

COURT FILE NUMBER    **Q.B. No. \_\_\_\_\_ of 2022**  
COURT OF QUEEN'S BENCH FOR SASKATCHEWAN  
IN BANKRUPTCY AND INSOLVENCY  
JUDICIAL CENTRE        **SASKATOON**  
APPLICANT                **RURAL MUNICIPALITY OF LACADENA No. 228**  
                                     **RURAL MUNICIPALITY OF MIRY CREEK No. 229**  
  
RESPONDENT                **ABBEY RESOURCES CORP.**

**IN THE MATTER OF THE RECEIVERSHIP OF ABBEY RESOURCES CORP.**  
**AND IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT***  
***ACT, RSC 1985, c C-36, AS AMENDED***  
  
**AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT**  
**OF ABBEY RESOURCES CORP.**

**THIRD AFFIDAVIT OF BRAD WAGNER**

I, BRAD WAGNER, of the City of Regina, in the Province of Saskatchewan, MAKE OATH AND SAY THAT:

1. I am employed by the Government of Saskatchewan as represented by the Ministry of Energy and Resources (the "Ministry"), in the capacity of Director of Liability Management. I have reviewed the books and records of the Ministry prepared in the ordinary course of business. I swear this affidavit based on that review and my personal knowledge of the matters and facts deposed to herein, except where stated to be on information and belief and where so stated I verily believe the same to be true.
2. As the Director of Liability Management Branch I am responsible for overseeing programs aimed at ensuring oil and gas companies are able to meet their financial obligations respecting the decommissioning and clean-up of oil and gas infrastructure and sites that are no longer economic, as well as the setting of standards for site reclamation and remediation.

3. As a Director for the Ministry, I am authorized to make this Affidavit on behalf of Ministry.

**Role of the Ministry**

4. The Ministry is responsible for regulating the oil and gas sector in the Province of Saskatchewan. Those responsibilities include, but are not limited to:
  - (a) Regulating the drilling, operation and decommissioning of oil and gas wells, and associated infrastructure within the province, which includes:
    - (i) The issuance and administration of permits for wells;
    - (ii) The issuance and administration of permits for associated infrastructure such as pipelines and collection facilities
    - (iii) The supervision of operations on an ongoing basis;
    - (iv) Estimating decommissioning obligations and the administration of a system for securing those obligations, having due regard to the financial viability of the operator, including re-evaluation of the extent of anticipated obligations and the financial viability of the operator on an ongoing basis;
    - (v) Collection of monies owing to the Crown;
    - (vi) Ensuring that operators meet their environmental obligations to the Crown and the people of Saskatchewan.
5. A review of Ministry records discloses that Abbey owns over 2,300 wells in the Province of Saskatchewan. However, for the 2021 year only approximately 1,200 of these wells were active as the remainder were inactive. Only 115 of the inactive wells have been decommissioned or abandoned.

6. In accordance with the terms of *The Oil and Gas Conservation Act*, and the accompanying regulations, the Applicant is required to make certain administrative levy payments to the Ministry as a result.
7. In addition to the administrative levy payments, the Applicant is also required to make payments to the Ministry for the following:
  - (a) Mineral lease rentals;
  - (b) Oil and gas royalties;
  - (c) Integrated Resource Information System non-compliance fines;
  - (d) Orphan Levy payments – These payments are payments that are payable by each and every well operator in Saskatchewan to offset a portion of the costs to carry out abandonment and reclamation work to close down wells that are no longer in operation; and
  - (e) Security deposits, if deemed necessary by the Minister, in order to ensure that a licensee will be able to meet their statutory obligation to decommission and reclaim infrastructure and sites that no longer have economic value.

**Status of Abbey's Pre-Filing Obligations**

8. The parties have now been engaged in the CCAA proceedings for approximately six months.
9. As has been noted in the previous affidavit material, the Ministry has historically endeavoured to work with Abbey with respect to its obligations owing to the Crown. Such efforts have included provision for Abbey to pay its various debts owing to the Ministry by way of installments.
10. Notwithstanding the foregoing efforts, Abbey was unable to make any significant payments to the Ministry to remedy outstanding arrears owing to the Crown.

11. My review of the Ministry Records discloses that the arrears owing to the Ministry, inclusive of the demand for security, were \$16,623,022.71, as at the effective date of the Initial Order in this matter. Those arrears can be broken down as follows:
- (a) Administrative levies - \$1,014,126.16
  - (b) Orphan levies - \$335,509.26;
  - (c) Royalties and taxes - \$2,198.00;
  - (d) Other Non-compliance fees - \$1,000.00;
  - (e) Integrated Resource Information System non-compliance fines - \$126,200;
  - (f) Mineral lease payments - \$1,698,118.08; and
  - (g) Demand for security - \$13,445,871.21.
12. In addition to the foregoing, and as has been noted in previous court appearances, Abbey is also in default of its obligations to post security for decommissioning obligations as follows:
- (a) Prior to Abbey seeking and obtaining protection under the *Companies Creditors Arrangement Act*, the Ministry most recently made demand on the above on May 13, 2021. Such demand was ignored. Attached and marked hereto as **Exhibit "A"** is a copy of the letter confirming the same.
  - (b) In addition, the Ministry sent a demand for security on or about July 29, 2021 to Abbey. Attached and marked hereto as **Exhibit "B"** is a copy of a letter confirming the same.

It is my understanding that the operation of both demands having been stayed by order of this Honourable Court.

**Post Filing Obligations Owing to the Crown**

13. Since the date of the Initial Order in this proceeding, the following payments have, or will soon, become due:

Invoice Type	Number	Due Date	Balance Due
Annual Lease Rental	A102582	22-Nov-21	\$ 56.65
IRIS non-compliance	Q100760	3-Feb-22	\$ 2,800.00
		<b>Total</b>	\$ 2,856.65

14. To date, none of the aforementioned payments have been made by Abbey to the Ministry.

#### **Economic Concerns with Abbey**

15. The Ministry continues to have concerns about the economic viability of Abbey.

#### *Projected Price of Gas*

16. The Ministry notes that the latest projects show an approximate decrease of 25% in gas revenue due to anticipated weakening in pricing.

#### *Estimated Liability for Decommissioning*

17. At the time that the initial order was sought, the position taken by Abbey was that the Ministry's estimate of those costs was overly pessimistic, and it offered an "uninflated" estimate in the order of \$21,602,810. When adjusted for inflation and discounting (Mr. Gettis cited 1.25% for discounting and 2% inflation), the sum became \$28,354,604 (the final figure being 131% of the unadjusted figure).
18. In the Third Affidavit of James Gettis, Mr. Gettis offers an opinion that the cost of decommissioning the Abbey wells is \$10,700 per well for a total liability of \$25,284,000. I note that this affidavit does not reference "other facilities" nor does it appear to be adjusted for inflation or discounting, as the gross figure deposited to is simply the per-well figure cited in the affidavit multiplied by the 2363 wells referenced by Mr. Gettis in his affidavit material.

19. In the Seventh Affidavit of James Gettis, an update is provided with respect to the decommissioning costs anticipated by the company as a result of various matters not considered in its original assessment, and a “worst-case” scenario is offered of costs in the order of \$39,395,000, this is contrasted in that affidavit with what Mr. Gettis says was the original estimate of \$28,354,604, a nearly 40% increase.
20. The Ministry’s concern is not limited to the total cost of decommissioning. It also relates to the concern about timing of the necessary work. In the Ninth Affidavit of James Gettis, Mr. Gettis first advises that the proposed decommissioning process set out in his Seventh Affidavit is amended. Instead of what was deposed to in the earlier affidavit, being that the company would commence decommissioning up to 600 wells in 2022, the proposal is to decommission up to 238 wells in 2022.
21. The foregoing may usefully be considered against the overall decommissioning history and obligation of Abbey.
22. When Abbey first acquired wells and pipeline infrastructure from Husky Energy in 2016, the Ministry imposed certain conditions on the transfer. One of those conditions required Abbey to abandon and reclaim 141 well sites by December 31, 2018.
23. Subsequently, when Abbey acquired the licences to operate the Enerplus gas wells in May, 2017, Abbey was required to abandon and reclaim 45 wells, as well as decommission 4 facilities by December 31, 2020.
24. Abbey later approached the Ministry with a decommissioning plan in 2019, Abbey advised the ministry that it had contracted with a company called Venom Coiled Tubing to abandon 600 wells over six years, abandoning 100 wells per year. Attached and marked hereto as **Exhibit “C”** is a copy of the email from Mr. Gettis confirming the same.
25. However, in order to execute the Plan, Abbey stated that they would need relief from the Saskatchewan Government fixed costs to have the free cash flow needed for the project, thereby essentially transferring the cost to meet their statutory asset

retirement obligations to the government. This plan ran contrary to Abbey's obligations to cover its own decommissioning and reclamation costs pursuant to *The Oil and Gas Conservation Act*. The plan was not undertaken.

26. I have reviewed the Ministry's records and can advise that to date Abbey has abandoned and reclaimed only 4 wells from the Enerplus and Husky transactions, despite the fact that natural gas prices actually increased for a period after Abbey had acquired the wells.
27. In addition to the wells that Abbey is already required to decommission, I note that Abbey is currently in the process of terminating various leases. In accordance with *The Surface Rights Acquisition and Compensation Act*, Abbey is now obligated to forthwith restore the associated lands which will also require that they must decommission all associated wells . Abbey has indicated it will plan to restore the lands "as soon as practicable," which does not adhere to their obligations pursuant to the legislation.
28. Without a firm deadline, and without much if any financial resource, the Ministry is very concerned that "as soon as practicable" lacks real meaning.

#### *Outstanding Payables*

29. While Abbey may take the position that compliance with the matters noted on IRIS (over and above decommissioning liabilities and pipeline repair costs) is minor in nature, there are a number of post-filing obligations that must be addressed. From my review of the Cash Flow Statements provided by Abbey in the course of the proceedings, it appears that Abbey does not include a line item to address the amounts owing under IRIS. As such, it is unclear how Abbey intends to pay for these.

#### *SWOT Technology*

30. A concern arises with the degree to which Abbey's restructuring plan appears to rely on the implementation of a the "SWOT" program, as referred to at paragraph 45 of Mr. Gettis' seventh affidavit.

31. While Mr. Gettis appears to be optimistic about the impact of the technology, I have concerns and reservations for the following reasons:
- (a) Mr. Gettis suggests that Abbey intends to implement “SWOT” technology to be used to optimize gas production. In his first affidavit, he attests to the fact Abbey requires additional capital before it will be able to install the SWOT technology in other wells;
  - (b) Mr. Gettis further states, in his seventh affidavit, that they intend to install the SWOT technology in 35 wells in 2022 and estimates that this would lead to a monthly net revenue increase of \$184,884, but first in order to insure that it will work, Abbey intends to test the technology using a 2 well pilot project due to the high cost of installation;
  - (c) I, however, note that Mr. Gettis initially came to the Ministry with a similar proposal to maximize gas production in 2011. At that time, Mr. Gettis was working for a different company, being Bluestone Resources Inc. Mr. Gettis first reached out to our office on January 14, 2011 to present the “Airwell” technology system; and
  - (d) Both Airwell and SWOT are, according to the information provided by Mr. Gettis, pumps inserted down a well to help lift water out so gas can flow freely upwards. Both systems were described by Mr. Gettis as operating on similar principles to that of a fire extinguisher or a beer keg. Upon examination, the SWOT technology appears to be qualitatively the same as the Airwell technology referenced a decade ago.

Attached and marked hereto as **Exhibit “D”** is a copy of the proposal and email that Mr. Gettis came to Ministry with in 2011.

32. To the best of my knowledge, Mr. Gettis never implemented the Airwell technology referred to in the 2011 proposal.



33. Mr. Gettis, now with Abbey, approached the Ministry with regard to what has been named the SWOT technology in December of 2018. This proposal was part of an application to reduce certain debts owing by Abbey to maintain its cashflow and remain solvent.
34. Mr. Gettis proposed, in 2018, that the SWOT technology would lead to an increase in revenue of \$50,000 per well. Attached and marked hereto as **Exhibit "E"** is a copy of the PowerPoint presentation Abbey provided to the Ministry in 2018.
35. Since that time, to the knowledge of the Ministry, the SWOT technology is unimplemented.
36. In paragraph 10 of the Ninth Affidavit of Mr. Gettis, he deposes to additional delay in implementing the technology.

*Steady Decline in Cash Flow*

37. Another concern arises from the fact the Abbey's gas production is steadily declining. As part of its function as a regulatory body, the Ministry maintains a record of the production of all producers in the Province. Since the first quarter of 2018, Abbey has seen a consistent decline in its production from approximately 14,500  $\text{m}^3/\text{month}$  to 10,250  $\text{m}^3/\text{month}$  by the fourth quarter of 2021. Attached and marked hereto as **Exhibit "F"** is a copy of the Ministry's internal chart confirming the same.
38. This general decline is commonplace in the gas production business. Mr. Gettis acknowledges the same at paragraph 29 of his first affidavit.
39. Therefore, it can be expected that as time goes on, Abbey's gas production will continue to decrease at the rate illustrated in the chart, decreasing by approximately 10% each year. As a result, Abbey will need to obtain ever increasing prices for its gas in order to break even, if it can not reduce its fixed costs. As noted above, the gas prices are trending downward at present.

*Pipeline Remediation Costs*

40. Ms. Black has deposed in her affidavit to the recent order made by the ministry respecting Abbey's pipeline infrastructure.
41. As indicated in Ms. Black's Affidavit, if the 257 high and very high risk pipelines were shut in, this would result in an approximately 50% reduction in Abbey's production until repairs are effected.
42. An examination of the most recent cash flow statement appended to the Ninth Affidavit of Jim Gettis' appears, on my review, to disclose negative cash flow at or slightly after the end of the forecast period, since no pipeline repairs are forecast in the cashflow.
43. There is a large difference between Abbey and the Ministry with respect to the forecast cost of repair and remediation of the pipelines. The Ministry's estimate greatly exceeds that put forward by Mr. Gettis and for that reason, the Ministry is of the respectful opinion that the company's estimate of the cost is overly optimistic.

**Loss of Confidence in Management**

44. The Ministry has lost all confidence in Mr. Gettis' ability to manage and operate Abbey in such a way that all regulatory and financial obligations can be met going forward. The reasons for this include, but are not limited to, the following:
  - (a) A review of the Ministry's records discloses a history of spills being discovered by Ministry staff or landowners that had not initially been reported by Abbey as required by the legislation;
  - (b) Abbey has now begun terminating leases with various private residences. Abbey has indicated it will reclaim the land when it is able to do so, without offering any specifics as to when that might be, despite the fact that *The Surfacers Rights Acquisition and Compensation Act* requires that upon termination, "the operator shall forthwith restore the surface of the land";
  - (c) The history of information put before this Honourable Court with respect to the state of Abbey's obligations and projections whereby subsequent affidavit

material has retracted or restated the company's position, or deposed information known to the Company but not disclosed;

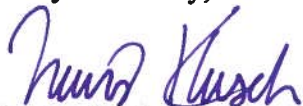
- (d) The history of the continually increasing estimates respecting decommissioning costs;
  - (e) The failure of Abbey to meet its post-filing obligations as they come due; and
  - (f) The failure to make any real commitment to a timeframe to deal with decommissioning and reclamation, with Abbey instead stating that work will be undertaken "as soon as practicable."
45. Of most significance is a matter arising from the Ministry's review of the Risk Assessment report referenced in the Affidavit of Kathryn A Black:
- (a) In her affidavit, Ms. Black notes that at page 21, the Report indicates that "[Abbey] does not currently have a defined risk assessment and management process defined within an overall Pipeline Integrity Management Program." ;
  - (b) As she notes in her report, a Pipeline Integrity Management Program is a systematic and comprehensive set of interrelated processes for the management of safety and loss control;
  - (c) In fact, the Ministry was surprised by this reference in the report. During its application to be licensed to operate the facilities in acquired, Abbey stated that it had implemented a Safety and Loss Management System, which was a requirement of the Ministry for operating approval. Attached and marked hereto as **Exhibit "G"** is a copy of Abbey's application in which it represented the existence of such a system.
  - (d) A Pipeline Integrity Management Program is, however, a component part of a Safety and Loss Management System, such that if the program is not present, the Safety and Loss Management System is incomplete, and non-compliant, and had the Ministry been aware of this important omission, Abbey would have been and will be subject to more substantial oversight.

46. For all of the foregoing reasons, the Ministry has lost confidence in the management of Abbey.

**Conclusion**

47. I make this affidavit in opposition to an extension of the stay of proceedings in this matter, and in support of an application to appoint a receiver over the assets and undertaking of Abbey.

SWORN BEFORE ME VIA ELECTRONIC )  
MEANS at the City of Saskatoon, )  
in the Province of Saskatchewan, )  
this 25<sup>th</sup> day of January, 2022. )



  
\_\_\_\_\_  
BRAD WAGNER

\_\_\_\_\_  
A COMMISSIONER OF OATHS  
In and for the Province of Saskatchewan.  
Being a solicitor

**CONTACT INFO AND ADDRESS FOR SERVICE:**

**ROBERTSON STROMBERG LLP**  
Suite 600, 105 – 21<sup>st</sup> Street East  
Saskatoon, SK S7K 0B3

Lawyer in Charge of file: M. Kim Anderson, Q.C. and Travis K. Kusch  
Direct Line: (306) 933-1344  
Facsimile: (306) 652-2445  
E-Mail: mk.anderson@rslaw.com/t.kusch@rslaw.com



Government  
of  
Saskatchewan

Ministry of Energy and Resources  
Deputy Minister's Office  
1000, 2103 – 11<sup>th</sup> Avenue  
Regina, SK Canada S4P 3Z8

May 13, 2021

Jim Gettis  
ABBEY RESOURCES CORP.  
SUITE 700  
505 3RD STREET SW  
CALGARY AB T2P 3E6

This is Exhibit A referred to in the Affidavit of  
Brad Weyer  
Sworn before me this 25 day of  
January, 2021.  
Heidi Kueck  
A Commissioner for Oaths for Saskatchewan  
My Commission Expires: \_\_\_\_\_  
OR Being a Solicitor

Dear Mr. Gettis,

Thank you for your recent payment proposal to address the outstanding debt owed to the Ministry of Energy and Resources for the current year Annual Lease invoice as well as the outstanding arrears for mineral leases, Administrative Levy and Orphan Fund Levy that span over the past 3 years.

As per *The Oil and Gas Conservation Regulations, 2012*, the Administrative Levy and the Orphan Fund Levy are due before the 30th day after the date of the invoice/notice and the Annual Disposition Rentals for 2021-22 were due April 25, 2021.

Your proposal for repayment of \$30,000 per month beginning May 31, 2021 for your 2021-22 fiscal year mineral lease invoices would take approximately 18 months before those amounts would be paid in full. Your proposal for dealing with arrears accumulated prior to 2020-21 of \$57,000.00 per month beginning on or before June 1, 2021 would take approximately 36 months. Both proposals would also be subject to further late payment interest charges. Please, also note that the 2021-22 annual Orphan Fund Levy and Administrative Levy invoices will be produced in the next few months. This will incur additional amounts owing which will need to be addressed in accordance to the regulations.

As this is a significant amount of debt due to the Crown, which has been overdue for the past 3 years, the Ministry feels your proposal does not have a reasonable timeframe to address the debt outstanding. After careful consideration, the Ministry requests a lump sum payment of \$550,000.00 to be paid within 60 days of the date of this letter with the remaining outstanding balances to be paid within 1 year.

Jim Gettis  
Page 2  
May 13, 2021

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The Ministry will expect payment of the lump sum by July 12, 2021 and a monthly payment on the remaining outstanding balance starting in August, 2021.

Thank you,



Susanna Laaksonen-Craig

cc: Blair Wager, Assistant Deputy Minister, Energy and Resources  
Kim Olyowsky, Executive Director, Energy and Resources  
Scott Weaver, Director, Energy and Resources  
Muhammad (Haroon) Khan, Acting Director, Energy and Resources

July 29, 2021

Jim Gettis  
Abbey Resources Corp.  
Suite 700, 505 3rd Street SW  
CAGARY AB T2P 3E6

This is Exhibit B referred to in the Affidavit of  
Brad Winger  
Sworn before me this 25 day of  
January, 2021.  
Paul Knoch  
A Commissioner for Oaths for Saskatchewan  
My Commission expires: \_\_\_\_\_  
OR Being a Solicitor

Dear Jim Gettis:

In accordance with *The Oil and Gas Conservation Act (OGCA)* the Ministry of Energy and Resources (ER) has determined that Abbey Resources Corp. (Abbey) is required to submit security deposit under the Saskatchewan LLR Program.

Please be advised that Abbey was previously issued invoice OFP0002641 in December 2020 requiring a security deposit of \$1,025,506.84 for which payment was not provided. However, ER has cancelled invoice OFP0002641 and issued a new invoice OFP0002706 where the security deposit amount required was arrived at by using asset and liability values that are more applicable to the Abbey's shallow gas operation.

This is also consistent with the methodology used to calculate the security deposit amounts when Abbey first acquired the wells and facilities through licence transfers. The following assumption were applied to Abbey's licence inventory:

- Netback of \$20.00/e3m3 based on Sproule forward forecast
- Abandonment Cost (only cut and cap) of \$1,500.00
- Abandonment Cost (zonal abandonment and cut and cap) = \$10,000
- Reclamation Cost = \$10,000

Note that the abandonment and reclamation costs used in the calculations were based off actual cost data for the abandonment and reclamation of shallow gas wells in Southwest Saskatchewan performed under the Saskatchewan Oil and Gas Orphan Fund.

By applying the above factors to Abbey's existing wells and facility license inventory the asset, abandonment liability and reclamation liability values were derived and used to calculate the security owing in accordance with the Directive PNG025.

Jim Gettis  
Page 2  
July 29, 2021

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**Security owing = Total Liability - Total Assets - Security Balance**

**\$13,445,871.21 = 47,951,200.00 - \$6,844,726.75 - \$27,660,602.04**

As a result the licensee will be given **14 days** from the invoice date to become fully compliant with the LLR Program invoice and section 115 of *The Oil and Gas Conservation Regulations, 2012* (OGCR).

Failure to submit a required security deposit by the time specified by the minister is a direct contravention of the OGCA and OGCR. Please be advised that unpaid security may be collected in any manner the minister considers appropriate, including in the manner provided in section 53.2 of the OGCA. Prior to obtaining a court issued Judgement against the licensee to collect the outstanding debt the ministry may issue the licensee a series of Minister's Orders requiring the licensee to suspend their operation, abandon the wells, decommission the facilities, or reclaim the well/facility sites by a given date in lieu of the security deposit payment.

If you have any questions, please contact the ER Service Desk at 1-855-219-9373 or by email at [ER.ServiceDesk@gov.sk.ca](mailto:ER.ServiceDesk@gov.sk.ca).

Sincerely,



Candy Dominique, P. Eng.  
Manager, Liability Regulation



35547

**ABBEY RESOURCES CORP.**  
SUITE 700  
505 3RD STREET SW  
CALGARY Alberta T2P 3E6

Payments should be made payable to the Minister of Finance at the above address by EFT, direct deposit, cheque, or irrevocable letter of credit by the due date of 2021-08-29.

<b>Security Deposit Invoice</b>						<b>Total Payable: \$ 13,445,871.21</b>
<b>LLR</b>	<b>Total Liability (\$)</b>	<b>Total Assets (\$)</b>	<b>Current Security Balance (\$)</b>	<b>Total Security Invoice Amount Outstanding (\$)</b>	<b>Security Deposit Amount (\$)</b>	
0.57	79,289,000.00	44,901,380.84	27,860,802.04	0.00	13,445,871.21	
				<b>Sub Total : \$</b>	<b>13,445,871.21</b>	
				<b>GST : \$</b>	<b>0.00</b>	
				<b>Total : \$</b>	<b>13,445,871.21</b>	

Above details effective as at 2021-07-29 03:06 PM

Security Deposit Amount = Total Liability - Total Assets - Current Security Balance - Total Security Invoice Amount Outstanding

This invoice does not follow the standard calculation for the required security deposit amount. See the supporting documents for more information.

For further information regarding security deposits, payment options, letter of credit templates and consequences for non-payment, refer to *Directive PNG025: Licensee Liability Rating (LLR) Program*.

Please contact the Service Desk if you are unable to pay the invoice within the prescribed period.

Invoice Inquiries: [ER.Servicedesk@gov.sk.ca](mailto:ER.Servicedesk@gov.sk.ca)  
1-855-219-9373

**Travis K. Kusch**

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**From:** Jim Gettis <jim.gettis@abbeyr.ca>  
**Sent:** September 13, 2019 1:59 PM  
**To:** Wagner, Brad ER  
**Cc:** 'Kevin Doherty'; Brian Christianson; Twyla Paget-Turcotte  
**Subject:** Abbey's plan to abandon 600 wells  
**Attachments:** Abbey Resources Contract Metrics V.3 September 10 2019.pdf

Hi Brad

Abbey has signed a long term agreement with Venom Coiled Tubing to abandon 600 wells over the next 6 years. (100 wells per year)

Venom is a very reputable company and has a unique strategy to abandon Milk River wells for \$3,750/ well. Venom has already abandoned 1000 shallow gas wells for CNRL using this strategy.

See more information about the company on its website.

<https://venomcoil.ca/>

Abbey and Venom have entered into a creative deal to allow Abbey to execute this program. Still need relief from Sask Government fixed costs to have the free cash flow needed for this project.

I will be in Regina on October 9<sup>th</sup> to meet with Laurie Pushor to discuss a payment strategy for outstanding fixed costs. I would be happy to meet with you to discuss this project. At this time Abbey has 1600 producing wells and 600 shut in wells.

Abandoning these 600 wells will:

1. Reduce Surface lease rentals
2. Reduce Mineral rentals
3. Reduce property taxes
4. Reduce Abbey's abandonment liability.

Jim  
**Abbey Resources Corp.**  
Suite 700, 505 3<sup>rd</sup> Street SW,  
Calgary, AB T2P-3E6,  
Cell 403-650-7511  
[Jim.gettis@abbeyr.ca](mailto:Jim.gettis@abbeyr.ca)



This is Exhibit C referred to in the Affidavit of  
Brad Wagner  
Sworn before me this 25 day of  
January, 2022.  
Travis Kusch  
A Commissioner for Oaths for Saskatchewan  
My Commission expires: \_\_\_\_\_  
OR Being a Solicitor

**From:** Jim Gettis [mailto:jgettis@bluestonerresourcesinc.com]  
**Sent:** Monday, January 17, 2011 10:08 AM  
**To:** Tod Han (tod.han@gov.sk.ca)  
**Cc:** Steve Rymes (steve.rymes@gov.sk.ca); Colleen Reynolds; Brad Wagner (brad.wagner@gov.sk.ca); Oran Anderson (oran.anderson@gmail.com)  
**Subject:** Technology for liquid loaded oil and gas wells producing from 1000 m or less.

Hi Todd

In conjunction with this Airwell technology we are going to produce more gas and more Milk River water. Abbey Resources Corp has an earning letter agreement With Central Global Resources ULC to increase production at the Abbey field operated by Central. Once production is at 500 mscf/day The LLR will exceed one. The initial Airwell Test results at 14-30-19-18W3 are attached. The plan is to install 5 more units at Abbey pursuant to the earning agreement before March 15, 2011.

Mr. Lavern Rankin at Central Global has recently sent in an application to Brad Wagner to amortize the LLR at Abbey. I can send you a copy if required.

Abbey Resources Corp goal is to have the LLR liability exceed one which is consistent with the spirit of existing legislation. At this time Abbey Resources Corp will apply to operate the Abbey property.

Shackleton Milk River producers need another option for Milk River water disposal. Current deep well injections schemes are not working. Currently Enerplus has all six of their injectors shut in due to high pressures that have resulted from plugging by the Milk River water injected to date. Therefore, we would like to use the Soggy Bottom facility as a water deposal site with a dual purpose to reclaim the site and have approval to use the Soggy Bottom site as a landfill for Milk River mud. As you know this Soggy Bottom facility was shut in at Dec 31, 2010. I have been working with Glen Reynolds the president of GW Water Works since Aug 2010. He has appointed me as the project Manager to come up with a solution at Soggy Bottom. I left you a message today; please call me to discuss how you see the scope of this project proceeding from here.

Best Regards  
Abbey Resources Corp  
Jim Gettis P Eng  
President

This is Exhibit 1 referred to in the Affidavit of

Brad Wagner  
Sworn before me this 21 day of  
January, 2011.

Kevin Wood  
A Commissioner for Oaths for Saskatchewan  
My Commission expires: \_\_\_\_\_

**From:** Jim Gettis [mailto:jgettis@bluestonerresourcesinc.com] OR Being a Solicitor  
**Sent:** Friday, January 14, 2011 4:02 PM  
**To:** Steve Rymes (steve.rymes@gov.sk.ca)  
**Subject:** Technology for liquid loaded oil and gas wells producing from 1000 m or less.

Hi Steve

Here is the Airwell technology I am working with to optimize liquid loaded Oil and gas wells. The field currently being considered is the Abbey Milk River well group Currently operated by Central Global Resources ULC. The test results for the well 14-30-19-18W3 are part of the power point.

I am looking to install the Airwell pumps into the 5 Central Global operated Abbey wells listed in the attachment.

The project scope will be as follows:

1. Install a temporary [ 3 to 6 months] diesel electric generator and 20 HP compressor at Central Global 1-36-19-19W3.

- a. Max discharge is 1000 psi and max capacity is 30 cfm
2. Install about 3 km of  $\frac{3}{4}$  inch, 1000 psi rated pipeline from the compressor to each well.
  - a. The gas will be dehydrated, therefore the  $\frac{3}{4}$  inch lines will be buried at 3 feet.
  - b. Could the  $\frac{3}{4}$  inch lines be left on the surface for the test? [thought I would ask]
  - c. The gas used in this pump is recycled it is not consumed by the pump.
3. Install an Airwell pump into each of the five wells using a newly designed coiled tubing string which is compatible with the pump's needs.

I will call you on Monday to discuss this in more detail. I need some input on the direction I need to take For regulatory approval purposes.

My contact info is attached for your convenience.

Cheers

Jim G

**Airwell Gas Positive Displacement  
Technology**

**“An Intelligent Solution”  
to produce liquid loaded 1000 meter  
oil and gas wells in CWSB**

Presentation

Prepared By

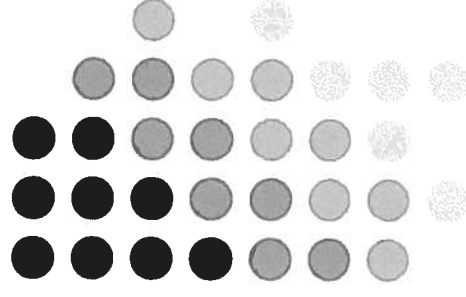
Jim Gettis P Eng

Dec 2010

President

**Airwell Petroleum Services Inc**

**“Airwell Psi”**



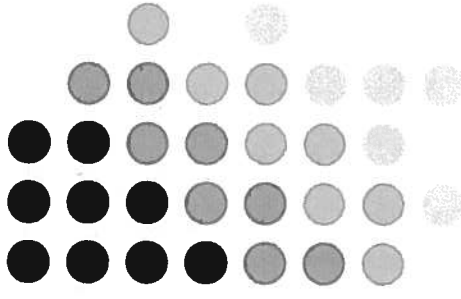
# Airwell Gas Positive Displacement Technology

## “An Intelligent Solution”

### to produce liquid loaded oil and gas wells

#### > Characteristics of an Airwell gas positive displacement pumping system:

- > Does not require reservoir energy to move produced fluids to the surface. Energy to operate the pump comes from dehydrated compressed gas at the field sales compressor. This gas is distributed to the wells using small diameter high pressure gas lines. The pump is a high pressure - low volume gas recycler. Input gas is bled from the pump back into the system when the pump is resting and filling with reservoir fluid.
- > Intelligent by virtue of down hole tuning fork technology for oily emulsions and conductivity probes in the case of water. Pump only produces what the reservoir can deliver, no more no less.
- > Pump is a closed system, operator has access to the internal pump cavity from the surface for chemical additives or clean out tubing using high pressure gas purging.
- > Operator has access to the inlet of the pump using a bubble tube for Milk River wells. This tube can be programmed to shoot gas down into the pump inlet to stir up the muddy water.



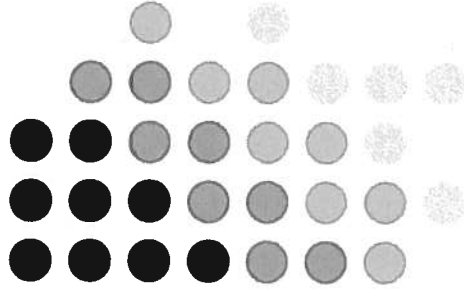
# Airwell Gas Positive Displacement Technology

## “An Intelligent Solution”

### to produce liquid loaded oil and gas wells

#### > Characteristics of an Airwell gas positive displacement pumping system:

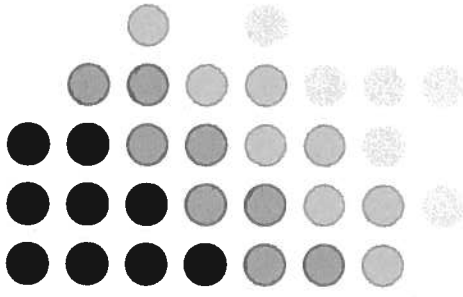
- > Operator has access to the producing reservoir pressure for use in drawdown analysis and reserve determination using Reservoir Transient Analysis.
- > Operator has an accurate measurement of fluid production as each time pump strokes it produces 25 litres.
- > Gas Production is measured through a thermal mass meter on the casing.
- > Eliminates surface separation and freezing problems as the tubing and casing becomes the oil and gas and fluid separation system.
- > Eliminates methanol for freezing situations as geothermal energy is now available on a consistent basis to heat the wellhead shelter.
- > Pumps Milk River muddy slurry at 30% by volume of water. Pumps oil and water emulsions containing frac sand, grit and fines. The pump has a history of pumping up to a tonne of silt every day over extended periods of time.



## **Airwell Gas Positive Displacement Technology “An Intelligent Solution” to produce liquid loaded oil and gas wells**

### **> Characteristics of an Airwell gas positive displacement pumping system:**

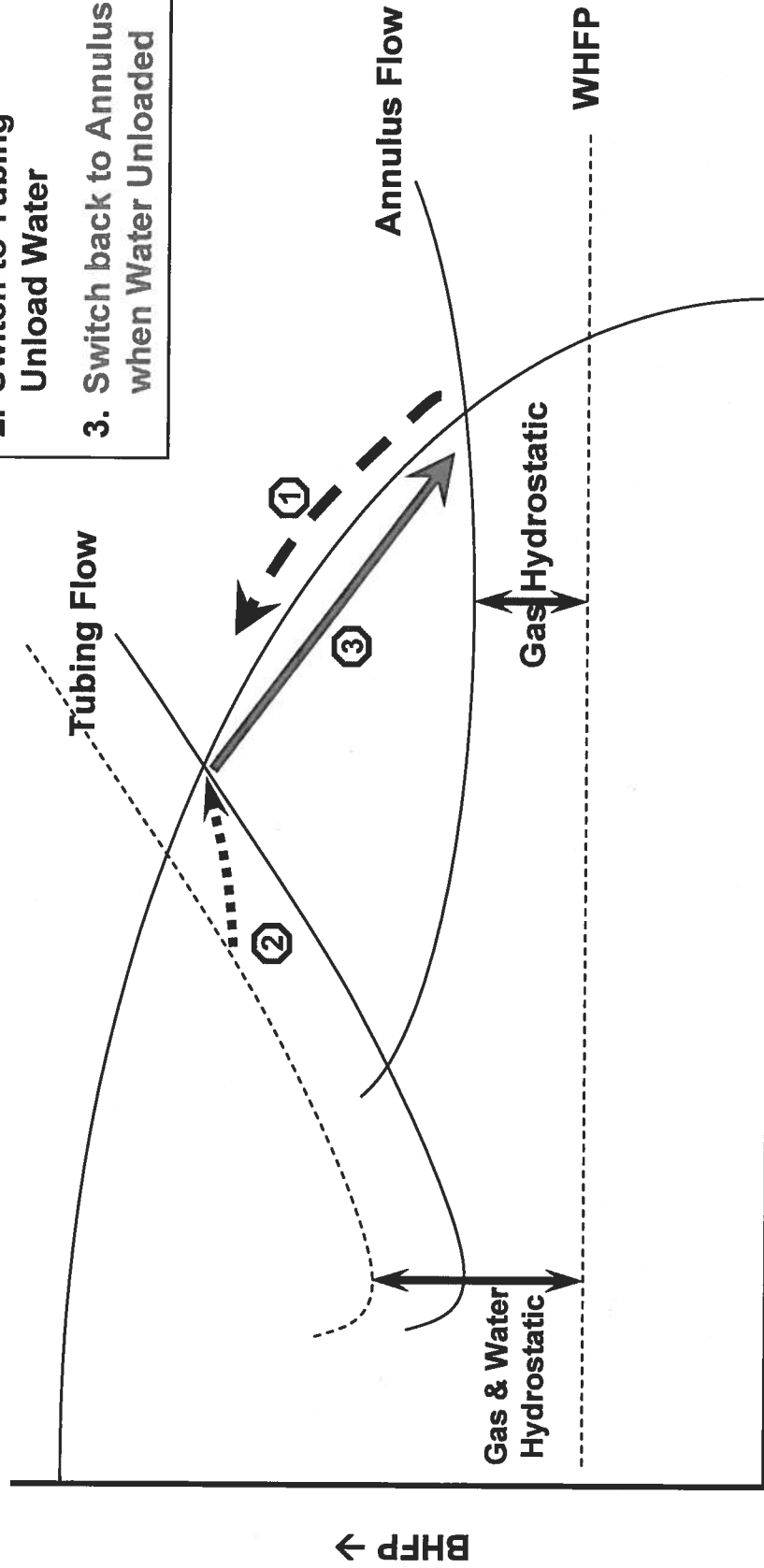
- > Pump and well performance are monitored remotely using the internet.
- > Windshield time at wells is only required for predictive maintenance.
- > Operators can focus on the business of producing the most gas at the lowest possible cost.
- > Environmentally friendly and small well head foot print
- > Pump is conveyed on the “A” coil system designed and supported by Specialty Wire and Cable.
- > No need to kill wells. Pump can be run to 400 m and hooked up in under 2 hours. Cleaning and conditioning well would be in addition to this.
- > Only service required is an Endless Tubing Unit and an Airwell pump technician.





# Alternate Tubing / Annular Flow

1. Increasing Hydrostatic  
Decreasing Gas Rate
2. Switch to Tubing  
Unload Water
3. Switch back to Annulus  
when Water Unloaded

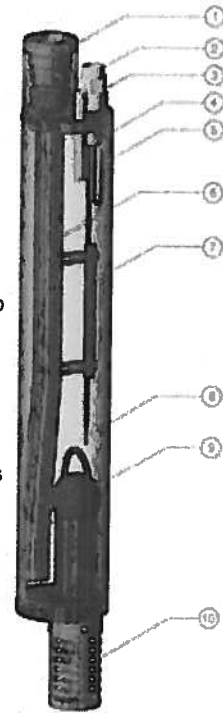


Gas Flow Rate →

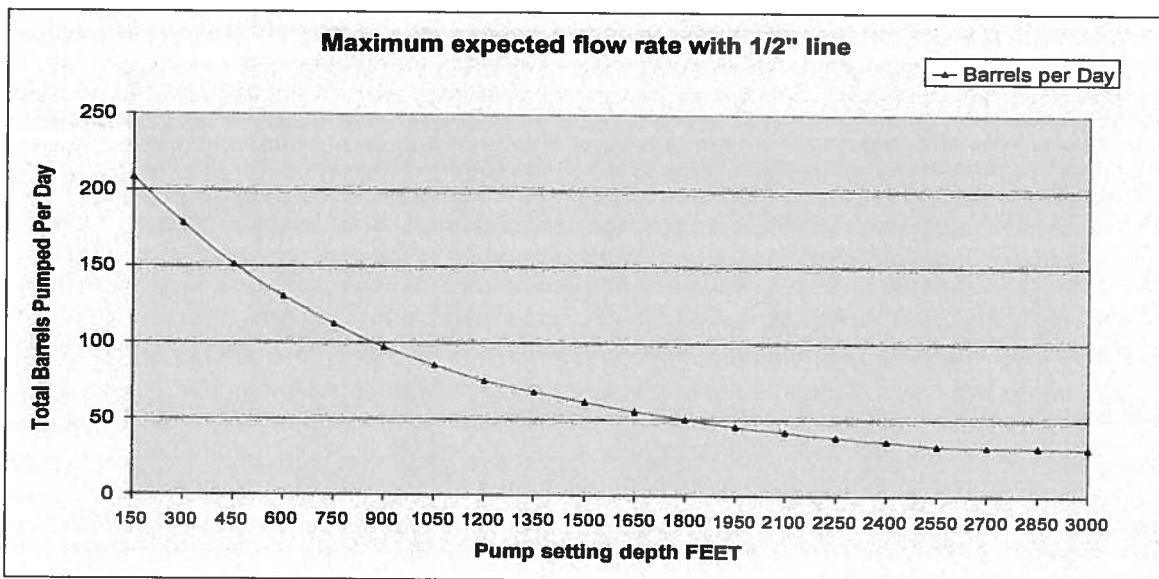
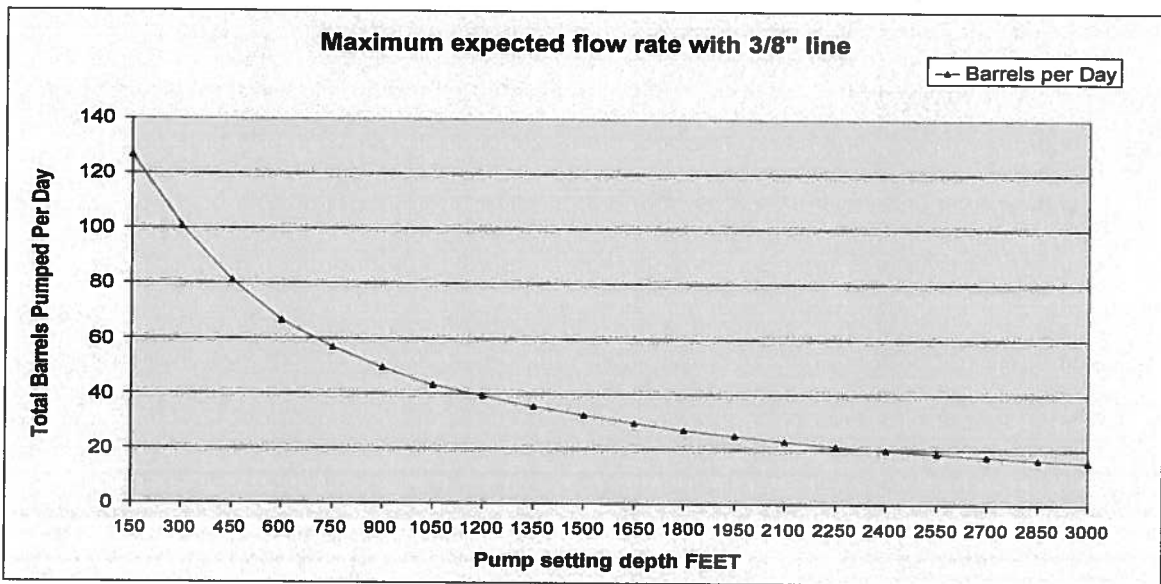
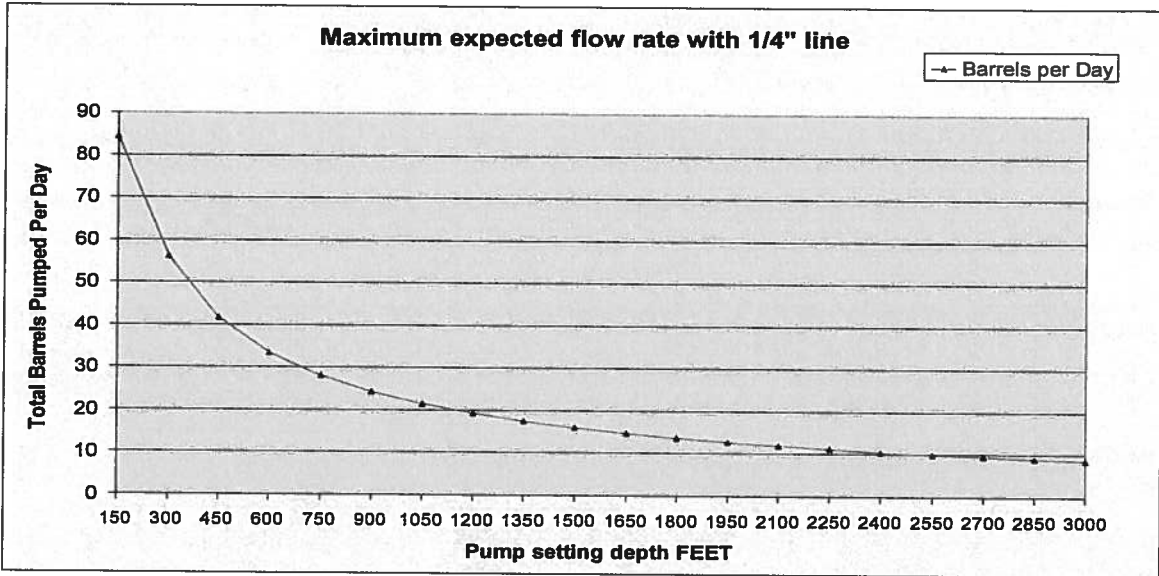
An *Airwell* Pump uses the 'direct air displacement' method of pumping fluids, which is not to be confused with the air lifting method. The *Airwell* system operates using a similar principle to that of an aerosol can or fire extinguisher, where compressed air acts on the surface of a liquid to expel it from a sealed container. For the displacement principle to function as a pumping process, we employ an electronic controller at the head of the bore to cycle pressure to and from the pump vessel in line with the full and empty signals received from the pump. The process is continuous until external influences stop it.

### Pump Operation

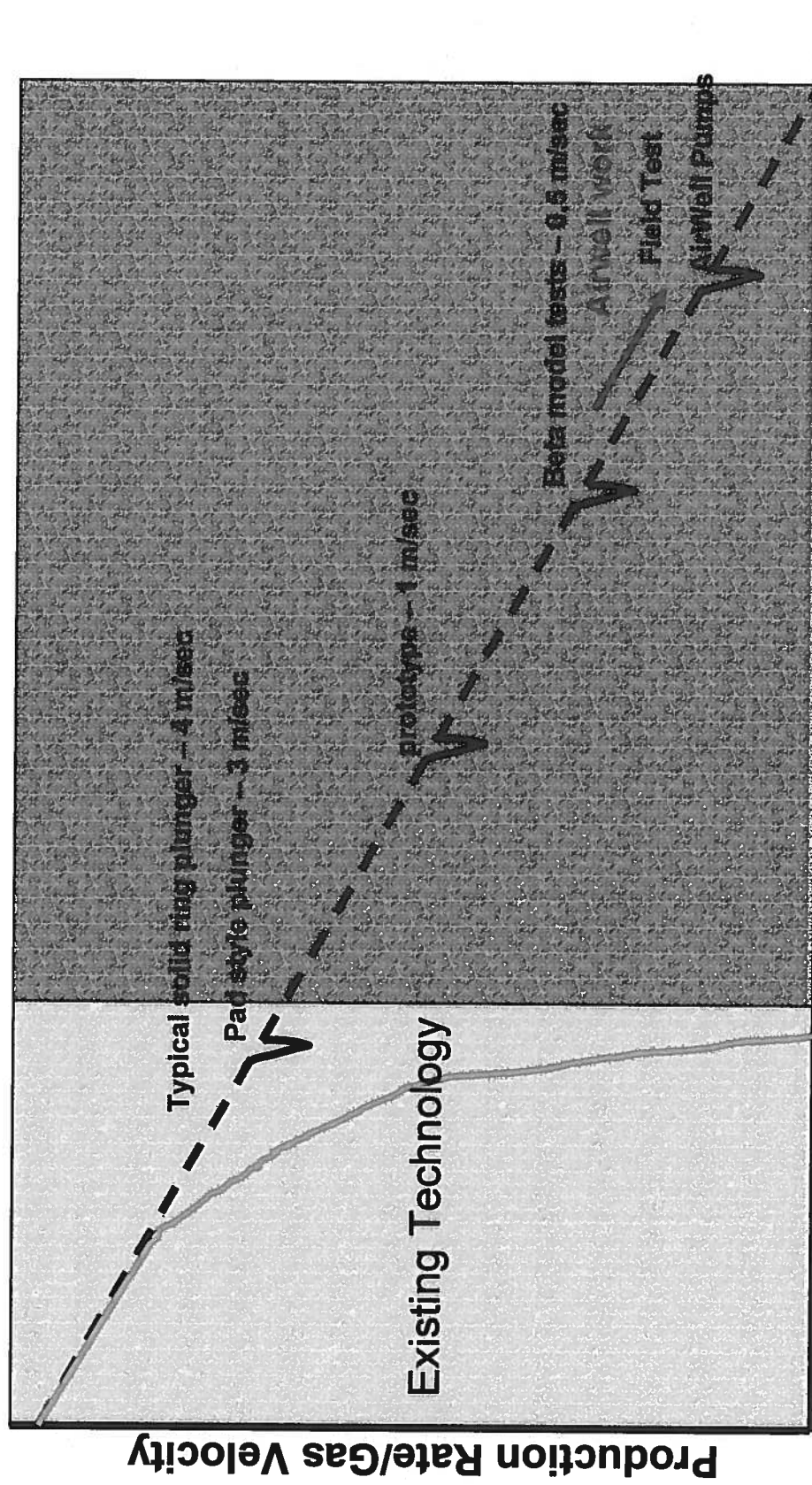
- 10 With the pump submerged, water enters through the inlet screen.
- 9 The urethane ball inlet valve raises when the pump fills, allowing water into the pump, and seals on a stainless steel seat when the pump is pressurised to empty the pumps' contents. The raised position of the seat adds reliability in applications where suspended material can drop out of suspension.
- 8 The bottom stainless steel probe detects when the pump is 'empty', turning the supply of compressed air off.
- 7 The guide tube holds the bottom stainless steel probe in position.
- 6 Similar to the spear in a beer keg, when the pump is pressurised water is forced up the pickup tube and out of water riser.
- 5 The top probe provides the 'full' signal to initialise the flow of air into the pump, dispelling its contents
- 4 When pumping (displacing), compressed air from the controller enters through this hose connection. When the 'empty' signal is received, the flow of compressed air is turned off, and air in the pump chamber is released through the same air connection, as the pump refills with water.
- 3 The control cable connects the conductivity probes to the control box via the indexed probe socket, ensuring correct attachment.
- 2 Similar to 10, this urethane ball seals on a stainless steel seat. When the pump fills, the top check valve prevents water in the riser from flowing back into the pump, whilst when emptying, the water is pushed past the ball, and out of the bore.
- 1 The castle bush has turrets machined into its underside, allowing water to pass the ball whilst preventing the ball from sealing over the end of the water riser pipe. This castle bush has an internal BSP thread connection.



# Pump Flow Chart

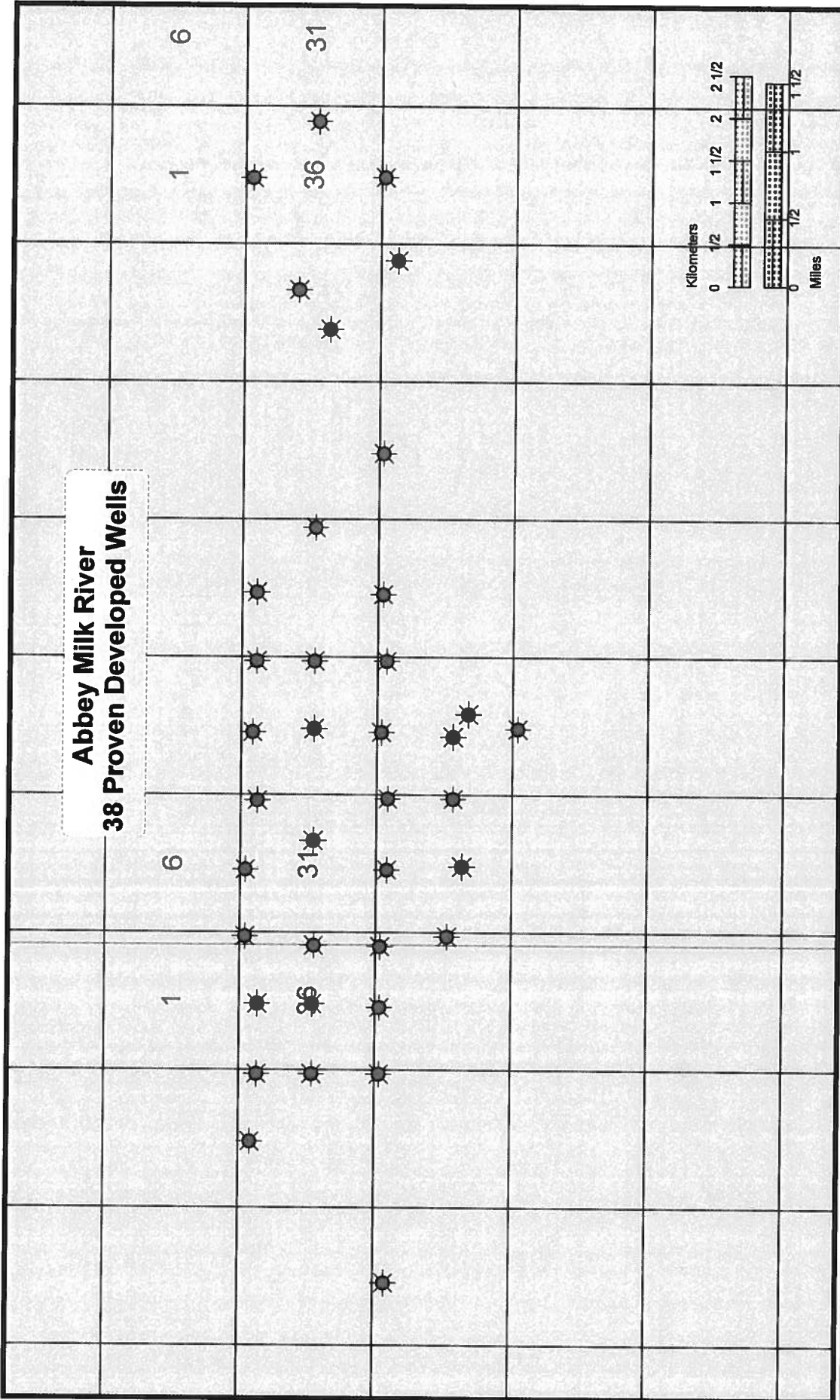


# Airwell Pumps – Moving Down the “Food Chain”



Time/Cumulative Production

**Abbey Milk River  
38 Proven Developed Wells**



**Well Symbols Legend**

- |                                      |             |            |              |              |            |
|--------------------------------------|-------------|------------|--------------|--------------|------------|
| <b>Primary Well Symbols</b>          | ● Oil Well  | ☀ Gas Well | ⬆ Water Well | ● Other Well | ○ Selected |
| <b>Secondary Well Status Symbols</b> | ○ Abandoned | ○ Standing | ○ Suspended  | ○ Injection  | ○ Location |
|                                      |             |            |              |              | ↻ Storage  |

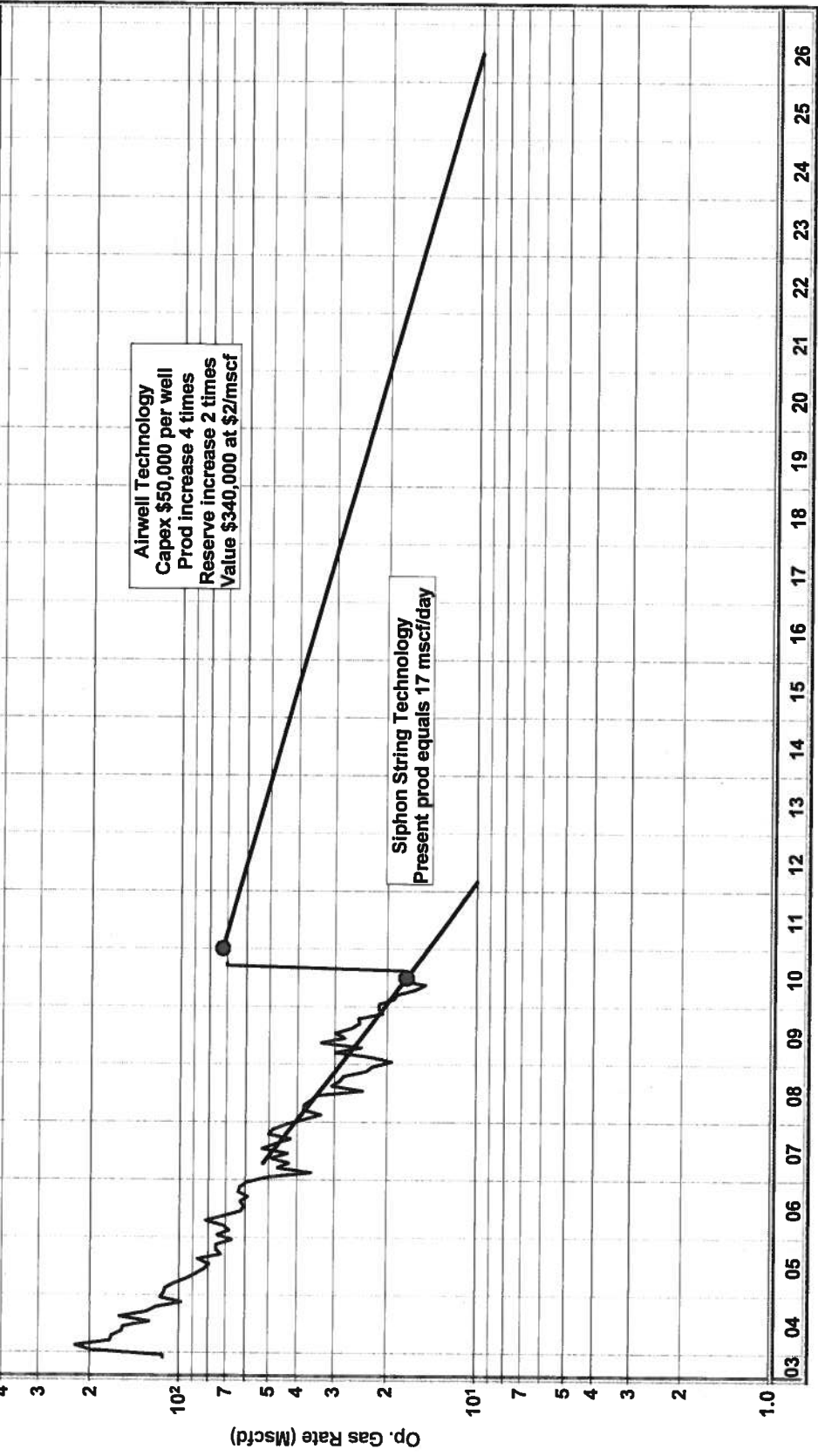
Company:  
 Today: 2010/11/07  
 Field: SWIFT CURRENT  
 Status: Flowing

Gp: 152 MMscf  
 Np: 0.0 Mstb  
 Wp: 24.882 Mstb  
 Qcond: 0.000 Mstb

# 141/14-30-019-18W3/00 (2195)

ABBEEY MILK RIVER

Analysis Name	EUR <sub>g</sub> (MMscf)	G <sub>p</sub> (MMscf)	RR <sub>g</sub> (MMscf)	Start Date (YYYY/MM/DD)	q <sub>i</sub> (Mscfd)	End Date (YYYY/MM/DD)	q <sub>r</sub> (Mscfd)	b	d <sub>i</sub> (%/year)
Siphon String case	156.5	148.4	8.1	2010/07/01	17.2	2012/02/29	10.0	0.07	28.1
Airwell Pump Case	330.0	151.6	178.4	2011/01/01	72.4	2026/06/28	10.0	0.00	12.0



Well 14-30-019-18W3M													
Effective Jan 1, 2011													
Airwell Stand alone case													
	2011	2012	2013	2014									
	BPO	APO											
Decline %	12%												
Gas Price	\$3.25												
Cm Royalty %	1.50%	\$4.00	\$5.00	\$5.00									
Gross Override	7.50%	15.00%											
No of Wells	1												
Cost/well/month	\$750												
Well 14-30 Int	100%	100.00%											
Payout Days	281												
Capex \$	\$50,000	\$0											
Date	Sales Volumes	Revenue	Cm Roy	Gross Override	Opex	Op Income	Work Int	Net Op Inc	Net Back	Capex	Cash Flow	Cum Cash Flow	Annual Yield
	IMCF	\$	\$	\$	\$	\$	%	\$	\$/mcsf	\$	\$	\$	%
1/1/2011	24,273	\$78,886	\$1,183	\$5,916	\$9,000	\$62,786	100%	\$62,786	\$2.59	\$50,000	\$12,786	\$12,786	125%
1/1/2012	21,360	\$65,439	\$1,282	\$6,408	\$9,000	\$68,750	100%	\$68,750	\$3.22		\$68,750	\$81,536	137%
1/1/2013	18,797	\$93,983	\$1,410	\$7,049	\$9,000	\$76,525	100%	\$76,525	\$4.07		\$76,525	\$158,060	153%
1/1/2014	16,541	\$99,246	\$1,489	\$14,887	\$9,000	\$73,871	100%	\$73,871	\$4.47		\$73,871	\$231,931	148%
1/1/2015	14,556	\$87,337	\$1,310	\$13,100	\$9,000	\$63,926	100%	\$63,926	\$4.39		\$63,926	\$295,857	128%
1/1/2016	12,809	\$76,856	\$1,153	\$11,528	\$9,000	\$55,175	100%	\$55,175	\$4.31		\$55,175	\$351,032	110%
1/1/2017	11,272	\$67,633	\$1,015	\$10,145	\$9,000	\$47,474	100%	\$47,474	\$4.21		\$47,474	\$398,506	95%
1/1/2018	9,920	\$59,517	\$893	\$8,928	\$9,000	\$40,697	100%	\$40,697	\$4.10		\$40,697	\$439,203	81%
1/1/2019	8,729	\$52,375	\$786	\$7,856	\$9,000	\$34,733	100%	\$34,733	\$3.98		\$34,733	\$473,936	69%
1/1/2020	7,682	\$46,080	\$691	\$6,914	\$9,000	\$29,485	100%	\$29,485	\$3.54		\$29,485	\$503,422	59%
1/1/2021	6,760	\$40,559	\$608	\$6,084	\$9,000	\$24,867	100%	\$24,867	\$3.68		\$24,867	\$528,289	50%
1/1/2022	5,949	\$35,692	\$535	\$5,354	\$9,000	\$20,803	100%	\$20,803	\$3.50		\$20,803	\$549,092	42%
1/1/2023	5,235	\$31,409	\$471	\$4,711	\$9,000	\$17,227	100%	\$17,227	\$3.29		\$17,227	\$566,319	34%
1/1/2024	4,607	\$27,540	\$415	\$4,146	\$9,000	\$14,080	100%	\$14,080	\$3.06		\$14,080	\$580,398	28%
	168,488	\$882,665	\$13,240	\$113,027		\$630,398		\$630,398			\$660,398		90%
	NPV			NPV		NPV		NPV			NPV	IRR %	
	10%			\$62,443		\$386,170		\$386,170			\$340,715	#DIV/0!	
	12%			\$66,448		\$366,755		\$366,755			\$311,112		
	15%			\$48,968		\$317,105		\$317,105			\$273,627		





This is Exhibit F referred to in the Affidavit of

Brad Wagner  
Sworn before me this 25 day of  
January, 2002

Kevin Kusch  
A Commissioner for Oaths for Saskatchewan  
My Commission expires: \_\_\_\_\_  
OR Being a Solicitor

# Abbey Resources Corp.

Working together to remain profitable during the next 3 years with Gas Prices of \$1.60/GJ based on the AECO Strip at April 2018

Prepared by: Jim Gettis P Eng, President.

Abbey's plan to generate free cash flow using \$1.60/GJ plus prices for 3 years

12/5/2018



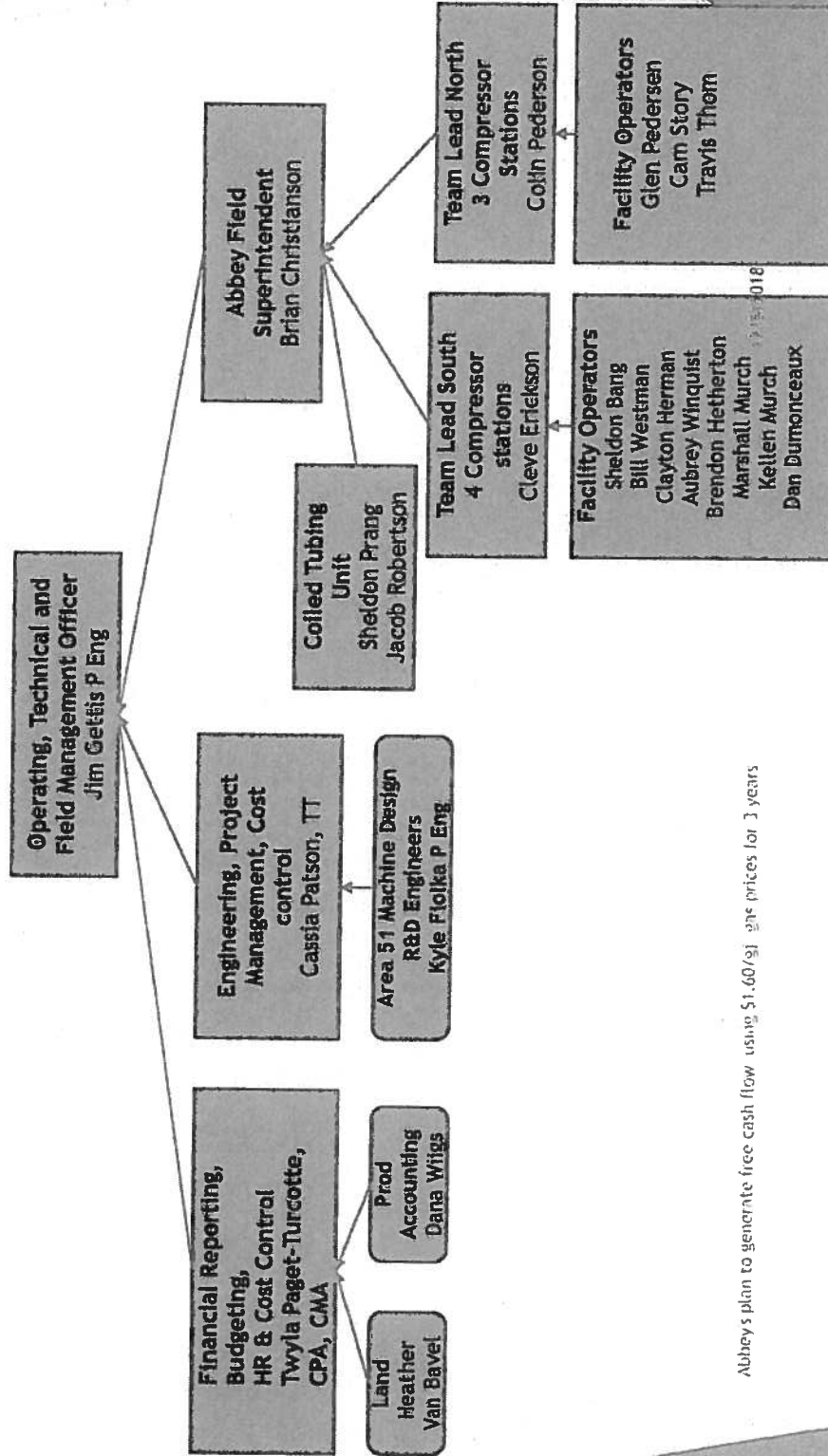
## Abbey Resources Corp.

- ▶ Sweet natural gas producer operating near Swift Current in south-western Saskatchewan (Milk River formation);
- ▶ Abbey became the field operator in 2016 through the acquisition of 2347 wells from Husky, Enerplus and Shackleton 2011 GP Inc.;
- ▶ 3 Main Shareholders: (87% ownership)
  - ▶ Jim & Barb Gettis - (Bluestone Resources Inc.) -Jim, CEO (native of Nokomis, Saskatchewan and U of S Engineer); Barb, Saskatoon Saskatchewan; retired educator and U of S graduate. (Bluestone has 50% ownership in Abbey)
  - ▶ Wilf Wilger - Saskatoon U of S Engineer (native of Englefeld, Saskatchewan); Owns and Operates Wilger Industries in Saskatoon. Wilf was my room mate when we graduated from U of S as engineers in 1969 (23% Ownership)
  - ▶ Anonymous Real Estate Investor, Personal friend of Jim and Barb, (14% Ownership)
- ▶ Current Operations:
  - ▶ 2347 wells in 5 RM's (Lacadena, Snipe Lake, Miry Creek, Clinworth and Riverside
  - ▶ November's 2018 production averaged 15,138 gigajoules/day (15,138 Mscf/day)
  - ▶ 22 Employees/sub-contractors (16 in the Swift Current area and 6 in Calgary)
  - ▶ Annual payroll is \$2,000,000
  - ▶ 550 surface leaseholders

Abbey's plan to generate free cash flow using \$1.60/cj gas prices for 3 years

12/5/2018

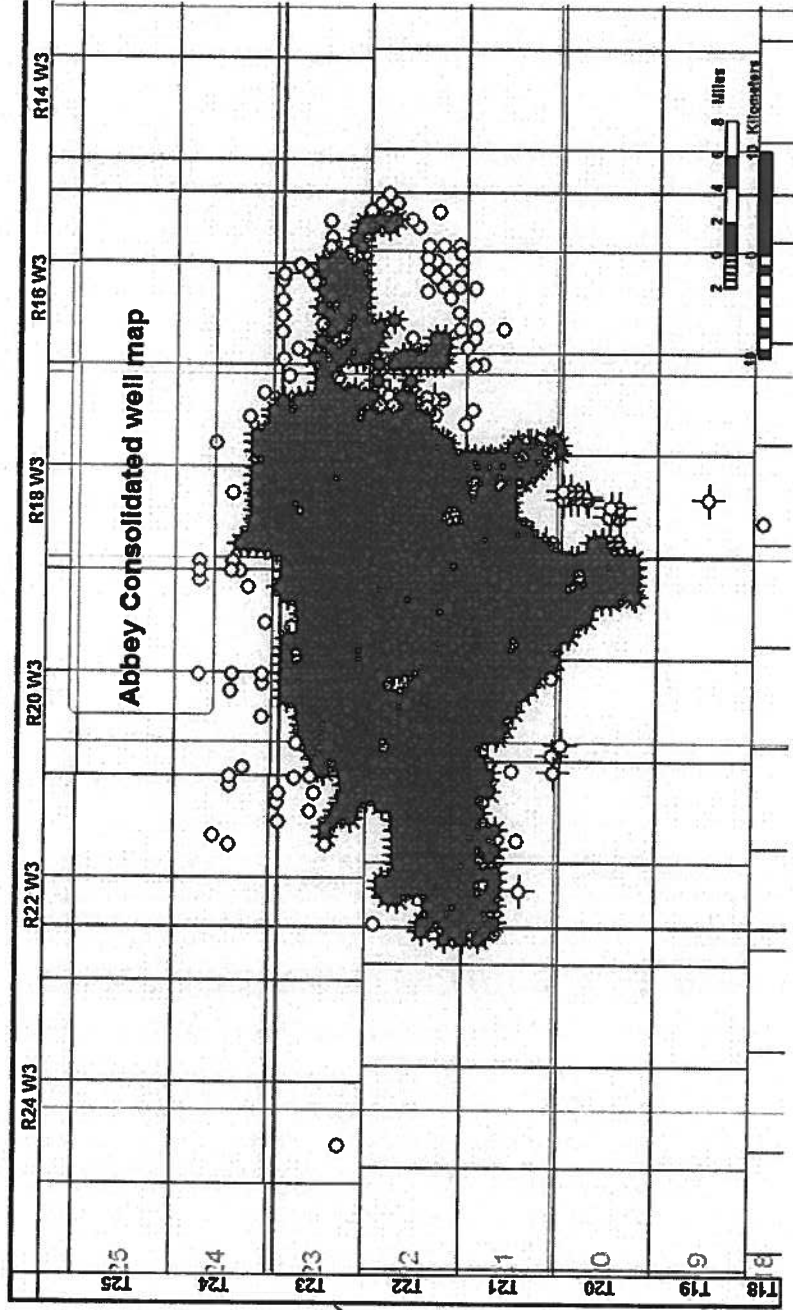
# Abbey Resources Corp - Field Org Chart, October 2018



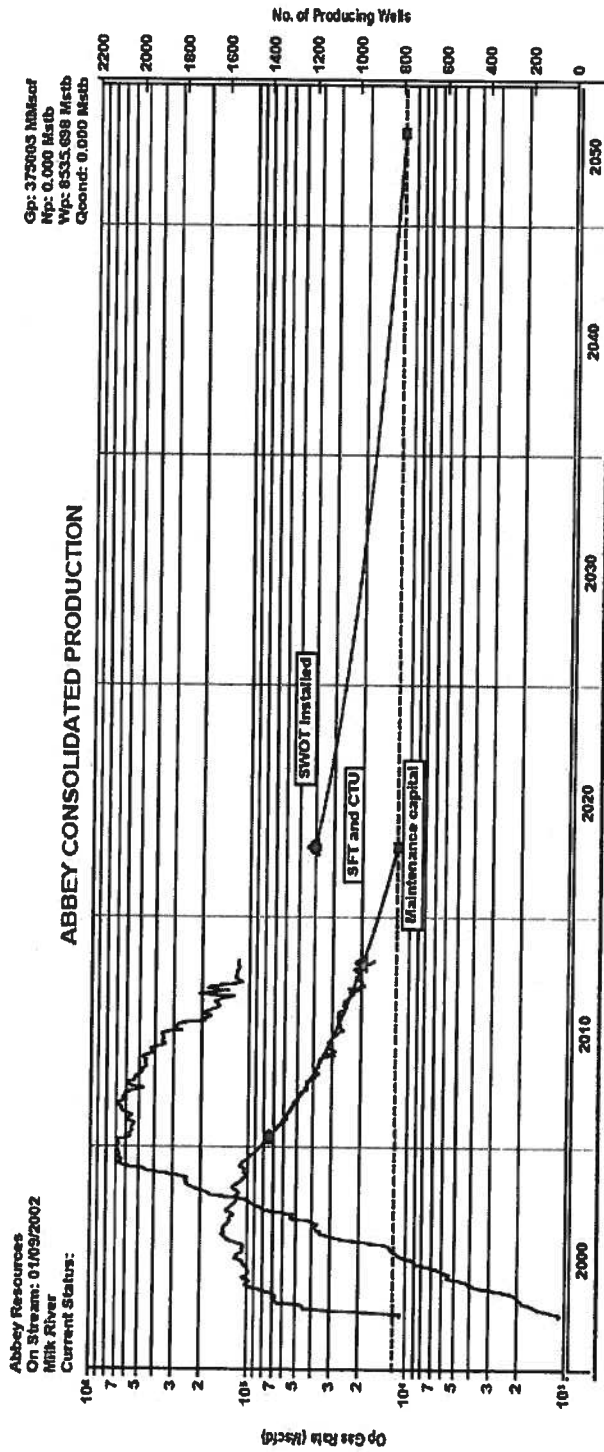
Abbey's plan to generate free cash flow using \$1.60/91 ghe prices for 1 years



**Asset consolidation at December, 2018 and the importance of keeping all of these wells on production. 10 TCF of Resource potential, only 5% recovered to date.**



# Remaining Recoverable Gas Reserves and Project Life, using innovation and disruptive technology



## Decline Analysis Summary (Gas)

Analysis Name	Classification	EUR <sub>1</sub> Mscf	G <sub>1</sub> Mscf	RR <sub>1</sub> Mscf	Start Date	Q <sub>1</sub> Mscf	Q <sub>2</sub> Mscf	Q <sub>3</sub> Mscf	Q <sub>4</sub> Mscf	Q <sub>5</sub> Mscf	End Date	R <sub>avg</sub> %
SWOT installed		608701	375005	233696	01/01/2002	40000.0	7.000	1.000	12000.0	5112/2033		
Maintenance Capital		402491	374489	28002	01/01/2018	15388.3	10.326	0.880	12000.0	6801/2023		0.981

Abbey's P100 In-generative flow-cash flow using 51.60/G. OPS Project for 3 years

12/5/2018

## Why Did Abbey Purchase these assets?

- ▶ Provide Natural gas for the province of Saskatchewan to offset 750,000 GJ/day currently imported from Alberta. These volumes will increase as reserves decline.
- ▶ Provide employment for (16) contractors/employees located near Swift Current.
- ▶ Provide opportunities for Saskatchewan service contractors:
  - ▶ Trucking
  - ▶ Maintenance and Construction
- ▶ Support the local economy by paying:
  - ▶ Surface Lease rentals,
  - ▶ Property and education taxes.
- ▶ Support the government of Saskatchewan by paying:
  - ▶ Mineral lease rentals,
  - ▶ Well Taxes and
  - ▶ Crown mineral lease rentals.
- ▶ To generate returns for Abbey shareholders
  - ▶ Production is stable and predictable as it produces low volumes from many wells connected to a large gas resource in place.

Abbey's plan to generate free cash flow using \$1.60/cf; gas prices for 3 years

12/5/2018

# Challenge - "Quadruple Whammy" of ...

1. Low AECO gas prices/discounts to US prices (not able to control)
2. Minimize Legacy base decline by employing Innovation through additional capital sourced from operating cost savings. (need cooperation of private landowners and Sask Gov't)
3. Contract Operating Costs are presently optimized, property was losing \$10,000,000 per year under Enerplus and Husky operatorship (limited opportunity to reduce costs)
4. Existing Property Taxes and Surface Lease Rentals are not sustainable in a \$1.60/GJ commodity price environment. (require cooperation from stakeholders as these costs are fixed by contract)
  - Faced with a "quadruple-whammy" described above, long wait times for LNG export capacity and staggering AECO discounts to US Henry Hub prices (In November 2018 AECO prices were discounted by \$3.84 US compared to Henry Hub prices); Abbey has chosen to negotiate cost reductions with Surface lease owners and the Saskatchewan Crown. These entities have the ability to renegotiate fixed price contracts currently burdening Abbey's access to free cash flow.

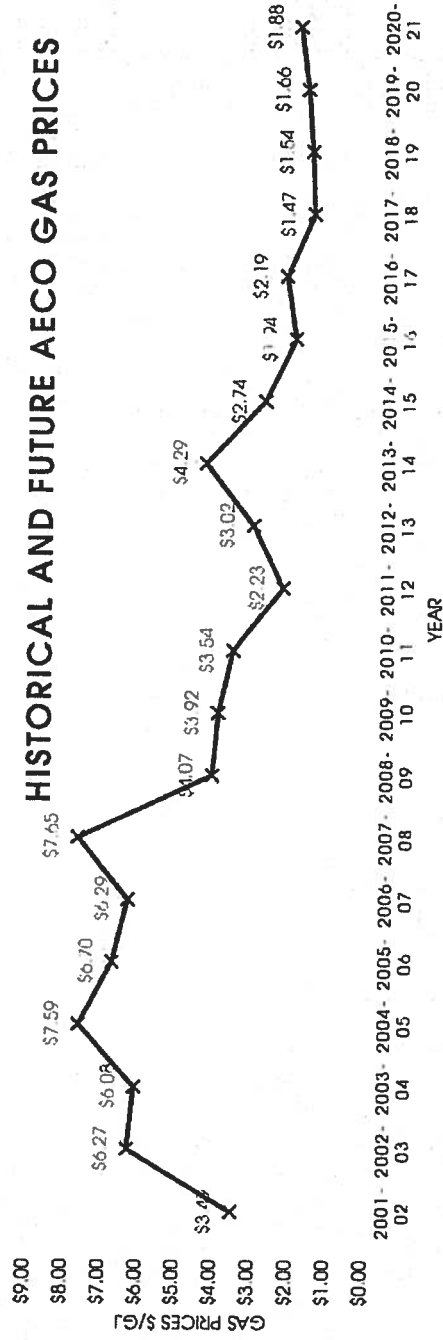
Abbey's plan to generate free cash flow using \$1.60/gal gas prices for 3 years

12/5/2018



**Abbey's breakeven cost is \$2.63/GJ at 15,328 GJ/day, FH and Gov't fixed cost reductions of \$4,600,000 will reduce the breakeven cost to \$1.52/GJ;**

The Milk River Shallow Gas field was developed from 2003 to 2006, and gas prices averaged \$6.50/GJ, when the wells were drilled. Currently, the average gas price forecast (over next 3 years) is estimated to be \$1.60/GJ.



Abbey's plan to generate free cash flow using \$1.60/GJ gas price for 3 years

12/5/2018

# Worst-Case Scenario for Saskatchewan stakeholders

- ▶ If Abbey ceases to exist then the following will disappear;
  - ▶ 16 jobs/contractors in Swift Current, Gull Lake, Cabri, Leader, Lancer, Kyle will disappear;
  - ▶ 550 surface-lease payments of \$4,600,00/year;
  - ▶ Crown Surface lease rentals of \$800,000/year
  - ▶ Well levies & Orphan fund fees - \$380,000/year;
  - ▶ Crown mineral lease payments of \$555,000/year;
  - ▶ PST and Royalties payable to the Crown of \$150,000/year;
  - ▶ TransGas transportation fees of \$1,200,000/year;
  - ▶ Annual property taxes of \$2,100,000/year (Education Taxes comprise \$1,000,000/year);
- ▶ SaskEnergy will have to import the Abbey gas equivalent from Alberta.

Abbey's plan to determine true cost flow using \$1.00/cf gas prices for 3 years

12/5/2018

## Benefits for Saskatchewan Stakeholders

- Surface lease rentals can supplement farming and retirement income for the next 30 years according to Abbey's business plan,
- If Agricultural commodity prices drop surface lease rentals help bridge the gap,
- Property taxes currently being paid by Abbey would have to be redistributed to the Agricultural industry and Residential communities, if Abbey were to shut down operations,
- Independent Power generation using Abbey's natural gas would supplement Sask Power consumption predicted to increase in the years ahead.
  - Abbey would enter into private contracts with large rural consumers in the municipality, (most likely cogeneration to add value to the raw power generated)
- Mud produced as a by product of the gas is mixed with Zeolite to produce fertilizer. The agricultural industry benefits by lowering input costs for crop production. (Zeotech a company in Golden Prairie, Sask is operated by the Brusky family. The family farm has benefited over the last 10 years by reporting increased crop yields of 10% to 15%)

Abbey's plan to generate free cash flow using \$1.00/100 lbs gas prices for 3 years

12/6/2018

## How can the government of Saskatchewan help to reduce fixed costs for Abbey?

- Match the current \$2,300,000 reduction per year for the next 3 years provided by existing private lease-holder;
- An example of \$2,300,000 in Sask Government fee reduction per year for 3 years:
  - Reduce Crown Rentals by \$400,000
  - Reduce the education portion of municipal property taxes by \$1,000,000;
  - Reduce Mineral Lease rentals by \$550,000 ✓
  - Reduce Orphan well Levy and Well Tax Levy by \$350,000 ✓
- Pass regulation to allow for an accelerated market value adjustment to assessment values;
- Pass regulation to mandate uniform mill rate on oil & gas properties along with a mandated cap of non-residential/residential mill rate ratio;

Abbey's plan to generate free cash flow using \$1.60/gal gas prices for 2 years

12/5/2018

Description	Summary Other Months		Total Amount	Budget 2018-2019	Type	Percentages
GAS REVENUE	-7,707,300.87	0.00	(7,707,300.87)	Projected		
CROWN ROYALTY - GAS	15,681.00	0.00	15,681.00	(\$10,276,401)		
FREEHOLD ROYALTY - GAS	44,024.58	0.00	44,024.58	\$20,508		
GORR - GAS	286,175.19	0.00	286,175.19	\$58,659		
MINERAL TAX - GAS	0.00	0.00	0.00	\$394,900		
				\$0		
<b>GAS Totals:</b>	<b>-7,351,420.10</b>	<b>0.00</b>	<b>(7,351,420.10)</b>	<b>(\$9,801,893)</b>		
HEDGING GAINS & LOSSES - GAS	-2,414,032.31	0.00	(2,414,032.31)	(\$3,218,710)		
<b>HEDGING Totals:</b>	<b>-2,414,032.31</b>	<b>0.00</b>	<b>(2,414,032.31)</b>			
REVENUE Totals:	9,765,452.41	0.00	(9,765,452.41)	(\$13,020,603)		%
MARKETING FEES	80,809.26	0.00	80,809.26	\$121,079		
GAS TRANSPORTATION	827,743.34	0.00	827,743.34	\$1,236,991		
<b>TRANSPORTATION COSTS Totals:</b>	<b>1,018,552.60</b>	<b>0.00</b>	<b>1,018,552.60</b>	<b>\$1,358,070</b>		10%
PRODUCTION COSTS Totals:	704,941.84	-147.70	704,794.14	\$938,526		7%
CHEMICALS & TREATMENTS Totals:	289,301.04	0.00	289,301.04	\$359,068		3%
CONTRACT OPERATORS	1,184,822.19	0.00	1,184,822.19	\$1,579,496		
<b>CONTRACTOR COSTS Totals:</b>	<b>1,483,983.21</b>	<b>0.00</b>	<b>1,483,983.21</b>	<b>\$1,978,644</b>		15%
FACILITY MAINTENANCE	232,488.06	0.00	232,488.06	\$309,584		
<b>MAINTENANCE &amp; REPAIRS Totals:</b>	<b>317,604.98</b>	<b>0.00</b>	<b>317,604.98</b>	<b>\$423,473</b>		3%
INSURANCE	85,662.86	0.00	85,662.86	\$102,000		
PST	87,944.41	0.00	87,944.41	\$130,593		
<b>OTHER OPERATING COSTS Totals:</b>	<b>183,607.27</b>	<b>0.00</b>	<b>183,607.27</b>	<b>\$232,593</b>		2%
LEASE RENTALS - MINERAL	611,997.81	0.00	611,997.81	\$815,997		
LEASE RENTALS - SURFACE	3,477,713.35	0.00	3,477,713.35	\$4,636,951		
<b>LEASE RENTALS Totals:</b>	<b>4,089,710.98</b>	<b>0.00</b>	<b>4,089,710.98</b>	<b>\$5,452,948</b>		42%
PROPERTY TAXES	1,889,844.28	87,584.00	2,077,428.28	\$2,100,000		
TAXES, LICENCES, REGULATORY FEES	20,850.74	0.00	20,850.74	\$27,801		
ADMINISTRATION LEVY	168,630.00	0.00	168,630.00	\$224,840		
<b>PROPERTY TAXES &amp; REGULATORY FEES Totals:</b>	<b>2,179,325.02</b>	<b>87,584.00</b>	<b>2,266,909.02</b>	<b>\$2,352,641</b>		18%
COMPRESSOR	41,846.35	-0.20	41,846.15	\$0	Total	100%
PST	2,516.78	0.00	2,516.78	\$0	Fixed	82%
<b>OTHERS (OPERATING - AVE REQUIRED) Totals:</b>	<b>44,463.13</b>	<b>-0.20</b>	<b>44,462.93</b>	<b>\$0</b>	Var	18%
<b>OPERATING EXPENSES Totals:</b>	<b>10,300,990.16</b>	<b>87,438.10</b>	<b>10,388,428.26</b>	<b>\$13,055,963</b>		100%
<b>Totals:</b>	<b>836,137.74</b>	<b>87,438.10</b>	<b>923,575.84</b>	<b>\$75,360</b>		
GAS REVENUE	-15,327.35	0.00	(15,327.35)	\$/GJ	Actual	
GAS REVENUE	1.84	0.00	1.84	Break Even	Plus Hedge	
				\$2.63	\$2.33	
				\$1.52	\$1.52	

12/5/2018

## **Fixed Cost Reduction Plan would be used as a source of funds to develop the Abbey gas property.**

- **The total fixed cost reductions of \$4,600,000 are listed in order of priority (based on the biggest impact to reduce Abbey's per unit operating cost). Most of these costs are fixed costs such as:**
  - 1) **Private and Crown Surface lease rentals, \$2,700,000**
  - 2) **Rural Municipal property and education taxes, \$1,000,000**
  - 3) **Saskatchewan Mineral Lease rentals, \$550,000**
  - 4) **Saskatchewan well levies, orphan well funds and \$350,000**
  - 5) **Some remaining conventional costs, such as fluid trucking and contract labor \$250,000.**
- **Total Cost saving could be as high as \$4,850,000. These savings would be used as a source of free cash flow to accelerate development of the Abbey gas property**

Abbey's plan to generate free cash flow using 5' 60/30 gas prices for 3 years

12/5/2018

## Technology and Innovation

- ▶ **Smart Well Optimization Tool (SWOT)**
  - ▶ Disruptive Internet of Things (IOT) Innovation (\$50,000 per well),
  - ▶ Works on the principle of how we get beer from a keg into a glass in a bar.
- ▶ **Sonic Stimulation Tool (SST)**
  - ▶ Disruptive Innovation (\$100/well),
  - ▶ Connects to a Coiled Tubing Unit (Abbey owns a 100% interest in a CTU),
  - ▶ Uses sound to generate sufficient pressure at the perforations to clean them out.
- ▶ **Milk River Mud and Zeolite as a fertilizer**
  - ▶ Innovation (free for agricultural use),
  - ▶ Already in use in an Agricultural situation at Golden Prairie, Saskatchewan,
  - ▶ Crop yield increases of 10% to 15% compared to conventional fertilizers,
- ▶ **Power Generation and Co Generation**
  - ▶ Technology (\$1mm / mega watt installed),
  - ▶ Convert \$1.60/GJ gas to \$4.25/GJ equivalent (based on \$.06/kw-hr at the generator).

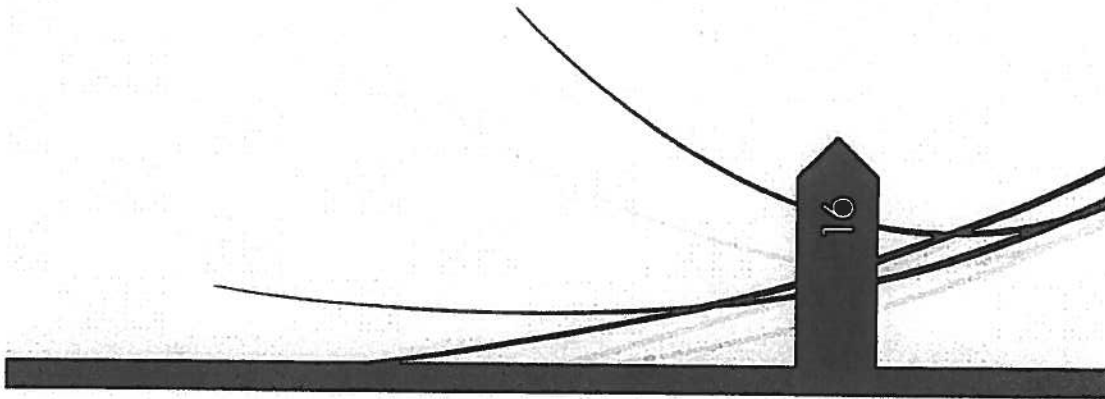
Abbey's plan to generate free cash flow using \$1.60/GJ gas prices for 3 years

12/5/2018

# Discussion Points

Abbey's plan to generate free cash flow using \$1.60/ft<sup>3</sup> gas prices for 3 years

12/5/2018





This is Exhibit F referred to in the Affidavit of

Brad Wagner

Sworn before me this 25 day of

January, 20 22.

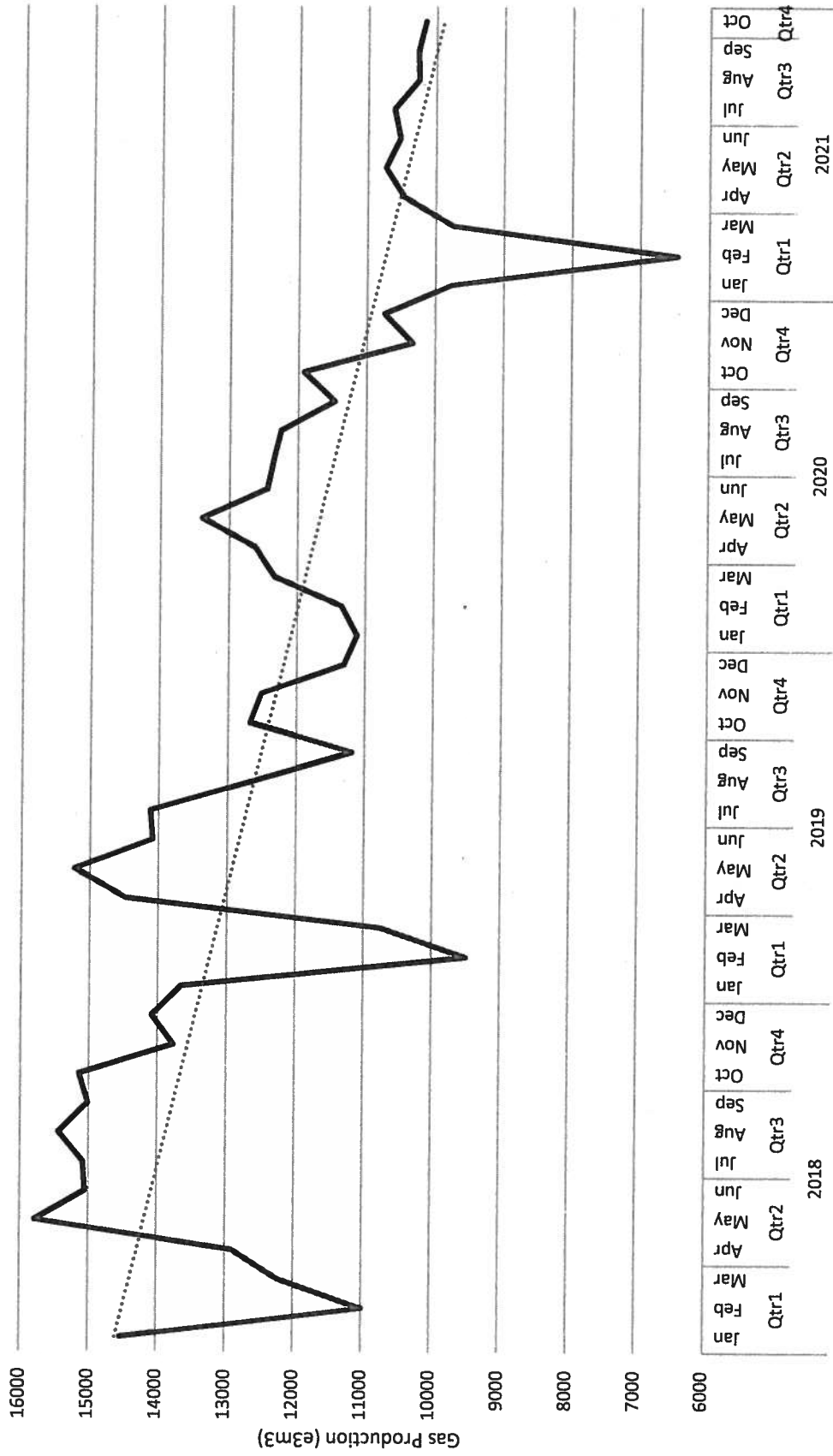
Neil Kusch

A Commissioner for Oaths for Saskatchewan

My Commission expires: \_\_\_\_\_

OR Being a Solicitor

# Abbey Resources Corp. Gas Production Since 2018



Reported Production Volume - Gas (10<sup>3</sup> m<sup>3</sup>)  
 — Total      ..... Linear (Total)

Years    Quarters    Month Date



# Ministry of Energy and Resources

## Integrated Resource Information System

### Pipeline Liner Install Application #206707 [Approved] [Notes \(0\)](#)

[Clone](#)

Submission	Application	Licence Obligations	Notifications	Work Items
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**Related Info**

**View Pipe  
Authoriza  
PA-00012**

**Licence Details**

Licence #  Licence Type  Licensee BA

**Segment Details**

Segment #  Segment ID  Seg. Status

**Application Details**

Industry Application Reference Number   
 Intended Date of Liner Installation   
 Will the Liner Installation activities involve Ground Disturbance?

**Application Classification**

This application will go Routine.

**Free-Standing Liner Specification**

Material Type	<input type="text" value="Polyethylene"/>	SMYS/MPR (MPa)	<input type="text" value=""/>
Material Standard	<input type="text" value="4710"/>	Material Grade	<input type="text" value="N/A"/>
Outside Diameter (mm)	<input type="text" value="60.3"/>	Wall Thickness (mm)	<input type="text" value="6.7"/>
Other Standard	<input type="text" value=""/>	Other Grade	<input type="text" value=""/>

Factor Type	Factor Value	Calculated Design Pressure (kPa)	<input type="text" value="1725.00"/>
Service Fluid Factor	<input type="text" value="1.000"/>		
Temperature Factor	<input type="text" value="1.000"/>		
Hydrostatic Design Stress Factor	<input type="text" value="6.900"/>		
Standard Dimension Ratio	<input type="text" value="9.000"/>		

This is Exhibit 6 referred to in the Affidavit of

Brad Wagner  
 Sworn before me this 25 day of January, 2022.

David Knack  
 A Commissioner for Oaths for Saskatchewan  
 My Commission expires: \_\_\_\_\_  
 OR Being a Solicitor

**Segment Specification**

Segment Design Pressure (kPa)  Anticipated MOP (kPa)  H2S Partial Pressure (kPa)  Requires Sour Service Design

Does your proposed pipeline meet the overpressure protection requirements outlined in the latest &#10;version of ER directives and guidelines?

Will the pipeline have an overpressure protection and pressure control system in place, in accordance with the latest version of CSA Z662?

Have the proposed segments been designed to meet the requirements for sour service, as per the latest version of the CSA Z662 standard?

Class Location

Bidirectional Flow

Length (km)

**Disclosure Questions**

**Disclosure Questions Answered [6]**

#	Disclosure Question	Answer
P01	Do you have a CSA Z662 Compliant Safety and Loss Management System in place, and has it been implemented?	<input type="text" value="Yes"/>
P54	Does the proposed field work cross or is within 30 meters of other pipelines and/or utilities?	<input type="text" value="No"/>
P70	Do any of the existing registry segments, associated with this application, cross a large or small permanent watercourse as defined in PNG034: Saskatchewan Pipelines Code? This question is appearing because this segment was: (1) Retroactively licenced, or, Converted from the Ministry's legacy database; and, (2) Has no system records regarding watercourses.	<input type="text" value="No"/>
P90B	Has a professional engineer registered in Saskatchewan certified the engineering design used for this submission?	<input type="text" value="Yes"/>
P91	Is there a plan in place to carry out the relevant field work in accordance with the latest version of CSA Z662, Oil and gas pipeline systems?	<input type="text" value="Yes"/>
P30	Has the proposed segment(s) been designed to meet the pressure limits of the system, including downstream	<input type="text" value="Yes"/>

components?

**External Approvals**

Agency	Approval Number
No External Approvals Found	

**Attachments**

 Confidential Help

	File *	Document Type *	Is Confidential	Comments	Date *
1	Gettis Engineering (1988) Ltd Permit to practice.pdf	Engineering Assessment	<input checked="" type="checkbox"/>	APEGA Gettis 13169	2021-09-28 12:59:18

FORM PD1

(Enacted March 25, 2020)

(Amended August 7, 2020)

**DECLARATION OF LAWYER WHO HAS WITNESSED DOCUMENTS**

**VIA ELECTRONIC MEANS**

I Travis Kusch, of Saskatoon, in the Province of SK, a Lawyer, did on January 25, 2022 witness Brad Wagner sign the following documents via electronic means:

1. Third Assesment
- 2.
- 3.

Pursuant to Law Society of Saskatchewan Practice Directive 1, issued March 25, 2020 and amended on August 7, 2020, I have turned my mind to the risks associated with the witnessing of documents via electronic means. I have assessed the following risks, and have answered "yes" or "no" to indicate where I have identified concerns:

1. Have I identified any indicia that the transaction might be fraudulent? N
2. Did I identify concerns, including the physical presence of a third party in the company of my client while they were signing the documents, suggesting that there is a risk that the client may be subject to undue influence or duress? N
3. Did I identify concerns about my client's understanding about the documents they are executing? N
4. Did I identify concerns about my client not having an adequate opportunity to ask questions about the document being signed? N

Where I have indicated "yes" to the statements above, I managed the risks by the following means:

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Attached hereto is a screen capture of my client with their photo identification that was presented to me via electronic means during the session where the above noted documents were executed.

I DO SOLEMNLY DECLARE that the statements contained in this form are complete and true in every respect. AND I make this solemn declaration conscientiously believing it to be true and knowing that it is of the same force and effect as if made under oath.

Jan 25 / 22  
DATE

Travis Kusch  
Signature of Lawyer

