

COURT FILE NUMBER

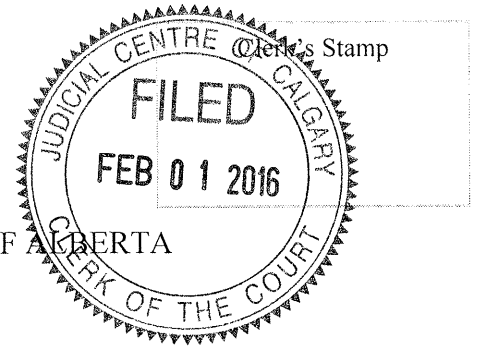
1501-13786

COURT

COURT OF QUEEN'S BENCH OF ALBERTA

JUDICIAL CENTRE

CALGARY



IN THE MATTER OF AN APPLICATION UNDER
SUBSECTION 243(1) OF THE *BANKRUPTCY AND
INSOLVENCY ACT*, RSC 1985, C B3 AS AMENDED

APPLICANT

**NATIONAL BANK OF CANADA, IN ITS
CAPACITY AS ADMINISTRATIVE AGENT
UNDER THAT CERTAIN AMENDED AND
RESTATED CREDIT AGREEMENT DATED
JUNE 30, 2015, AS AMENDED**

RESPONDENT(S)

**SPYGLASS RESOURCES CORP., 1196823
ALBERTA LTD., 1288916 ALBERTA LTD.,
1398850 ALBERTA LTD., 15836621 ALBERTA
LTD., 1636527 ALBERTA LTD., AVENEX
ENERGY PARTNERSHIP, AVENEX REAL
ESTATE ACQUISITION CORP.,
WESTBROOK MARKETING LIMITED
PARTNERSHIP (formerly ELBOW RIVER
MARKETING LIMITED PARTNERSHIP)
1159002 ALBERTA LTD., (formerly ELBOW
RIVER MARKETING CORP.), MEOTA 2000
PARTNERSHIP, PACE OIL & GAS
PARTNERSHIP, PACE OIL RESOURCES
LTD. AND SEAVIEW ENERGY
PARTNERSHIP**

I hereby certify this to be a true copy of
the original Order

Dated this 1 day of Feb/16
[Signature]
for Clerk of the Court

DOCUMENT

APPROVAL & VESTING ORDER

ADDRESS FOR SERVICE AND

CONTACT INFORMATION OF

PARTY FILING THIS

DOCUMENT

Josef G.A. Krüger, Q.C./Robyn Gurofsky
Borden Ladner Gervais LLP
1900, 520 3rd Ave. S.W.
Calgary, AB T2P 0R3
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Email: JKruger@blg.com / RGurofsky@blg.com
File No. 413255-000044

DATE ON WHICH ORDER WAS PRONOUNCED: February 1, 2016

NAME OF JUSTICE WHO MADE THE ORDER: The Honourable Justice A.D. Macleod

LOCATION OF HEARING: Calgary, Alberta

UPON the application of Ernst & Young Inc., in its capacity as the court-appointed receiver and manager (the “**Receiver**”) of Spyglass Resources Corp. (the “**Borrower**”), 1196823 Alberta Ltd., 1288916 Alberta Ltd., 1398850 Alberta Ltd., 1583662 Alberta Ltd., 1636527 Alberta Ltd., AvenEx Energy Partnership, AvenEx Real Estate Acquisition Corp., Westbrook Marketing Limited Partnership (formerly Elbow River Marketing Limited Partnership), 1159002 Alberta Ltd. (formerly Elbow River Marketing Corp.), Meota 2000 Partnership, Pace Oil & Gas Partnership, Pace Oil Resources Ltd., and Seaview Energy Partnership (collectively with the Borrower, the “**Debtors**”) for an Order approving the sale transaction contemplated by the Asset Purchase and Sale Agreement (the “**APA**”) between the Receiver as vendor (the “**Vendor**”) on behalf of the Borrower, and Journey Energy Partnership, by its managing partner Journey Energy Inc. (the “**Purchaser**”), made as of January 22, 2016 and appended to the Second Report of the Receiver dated January 25, 2016 (the “**Second Report**”); **AND UPON** having read the Application, the Second Report, the Confidential Supplement to the Second Report dated January 25, 2016 (the “**Confidential Report**”), the Affidavit of Service of Stella Kim dated February 1, 2016 (the “**Service Affidavit**”), and the pleadings and proceedings filed herein, including the Receivership Order granted on November 26, 2015, as amended (the “**Receivership Order**”); **AND UPON** hearing counsel for the Receiver, the Purchaser, National Bank of Canada in its capacity as Administrative Agent for and on behalf of a group of lenders under an Amended and Restated Credit Agreement dated June 30, 2015 (the “**Lender**”), and any other interested party appearing at the Application;

IT IS HEREBY ORDERED AND DECLARED THAT:

Service

1. The time for service of notice of this application is abridged to the time actually given and service of the Application and supporting material as described in the Service Affidavit is hereby declared to be good and sufficient, and this hearing is properly returnable before this Honourable Court today and further service thereof is hereby dispensed with.

Capitalized Terms

2. Capitalized terms not otherwise defined herein shall have the meaning ascribed to them in the APA.

Actions of the Receiver

3. The actions taken by the Receiver to date, and in particular the actions of the Receiver regarding the sale of the Assets, as reported in the Second Report, and the Confidential Report, are hereby approved and ratified.

Approval of the APA and the Transaction

4. The Transaction and the APA are commercially reasonable and in the best interests of the Borrower, the Debtors and their stakeholders. The Transaction is hereby approved and the execution of the APA by the Receiver is hereby authorized and approved, and the Receiver is authorized and directed to take such additional steps and execute such additional documents and make such minor amendments to the APA as may be necessary or desirable for the completion of the Transaction and for the conveyance of the Assets to the Purchaser.

Vesting of Property

5. Upon the delivery of a Receiver's Certificate to the Purchaser (or its nominee), substantially in the form attached as Schedule "A" hereto (the "**Receiver's Certificate**"), subject only to approval of the transfer of applicable licenses, permits and approvals by the appropriate government authorities pursuant to the legislation, all of the Borrower's right, title and interest in and to the Assets as described in the APA including those listed on Schedule "B" hereto shall vest absolutely in the Purchaser (or its nominee), as contemplated by the APA, free and clear of and from any and all security interests (whether contractual, statutory, registered or otherwise), hypothecs, caveats, interests, mortgages, trusts or deemed trusts (whether contractual, statutory, registered or otherwise), liens, encumbrances, executions, levies, charges, or other financial or monetary claims, assignments, actions, taxes, judgments, writs of execution, options, agreements, disputes, debts, debentures, easements, covenants, encumbrances or other rights, limitations or restrictions of any nature whatsoever including, without limitation, any rights or interests of any creditors of the Debtors, whether or not they have attached or been perfected, registered or filed and whether secured, unsecured, registered or otherwise and whether by payment, set off or

otherwise, whether liquidated, unliquidated or contingent (collectively, the "**Claims**") including, without limiting the generality of the foregoing:

- a) any encumbrances or charges created by the Receivership Order;
- b) all charges, security interests or claims evidenced by registrations pursuant to the *Personal Property Security Act* (Alberta), (the "**PPSA**") or any other personal property registry system; and
- c) those Claims listed on Part A - Schedule "C" hereto (all of which are collectively referred to as the "**Encumbrances**"), which term shall not include the permitted encumbrances, caveats, interests, easements and restrictive covenants listed on Part B - Schedule "C" (the "**Permitted Encumbrances**");

and, for greater certainty, this Court orders that all of the Encumbrances affecting or relating to the Assets and all charges, security interests or Claims evidenced by registrations pursuant to the PPSA, are hereby expunged, ordered removed and otherwise unconditionally discharged and terminated as against the Assets.

- 6. The Receiver is hereby authorized and directed to take all necessary steps and execute any and all documents to effect any and all discharges and the registrars and all other persons in control or otherwise supervising such offices of registration or recording shall forthwith remove and discharge all such registrations.
- 7. No further authorization or approval or any other action by any authority or regulatory body exercising jurisdiction over the Assets shall be required for the closing and post-closing implementation of the Transactions contemplated in the APA.
- 8. For further certainty, upon delivery of the Receiver's Certificate, and upon the filing of a certified copy of this Order, together with any applicable registration fees, the appropriate government authorities are hereby directed to register such transfers, interest authorizations, discharges, discharge statements of conveyances, as may be required to convey clear title to the assets to the Purchaser subject only to the Permitted Encumbrances. Without limiting the foregoing, the Registrar of Land Titles of Alberta (the "**Registrar**") is hereby authorized, requested and directed to cancel any existing Certificates of Title to be presented to the Registrar, and to issue new Certificates of Title in the name of the Purchaser (or its nominee) as directed by the Vendor, and

to register such transfers, discharges, discharge statements of conveyances, as may be required to convey clear title to the Purchaser (or its nominee), which Certificates of Title shall be subject only to those encumbrances (the “**Permitted Encumbrances**”) listed on Part B – Schedule “C” hereto.

9. This Order shall be registered by the Registrar notwithstanding the requirements of section 191(1) of the *Land Titles Act*, RSA 2000, c L-7 and notwithstanding that the appeal period in respect of this Order has not elapsed, which appeal period is expressly waived.
10. For the purposes of determining the nature and priority of Claims, the net proceeds from the sale of the Assets (to be held in an interest bearing trust account by the Receiver) shall stand in the place and stead of the Assets and from and after the delivery of the Receiver’s Certificate all Claims and Encumbrances shall attach to the net proceeds from the sale of the Assets with the same priority as they had with respect to the Assets immediately prior to the sale, as if the Assets had not been sold and remained in the possession or control of the person having that possession or control immediately prior to the sale.
11. Except as provided for in the APA, the Purchaser (or its nominee) shall, by virtue of the completion of the Transaction, have no liability of any kind whatsoever in respect of any Claims against the Vendor, the Borrower, the Debtors or any Affiliate of the Vendor, the Borrower or the Debtors, and the Purchaser (or its nominee) shall not be deemed a successor of or to the Borrower, the Debtors or any of its Affiliates for any Claims of any kind or nature whatsoever against the Debtors or any of its Affiliates or in the Assets.
10. Upon completion of the Transaction, the Borrower, the Debtors and all persons who claim by, through or under the Borrower and the Debtors in respect of the Assets, and all persons or entities having any Claims of any kind whatsoever in respect of the Assets, save and except for the persons entitled to the benefit of the Permitted Encumbrances, shall stand absolutely and forever barred, estopped and foreclosed from and permanently enjoined from pursuing, asserting or claiming any and all right, title, estate, interest, royalty, rental, equity of redemption or Claim in respect of or to the Assets, and to the extent that any such persons or entities remain in the possession or control of any of the Assets, or any artifacts, certificates, instruments or other indicia of title representing or evidencing any right, title, estate or interest in and to the Assets, they shall forthwith deliver possession thereof to the Purchaser (or its nominee).

11. The Purchaser (or its nominee) shall be entitled to enter into and upon, hold and enjoy the Assets for its own use and benefit, without any interference of or by the Borrower or Debtors or any person claiming by, through or against the Borrower or the Debtors.
12. Immediately after the closing of the Transaction, the holders of the Permitted Encumbrances shall have no claim whatsoever against the Vendor, the Borrower or the Debtors.
13. The Receiver is directed to file with the Court a copy of the Receiver's Certificate, forthwith after delivery thereof to the Purchaser (or its nominee).
14. Pursuant to clause 7(3)(c) of the *Personal Information Protection and Electronic Documents Act* (Canada) and section 20(e) of the *Alberta Personal Information Protection Act*, the Receiver is authorized and permitted to disclose and transfer to the Purchaser (or its nominee) all human resources and payroll information in the Debtor's records pertaining to the Debtor's past and current employees. The Purchaser (or its nominee) shall maintain and protect the privacy of such information and shall be entitled to use the personal information provided to it in a manner which is in all material respects identical to the prior use of such information by the Vendor.

Sealing Order

15. The Confidential Report shall immediately be sealed by the Clerk of the Court, kept confidential and not form part of the public record, and not be available for public inspection unless and until otherwise ordered by this Court, upon seven days' notice to all interested parties. The Confidential Report shall be sealed and filed in an envelope containing the following endorsement thereon:

THIS ENVELOPE CONTAINS THE CONFIDENTIAL SUPPLEMENT TO
THE RECEIVER'S SECOND REPORT DATED JANUARY 25TH, 2016,
WHICH SHALL BE SEALED FOR A PERIOD OF THREE (3) MONTHS
PURSUANT TO AN ORDER ISSUED BY THE HONOURABLE JUSTICE
MACLEOD DATED FEBRUARY 1ST, 2016, AND IS NOT TO BE PLACED
ON THE PUBLIC RECORD OR MADE PUBLICALLY ACCESSIBLE.

Miscellaneous Matters

16. Notwithstanding:

- a) the pendency of these proceedings and the declaration of insolvency made herein;
- b) the pendency of any applications for a bankruptcy order now or hereafter issued pursuant to the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the “BIA”), in respect of the Debtors, and any bankruptcy order issued pursuant to any such applications;
- c) any assignment in bankruptcy made in respect of the Debtors; and
- d) the provisions of any federal or provincial statute:

the vesting of the Assets in the Purchaser (or its nominee) pursuant to this Order shall be binding on any trustee in bankruptcy that may be appointed in respect the Borrower or the Debtors and shall not be void or voidable by creditors of the Borrower or the Debtors, nor shall it constitute nor be deemed to be a transfer at undervalue, fraudulent preference, assignment, fraudulent conveyance or other reviewable transaction under the BIA or any other applicable federal or provincial legislation, nor shall it constitute oppressive or unfairly prejudicial conduct pursuant to any applicable federal or provincial legislation.

- 17. The Receiver, the Purchaser (or its nominee) and any other interested party shall be at liberty to apply for further advice, assistance and direction as may be necessary in order to give full force and effect to the terms of this Order and to assist and aid the parties in closing the Transaction.
- 18. This Honourable Court hereby requests the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in any of its provinces or territories to act in aid of and to be complimentary to this Court in carrying out the terms of this Order, to give effect to this Order and to assist the Receiver and its agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such order and to provide such assistance to the Receiver, as an officer of the Court, as may be necessary or desirable to give effect to this Order or to assist the Receiver and its agents in carrying out the terms of this Order.
- 19. Service of this Order shall be deemed good and sufficient by serving the same on:
 - a. the persons listed on the service list created in these proceedings;
 - b. the Purchaser or on the Purchaser’s solicitors; and

and service on any other Person is hereby dispensed with.

"A.D. Macleod"

Justice of the Court of Queen's Bench of Alberta

SCHEDULE “A” FORM OF RECEIVER’S CERTIFICATE

SCHEDULE “B” PURCHASED ASSETS

SCHEDULE “C” ENCUMBRANCES AND CLAIMS

Part A Non-Permitted Encumbrances

Part B Permitted Encumbrances

SCHEDULE "A"

FORM OF RECEIVER'S CERTIFICATE PURSUANT TO PARAGRAPH 5 OF THIS VESTING ORDER

COURT FILE NUMBER **1501-13786**

COURT COURT OF QUEEN'S BENCH OF ALBERTA

JUDICIAL CENTRE CALGARY

IN THE MATTER OF AN APPLICATION UNDER
SUBSECTION 243(1) OF THE *BANKRUPTCY AND*
INSOLVENCY ACT, RSC 1985, C B3 AS AMENDED

APPLICANT **NATIONAL BANK OF CANADA, IN ITS
CAPACITY AS ADMINISTRATIVE AGENT
UNDER THAT CERTAIN AMENDED AND
RESTATED CREDIT AGREEMENT DATED
JUNE 30, 2015, AS AMENDED**

RESPONDENT(S) **SPYGLASS RESOURCES CORP., 1196823
ALBERTA LTD., 1288916 ALBERTA LTD.,
1398850 ALBERTA LTD., 15836621 ALBERTA
LTD., 1636527 ALBERTA LTD., AVENEX
ENERGY PARTNERSHIP, AVENEX REAL
ESTATE ACQUISITION CORP.,
WESTBROOK MARKETING LIMITED
PARTNERSHIP (formerly ELBOW RIVER
MARKETING LIMITED PARTNERSHIP)
1159002 ALBERTA LTD., (formerly ELBOW
RIVER MARKETING CORP.), MEOTA 2000
PARTNERSHIP, PACE OIL & GAS
PARTNERSHIP, PACE OIL RESOURCES
LTD. AND SEAVIEW ENERGY
PARTNERSHIP**

DOCUMENT **RECEIVER'S CERTIFICATE**

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT

Josef G.A. Krüger, Q.C./Robyn Gurofsky
Borden Ladner Gervais LLP
1900, 520 3rd Ave. S.W.
Calgary, AB T2P 0R3
Telephone: (403) 232-9774
Facsimile: (403) 266-1395
Email: JKruger@blg.com / RGurofsky@blg.com
File No. 422442-000031

RECITALS:

- A. Pursuant to an Order of the Honourable Justice G.C. Hawco of the Court of Queen's Bench of Alberta (the "**Court**") dated November 26, 2015, Ernst and Young Inc. was appointed as the receiver and manager (the "**Receiver**") of the undertaking and property of among others, Spyglass Resources Corp ("**Spyglass**").
- B. Pursuant to an Order of the Court dated February 1st, 2016, the Court approved the agreement of purchase and sale (the "**Sale Agreement**") made between the Receiver and Journey Energy Partnership, by its managing partner Journey Energy Inc. (the "**Purchaser**") and provided for the vesting in the Purchaser of Spyglass' right, title and interest in and to the Assets as defined in the Sale Agreement, which vesting is to be effective upon the delivery by the Receiver to the Purchaser of a certificate confirming:
- (i) the payment by the Purchaser of the Purchase Price for the Assets; and
 - (ii) the transaction contemplated pursuant to the Sale Agreement has been completed to the satisfaction of the Receiver.
- C. Unless otherwise indicated herein, capitalized terms not otherwise defined have the meaning attributed to them in the Sale Agreement.

THE RECEIVER CERTIFIES the following:

1. The Purchaser has paid and the Receiver has received the Purchase Price for the Assets, payable at the Closing pursuant to the Sale Agreement;
2. Any conditions to Closing as set out in the Sale Agreement have been satisfied or waived by the Receiver and/or the Purchaser where applicable; and

3. The transaction contemplated by the Sale Agreement has been completed.

This Certificate was delivered by the Receiver at Calgary, Alberta on February ____, 2016.

ERNST AND YOUNG INC., in its capacity as
court appointed receiver of the assets and
undertaking of SPYGLASS RESOURCES CORP.
and not in its personal capacity.

Per: _____
Neil Narfason
Partner, Senior Vice President

SCHEDULE "B"
PURCHASED ASSETS

THE FOLLOWING COMPRISES SCHEDULE "A" ATTACHED TO AND FORMING PART OF A PURCHASE AND SALE AGREEMENT DATED THE **22nd** DAY OF **January**, 2016 BETWEEN ERNST & YOUNG INC., solely in its capacity as receiver and manager of SPYGLASS RESOURCES CORP., and not in its personal or corporate capacity, and **JOURNEY ENERGY PARTNERSHIP**

Lands and Petroleum and Natural Gas Rights

The following 17 pages comprise Schedule "A".

SPYGLASS RESOURCES CORP.

Mineral Property Report

HERRONTON AREA PROPERTY REPORT

Generated by CINDY MILLER on January 21, 2016 at 4:38:49 pm.

Selection

Select By DLS:

T019 R25 W4M



CS*EXPLORER Version: 9.10.04

SPYGLASS RESOURCES CORP.

Mineral Property Report

Print Options

Acres / Hectares:	Acres		
Working Interest DOI:	Yes		
Other DOI:	Rental		
Related Contracts:	Yes	Related Units:	Yes
Royalty Information:	Yes	Expand:	Yes
Well Information:	Yes		
Remarks:	No		
Acreage:	Developed / Undeveloped		

Sort Options

Division:	Yes
Category:	No
Province:	No
Area:	No
Location:	Yes



CS*EXPLORER Version: 9.1004

Report Date: Jan 21, 2016

Page Number: 1

** REPORTED IN ACRES**

**SPYGLASS RESOURCES CORP.
Mineral Property Report**

Division: SOUTH

HERRONTON AREA PROPERTY REPORT

File Number	Lse Type	Lessor Type	Exposure	Oper. Cont.	ROFR	DOI Code	
File Status	Int Type / Lse No/Name		Gross				
Mineral Int	Operator / Payor		Net	DOI Partner(s)			Lease Description / Rights Held
M007608	PNG	CR	Eff: Oct 18, 1986	0.000	C003821 A No	WI	Area : GRANUM
Sub: A	WI		Exp: Oct 17, 1991	0.000	SPYGLASS RES	17.30000000	TWP 19 RGE 25 W4M 16
ACTIVE	0486100466	Ext: 15	0.000	COASTAL RESOUR	2.32000000		PNG FROM BASE BELLY_RIVER TO
	JOURNEY PRT			TAQA NORTH	3.48000000		BASE TURNER_VALLEY
100.00000000	JOURNEY ENERGY	Count Acreage = No		JOURNEY PRT	76.90000000		EXCL PNG IN TURNER_VALLEY
							(UNITIZED INTERVAL 1729 - 1752
							M KB)
				Total Rental:	0.00		

Status	Dev:	Acres	Net	Undev:	Acres	Net	Related Contracts
DEVELOPED		0.000	0.000		0.000	0.000	C003821 A JOA Mar 01, 1991
							PS00530 A P&S Jun 29, 2010 (I)

Royalty / Encumbrances

Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales
CROWN SLIDING SCALE ROYALT	ALL PRODUCTS	Y	N	100.00000000 % of PROD

Roy Percent:

Deduction: STANDARD

Gas: Royalty:

S/S OIL: Min:

Other Percent:

Max:

Min Pay:

Div:

Min:

Prod/Sales:

Prod/Sales:

Prod/Sales:

Paid to: LESSOR (M)

ALBERTA DEPT. 100.00000000

Paid by: WI (C)

SPYGLASS RES 17.30000000

COASTAL RESOUR 2.32000000

TAQA NORTH 3.48000000

JOURNEY PRT 76.90000000

Well U.W.I. Status/Type
100/01-16-019-25-W4/00 LOCATION/OIL

M007608	PNG	CR	Eff: Oct 18, 1986	640.000	UA4031 Bypass	UNIT INT	PRE-UNIT	Area : GRANUM
Sub: B	WI		Exp: Oct 17, 1991	640.000	SPYGLASS RES	14.27500000	17.30000000	TWP 19 RGE 25 W4M 16
ACTIVE	0486100466	Ext: UNITIZED		91.360	JOURNEY PRT	74.70000000	76.90000000	PNG IN TURNER_VALLEY (UNITIZED

Report Date: Jan 21, 2016
Page Number: 2
** REPORTED IN ACRES**

SPYGLASS RESOURCES CORP.
Mineral Property Report

Division: SOUTH

HERRONTON AREA PROPERTY REPORT

File Number	Lse Type	Lessor Type	Exposure	Oper.Cont.	ROFR	DOI Code	
File Status	Int Type / Lse No/Name		Gross				
Mineral Int	Operator / Payor		Net	Doi Partner(s)	*	*	Lease Description / Rights Held

(cont'd)

M007608
Sub: B JOURNEY PRT COASTAL RESOUR 1.91000000 2.32000000 INTERVAL 1729 - 1752 M KB)
100.00000000 JOURNEY ENERGY TAQA NORTH 2.86500000 3.48000000
CONOCO ENERGY 6.25000000

Total Rental: 896.00

Related Contracts

C003821 D JOA Mar 01, 1991
PS00530 A P&S Jun 29, 2010 (I)
UA4031 UNIT Nov 01, 1993
UA4031 A UNIT Nov 01, 1993

Status	Dev:	Acres	Net	Undev:	Acres	Net
DEVELOPED		640.000	91.360		0.000	0.000

----- Well U.W.I. Status/Type -----
100/15-16-019-25-W4/00 FLOWING/GAS

Royalty / Encumbrances

Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales
CROWN SLIDING SCALE ROYALTY	ALL PRODUCTS	Y	N	100.00000000 % of PROD

Roy Percent:

Deduction: STANDARD

Gas: Royalty:

S/S OIL: Min:

Other Percent:

Max:

Min Pay:

Div:

Min:

Prod/Sales:

Prod/Sales:

Prod/Sales:

Paid to: LESSOR (M)
ALBERTA DEPT. 100.00000000

Paid by: UNIT INT (C)
SPYGLASS RES 14.27500000
JOURNEY PRT 74.70000000
COASTAL RESOUR 1.91000000
TAQA NORTH 2.86500000
CONOCO ENERGY 6.25000000

Related Units

Unit File No	Effective Date	Unit Name	Unit Operator
UA4031	Jul 01, 2003	HERRONTON TURNER VALLEY UNIT NO.	JOURNEY PRT

Report Date: Jan 21, 2016
Page Number: 3
** REPORTED IN ACRES**

SPYGLASS RESOURCES CORP.
Mineral Property Report

Division: SOUTH

HERRONTON AREA PROPERTY REPORT

File Number	Lse Type	Lessor Type	Exposure	Oper.Cont.	ROFR	DOI Code	
File Status	Int Type / Lse No/Name		Gross				
Mineral Int	Operator / Payor		Net	DOI Partner(s)	*	*	Lease Description / Rights Held

(cont'd)
M007608

B

Related Units

Zone:

PNG IN TURNER VALLEY
(UNITIZED INTERVAL 1729 - 1752 M KB)

Unit File No
UA4031
Sub: A

Effective Date
Jul 01, 2003
Tract Number: 1

Unit Name
HERRONTON TURNER VALLEY UNIT NO. 1
Unit Operator
JOURNEY PRT

Tract Part%: 50.00000000

M004765	PNG	FH	Eff: Feb 01, 2003	320.000	UA4031	Bypass	UNIT INT	PRE-UNIT	Area : GRANUM
Sub: A	WI		Exp: Jan 31, 2102	320.000	SPYGLASS RES		14.27500000	11.25000000	TWP 19 RGE 25 W4M S21
ACTIVE	GREEN ET AL	Ext: UNITIZED		45.680	JOURNEY PRT		74.70000000	72.50000000	PNG IN TURNER VALLEY
	JOURNEY ENERGY				COASTAL RESOUR		1.91000000	1.50000000	(UNITIZED INTERVAL 1729 - 1752
100.00000000	JOURNEY ENERGY				TAQA NORTH		2.86500000	2.25000000	M KB)
					CONOCO ENERGY		6.25000000	12.50000000	

Total Rental: 320.00

Status	Dev:	Acres	Net	Undev:	Acres	Net
DEVELOPED		320.000	45.680		0.000	0.000

Related Contracts

C003820 B	FARM&ROY	Apr 26, 1990
PS00530 A	P&S	Jun 29, 2010 (I)
UA4031	UNIT	Nov 01, 1993
UA4031 B	UNIT	Nov 01, 1993

Royalty / Encumbrances

Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales
LESSOR OVERRIDING ROYALTY	ALL PRODUCTS	N	N	100.00000000 % of PROD
Roy Percent: 16.00000000				
Deduction: NO				
Gas: Royalty:		Min Pay:		Prod/Sales:
S/S OIL: Min:	Max:	Div:		Prod/Sales:

Well U.W.I. 100/02-21-019-25-W4/00 FLOWING/GAS
Status/Type

Report Date: Jan 21, 2016
Page Number: 4
** REPORTED IN ACRES**

**SPYGLASS RESOURCES CORP.
Mineral Property Report**

Division: SOUTH

HERRONTON AREA PROPERTY REPORT

File Number	Lse Type	Lessor Type	Exposure	Oper.Cont.	ROFR	DOI Code	
File Status	Int Type	Lse No/Name	Gross				
Mineral Int	Operator / Payor		Net	DOI Partner(s)	*	*	Lease Description / Rights Held

(cont'd)

Other Percent:

Min:

Prod/Sales:

Paid to: LESSOR (M)		Paid by: PRE-UNIT (C)	
GREEN, O	20.00000000	SPYGLASS RES	11.25000000
WHITE, T	20.00000000	JOURNEY PRT	72.50000000
WILLOCKS, L	20.00000000	CONOCO ENERGY	12.50000000
GREEN, G&R	20.00000000	COASTAL RESOUR	1.50000000
GREEN/WENDELBOE	20.00000000	TAQA NORTH	2.25000000

Related Units

Unit File No	Effective Date	Unit Name	Unit Operator
UA4031	Jul 01, 2003	HERRONTON TURNER VALLEY UNIT NO. 1	JOURNEY PRT
Zone:		PNG IN TURNER VALLEY	
		(UNITIZED INTERVAL 1729 - 1752 M KB)	

Unit File No	Effective Date	Unit Name	Unit Operator
UA4031	Jul 01, 2003	HERRONTON TURNER VALLEY UNIT NO. 1	JOURNEY PRT
Sub: B	Tract Number: 2		Tract Part%: 25.00000000

M004765	PNG	FH	Eff: Feb 01, 2003	320.000	C003820 A No	W1	Area : GRANUM
Sub: B	W1		Exp: Jan 31, 2102	320.000	SPYGLASS RES	11.25000000	TWP 19 RGE 25 W4M S21
ACTIVE	GREEN ET AL		Ext: HBP	36.000	JOURNEY PRT	72.50000000	PNG FROM BASE BELLY_RIVER TO
	JOURNEY ENERGY				CONOCO ENERGY	12.50000000	TOP TURNER_VALLEY
100.00000000	JOURNEY ENERGY	Count Acreage = No			COASTAL RESOUR	1.50000000	(EXCL PNG IN TURNER_VALLEY
					TAQA NORTH	2.25000000	UNITIZED INTERVAL 1729 - 1752 M
							KB)

Total Rental: 0.00

Status	Acres	Net	Acres	Net	Related Contracts
					C003820 A FARM&ROY Apr 26, 1990

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File Number	Lse Type	Lessor Type	Exposure	Oper.Cont.	ROFR	DOI Code			
File Status	Int Type / Lse No/Name		Gross						
Mineral Int	Operator / Payor		Net	Doi Partner(s)	*	*			Lease Description / Rights Held

(cont'd)

M004765
Sub: B DEVELOPED Dev: 320.000 36.000 Undev: 0.000 0.000 PS00530 A P&S Jun 29, 2010 (I)

Royalty / Encumbrances

Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales
LESSOR OVERRIDING ROYALTY	GAS	N	N	100.00000000 % of PROD
Roy Percent: 16.00000000				
Deduction: NO				
Gas: Royalty:		Min Pay:		Prod/Sales:
S/S OIL: Min:	Max:	Div:		Prod/Sales:
Other Percent:		Min:		Prod/Sales:
Paid to: LESSOR (M)		Paid by: WI (C)		
GREEN, O	20.00000000	SPYGLASS RES	11.25000000	
WHITE, T	20.00000000	JOURNEY PRT	72.50000000	
WILLOCKS, L	20.00000000	CONOCO ENERGY	12.50000000	
GREEN, G&R	20.00000000	COASTAL RESOUR	1.50000000	
GREEN/WENDELBOE	20.00000000	TAQA NORTH	2.25000000	

M004765 PNG FH Eff: Feb 01, 2003 320.000 C003820 C No WI Area : GRANUM
Sub: C WI Exp: Jan 31, 2102 320.000 SPYGLASS RES 11.25000000 TWP 19 RGE 25 W4M S21
ACTIVE GREEN ET AL Ext: HBP 36.000 JOURNEY PRT 87.25000000 (PNG BELOW BASE TURNER VALLEY
JOURNEY ENERGY COASTAL RESOUR 1.50000000 UNITIZED ZONE TO BASE TURNER
100.00000000 JOURNEY ENERGY Count Acreage = No VALLEY)

Total Rental: 0.00

Status	Acres	Net	Acres	Net	Related Contracts
					C003820 C FARM&ROY Apr 26, 1990

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File Number	Lse Type	Lessor Type	Exposure	Oper.Cont.	ROFR	DOI Code	
File Status	Int Type / Lse No/Name		Gross				
Mineral Int	Operator / Payor		Net	DOI Partner(s)	*	*	Lease Description / Rights Held

(cont'd)

M004765
Sub: C DEVELOPED Dev: 320.000 36.000 Undev: 0.000 0.000

Royalty / Encumbrances

Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales
LESSOR OVERRIDING ROYALTY	GAS	N	N	100.00000000 % of PROD
Roy Percent: 16.00000000				
Deduction: NO				
Gas: Royalty:		Min Pay:		Prod/Sales:
S/S OIL: Min:	Max:	Div:		Prod/Sales:
Other Percent:		Min:		Prod/Sales:
Paid to: LESSOR (M)		Paid by: WI (C)		
GREEN, O 20.00000000		SPYGLASS RES 11.25000000		
WHITE, T 20.00000000		JOURNEY PRT 87.25000000		
WILLOCKS, L 20.00000000		COASTAL RESOUR 1.50000000		
GREEN, G&R 20.00000000				
GREEN/WENDELBOE 20.00000000				

M004792	PNG	FH	Eff: Feb 01, 2003	320.000	UA4031	Bypass	UNIT INT	PRE-UNIT	Area : GRANUM
Sub: A	WI		Exp: Jan 31, 2102	320.000	SPYGLASS RES		14.27500000	11.25000000	TWP 19 RGE 25 W4M N21
ACTIVE	MALMBERG		Ext: HBU	45.680	JOURNEY PRT		74.70000000	72.50000000	PNG IN TURNER VALLEY
	JOURNEY ENERGY				COASTAL RESOUR		1.91000000	1.50000000	(UNITIZED INTERVAL 1729 - 1752
100.00000000	JOURNEY ENERGY				TAQA NORTH		2.86500000	2.25000000	M KB)
					CONOCO ENERGY		6.25000000	12.50000000	

Total Rental: 320.00

Related Contracts
C003820 B FARM&ROY Apr 26, 1990
PS00530 A P&S Jun 29, 2010 (I)

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File Status	Int Type / Lse No/Name		Gross				
Mineral Int	Operator / Payor		Net	Doi Partner(s)	*	*	Lease Description / Rights Held

(cont'd)

M004792
Sub: A

Status	Dev:	Acres	Net	Undev:	Acres	Net	UA4031	UNIT	Nov 01, 1993
DEVELOPED		320.000	45.680		0.000	0.000	UA4031 C	UNIT	Nov 01, 1993

----- Well U.W.I. Status/Type -----
100/02-21-019-25-W4/00 FLOWING/GAS

Royalty / Encumbrances

Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales
LESSOR OVERRIDING ROYALTY	ALL PRODUCTS	N	N	100.00000000 % of PROD
Roy Percent: 16.00000000				
Deduction: NO				
Gas: Royalty:	Max:	Min Pay:		Prod/Sales:
S/S OIL: Min:		Div:		Prod/Sales:
Other Percent:		Min:		Prod/Sales:

Paid to: PAIDTO (R)	Paid by: PRE-UNIT (C)
ACCT DONALD MAL 12.50000000	SPYGLASS RES 11.25000000
ACCT CHRIS MALM 6.25000000	JOURNEY PRT 72.50000000
ACCT BARB GREEN 12.50000000	CONOCO ENERGY 12.50000000
MALMBERG J P 50.00000000	COASTAL RESOUR 1.50000000
MALMBERG CF 12.50000000	TAQA NORTH 2.25000000
MALMBERG B 6.25000000	

Related Units

Unit File No	Effective Date	Unit Name	Unit Operator
UA4031	Jul 01, 2003	HERRONTON TURNER VALLEY UNIT NO. 1	JOURNEY PRT
Zone:		PNG IN TURNER VALLEY	
		(UNITIZED INTERVAL 1729 - 1752 M KB)	

Unit File No	Effective Date	Unit Name	Unit Operator
UA4031	Jul 01, 2003	HERRONTON TURNER VALLEY UNIT NO. 1	JOURNEY PRT
Sub: C	Tract Number: 3		Tract Part%: 25.00000000

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File Number	Lse Type	Lessor Type	Exposure	Oper.Cont.	ROFR	DOI Code	
File Status	Int Type / Lse No/Name		Gross				
Mineral Int	Operator / Payor		Net	DOI Partner(s)	*	*	Lease Description / Rights Held
M004792	PNG	FH	Eff: Feb 01, 2003	320.000	C003820 A No	WI	Area : GRANUM
Sub: B	WI	Exp: Jan 31, 2102	320.000	SPYGLASS RES	11.25000000		TWP 19 RGE 25 W4M N21
ACTIVE	MALMBERG		36.000	JOURNEY PRT	72.50000000		PNG FROM BASE BELLY_RIVER TO
	JOURNEY ENERGY			CONOCO ENERGY	12.50000000		TOP TURNER_VALLEY
100.00000000	JOURNEY ENERGY	Count Acreage = No		COASTAL RESOUR	1.50000000		(EXCL PNG IN TURNER_VALLEY
				TAQA NORTH	2.25000000		UNIT NO. A UNITIZED INTERVAL
							1729 - 1752 M KB)

Total Rental: 0.00

Status	Dev:	Acres	Net	Undev:	Acres	Net	Related Contracts
DEVELOPED		320.000	36.000		0.000	0.000	C003820 A FARM&ROY Apr 26, 1990
							PS00530 A P&S Jun 29, 2010(I)

Royalty / Encumbrances

Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales
LESSOR OVERRIDING ROYALTY	ALL PRODUCTS	N	N	100.00000000 % of PROD
Roy Percent: 16.00000000				
Deduction: NO				
Gas: Royalty:	Max:	Min Pay:		Prod/Sales:
S/S OIL: Min:		Div:		Prod/Sales:
Other Percent:		Min:		Prod/Sales:
Paid to: PAIDTO (R)		Paid by: WI (C)		
ACCT DONALD MAL	12.50000000	SPYGLASS RES	11.25000000	
ACCT CHRIS MALM	6.25000000	JOURNEY PRT	72.50000000	
ACCT BARB GREEN	12.50000000	CONOCO ENERGY	12.50000000	
MALMBERG J P	50.00000000	COASTAL RESOUR	1.50000000	
MALMBERG CF	12.50000000	TAQA NORTH	2.25000000	
MALMBERG B	6.25000000			

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File Number	Lse Type	Lessor Type	Exposure	Oper. Cont.	ROFR	DOI Code	
File Status	Int Type / Lse No/Name		Gross				
Mineral Int	Operator / Payor		Net	DOI Partner(s)	*	*	Lease Description / Rights Held
M004792	PNG	FH	Eff: Feb 01, 2003	320.000	C003820 C No	WI	Area : GRANUM
Sub: C	WI	Exp: Jan 31, 2102	320.000	SPYGLASS RES	11.25000000		TWP 19 RGE 25 W4M N21
ACTIVE	MALMBERG		36.000	JOURNEY PRT	87.25000000		(PNG FROM BASE TURNER VALLEY
	JOURNEY ENERGY			COASTAL RESOUR	1.50000000		UNIT NO. 1 TO BASE TURNER
100.00000000	JOURNEY ENERGY	Count Acreage = No					VALLEY)
				Total Rental:	0.00		(UNITIZED INTERVAL 1729 - 1752
							M KB)
	Status		Acres	Net	Acres	Net	
	DEVELOPED	Dev:	320.000	36.000	Undev:	0.000	0.000
							----- Related Contracts -----
							C003820 C FARM&ROY Apr 26, 1990
							----- Well U.W.I. Status/Type -----
							100/16-21-019-25-W4/00 FLOWING/OIL
	Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales		
	LESSOR OVERRIDING ROYALTY	ALL PRODUCTS	N	N	100.00000000 % of PROD		
	Roy Percent: 16.00000000						
	Deduction: NO						
	Gas: Royalty:		Min Pay:		Prod/Sales:		
	S/S OIL: Min:	Max:	Div:		Prod/Sales:		
	Other Percent:		Min:		Prod/Sales:		
	Paid to: PAIDTO (R)		Paid by: WI (C)				
	ACCT DONALD MAL	12.50000000	SPYGLASS RES	11.25000000			
	ACCT CHRIS MALM	6.25000000	JOURNEY PRT	87.25000000			
	ACCT BARB GREEN	12.50000000	COASTAL RESOUR	1.50000000			
	MALMBERG J P	50.00000000					
	MALMBERG CF	12.50000000					
	MALMBERG B	6.25000000					

M007608 PNG CR Eff: Oct 18, 1986 320.000 C003821 B No WI Area : GRANUM

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File Number	Lse Type	Lessor Type	Exposure	Oper. Cont.	ROFR	DOI Code	
File Status	Int Type / Lse No/Name		Gross				
Mineral Int	Operator / Payor		Net	DOI Partner(s)	*	*	Lease Description / Rights Held

(cont'd)

M007608							
Sub: C	WI	Exp: Oct 17, 1991	320.000	SPYGLASS RES	8.65000000		TWP 19 RGE 25 W4M N22
ACTIVE	0486100466	Ext: 15	27.680	JOURNEY PRT	88.45000000		PNG FROM BASE MANNVILLE TO BASE
	JOURNEY PRT			COASTAL RESOUR	1.16000000		TURNER_VALLEY
100.00000000	JOURNEY ENERGY			TAQA NORTH	1.74000000		

Total Rental: 448.00

Related Contracts

C003821 B	JOA	Mar 01, 1991
PS00530 A	P&S	Jun 29, 2010 (I)

Status	Acres	Net	Acres	Net
UNDEVELOPED	0.000	0.000	320.000	27.680

Royalty / Encumbrances

Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales
CROWN SLIDING SCALE ROYALTY	ALL PRODUCTS	Y	N	100.00000000 % of PROD
Roy Percent:				
Deduction: STANDARD				
Gas: Royalty:		Min Pay:		Prod/Sales:
S/S OIL: Min:	Max:	Div:		Prod/Sales:
Other Percent:		Min:		Prod/Sales:
Paid to: LESSOR (M)		Paid by: WI (C)		
ALBERTA DEPT.	100.00000000	SPYGLASS RES	8.65000000	
		JOURNEY PRT	88.45000000	
		COASTAL RESOUR	1.16000000	
		TAQA NORTH	1.74000000	

M007608	PNG	CR	Eff: Oct 18, 1986	320.000	C003821 B No	WI	Area : GRANUM
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File Number	Lse Type	Lessor Type	Exposure	Oper. Cont.	ROFR	DOI Code	
File Status	Int Type / Lse No/Name		Gross				
Mineral Int	Operator / Payor		Net	DOI Partner(s)			Lease Description / Rights Held

(cont'd)

M007608							
Sub: D	WI	Exp: Oct 17, 1991	320.000	SPYGLASS RES	8.65000000		TWP 19 RGE 25 W4M S22
ACTIVE	0486100466	Ext: 15	27.680	JOURNEY PRT	88.45000000		PNG FROM BASE BELLY_RIVER TO
	JOURNEY PRT			COASTAL RESOUR	1.16000000		BASE TURNER_VALLEY
100.00000000	JOURNEY ENERGY			TAQA NORTH	1.74000000		

Total Rental: 448.00

Status		Acres	Net		Acres	Net
DEVELOPED	Dev:	320.000	27.680	Undev:	0.000	0.000

Related Contracts

C003821 C	JOA	Mar 01, 1991
PS00530 A	P&S	Jun 29, 2010 (I)
C003821 B	JOA	Mar 01, 1991

Well U.W.I. Status/Type

100/05-22-019-25-W4/00ABANDONED/UNK
100/08-22-019-25-W4/00PUMPING/OIL

Royalty / Encumbrances

Royalty Type	Product Type	Sliding Scale	Convertible	% of Prod/Sales
CROWN SLIDING SCALE ROYALTY	ALL PRODUCTS	Y	N	100.00000000 % of PROD

Roy Percent:

Deduction: STANDARD

Gas: Royalty:

S/S OIL: Min:

Other Percent:

Max:

Min Pay:

Div:

Min:

Prod/Sales:

Prod/Sales:

Prod/Sales:

Paid to: LESSOR (M)

ALBERTA DEPT. 100.00000000

Paid by: WI (C)

SPYGLASS RES 8.65000000

JOURNEY PRT 88.45000000

COASTAL RESOUR 1.16000000

TAQA NORTH 1.74000000

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File Number	Lse Type	Lessor Type	Exposure	Oper.Cont.	ROFR	DOI Code			
File Status	Int Type / Lse No/Name		Gross						
Mineral Int	Operator / Payor		Net	Doi Partner(s)	*	*			Lease Description / Rights Held
Division Total:		Total Gross:	1,920.000	Total Net:	238.080				
		Dev Gross:	1,600.000	Dev Net:	210.400	Undev Gross:	320.000	Undev Net:	27.680
Report Total:		Total Gross:	1,920.000	Total Net:	238.080				
		Dev Gross:	1,600.000	Dev Net:	210.400	Undev Gross:	320.000	Undev Net:	27.680

** End of Report **

THE FOLLOWING COMPRISES SCHEDULE "B" ATTACHED TO AND FORMING PART OF A PURCHASE AND SALE AGREEMENT DATED THE **22nd** DAY OF **January**, 2016 BETWEEN ERNST & YOUNG INC., solely in its capacity as receiver and manager of SPYGLASS RESOURCES CORP., and not in its personal or corporate capacity, and **JOURNEY ENERGY PARTNERSHIP**

Wells and Facilities

Wells

<u>WELL UWI</u>	<u>WELL NAME</u>	<u>STATUS</u>	<u>TYPE</u>
100151601925W400	JOURNEY HERRON 15-16-19-25	FLOWING	GAS
100022101925W400	JOURNEY HERRON 2-21-19-25	FLOWING	GAS
100072101925W400	JOURNEY HERRON 7-21-19-25	SUSPENDED	GAS
100072101925W402	JOURNEY HERRON 7-21-19-25	SUSPENDED	GAS
100162101925W400	JOURNEY HZ HERRON 16-21-19-25	FLOWING	OIL
100052201925W400	JOURNEY HERRON 5-22-19-25	ABANDONED	OIL
100052201925W402	JOURNEY HERRON 5-22-19-25	REENTRY	OIL
100082201925W400	JOURNEY HZ HERRON 8-22-19-25	PUMPING	OIL

Excluded Wells

100072201925W400	ATCOR ET AL HERRON 7-22-19-25	ABANDONED	ABANDONED
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Facilities

SA3856

Gas Handling Agreement dated January 1, 2014

File: Herronton GH 321.0

Well: 8-22-19-25 W4M

SA3857

Well Effluent Processing and Water Disposal Agreement dated January 1, 2014

File: Herronton A 323.7

Well: 8-22-19-25 W4M

UA4031

Herronton Turner Valley Unit No. 1

Spyglass – 14.275% unit interest

SCHEDULE “C”

ENCUMBRANCES AND CLAIMS

Part A – Non-Permitted Encumbrances

1. Security Notice Registration 1503330 by National Bank of Canada, registered on November 18, 2015 at the Alberta Mines and Minerals Registry against:

Agreement Number: 004 0486100466

Petroleum and Natural Gas below the base of the Belly River GRP
As designated in D00039
Interval: 1688.00 – 2453.00 Feet
Key Well: 00/07-19-032-22W4/00
Log Type: Induction Electrical

To the base of the Turner Valley FM
As designated in D00028
Interval: 5817.00-6172.00 Feet
Key Well: 00/08-30-019-02W5/00
Log Type: Gamma Ray Neutron

Agreement Number: 004 0486100466

Petroleum and Natural Gas below the base of the Mannville GRP
As designated in D00004
Interval: 2557.00-2985.00 Feet
Key Well: 00/06-16-041-084W/00
Log Type: Induction Electrical

To the base of the Turner Valley FM
As designated in D00028
Key Well: 00/08-30-019-02W5/00
Log Type: Gamma Ray Neutron

Part B – Permitted Encumbrances

1. Any and all encumbrances and interests listed on the Title Documents (as defined in the APA).
2. Those Permitted Encumbrances defined in the APA.