

DEEP VALLEY AREA

GAS HANDLING AGREEMENT

BETWEEN

PARAMOUNT RESOURCES LTD.

AND

TENTH AVENUE PETROLEUM CORP.

EFFECTIVE THE 1ST DAY OF JANUARY 2018

Contract No. SA07862

DEEP VALLEY AREA

GAS HANDLING AGREEMENT

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**DEEP VALLEY AREA
GAS HANDLING AGREEMENT**

MEMORANDUM OF AGREEMENT made this 1st day of January 2018

BETWEEN

PARAMOUNT RESOURCES LTD., a body corporate, having an office in the City of Calgary, in the Province of Alberta, for and on behalf of the Facility owners ("Operator")

AND

TENTH AVENUE PETROLEUM CORP., a body corporate, having an office in the City of Calgary, in the Province of Alberta, ("Producer")

(the "Agreement")

WHEREAS Producer owns a working interest in or as agent for and on behalf of the owners has the right to produce Producer Inlet Substances from the Sources;

WHEREAS Producer desires to have Producer Inlet Substances handled at the Facility;

WHEREAS Operator has agreed to accept Producer Inlet Substances at the Facility Inlet, handle them and deliver Producer Outlet Substances to the Facility Outlet on the terms and conditions as hereinafter set forth; and

NOW THEREFORE, in consideration of the premises and the mutual covenants and conditions hereinafter set forth, the Parties covenant and agree as follows:

ARTICLE I - DEFINITIONS

101. Definitions

In this Agreement, including the recitals, definitions and Exhibits:

- (a) "**Affiliate**" means, with respect to a Party, any other Person which is affiliated with such Party, and for the purposes hereof:
- (i) two (2) Persons will be considered to be affiliated with one another if one (1) of them controls the other, or if both of them are controlled by a common third Person, and
 - (ii) one (1) Person will be considered to control another Person if it has the power to direct or cause the direction of the management and policies of the other Person, whether directly or indirectly, through one (1) or more intermediaries or otherwise, and whether by virtue of the ownership of

shares other equity interests, or member interests, the holding of voting rights or contractual rights, or otherwise;

- (b) "**Agreement**" means this document together with the exhibits attached hereto;
- (c) "**Allocation Procedure**" means the procedure used at the Facility to allocate Outlet Substances to all Inlet Substances being handled at the Facility, as may be amended from time to time by the Facility owners;
- (d) "**Day**" means a period of time commencing at 08:00 local time on any calendar day and ending at 08:00 on the next calendar day or at such other time as may be agreed upon by the Parties;
- (e) "**Effective Date**" means the date first above written or, in the case of an Exhibit, the date on which the Exhibit becomes effective;
- (f) "**Facility**" means all real and personal property of every kind, nature and description which constitutes all facilities owned or controlled by the Operator as further described in Exhibit "A";
- (g) "**Facility Inlet**" means the point or points set forth in Exhibit "A" where Producer Inlet Substances first enter the Facility;
- (h) "**Facility Outlet**" means the point or points of delivery set forth in Exhibit "A", or as determined by the Operator in its sole discretion, where Outlet Substances exit the Facility;
- (i) "**Force Majeure**" means an occurrence beyond the reasonable control of a Party claiming suspension of an obligation, which has not been caused by such Party's negligence and which such Party was unable to prevent or provide against by the exercise of reasonable diligence at a reasonable cost and includes, without limiting the generality of the foregoing, an act of God, war, revolution, insurrection, blockade, riot, strike, a lockout or other industrial disturbance, fire, lightning, unusually severe weather, storms, floods, explosion, accident, shortage of labour or materials, or government restraint, action, delay or inaction;
- (j) "**Gross Negligence**" means any act or failure to act (whether sole, joint or concurrent) by any person or entity which was intended to cause, or which was in reckless disregard of or wanton indifference to, harmful consequences such person or entity knew, or should have known, such act or failure would have on the safety or property of another person or entity provided that Gross Negligence shall not include any act or failure to act insofar as it was done or failed to be done in accordance with the instructions or express concurrence of Producer;
- (k) "**Inlet Substances**" means all natural gas, solution gas and any other gas, together with all associated substances delivered to the Facility and which may include, but are not limited to, sulphur and all fluid hydrocarbons not defined as crude oil under the provisions of the Oil and Gas Conservation Act (Alberta) and regulations and amendments thereto or substitutions therefore;



- (l) "**Interest Rate**" means the prime rate of interest as quoted in respect of commercial demand loans on the applicable day by the principal chartered bank in Canada used by Operator plus two percent (2%) per annum;
- (m) "**Losses and Liabilities**" means all claims, liabilities, actions, proceedings, demands, losses, costs, penalties, fines, death, injury or damages, whether contractual or tortious, and expenses, including reasonable legal fees and disbursements on a solicitor and its own client basis;
- (n) "**Month**" means a period of time commencing at the beginning of the first Day of a calendar month and ending at the beginning of the first Day of the next calendar month;
- (o) "**Outlet Substances**" means all substances which are recovered from Inlet Substances and are available for delivery at the Facility Outlet, but excluding such substances as are lost or consumed pursuant to Clause 604;
- (p) "**Owner Inlet Substances**" means Inlet Substances owned by a Facility owner;
- (q) "**Party**" means a Person who is bound by this Agreement;
- (r) "**Person**" means an individual, firm, body corporate or other legal entity, or partnership, as the case may be;
- (s) "**Producer Inlet Substances**" means Inlet Substances owned or controlled by Producer and produced from the Sources but excludes Owner Inlet Substances from those Sources;
- (t) "**Producer Outlet Substances**" means Outlet Substances that are for the account of Producer in accordance with the Allocation Procedure;
- (u) "**Related Persons**" means a Party's Affiliates and the directors, officers, agents, contractors, consultants, and employees of that Party or that Party's Affiliates;
- (v) "**Sources**" means the source or sources of Producer Inlet Substances as set forth in Exhibit "A"; and
- (w) "**Year**" means a period commencing at the beginning of the first Day of January of each calendar year and ending at the beginning of the first Day of the next calendar year.

ARTICLE II - EXHIBITS

201. Exhibits

The following Exhibits are attached to and incorporated in this Agreement:

- (a) Exhibit "A" sets forth the Sources from which Producer Inlet Substances will be handled in the Facility under the terms of this Agreement, the Facility, the Facility Inlet, the Facility Outlet, handling priorities, any restrictions on maximum volumes

of Producer Inlet Substances, and the Party responsible for operating the metering facilities, and transportation capacity temporary assignment information;

- (b) Exhibit "B" sets forth the specifications for Producer Inlet Substances;
- (c) Exhibit "C" sets forth the charges or method for calculating the charges for handling Producer Inlet Substances; and
- (d) Exhibit "D" sets forth the addresses for service of the Parties.
- (e) Exhibit "E" sets forth the modifications to the body of the 2013 PJVA Model Gas Handling Agreement.

202. Revision of Exhibits

Operator and Producer may review Exhibit "A" and Exhibit "E" from time to time and any revisions shall be mutually agreed upon. Operator may revise Exhibits "B" and "C" upon thirty (30) Days' written notice to Producer. Exhibit "D" may be revised in accordance with the provisions of Clause 1209. Exhibits that are revised shall show the Effective Date of the revision and shall be numbered consecutively. Operator shall, upon revision of any Exhibit, supply Producer with a copy of the revised Exhibit. If Operator becomes aware of a mistake or mechanical error in any Exhibit, Operator shall prepare a corrected Exhibit and supply Producer with a copy of the corrected Exhibit.

203. Conflicts

If a provision of Exhibits "A" to "D" inclusive conflicts with a provision in the body of this Agreement, the latter shall prevail. If a provision of Exhibit "E" conflicts with a provision in the body of this Agreement, Exhibit "E" shall prevail.

ARTICLE III - ACCEPTANCE AND DELIVERY

301. Acceptance and Delivery of Producer Inlet Substances

- (a) Subject to all other terms and conditions of this Agreement, Producer shall, at its sole cost, risk and expense, deliver, or cause to be delivered, Producer Inlet Substances to Operator at the Facility Inlet, in a manner acceptable to Operator. Operator shall accept and handle Producer Inlet Substances in the Facilities and deliver Producer Outlet Substances to the Facility Outlet, subject to the terms of this Agreement and the priority assigned to Producer Inlet Substances pursuant to Clause 303 and Exhibit "A".
- (b) Any costs borne by Operator for tie-in of Producer Inlet Substances, including, without limitation, performing supervisory or administrative functions or supplying labour or materials for tie-in of Producer Inlet Substances, plus fifteen percent (15%) of such costs for overhead, shall be reimbursed by Producer to Operator in accordance with Article VII following receipt by Producer of a statement of account outlining in reasonable detail the nature of such costs. Producer shall indemnify Operator for the cost of any fluids lost during tie-in.



- (c) Subject to Clause 706, Operator shall not acquire title to Producer Inlet Substances but shall only have possession of Producer Inlet Substances for the purposes mentioned in this Agreement.
- (d) Producer warrants that it has the authority to deliver Producer Inlet Substances to the Facility for handling as provided in this Agreement, and Producer covenants and agrees to indemnify and hold Operator and its Related Persons harmless from and against any and all Losses and Liabilities arising from any Person claiming an interest in the Producer Inlet Substances or the Producer Outlet Substances.
- (e) Operator warrants that it has the authority to accept Producer Inlet Substances at the Facility for handling as provided in this Agreement, and Operator covenants and agrees to indemnify and hold Producer and its Related Persons harmless from and against any and all Losses and Liabilities arising from any Person having an interest in the Facility claiming that the Operator is not duly authorized to perform its duties under this Agreement.
- (f) Operator shall be entitled to commingle Producer Inlet Substances with any other Inlet Substances.

Subclauses (g) and (h) shall only be applicable to the Producer if they are the current Source operator of any one (1) or more Sources listed on Exhibit "A":

- (g) When Producer ceases to deliver Producer Inlet Substances to the Facility, Producer shall at its sole cost and risk promptly at the request of Operator, remove any equipment, pipe or other materials installed by or for Producer to effect the tie-in and delivery of Producer Inlet Substances to the Facility Inlet, at or adjacent to the Facility, or on any surface rights held by Operator in respect of or adjacent to the Facility, and Producer shall at its sole cost and risk fully remediate any environmental or other damage caused by the tie-in and delivery of Producer Inlet Substances to the Facility Inlet or the removal of such equipment, pipe or other materials to the extent that such damage is not attributable to the Gross Negligence of Operator or its Related Persons.
- (h) Producer shall be liable to Operator for, and shall indemnify and save Operator harmless from and against any and all Losses and Liabilities which Operator may suffer, sustain or incur as a result of the tie-in and delivery of Producer Inlet Substances to the Facility or as a result of the subsequent removal of equipment, pipe or other materials used to effect such tie-in and delivery to the extent that such Losses and Liabilities are not attributable to the Gross Negligence of Operator or its Related Persons.

302. Commencement of Handling

The handling of Producer Inlet Substances shall commence when:

- (a) Producer and Operator have installed, or have caused to be installed, all equipment necessary to affect the acceptance of Producer Inlet Substances at the Facility Inlet;



- (b) Producer and Operator have obtained, or have caused to be obtained, all necessary permits and approvals to produce, accept and handle Producer Inlet Substances and deliver Producer Outlet Substances;
- (c) Operator has advised Producer that it will accept deliveries of Producer Inlet Substances;
- (d) Producer has confirmed to Operator that all arrangements for the reporting and disposition of Producer Outlet Substances beyond the Facility Outlet have been made; and
- (e) Producer has complied with Operator's data requirements for all Sources.

303. Priority of Handling

Producer Inlet Substances will be handled to the extent that capacity is available in the Facility. If the Facility is unable to handle all Inlet Substances available for handling at the Facility on any one Day, acceptance of Inlet Substances by Operator at the Facility will be cut back using the priority system set out in Exhibit "A".

304. Specifications of Producer Inlet Substances

Producer Inlet Substances delivered for acceptance to the Facility shall meet the specifications as set forth in Exhibit "B". If any Producer Inlet Substances delivered for acceptance to the Facility do not meet the specifications set forth in Exhibit "B", Operator may, at its sole discretion, acting reasonably, discontinue taking all or part of Producer Inlet Substances until such time that Producer Inlet Substances to be delivered for acceptance meet the specifications as set forth in Exhibit "B".

305. Temporary Capacity Limitations

Notwithstanding the provisions of this Article III, Operator, at its sole discretion, acting reasonably and without incurring any liability to Producer, reserves the right to refuse or limit acceptance of Producer Inlet Substances at the Facility Inlet when the Facility is shut down for maintenance or when Facility capacity is reduced by temporary operational difficulties or operating limitations, until such time as capacity is no longer restricted.

306. Notification of Cutbacks

Operator shall notify Producer as soon as reasonably possible if Producer Inlet Substances have been curtailed pursuant to Clauses 303, 304 or 305.

ARTICLE IV - CHARGES

401. Handling Charges

The handling charges applicable to the total volume of Producer Inlet Substances shall be determined in accordance with Exhibit "C" and billed in accordance with Clause 701.



ARTICLE V - MEASUREMENT

501. Metering Facilities

Producer shall, at its sole cost, risk and expense, install, or cause to be installed, metering facilities for the purpose of measuring volumes of Producer Inlet Substances accepted at the Facility Inlet. Such metering facilities shall meet Operator's specifications, shall be installed in a manner and at the location approved by Operator which will allow proper measurement and allocation of Producer Inlet Substances under the Allocation Procedure, and shall be maintained by and at the sole cost, risk and expense of Producer. Such metering facilities shall be physically operated by the Party designated in Exhibit "A".

502. Accuracy

- (a) The accuracy of metering facilities shall be verified by the Party operating the metering facilities at the frequency specified in provincial regulations, or as reasonably required by the Operator for the Allocation Procedure, whichever is more frequent. The cost of such verification shall be borne by the Parties for their respective metering facilities. Metering facilities shall be open for witnessing of calibration or inspection by the other Party at all reasonable times. The Party performing the calibration or inspection will provide the other Party with at least forty-eight (48) hours prior notice.
- (b) In case any question arises as to the accuracy of measurement, any metering facilities shall be tested upon demand of either Party and, if found to be correct or to be in error of not more than two percent (2%) with respect to gas measurement, one and one-half percent (1 1/2%) with respect to equilibrium liquid measurement, or one-half of one percent (1/2%) with respect to liquid measurement (referred to herein as the "Relevant Percentage"), the expense of such testing shall be borne by the Party requesting the test. If the accuracy of measurement is found to be incorrect by more than the Relevant Percentage, the expense of such testing shall be borne by the owner of those metering facilities.
- (c) If, upon any test, metering facilities are found to be in error of not more than the Relevant Percentage, previous readings of such metering facilities shall be considered correct in computing the volumes being metered, but such metering facilities shall be adjusted properly as soon as practicable to record accurately. If, upon any test, any metering facilities are found to be in error by any amount exceeding the Relevant Percentage, then any previous readings of such metering facilities shall be corrected to zero error for any previous period which is known definitely or is agreed upon, but in case the period is not known definitely or not agreed upon, such correction shall be for a period covering the last half of the time lapsed since the date of the last test.
- (d) In the event metering facilities are out of service or require repair, such that the volume being measured is not correctly indicated by the reading of the metering facilities, the volumes attributable to the period shall be estimated and agreed upon on the basis of the best data available, using the most appropriate of the following methods:



- (i) by using the registration of any check metering facilities, if installed and accurately registering; or
- (ii) by correcting the error if the percentage of error is ascertainable by calibrations, tests or mathematical calculations; or
- (iii) by estimating on the basis of actual volumes measured during the preceding periods under similar conditions when the metering facilities were registering accurately.

503. Units of Volume and Weight

The standards of measurements shall be governed by the following:

- (a) the unit of volume of gas for purposes of measurement shall be one thousand cubic metres (10^3m^3) at a temperature of fifteen degrees Celsius (15°C) and an absolute pressure of one hundred one point three two five kilopascals (101.325 kPa);
- (b) the unit of volume of liquids for purposes of measurement shall be one cubic metre (1m^3) as defined in the *Weights and Measures Act*, R.S.C. 1985 c. W-6, as amended; and
- (c) the unit of weight of solids for purposes of measurement shall be one tonne (1t), being one thousand kilograms (1000 kg).

504. Determination of Volumes

Volumes shall be determined in accordance with prevailing regulatory requirements relating to the measurement of upstream petroleum industry fluids.

505. Assumed Atmospheric Pressure

For the purposes of measurement and meter calibration, the average atmospheric pressure shall be that utilized by the receiving pipeline or other facility at the Facility Outlet irrespective of the actual elevation of any of the metering facilities above sea level and irrespective of variations in the atmospheric pressure from time to time.

506. Analysis of Producer Inlet Substances

- (a) Producer shall, at its sole cost, risk and expense, provide, or cause to be provided, to Operator samples of Producer Inlet Substances at the Facility Inlet or other points at start-up or as soon thereafter as possible and at such intervals as Operator may reasonably require, depending upon the magnitude of the compositional variances. Gas and liquid samples shall be analyzed by gas-liquid chromatography or any other method consistent with normal industry practice. The samples so taken shall be analyzed as reasonably required by Operator for use in the Allocation Procedure.
- (b) If it cannot be determined to the satisfaction of Producer and Operator that the Producer Inlet Substances can be sampled in a single phase, the liquid and gaseous portions shall be separated before sampling. Analysis of each sample shall be made and the analysis recombined in proportion to the liquid and gas flow rates to give a recombined analysis. The recombined analysis shall indicate



the molecular percentage of the stream in a manner consistent with the Allocation Procedure. Volumes of gaseous and liquid production shall be measured as per the provisions of this Article V.

- (c) Operator shall have the right to have a representative present at the time that samples of Producer Inlet Substances are taken. Producer shall provide Operator with forty-eight (48) hours prior notice of the sampling. Should Operator not have a representative present, the results of the sampling shall nevertheless be considered accurate until the next test.
- (d) If an error in analysis becomes evident, either as a result of sampling or analysis technique or for any other reason, so that the components being measured are not correctly reported, the previously used analysis shall be again used until such time as two additional consistent analyses have been obtained. An analysis shall be obtained in each of the two (2) months following the Month in which the error in analysis became evident and Producer shall continue to obtain an analysis on a Monthly basis until two (2) consistent analyses have been obtained.
- (e) The cost of sampling and analysis shall be paid by Producer.

ARTICLE VI - OWNERSHIP AND DISPOSITION OF OUTLET SUBSTANCES

601. Producer's Share of Outlet Substances

- (a) The volumes of Outlet Substances allocated to Producer shall be determined each Month in a manner consistent with the Allocation Procedure.
- (b) Producer shall own and at its sole cost, risk and expense at the Operator's discretion shall take in kind or separately dispose of the Producer Outlet Substances.
- (c) Producer shall provide, or cause to be provided, to Operator, by the tenth (10th) Day of each Month, or as may be required by governing regulations, a statement of the total volume of Producer Inlet Substances accepted at the Facility Inlet for the preceding Month and details of any changes in ownership of Producer Inlet Substances or Sources. Further, Producer acknowledges its obligation to provide or cause to be provided to Operator, on a timely basis, all production data and information as may be required for the preparation of statements pursuant to Subclause 601(e).
- (d)
 - (i) If Producer fails to provide, or cause to be provided, Operator with sufficient information to perform allocations of Outlet Substances as specified under the Allocation Procedure, Operator will use its reasonable judgment regarding the allocations. Producer shall be liable for, and indemnify Operator against, any penalties, costs or damages levied against the Operator as a result of allocation.
 - (ii) Any costs incurred by Operator resulting from Producer's failure to provide production data and information under this Agreement, including but not limited to administrative costs for revising allocations, shall be paid by the Producer.



- (e) Operator shall, on or before the twenty-fifth (25th) Day of each Month, provide Producer with a statement showing the total volume of Producer Inlet Substances accepted at the Facility Inlet for the preceding Month and volume and heat content or composition of Producer Outlet.
- (f) Producer and Operator shall preserve all original test data, charts, the Allocation Procedure and other similar records related to this Agreement for a period of at least seven (7) Years after the Year to which the data relate. Notwithstanding the foregoing, Operator and Producer shall retain any original test data, charts, the Allocation Procedure and other similar records related to this Agreement to which a query under Clauses 704 or 705 relates until all such queries are resolved.
- (g) Producer shall, within twenty-six (26) Months following the end of the Year to which the records relate, have the right to examine at all reasonable times the records of Operator relating to Clause 601.
- (h) Operator shall be entitled to deal only with Producer on all matters arising under this Agreement, including, without limitation, all reporting of deliveries and directions regarding the handling of Producer Outlet Substances.

602. Delivery of Producer Outlet Substances

Operator shall deliver Producer Outlet Substances to Producer or to such Person as Producer designates at the Facility Outlet.

603. Failure to Take in Kind

- (a) If Operator does not allow Producer to take in kind or if Producer fails to take or otherwise adequately dispose of Producer Outlet Substances, Operator shall, for the account and at the expense of Producer, sell on the open market or, if a purchaser is not available, store Producer Outlet Substances.
- (b) If Operator does not allow Producer to take in kind or in the event of a failure to take in kind and a subsequent sale by Operator of Producer Outlet Substances, Operator shall remit to Producer by JIB statement and payment within twenty-five (25) days of the end of the production month the proceeds of such sale less all direct costs of the sale and less a charge as specified in Exhibit "C".
- (c) The authority of Operator to enter into contracts for the sale of Producer Outlet Substances shall be restricted to contracts that are for such reasonable periods of time as are consistent with the minimum needs of the industry under the circumstances, but not in excess of a one Month period. Subject to such contracts, Producer may, subject to the Operator's discretion, commence or resume taking Producer Outlet Substances in kind at any time if upon giving notice to Operator of at least thirty (30) Days prior to the expiration of the current sales contract that it intends to take its share in kind.

604. Volume Losses

- (a) Operator shall have the right at any time, in its sole discretion and acting reasonably in accordance with industry practice, to flare, use or consume



Producer Inlet Substances free of charge. Producer Inlet Substances flared as a discrete stream at the Facility Inlet shall be conclusively deemed not accepted at the Facility.

- (b) Producer shall bear its share of any losses suffered during a Month due to evaporation, flaring, fuel gas consumption or Force Majeure in accordance with the Allocation Procedure.
- (c) If and when it cannot be determined to whom a loss should be allocated, any such loss shall be borne by Producer in the proportion that the volume of Producer Inlet Substances handled through the Facility during the previous Day bears to the total volume of Inlet Substances handled through the Facility during the previous Day.

605. Specifications of Outlet Substances

Operator shall use reasonable efforts to ensure that Outlet Substances meet the specifications which are acceptable to the purchasers or carriers of Outlet Substances as of the Effective Date, or such other specifications as may be subsequently agreed upon by Operator and the purchasers or carriers.

606. Measurement or Allocation Adjustments

In the event of an adjustment in measurement or allocation to Producer Outlet Substances, adjustments shall be made using;

- (a) for gas, the arithmetic average price for the Month for which the adjustment is required as reported by Canadian Enerdata Ltd. in the Canadian Gas Price Reporter described in the section titled "**AECO Same Day and One Month Forward Prices**" in the table titled "**NGX AB-NIT Same Day Index #**" on the line "**5A. Arithmetic Avg. ^****" in the column "**Price (\$/GJ) Avg***" for the applicable delivery month, less the NOVA tolls (3 year toll) at the NOVA meter station and less NOVA fuel;
- (b) for liquids, the average of the Edmonton Posted Prices for the Month for which the adjustment is required, adjusted for transportation and fractionation based on the pipeline tariff for transportation and the Ethane Plus Systems Trading Agreement, April 1, 1985 ("EPSTA") fractionation rate in effect during that Month; and
- (c) for condensate, the Edmonton Equalized Price, plus the average of industry standard average and net throughput trading week average (premium) adjusted for transportation, pipeline and trucking.

ARTICLE VII - BILLINGS AND PAYMENT

701. Billings

Operator shall bill Producer on or before the thirtieth (30th) Day of each Month for the charges payable by Producer attributable to the handling of Producer Inlet Substances for the preceding Month, determined in accordance with Exhibit "C". Producer shall pay all bills which become payable pursuant to this Agreement within thirty (30) Days after receiving them. If Producer fails to pay a bill within the said thirty (30) Day period, the unpaid amount shall, at Operator's option, bear interest following such thirty (30) Day period at the Interest Rate



regardless of whether or not Operator has notified Producer in advance of its intention to charge interest with respect to that unpaid amount. The obligation to pay interest with respect to a default is to apply until such default is rectified and shall not merge into a judgment for principal and interest, or either of them. In addition, Operator shall have the right at any time thereafter, such default continuing, to enforce the remedies provided for in this Agreement.

702. Performance Assurance

If Operator has reasonable grounds for insecurity regarding the payment, performance or enforceability of any obligation under this Agreement (whether or not then due) by the Producer or its guarantor, if any, (including, without limitation, the occurrence of a material adverse change in the creditworthiness of Producer or its guarantor, if any), Operator may demand at any time (including prior to the handling of any Producer Inlet Substances by Operator under this Agreement) Performance Assurance. "**Performance Assurance**" shall mean sufficient security in the form, amount, and for the term reasonably acceptable to Operator, including, but not limited to, a standby irrevocable letter of credit, a prepayment, a security interest in an asset or a guarantee. Producer shall provide Performance Assurance within five (5) days of the demand therefor. Without any limitations to the remedies in Clause 707, Operator has the right to immediately cease any take in kind arrangements with Producer.

If requested by Operator and if Producer's financial statement(s) are not readily available on a reputable online website to Operator, then Producer shall deliver to Operator (i) within 120 days following the end of each fiscal year, a copy of Producer's audited consolidated financial statements for such fiscal year; and (ii) within 90 days after the end of each of its first three (3) fiscal quarters of each fiscal year, a copy of Producer's unaudited consolidated financial statements for such fiscal quarter. The statements shall be prepared in accordance with generally accepted accounting principles.

703. Commingling of Funds

Subject to Clauses 603 and 706, funds received by Operator for the account of Producer which are in excess of the amounts payable under this Agreement are trust funds and are not to be used by Operator for its own purposes. Operator may commingle funds received by it under this Agreement with its own funds but such right to commingle is granted to Operator as an administrative aid in its duties under this Agreement and does not alter the characterization of such funds received by Operator as trust funds.

704. Books and Records

Operator will keep within Alberta true and correct books, accounts and records of the operations conducted at the Facility.

705. Correctness of Billings

Producer may protest or question the correctness of a bill, notwithstanding the payment of it, if such protest or question is made in writing to Operator, accompanied by reasonable supporting detail, within twenty-six (26) Months following the end of the Year in which the bill was presented; otherwise the bill shall be deemed conclusively to be correct except where the item is under dispute pursuant to Clause 705. Operator shall have ninety (90) Days following receipt of a query in which to provide documentation necessary to satisfy Producer of the correctness of the billing in question. If Operator does not provide the necessary documentation to satisfy Producer of the correctness of the billing in question then the matter shall be resolved in accordance with Article XI.



706. Audits

- (a) Subject to Subclause 706(b), Producer, upon reasonable notice in writing to Operator, shall have the right to audit the books, accounts and records of Operator to the extent necessary to verify the accuracy of any statement, charge or computation or demand made under or pursuant to any of the provisions of this Agreement for any Year within the twenty-four (24) Month period next following the end of such Year. Any claims of discrepancies shall be made in writing to Operator within two (2) Months of the completion of such audit. Operator shall respond to any claims of discrepancies within six (6) Months of receipt of such claims unless Operator requests and Producer agrees to an extension. Operator and Producer agree to act in good faith to resolve such claims. Each audit shall be conducted so as to cause a minimum of inconvenience to Operator.
- (b) Producer shall make every reasonable effort to conduct its audit at the same time as an audit conducted by the Facility owners. Furthermore, where two or more producers wish to conduct an audit, Producer shall make every reasonable effort to conduct its audit jointly with the other producers.

707. Remedies

Producer, in order to secure any indebtedness to Operator under this Agreement, hereby gives and grants to Operator a first lien and charge on Producer Inlet Substances and Producer Outlet Substances, to secure payment of any handling charge or other amount payable to Operator by Producer. In the event Producer defaults in payment of its bills and such default shall continue for five (5) Days after receipt of written demand from Operator, Operator may, without limiting Operator's other rights in this Agreement or otherwise held at law or in equity:

- (a) enforce such lien in any manner provided by the laws governing this Agreement;
- (b) discontinue handling of Producer Inlet Substances until such time as the indebtedness is paid;
- (c) set-off against the amount unpaid by Producer any sums due or accruing to Producer from Operator pursuant to this Agreement and from any other agreement between Operator and Producer, whether executed before or after the Effective Date;
- (d) maintain an action or actions for such unpaid amounts and interest thereon on a continuing basis as such amounts are payable but not paid by Producer, as if the obligation to pay such amounts and the interest thereon were liquidated demands due and payable on the relevant date such amounts were due to be paid, without any right or resort of such Producer to set-off or counter-claim;
- (e) treat the default as an immediate and automatic assignment to Operator of proceeds of the sale of such Producer Outlet Substances. Service of a copy of this Agreement upon a purchaser of such Producer Outlet Substances, together with written notice from Operator, shall constitute a written irrevocable direction by Producer to any such purchaser to pay to Operator the entire proceeds from

any such sale and such purchaser is authorized by Producer to rely upon the statement of Operator as to the amount so owed to it by Producer. Operator shall apply all sums so collected against the unpaid amount (including any interest accrued thereon and any fee provided for in Subclause 603(b) payable to Operator), and all sums so applied shall be considered as received from Producer, and any excess of such proceeds shall be paid by the Operator to the Producer within a reasonable period of time of receipt of proceeds; and

- (f) sell on the open market such quantity or quantities of Producer Outlet Substances as shall be sufficient to pay such indebtedness; provided, however, that such sale of Producer Outlet Substances shall first be made under the terms of any existing contracts for the sale of Producer Outlet Substances previously executed by Producer and in all cases subject to the charge pursuant to Subclause 603(b).

Should default occur, Producer shall be liable to the Operator for all reasonable expenses incurred by Operator to remedy such default, including legal costs on a solicitor and his own client basis, and other expenses in connection with obtaining satisfaction of the obligations of Producer. Such expenses shall bear interest calculated and payable in accordance with Clause 701 of this Agreement.

Books and records kept by Operator shall constitute proof of the existence and amount of such default, including the associated direct costs and charges pursuant to Clause 603.

708. Royalty Indemnification

Producer shall pay, or be responsible for the payment of, and shall indemnify and save harmless Operator and its Related Persons against liability for any and all royalties, overriding royalties, product payments, and any and all other payments chargeable against Producer Inlet Substances or Producer Outlet Substances.

709. Taxes

- (a) Producer shall pay all taxes, levies, assessments and like charges which may be imposed in respect of Producer Inlet Substances.
- (b) When Operator is required to charge Goods and Services Tax (GST), or similar value added tax, Operator's invoice shall include information prescribed by the Input Tax Credit Information Regulations under the *Excise Tax Act*, or any information prescribed for a similar value added tax.

710. Insolvency

If Producer:

- (a) becomes bankrupt or insolvent, or commits or suffers any act of bankruptcy or insolvency;
- (b) is placed in receivership or a receiver/manager or person filling that role is appointed with respect to its property;
- (c) makes a compromise with or an assignment for the benefit of creditors;



- (d) seeks debtor relief protection under applicable legislation including without restricting the generality of the foregoing, the *Bankruptcy and Insolvency Act (Canada)* and the *Companies' Creditors Arrangement Act (Canada)*; or
- (e) is otherwise unable or unwilling to pay its debts as they fall due in the usual course of business,

Operator may, in its sole option, elect to terminate this Agreement upon five (5) Days notice subject to Subclause 1001(b), or to demand immediate payment for all current invoiced amounts, plus estimated amounts that have accrued but have not yet been invoiced, and amounts that are estimated as likely to accrue in the remainder of the current Month and in the following Month. Producer shall pay these amounts within five (5) Days of receipt of Operator's written demand and shall continue to make prepayment for services as required by Operator prior to services being rendered.

ARTICLE VIII - FORCE MAJEURE

801. Force Majeure

- (a) If a Party is prevented by Force Majeure from fulfilling any obligations, the obligations of that Party, insofar as its obligations are affected by the Force Majeure, shall be suspended while the Force Majeure continues to prevent the performance of such obligation and for that time thereafter as that Party may reasonably require to commence to fulfill such obligation. A Party prevented from fulfilling any obligation by the Force Majeure shall promptly give the other Party notice of the Force Majeure and the affected obligations, including reasonably full particulars in respect of the Force Majeure.
- (b) The Party claiming suspension of an obligation as aforesaid shall promptly remedy the cause and effect of the applicable Force Majeure, insofar as it is reasonably able so to do, and such Party shall promptly give the other Party notice when the Force Majeure ceases to prevent the performance of the applicable obligation. However, the terms of settlement of any strike, lockout or other industrial disturbance shall be wholly at the discretion of such Party, and that Party shall not be required to accede to the demands of its opponents in any strike, lockout or industrial disturbance solely to remedy promptly the Force Majeure constituted by such action.
- (c) Notwithstanding anything contained in this Clause, lack of finances shall not be considered a Force Majeure nor shall any Force Majeure suspend any obligation for the payment of money.

ARTICLE IX - LIABILITY AND INDEMNIFICATION

901. Liability and Indemnification

- (a) Operator and its Related Persons shall not be liable to Producer or its Related Persons for any Losses or Liabilities suffered or incurred by Producer or its Related Persons resulting from or in any way attributable to or arising out of any act or omission, whether negligent or otherwise, of Operator or its Related Persons in the handling of Producer Inlet Substances except when and to the

extent that such Losses and Liabilities are a direct result of, or are directly attributable to, the Gross Negligence of Operator or its Related Persons.

- (b) To the extent that the Gross Negligence described in Subclause 901(a) applies, Operator shall be solely liable for such Losses and Liabilities and, in addition, shall indemnify and save harmless Producer and its Related Persons from and against such Losses and Liabilities.
- (c) To the extent that the Gross Negligence described in Subclause 901(a) does not apply, Producer shall be solely liable for and indemnify and save harmless Operator and its Related Persons from and against any and all Losses and Liabilities relating to the handling of Producer Inlet Substances under this Agreement, including damage to the Facility caused by acceptance of Producer Inlet Substances which do not meet the specifications of Exhibit "B".
- (d) In no event shall the responsibility of either Party prescribed by this Agreement extend to losses suffered by the other Party respecting the loss or delay of production, including, without restricting the generality of the foregoing, business interruption losses, economic losses, loss of profits, loss of business, loss of opportunity or other consequential or indirect losses applicable to such loss or delay in production, or special, exemplary or punitive damages.

ARTICLE X - TERM

1001. Term

- (a) This Agreement shall commence as of the Effective Date and shall continue until terminated by either Party giving thirty (30) Days prior notice to the other Party.
- (b) Notwithstanding the termination of this Agreement, the provisions respecting liability and indemnification, the settlement of accounts and the Operator's remedies, shall remain in full force and effect to the extent of any liabilities which may have accrued prior to the termination of this Agreement.

ARTICLE XI - DISPUTE RESOLUTION

1101. Dispute Resolution

The Parties will attempt to resolve any claim or dispute arising out of this Agreement through consultation and negotiation in good faith within the appropriate time periods as set out in this Agreement. If those attempts fail then either Party may refer the dispute for resolution through mediation, with costs of the mediation being shared equally by both Parties. If either Party refers a dispute for resolution through mediation, the other Party agrees to participate in the mediation. If the Parties cannot agree to a mediator, they shall have one appointed by the Canadian Foundation for Dispute Resolution or successor. However, either Party may terminate the mediation at any time upon giving reasonable notice to the other Party. If mediation fails or is terminated, then the Parties may agree to refer the matter to binding arbitration pursuant to the *Arbitration Act*, R.S.A. 2000 c. A-43, and any subsequent revisions to the Act, or a Party may resort to judicial proceedings to resolve the dispute.

ARTICLE XII - MISCELLANEOUS PROVISIONS

1201. Interpretation

The captions or headings used in this Agreement are inserted solely for convenience and shall not be considered or given any effect in interpreting the Agreement or in ascertaining the intent of the Parties.

1202. Number and Gender

In this Agreement words importing the singular include the plural and vice versa; words importing the masculine gender include the feminine and neuter genders.

1203. Laws and Regulations

Subject to Clauses 1204 and 1214, this Agreement and the rights and obligations of the Parties are subject to all present and future laws, rules, regulations and orders of any legislative body or duly constituted authority now or hereafter having jurisdiction.

1204. Applicable Laws

This Agreement shall be construed in accordance with the laws of the Province of Alberta and each of the Parties submits to the jurisdiction of the courts of the Province of Alberta for the interpretation and enforcement hereof.

1205. Waivers

A waiver of a provision of this Agreement, whether for future or past actions, shall not be binding upon a Party unless it is in writing and signed by its duly authorized representative(s), and such a waiver shall not operate as a waiver in the future of any provision, whether of a like or different character.

1206. Suits

A Party who is sued on a cause of action allegedly arising out of operations under this Agreement shall forthwith notify the other Party.

1207. Further Assurances

Producer and Operator shall do all such further acts and execute and deliver all such further deeds and documents as may be reasonably required in order to fully perform and carry out the terms of this Agreement.

1208. No Implied Covenants

Producer and Operator have expressed their entire understanding and agreement concerning the subject matter of this Agreement and no implied covenant, condition, term or reservation shall be read into this Agreement relating to or concerning such subject matter.

1209. Notices

All notices and other communications to be given in connection with this Agreement shall be in writing and shall be sufficiently given:

- (a) if delivered by hand or by courier to a Party at its address for service, such delivery shall be deemed received by the Party when actually delivered if such delivery is during the Party's normal business hours on any Day other than a Saturday, a Sunday or a statutory holiday. If such notice or other communication



is not delivered during the Party's normal business hours, such notice or other communication shall be deemed to have been received by the Party on the Day next following the date of delivery, other than a Saturday, Sunday or a statutory holiday;

- (b) except during any period of actual or impending postal disruption, if sent by first class mail or by airmail if sent from outside Canada or the United States, postage prepaid, to a Party at its address for service, such mailing shall be deemed received by the Party on the fourth (4th) Day following the date of mailing (Saturday, Sundays and statutory holidays excepted). However, if postal service is interrupted or operating with unusual or imminent delay, such notice or other communication shall not be sent by such means during such interruption or period of delay; and
- (c) to a Party which has provided a direct telecommunication number as part of its address for service, if sent by telecommunication to the Party's designated telecommunication number such transmission shall be deemed received by the Party when actually received if such transmission is during the Party's normal business hours on any Day other than a Saturday, a Sunday or a statutory holiday. If such notice or other communication is not received during the Party's normal business hours, such notice or other communication shall be deemed to have been received by the Party on the Day next following the date of transmission, other than a Saturday, a Sunday or a statutory holiday.

For the purposes of this Clause 1209, the address for service for each Party initially shall be as set forth in Exhibit "D". A Party may change its address for service by giving written notice to the other Party.

1210. Enuring Clause

This Agreement shall enure to the benefit of and shall be binding upon Producer and Operator and their respective successors and permitted assigns.

1211. Supersedes Prior Agreements

As of the Effective Date, this Agreement shall govern the relationship of the Parties and supersedes all other agreements, documents, writings and verbal understandings and representations between the Parties in relation to the handling of Producer Inlet Substances in the Facility.

1212. Assignment

Neither Party shall assign this Agreement without the prior written consent of the other Party, which consent shall not be unreasonably withheld.

1213. Time of the Essence

Time is of the essence in this Agreement.

1214. Statute of Limitations

The two (2) year period for seeking a remedial order under section 3(1)(a) of the *Limitations Act*, R.S.A. 2000 c. L-12, including any amendments to or replacements of the Act, for any claim (as defined in that Act) arising in connection with this Agreement is extended to:

- (a) for claims disclosed by an audit, two (2) years after the time this Agreement permitted that audit to be performed; or
- (b) for all other claims, four (4) years.

1215. Confidentiality

Each Party ("**Recipient**"), on behalf of itself and its Affiliates, directors, officers, employees, agents, contractors and consultants (collectively, "**Representatives**"), agrees to keep confidential all terms of this Agreement and all information obtained from the other Party ("**Discloser**") in connection with this Agreement. Neither Party shall make any public announcements or release any information concerning this Agreement and the transactions herein provided for, without first consulting and obtaining the prior written consent of the other Party, which consent shall not be unreasonably withheld.

The restrictions on disclosure and use of information in this Agreement shall not apply to information to the extent it:

- (a) is or becomes publicly available through no act or omission of the Recipient or its Representatives;
- (b) is subsequently obtained lawfully from a third party, which, after reasonable inquiry, the Recipient does not know to be bound to the Discloser to restrict the use or disclosure of such information;
- (c) is already in the Recipient's possession at the time of disclosure, without restriction on disclosure; or
- (d) is legally compelled to be disclosed by any applicable laws, rules or regulations by a court, administrative tribunal, governmental agency or regulatory authority, provided that the Parties shall advise each other in advance of any such disclosure.

Nothing contained herein shall prevent a Party at any time from disclosing information:

- (a) in connection with obtaining consents contained in title and operating documents and any other agreements and documents to which the Facilities are subject; or
- (b) to procure the consent, if any, required of a Party's lenders.

Notwithstanding anything to the contrary in this Agreement, either Party may disclose the terms of this Agreement to a third Person to which that Party is seeking to assign all or a portion of its interest hereunder, provided that such assignment is in accordance with this Agreement, and provided further that prior to any such disclosure the third Person assignee covenants to preserve the confidentiality of the disclosed information in accordance with this Clause.

Any Recipient which ceases to be bound by the provisions of this Agreement shall nevertheless remain bound by the provisions of this Clause with respect to information obtained hereunder or pursuant to this Agreement until and to the extent that such information is in the public domain. Each Party agrees that in addition to any other remedy, the other Party shall be

entitled to seek injunctive relief to prevent any breaches of the Clause or to enforce the provisions of this Clause.

1216. Modifications and Prevailing Provisions

The body of this Agreement is identical to the body of the 2013 PJVA Model Gas Handling Agreement and has not been modified except as specifically noted in Exhibit "E". In the event that modifications are made to the 2013 PJVA Model Gas Handling Agreement and such modifications are not appropriately noted in Exhibit "E" then the applicable provisions in the unmodified 2013 PJVA Model Gas Handling Agreement are deemed to prevail.

A handwritten signature or mark, possibly initials, located in the bottom right corner of the page.

IN WITNESS WHEREOF the Parties have executed this Agreement each as of the Effective Date.

Operator: Paramount Resources Ltd.

Signed "Paramount Resources Ltd"

Per: _____

Title: _____

Date: Jan 28-2018 _____

Producer: Tenth Avenue Petroleum Corp.

Signed "Gregory J. Leia"

Title: President

Date: Jan 28-2018 _____

This is the execution page of the Agreement entitled "Deep Valley Area" between Paramount Resources Ltd. and Tenth Avenue Petroleum Corp. dated as of and effective the 1st day of January 2018.

EXHIBIT A

THIS IS EXHIBIT "A"
ATTACHED TO AND MADE PART OF A
GAS HANDLING AGREEMENT BETWEEN
PARAMOUNT RESOURCES LTD. AND TENTH AVENUE PETROLEUM CORP.
DATED AND EFFECTIVE THE 1ST DAY OF JANUARY 2018

DESCRIPTION OF FACILITIES, SOURCES AND PRIORITIES

1. Facility Description

FACILITY NAME AND DESCRIPTION	FACILITY INLET (legal location)	FACILITY OUTLET (legal location)
Deep Valley Gas Plant	01-15-063-25W5M	01-15-063-25W5M
Deep Valley 01-15 Sales Compressor	01-15-063-25W5M	01-15-063-25W5M

2. Operation of Metering Facilities

The metering facilities referred to in Clause 501 shall be operated by Source operator

3. Sources

SOURCE NAME	WELL OWNERSHIP	FACILITY INLET	PRIORITY OF PROCESSING
100/07-19-063-24W5/00	Tenth Avenue - 100.00%	01-15-063-25W5M	4
100/03-20-063-24W5/00	Tenth Avenue - 67.00%	01-15-063-25W5M	4
100/16-32-063-24W5/00	Tenth Avenue - 100.00%	01-15-063-25W5M	4
100/16-09-063-25W5/00	Tenth Avenue - 75.00%	01-15-063-25W5M	4
100/08-24-063-25W5/00	Tenth Avenue - 100.00%	01-15-063-25W5M	4

4. Handling Priority

(a) Priority 4 Inlet Substances - Priority 4 Inlet Substances is the lowest priority non-Owner Inlet Substances and will be cut back first. The order of cutback of Priority 4 Inlet Substances will be at the Operator's sole discretion.

(b) Priority 3 Inlet Substances - Priority 3 Inlet Substances will be cut back next based on the date of first delivery of Producer Inlet Substances in relation to the first delivery

dates of all other Priority 3 Inlet Substances, with the most recent delivery date Priority 3 Inlet Substances cut back first.

- (c) Priority 2 Inlet Substances - Priority 2 Inlet Substances will be cut back next on the basis of the proportion which the total volume of Producer's Priority 2 Inlet Substances delivered to the Facility for that Day bears to the total volume of Priority 2 Inlet Substances delivered to the Facility for that Day. Priority 2 Inlet Substances has the same priority of non-Owner Inlet Substances that is unavoidably commingled with Owner Inlet Substances.
- (d) Priority 1 Inlet Substances - Priority 1 Inlet Substances is the highest priority Inlet Substances and will be cut back last on the basis of the proportion which the total volume of Producer's Priority 1 Inlet Substances delivered to the Facility for that Day bears to the total volume of Priority 1 Inlet Substances delivered to the Facility for that Day. Priority 1 Inlet Substances has the same priority as Owner Inlet Substances.

5. Restrictions on Producer Inlet Substances

Operator reserves the right to refuse acceptance of Producer Inlet Substances at the Facility Inlet when Operator is using the Facility.

6. Transportation Capacity Temporary Assignment

Tenth Avenue Petroleum Corp. ("**Tenth Avenue**") shall temporarily assign, transfer and convey to Paramount Resources Ltd. ("**Paramount**") for the duration Paramount markets Producer Inlet Substances on behalf of Tenth Avenue, the following Intra-Alberta Firm Transport Receipt capacity ("**FTR**") on the pipeline system Nova Gas Transmission ("**NGTL**") as operated and invoiced by TransCanada Pipelines Ltd. ("**TCPL**"), and Paramount shall accept such assignment, transfer and conveyance:

Meter Station: Maddenville 2780

FTR Capacity: 15 e3m3/d

NGTL Toll: Price Point B as set forth in the currently effective NGTL Tariff.

Tenth Avenue is obligated to assign the aforementioned FTR to Paramount each Month until terminated by Paramount giving two (2) days' notice to Tenth Avenue.

Upon expiry of the assignment of the transportation capacity, the FTR will revert back to Tenth Avenue Petroleum Corp.

EXHIBIT B

THIS IS EXHIBIT "B"
ATTACHED TO AND MADE PART OF A
GAS HANDLING AGREEMENT BETWEEN
PARAMOUNT RESOURCES LTD. AND TENTH AVENUE PETROLEUM CORP.
DATED AND EFFECTIVE THE 1ST DAY OF JANUARY 2018

SPECIFICATIONS FOR PRODUCER INLET SUBSTANCES

All Producer Inlet Substances delivered to the Facility Inlet shall meet all of the following specifications:

- (a) Producer Inlet Substances delivered to the Facility Inlet shall be of a kind, quality and composition and at a temperature and pressure so as to be within the design and operating parameters of the Facility;
- (b) Producer Inlet Substances delivered to the Facility Inlet shall be free from substances in such quantities that may obstruct, damage or be detrimental to the operation of the Facility. Producer Inlet Substances shall be also free of substances that may result in Outlet Substances having objectionable odors, solid matter, dust, gums and gum-forming constituents which might affect the marketability or cause injury to or interference with the proper operation on the lines, regulators, meters or other appliances through which such Outlet Substances flow;
- (c) Producer Inlet Substances containing produced and non-produced water, fracturing fluids, acids and flow back fluids, or any fluids injected into a well bore or reservoir for any purpose, may not be submitted for processing; and
- (d) All Producer Inlet Substances delivered hereunder for processing to the Facilities shall be at a pressure sufficient to enter the Facilities.

EXHIBIT C

THIS IS EXHIBIT "C"
ATTACHED TO AND MADE PART OF A
GAS HANDLING AGREEMENT BETWEEN
PARAMOUNT RESOURCES LTD. AND TENTH AVENUE PETROLEUM CORP.
DATED AND EFFECTIVE THE 1ST DAY OF JANUARY 2018

HANDLING CHARGES FOR PRODUCER INLET SUBSTANCES

1. Total Handling Charge

The charge for transportation, compression and processing of each 10³m³ of Producer Inlet Substances shall be as listed below, plus applicable federal and provincial value added taxes. Fees are fixed and subject to an annual review and adjustment by Operator.

Facility Name	\$/Unit
Deep Valley Gas Handling Fee	[REDACTED]

2. Other Charges

Pursuant to Clause 603 of the Agreement, Operator does not allow Producer to take its share of Producer Outlet Substances in kind and shall be responsible for the following fees, as applicable, plus applicable federal and provincial value added taxes:

- (i) for Producer Outlet Substances other than those listed in (ii), (iii), and (iv), the greater of [REDACTED] of the market netback price or [REDACTED] per Month; and/or
- (ii) for Producer Outlet Substances comprised of ethane, propane or butane, the greater of \$5.00/m³ or [REDACTED] per Month; and/or
- (iii) for Producer Outlet Substances comprised of condensate, [REDACTED] of the market netback price; and/or
- (iv) for Producer Outlet Substances comprised of sulphur, [REDACTED] to be subtracted from the market netback price (which market netback price may be positive or negative).

EXHIBIT D

THIS IS EXHIBIT "D"
ATTACHED TO AND MADE PART OF A
GAS HANDLING AGREEMENT BETWEEN
PARAMOUNT RESOURCES LTD. AND TENTH AVENUE PETROLEUM CORP.
DATED AND EFFECTIVE THE 1ST DAY OF JANUARY 2018

ADDRESSES FOR SERVICE

Producer	Operator
Tenth Avenue Petroleum Corp.	Paramount Resources Ltd.
203, 221 – 10 th Avenue SE	2800, 421 – 7 th Avenue SW
Calgary, Alberta	Calgary, Alberta
T2P 0V9	T2P 4K9
Attention: Gregory J. Leia, President	Attention: Kristina Rauscher, Midstream Manager, Kaybob Region
Phone No. (403) 265-4122	Phone No.: (403) 817-5142
Fax No.: (403) 265-4138	Mobile No.: (403) 710-0778
E-Mail: gleia@tenthavenuepetroleum.com	E-Mail: kristina.rauscher@paramountres.com
Field Contact:	Field Contact: Bob Leonard
Mobile No.: (403)	Phone No.: (780) 622-8530
Fax No.: (403)	Fax No.: (780) 622-3337

EXHIBIT E

THIS IS EXHIBIT "E"
 ATTACHED TO AND MADE PART OF A
 GAS HANDLING AGREEMENT BETWEEN
 PARAMOUNT RESOURCES LTD. AND TENTH AVENUE PETROLEUM CORP.
 DATED AND EFFECTIVE THE 1ST DAY OF JANUARY 2018

MODIFICATIONS TO 2013 PJVA MODEL GAS HANDLING AGREEMENT

Reference	Modifications
Exordium	For Producer – Removed ", for and on behalf of the Source owners".
Recitals	<p>Deleted "The purpose of this Agreement is _____" and "In consideration of the mutual covenants and conditions in this Agreement, the Parties agree as follows:"</p> <p>Added the following recitals:</p> <p>WHEREAS Producer owns a working interest in or as agent for and on behalf of the owners has the right to produce Producer Inlet Substances from the Sources;</p> <p>WHEREAS Producer desires to have Producer Inlet Substances handled at the Facility;</p> <p>WHEREAS Operator has agreed to accept Producer Inlet Substances at the Facility Inlet, handle them and deliver Producer Outlet Substances to the Facility Outlet on the terms and conditions as hereinafter set forth; and</p> <p>NOW THEREFORE, in consideration of the premises and the mutual covenants and conditions hereinafter set forth, the Parties covenant and agree as follows:".</p>
Clause 101 (a)(ii)	Deleted "or" before "other equity interests". Added ", or member interests," after "other equity interests".
Clause 101 (b)	<p>Removed "(the "Agreement") below the exordium and included in definitions as:</p> <p>"Agreement" means this document together with the exhibits attached hereto;"</p> <p>Relettered subsequent definitions</p>

Clause 101 (j)	<p>Added definition of "Gross Negligence" as follows:</p> <p>"Gross Negligence" means any act or failure to act (whether sole, joint or concurrent) by any person or entity which was intended to cause, or which was in reckless disregard of or wanton indifference to, harmful consequences such person or entity knew, or should have known, such act or failure would have on the safety or property of another person or entity provided that Gross Negligence shall not include any act or failure to act insofar as it was done or failed to be done in accordance with the instructions or express concurrence of Producer;"</p> <p>Relettered subsequent definitions.</p>
Clause 101 (k)	<p>Deleted definition of "Gas" and changed the definition of "Inlet Substances" to:</p> <p>"Inlet Substances" means all natural gas, solution gas and any other gas, together with all associated substances delivered to the Facility and which may include, but are not limited to, sulphur and all fluid hydrocarbons not defined as crude oil under the provisions of the Oil and Gas Conservation Act (Alberta) and regulations and amendments thereto or substitutions therefore;"</p> <p>Relettered subsequent definitions.</p>
Clause 101(u)	Replaced "contract staff" with "contractors, consultants".
Clause 101(v)	Replaced "means the wells, facilities or lands described in Exhibit "A"" with "means the source or sources of Producer Inlet Substances as set forth in Exhibit "A""
Clause 201(a)	Added "and transportation capacity temporary assignment information" to the end of the clause.
Clause 201(c)	Added "or method for calculating the charges" after "sets forth the charges".
Clause 202	Added Exhibit "E" in the first sentence.
Clause 301(a)	Deleted ", and the" after "Facility Inlet" and added "in a manner acceptable to Operator" and added ", subject to the terms of this Agreement and the priority assigned to Producer Inlet Substances pursuant to Clause 303 and Exhibit "A"" at end of sentence.
Clause 301(b)	Added "for overhead" after "of such costs".

<p>Clause 301(g)(h)</p>	<p>Added the following subclauses to clarify the requirement for Producer to remove, at the request of Operator, equipment, pipe and material it has installed, to remediate environmental damage and to be liable for and indemnify Operator against Losses and Liabilities associated with the tie-in or removal.</p> <p>Subclauses (g) and (h) shall only be applicable to the Producer if they are the current Source operator of any one (1) or more Sources listed on Exhibit "A":</p> <p>(g) When Producer ceases to deliver Producer Inlet Substances to the Facility, Producer shall at its sole cost and risk promptly at the request of Operator, remove any equipment, pipe or other materials installed by or for Producer to effect the tie-in and delivery of Producer Inlet Substances to the Facility Inlet, at or adjacent to the Facility, or on any surface rights held by Operator in respect of or adjacent to the Facility, and Producer shall at its sole cost and risk fully remediate any environmental or other damage caused by the tie-in and delivery of Producer Inlet Substances to the Facility Inlet or the removal of such equipment, pipe or other materials to the extent that such damage is not attributable to the Gross Negligence of Operator or its Related Persons.</p> <p>(h) Producer shall be liable to Operator for, and shall indemnify and save Operator harmless from and against any and all Losses and Liabilities which Operator may suffer, sustain or incur as a result of the tie-in and delivery of Producer Inlet Substances to the Facility or as a result of the subsequent removal of equipment, pipe or other materials used to effect such tie-in and delivery to the extent that such Losses and Liabilities are not attributable to the Gross Negligence of Operator or its Related Persons.</p>
<p>Clause 304</p>	<p>Replace "accepted at" in the first line with "delivered for acceptance to" to clarify that the obligation is on the part of Producer to deliver Producer Inlet Substances that meet specifications. Replaced "at" with "to" after the word "acceptance" in sentence 2.</p>
<p>Clause 502(b)</p>	<p>Changed "Gas" to "gas" in the third line as "Gas" is no longer a defined term. Added "herein" after "referred to" in line 6 to clearly associate "Relevant Percentage" with this Agreement.</p>
<p>Clause 505</p>	<p>Replaced in its entirety with:</p> <p>"For the purposes of measurement and meter calibration, the average atmospheric pressure shall be that utilized by the receiving pipeline or other facility at the Facility Outlet irrespective of the actual elevation of any of the metering facilities above sea level and irrespective of variations in the atmospheric pressure from time to time."</p> <p>Because the atmospheric pressure that must be used is that used at the NOVA (usually) meter station that received the gas and all facilities whose gas winds up at the meter station are required to use that atmospheric pressure.</p>
<p>Clause 506(a)</p>	<p>Added "at its sole cost, risk and expense" after "Producer shall".</p>

Clause 506(d)	Replaced "as a consistent trend is evident" with "as two additional consistent analyses have been obtained. An analysis shall be obtained in each of the two (2) months following the Month in which the error in analysis became evident and Producer shall continue to obtain an analysis on a Monthly basis until two (2) consistent analyses have been obtained".
Clause 601(b)	Added "at the Operator's discretion" after "and expense and".
Clause 601(e)	Deleted "derived from Producer Inlet Substances" as this is already stated in the definition of Producer Outlet Substances".
Clause 603	<p>Replaced in its entirety with:</p> <p>(a) If Operator does not allow Producer to take in kind or if Producer fails to take or otherwise adequately dispose of Producer Outlet Substances, Operator shall, for the account and at the expense of Producer, sell on the open market or, if a purchaser is not available, store Producer Outlet Substances.</p> <p>(b) If Operator does not allow Producer to take in kind or in the event of a failure to take in kind and a subsequent sale by Operator of Producer Outlet Substances, Operator shall remit to Producer by JIB statement and payment within 25 days of the end of the production month the proceeds of such sale less all direct costs of the sale and less a charge as specified in Exhibit "C".</p> <p>(c) The authority of Operator to enter into contracts for the sale of Producer Outlet Substances shall be restricted to contracts that are for such reasonable periods of time as are consistent with the minimum needs of the industry under the circumstances, but not in excess of a one Month period. Subject to such contracts, Producer may, subject to the Operator's discretion, commence or resume taking Producer Outlet Substances in kind at any time if upon giving notice to Operator of at least thirty (30) Days prior to the expiration of the current sales contract that it intends to take its share in kind.</p>
Clause 606(a)	<p>Replaced with the following as AECO C & NIT indexes have changed to NGX:</p> <p>"for gas, the arithmetic average price for the Month for which the adjustment is required as reported by Canadian Enerdata Ltd. in the Canadian Gas Price Reporter described in the section titled "AECO Same Day and One Month Forward Prices" in the table titled "NGX AB-NIT Same Day Index #" on the line "5A. Arithmetic Avg. ^**" in the column "Price (\$/GJ) Avg*" for the applicable delivery month, less the NOVA tolls (3 year toll) at the NOVA meter station and less NOVA fuel;"</p>
Clause 606(c)	<p>Added new subclause as follows:</p> <p>"for condensate, the Edmonton Equalized Price, plus the average of industry standard average and net throughput trading week average (premium), adjusted for transportation, pipeline and trucking."</p>

Clause 702	<p>Added new Clause as follows:</p> <p>If Operator has reasonable grounds for insecurity regarding the payment, performance or enforceability of any obligation under this Agreement (whether or not then due) by the Producer or its guarantor, if any, (including, without limitation, the occurrence of a material adverse change in the creditworthiness of Producer or its guarantor, if any), Operator may demand at any time (including prior to the handling of any Producer Inlet Substances by Operator under this Agreement) Performance Assurance. "Performance Assurance" shall mean sufficient security in the form, amount, and for the term reasonably acceptable to Operator, including, but not limited to, a standby irrevocable letter of credit, a prepayment, a security interest in an asset or a guarantee. Producer shall provide Performance Assurance within five (5) days of the demand therefor. Without any limitations to the remedies in Clause 707, Operator has the right to immediately cease any take in kind arrangements with Producer.</p> <p>If requested by Operator and if Producer's financial statement(s) are not readily available on a reputable online website to Operator, then Producer shall deliver to Operator (i) within 120 days following the end of each fiscal year, a copy of Producer's audited consolidated financial statements for such fiscal year; and (ii) within 90 days after the end of each of its first three (3) fiscal quarters of each fiscal year, a copy of Producer's unaudited consolidated financial statements for such fiscal quarter. The statements shall be prepared in accordance with generally accepted accounting principles.</p> <p>Renumbered subsequent Article VII Clauses.</p>
Clause 705	<p>Added following sentence at end of paragraph: "If Operator does not provide the necessary documentation to satisfy Producer of the correctness of the billing in question then the matter shall be resolved in accordance with Article XI"</p>
Clause 707(e)	<p>Replaced "Clause 603(b)" with "Subclause 603(b)".</p>
Clause 707(f)	<p>Deleted "Clause" from last line.</p>
Clause 708	<p>Added "and save harmless" after "indemnify" and added "and its Related Persons" after "Operator" for consistency with the Standard Terms & Conditions wording.</p>
Clause 710(d)	<p>Replaced "of Canada" with "(Canada)" for both Acts as "of Canada" is not in the title of the Acts.</p>
Clause 901(a)	<p>Added "or its Related Persons" after "Producer" in line 2 for consistency with the rest of this Clause. Replaced "the gross negligence or wilful misconduct" with the defined term, "Gross Negligence" and deleted the last sentence in its entirety.</p>
Clause 901(b)(c)	<p>Replaced "gross negligence or wilful misconduct" with the defined term, "Gross Negligence".</p>
Clause 901(d)	<p>Replaced "prescribed by this Clause 901" with "prescribed by this Agreement". Added "business interruption losses, economic losses" before "loss of profits". Added "loss of business, loss of opportunity" after "loss of profits". Added "or special, exemplary or punitive damages" at the very end of the Subclause.</p>

Clause 1215

Added new Clause as follows:

Each Party ("**Recipient**"), on behalf of itself and its Affiliates, directors, officers, employees, agents, contractors and consultants (collectively, "**Representatives**"), agrees to keep confidential all terms of this Agreement and all information obtained from the other Party ("**Discloser**") in connection with this Agreement. Neither Party shall make any public announcements or release any information concerning this Agreement and the transactions herein provided for, without first consulting and obtaining the prior written consent of the other Party, which consent shall not be unreasonably withheld.

The restrictions on disclosure and use of information in this Agreement shall not apply to information to the extent it:

- (a) is or becomes publicly available through no act or omission of the Recipient or its Representatives;
- (b) is subsequently obtained lawfully from a third party, which, after reasonable inquiry, the Recipient does not know to be bound to the Discloser to restrict the use or disclosure of such information;
- (c) is already in the Recipient's possession at the time of disclosure, without restriction on disclosure; or
- (d) is legally compelled to be disclosed by any applicable laws, rules or regulations by a court, administrative tribunal, governmental agency or regulatory authority, provided that the Parties shall advise each other in advance of any such disclosure.

Nothing contained herein shall prevent a Party at any time from disclosing information:

- (a) in connection with obtaining consents contained in title and operating documents and any other agreements and documents to which the Facilities are subject; or
- (b) to procure the consent, if any, required of a Party's lenders.

Notwithstanding anything to the contrary in this Agreement, either Party may disclose the terms of this Agreement to a third Person to which that Party is seeking to assign all or a portion of its interest hereunder, provided that such assignment is in accordance with this Agreement, and provided further that prior to any such disclosure the third Person assignee covenants to preserve the confidentiality of the disclosed information in accordance with this Clause.

Any Recipient which ceases to be bound by the provisions of this Agreement shall nevertheless remain bound by the provisions of this Clause with respect to information obtained hereunder or pursuant to this Agreement until and to the extent that such information is in the public domain. Each Party agrees that in addition to any other remedy, the other Party shall be entitled to seek injunctive relief to prevent any breaches of the Clause or to enforce the provisions of this Clause.

