.

Isaac Belland
Barrister and Solicitor

Government of Alberta ■ Corporation/Non-Profit Search

Corporate Registration System

Date of Search: 2025/06/18
Time of Search: 09:22 AM
Search provided by: DLA PIPER (CANADA) LLP (Calgary)
Service Request Number: 44846614
Customer Reference Number: 103704-00007

Corporate Access Number: 2026280715
Business Number: 763476629
Legal Entity Name: 2628071 ALBERTA LTD.

Legal Entity Status: Active
Alberta Corporation Type: Numbered Alberta Corporation
Registration Date: 2024/07/02 YYYY/MM/DD

Registered Office:
Street: 1250-639 5 AVE SW
City: CALGARY
Province: ALBERTA
Postal Code: T2P0M9

Records Address:
Street: 1250-639 5 AVE SW
City: CALGARY
Province: ALBERTA
Postal Code: T2P0M9

Email Address: CORPSERVICES@TINGLEMERRETT.COM

Primary Agent for Service:

Last Name	First Name	Middle Name	Firm Name	Street	City	Province	Postal Code	Email
YOUNG	ARIANE	E.	TINGLE MERRETT LLP	1250-639 5 AVE SW	CALGARY	ALBERTA	T2P0M9	AYOUNG@TINGLEMERRETT.COM

Directors:

Last Name: IRONSIDE
First Name: RICK
Middle Name: J.
Street/Box Number: 136 HERITAGE LAKE DRIVE
City: HERITAGE POINTE

Province: ALBERTA
Postal Code: T1S4H7

Last Name: KINNON
First Name: ANTHONY
Middle Name: JOHN
Street/Box Number: 227 BLUERIDGE RISE NW
City: CALGARY
Province: ALBERTA
Postal Code: T3L2N6

Last Name: SHMYRKO
First Name: GORDON
Middle Name: STANLEY
Street/Box Number: 188 HAWKHILL WAY NW.
City: CALGARY
Province: ALBERTA
Postal Code: T3G3H1

Details From Current Articles:

The information in this legal entity table supersedes equivalent electronic attachments

Share Structure: SEE THE ATTACHED SCHEDULE OF SHARE CAPITAL.
Share Transfers Restrictions: SEE THE ATTACHED SCHEDULE OF SHARE TRANSFER RESTRICTIONS.
Min Number Of Directors: 1
Max Number Of Directors: 10
Business Restricted To: NONE.
Business Restricted From: NONE.
Other Provisions: SEE THE ATTACHED SCHEDULE OF OTHER RULES OR PROVISIONS.

Associated Registrations under the Partnership Act:

Trade Partner Name	Registration Number
RESURGENT ENERGY	TN26895771

Other Information:

Filing History:

List Date (YYYY/MM/DD)	Type of Filing
2024/07/02	Incorporate Alberta Corporation
2024/07/02	Update Business Number Legal Entity
2025/02/24	Change Director / Shareholder


Attachments:

Attachment Type	Microfilm Bar Code	Date Recorded (YYYY/MM/DD)
Share Structure	ELECTRONIC	2024/07/02
Restrictions on Share Transfers	ELECTRONIC	2024/07/02
Other Rules or Provisions	ELECTRONIC	2024/07/02
Letter - Spelling Error	10000207120582299	2024/10/23

The Registrar of Corporations certifies that, as of the date of this search, the above information is an accurate reproduction of data contained in the official public records of Corporate Registry.



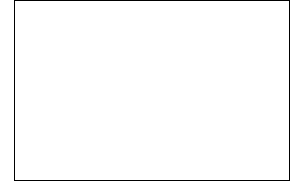
THIS IS EXHIBIT "O" referred to in
the Affidavit of **ROCCO SCHURINK**
SWORN BEFORE ME this 5th day
of August, 2025.

A handwritten signature in blue ink, appearing to be 'IB', followed by a horizontal line.

A COMMISSIONER FOR OATHS in and
for the Province of Alberta.

Isaac Belland
Barrister and Solicitor

Clerk's Stamp:



COURT FILE NUMBER

2401-05179

COURT

COURT OF KING'S BENCH OF ALBERTA

JUDICIAL CENTRE OF

CALGARY

IN THE MATTER OF THE *COMPANIES'*
CREDITORS ARRANGEMENT ACT, R.S.C.
1985, c. C-36, as amended

AND IN THE MATTER OF A PLAN OF
COMPROMISE OR ARRANGEMENT OF
ALPHABOW ENERGY LTD.

DOCUMENT

AFFIDAVIT

ADDRESS FOR SERVICE AND
CONTACT INFORMATION OF
PARTY FILING THIS
DOCUMENT:

BENNETT JONES LLP
Barristers and Solicitors
4500, 855 – 2nd Street S.W.
Calgary, Alberta T2P 4K7

Attention: Keely Cameron / Sarah Aaron
Telephone No.: 403-298-3324/3177
Fax No.: 403-265-7219
Client File No.: 88323.6

SEVENTH AFFIDAVIT OF BEN LI

Sworn on December 9, 2024

I, Ben Li, of Calgary, Alberta, SWEAR AND SAY THAT:

1. I am the President and Chief Executive Officer of AlphaBow Energy Ltd. (“**AlphaBow**” or the “**Applicant**”). As such, I have personal knowledge of the matters deposed to in this Affidavit except where stated as based on information and belief, in which case I verily believe the statements to be true.

22. In a decision issued on November 7, 2024, *AlphaBow Energy Ltd. (Re)*, 2024 ABKB 652, Justice M.H. Bourque granted AlphaBow's application, holding that the GORR Agreements were not interests in land and were capable of being vested off title in these CCAA proceedings. This decision was not appealed.

E. Transactions and the Reverse Vesting Order

23. Through the SISP, AlphaBow, with the assistance of the Monitor and in consultation with the Sales Advisor, has selected multiple bids that will collectively maximize value for the estate and ensure all oil and gas assets are assumed. As a result of various delays, certain bidders have expressed fatigue with the process which in a couple of cases has resulted in price reductions. I believe that any further delays in obtaining court approvals may result in further reductions.

24. A critical bid involving a significant number of assets and assumption of environmental liability involves a corporate sale of AlphaBow to 2628071 with certain assets being transferred by way of an asset sale to a related entity, 2628069 that will result in the existing equity interests of AlphaBow being redeemed and cancelled for nominal consideration; all of the enumerated Transferred Liabilities will be transferred from AlphaBow to the AlphaBow Residual Trust, together with the enumerated Transferred Assets; and 2628071 will acquire all of the newly issued shares of AlphaBow (the "**Transaction**"). At the conclusion of the Transaction, it will be the sole shareholder of AlphaBow.

a. The Subscription Agreement

25. A true copy of the Subscription Agreement is attached to my Affidavit as **Exhibit "A"**. The Subscription Agreement attaches numerous schedules, including over 2200 pages of Alberta Energy public registry search results, as well as detailed lists of facilities, wells, and pipelines. These schedules have been excluded from the copy of the Subscription Agreement attached to this Affidavit and will be made available to creditors and other interested stakeholders on request.

26. Upon closing and the completion of the Closing Sequence (as defined below), the Transaction contemplated by the Subscription Agreement will result in the following (with all capitalized

terms not otherwise defined herein having the same meaning as given to such terms in the Subscription Agreement):

- (a) a Subscription Price in the amount of \$1.00, payable on closing;
- (b) 2628071 obtaining the Purchased Shares, which will represent one hundred percent (100%) of the issued and outstanding shares of AlphaBow;
- (c) AlphaBow retaining the specified Retained Contracts and Retained Assets, free and clear of all claims and encumbrances, other than the Permitted Encumbrances and Assumed Liabilities, as described below;
- (d) AlphaBow retaining all of its abandonment and reclamation obligations and all of its current operated and non-operated working interests after giving effect to various other asset sales that are being completed as part of the SISP process;
- (e) the Transferred Assets and Transferred Liabilities, as described below, being vested in the AlphaBow Energy Residual Trust, with the explicit requirement that environmental obligations may not be vested into the AlphaBow Energy Residual Trust;
- (f) to the extent that any of the other transactions do not proceed, those assets will remain with AlphaBow, should a further sale not be advanced prior to the new shares being issued;
- (g) the closing of the Subscription Agreement being tied to the transaction with 2628069, a nominee of Cascade Capture Ltd.; and
- (h) all Cure Costs in respect of any Retained Contracts being paid in accordance with the Claims Process.

b. The Reverse Vesting Order

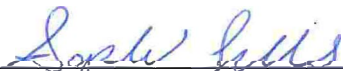
27. The Transaction will be completed through a reverse vesting order (the “**RVO**”). In essence, instead of providing for a traditional asset sale transaction where all purchased assets are purchased and transferred to a purchaser on a “free and clear” basis and all excluded assets,

impact these proceedings, in the event that the transactions that are the subject of those agreements do not close and the applicable assets needs to be remarketed.

IV. CONCLUSION

75. I swear this Affidavit in support of the relief sought in paragraph 4 and for no other or improper purpose.

SWORN BEFORE ME
at the City of Calgary, Alberta, this
9th day of December, 2024.


A Commissioner for Oaths in and for the
Province of Alberta

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BEN LI

Sophie Fiddes
Barrister & Solicitor