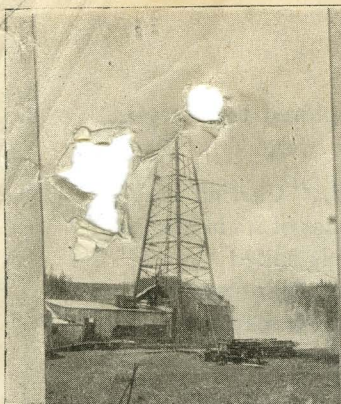
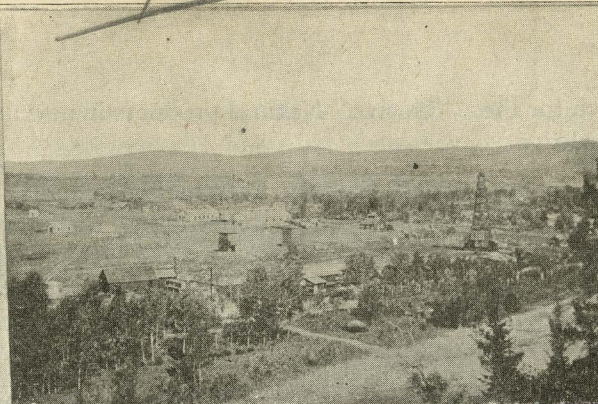


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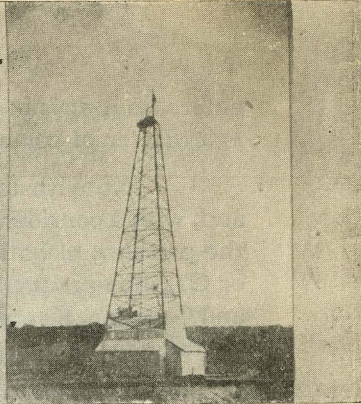
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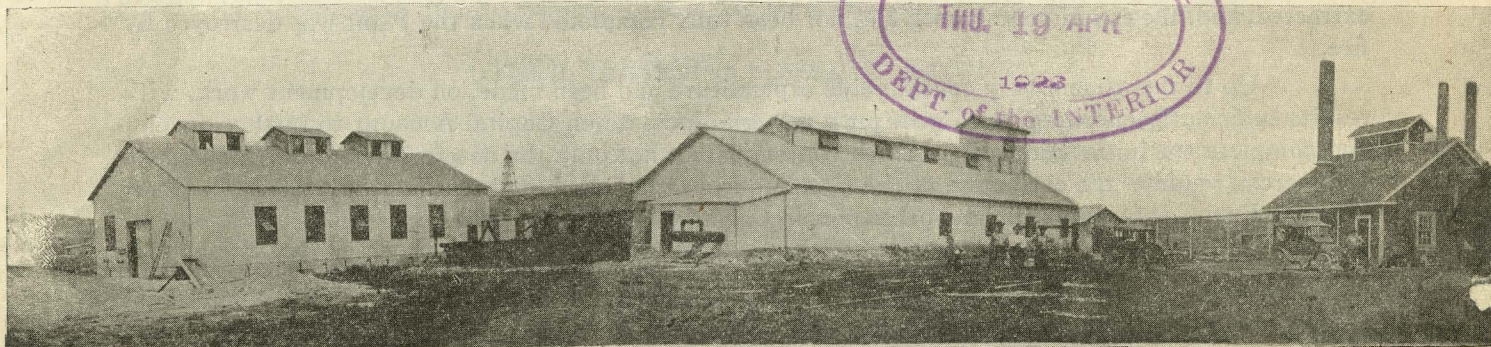
NO. 1 WELL (DINGMAN)
FLOWING 68° BR OIL



BIRD'S-EYE VIEW OF ROYALITE OIL COMPANY'S WORKS



NO. 2 WELL (DINGMAN)
FLOWING "WET" GAS



COMPRESSION PLANT

GASOLINE EXTRACTION PLANT

STEAM GENERATING PLANT

ROYALITE OIL COMPANY'S WORKS, TURNER VALLEY, ALBERTA

To the Shareholders of Calgary Petroleum Products, Limited:

By the conversion of the Shares of Calgary Petroleum Products, Limited, into Shares of Royalite Oil Co., Ltd., the Calgary Petroleum Products, Limited, ceases to function, and becomes non-existent as a Corporation, except in so far as the incidental details of the completion of the "Winding Up," by the Representative, appointed by the Directors for such purpose, may be concerned.

For the information of the Shareholders, I wish to state briefly herewith, the present status of the work being carried forward by the Royalite Oil Co., Ltd., in so far as my general knowledge of the same is available, it being of course assumed, that, as Shareholders in the Royalite Oil Co., Ltd., you will, from the present time forward, receive all such information re the operations of the Royalite Oil Co., Ltd. from the official sources, as in the usual course of procedure.

Calgary Petroleum Products, Ltd., the successor to Calgary Petroleum Products Company, Ltd., had, for its objective, to determine, if the same were possible, the presence in commercial volume of Petroleum, and, incidentally of Natural Gas, within such limits as might permit of the continuous utilization of the Gas, as a fuel, by the City of Calgary and other near-by communities.

The locality selected for the initial development work was an area in the Turner Valley, some 35 miles to the south-west of the City of Calgary, which, under fairly thorough investigation, had given indications of the presence of Petroleum and Natural Gas and that the same might be obtainable in commercial volume by proper development work.

The history incidental to the progress of the undertaking—the "Oil Boom," and its regrettable incidents (in which the Company had no part), the abnormal conditions thereafter prevailing, conditions which seriously affected all industrial enterprises, irrespective of the merit they might possess, and which more particularly applied to an undertaking in which the speculative element so largely

enters, as it does in the search for these "elusive" Natural products in new and unexplored territory—is a matter of common knowledge.

Notwithstanding these limitations, Calgary Petroleum Products, Limited, "Carried On," and, with a considerable measure of success, ultimately determining, within the compass of its holdings, the presence of both high-grade Petroleum and Natural Gas, the latter being what is called "WET" or Gasoline-producing Gas, and in commercial volume. A small Refining or Topping Plant was built and Gasoline, Kerosene and other Distillates were refined from the Oil being produced—a ready market for these products being found in the local districts round about.

Gas Lines were laid and Gas supplied to the other companies, then drilling in the field. A Plant—the first of its kind in Canada—for the extraction of the Gasoline from the Gas was constructed and for some thirteen months Gasoline was extracted from the Gas and in commercial volume. This first installation was largely in the way of determining the character, volume, etc., of the Gasoline being extracted, and, the experimental work had not been fully completed when the Plant was destroyed by fire.

Up to this time a very considerable expenditure had been made, on development work, with results sufficiently encouraging to warrant a material increase on Capital Account to further develop and complete the initial projections which contemplated, not only the determination of Petroleum in commercial volume, the extraction of the Gasoline from the Gas, but the utilization of the Residual Gas as a Fuel Gas for domestic and other uses in Calgary.

Calgary Petroleum Products, Limited, not being conditioned to carry forward its development and equipment work as rapidly as appeared to be advisable, entered into negotiations with representatives of the Imperial Oil Co., which resulted in the organization of a "New Company"—"Royalite Oil Co., Ltd."—into which the Calgary Petroleum Products, Ltd. was merged by the conversion of the Calgary Petroleum Products, Ltd. Shares into "Royalite Oil Co." Shares, on a basis as contemplated and provided for by the agreement entered into.

With the factor of available capital supplied, the projected work has been carried forward to completion. A New Absorption, or Gasoline Extraction Plant has been erected; a Compressor Plant regulating Gas pressures and volumes has been installed, and an 8 to 6 inch pipe line, some 14 miles in length, connecting the works at the location with the big Gas Transportation Line of the Canadian Western Natural Gas, Light, Heat & Power Co., at Okotoks, has been constructed, and, these three several or composite sections, completed the interesting and necessary cycle by which the Gas, as it flows from the wells, is piped direct to the Compressor Plant, where it is raised to the pressure required for the Gasoline Extraction purposes, from whence it is delivered to the Extraction Plant, and the Gasoline extracted, then back to the Compressor Plant and the pressure of the Gas again raised sufficiently high to force it into the pipe line at the works. It travels through this line some 14 miles to Okotoks, where it enters the big Transportation Line of the Gas Company at that point, and then on to Calgary for delivery into the local distribution system, supplying Gas to the various users of Gas Fuel.

These several and very considerable installations were accomplished in the space of about six weeks, and the constructive work was carried forward during the most inclement seasons of the year—the late fall and early winter.

A record for thorough and rapid work was established by the Royalite Oil Co. in the installation of the Absorption Plant, the Imperial Oil Co. in the installation of the Compressor Plant, and by the Gas Company in the installation of the Pipe Line from the location to Okotoks. No expenditure of time, money or effort were spared in the fulfilment of the promise to have the Gas into Calgary by the last day of December, 1921, as was required by the order of the Utilities Commission for the Province.

THE ABSORPTION OR GASOLINE EXTRACTION PLANT

This Plant, in the housing and operative mechanism, is detailed on the latest and most modern lines and methods, as now standardized for this particular character of work. The building itself is steel and concrete throughout, and it contains a mass of machinery, appearing, in its ramifications, somewhat complex to any but the initiated, except in one and that a very interesting detail, the "Look

Box," where one can see a constant stream of high-grade Gasoline passing through to the storage tanks. No source for the production of this energizer for a "World on Wheels" is to be seen outside the Connecting Pipes, Absorbers, Stills and moving machinery.

THE COMPRESSOR PLANT

Is similar in construction to the Absorption Plant, being also of steel and concrete with the exception that it is equipped with an overhead lifting and carrying crane for placing and displacing the big Compressors and other heavy machinery. The inside of this building has a fascination, for in it, in perfect alignment, are six huge Compressors, operating without noise or clatter. Power and efficiency are symbolized by these mechanical giants in action. The fascination is in watching the revolutions of the twelve big fly-wheels. The wonder is, that these huge engines are all energized and actuated by the elusive and invisible stream of Residual Gas. The Gas is the "Invisible Life" of the system; the Compressors are the visible expression of its energy when harnessed and directed.

OTHER SUBSIDIARY INSTALLATIONS

In addition to these primary units there are the secondary installations, such as the Steam Power Plant, fired by the Residual Gas, the water-sprayed, pyramid pipe-cooling system for cooling the Gas, the submerged and cement-walled water wells, water-pumping plant, electric-lighting plant, Machine Shop, Laboratory, storage tanks, gravity filling and loading station, and the Annex Refining or Topping Plant, etc., all necessary adjuncts to the complete system.

THE GAS REGULATING SYSTEM

Across the river, on the south side and adjacent to the Pipe-line, there is a neat and compact building which houses the various Meters, Regulators, Recorders, etc., for registering and measuring the volumes, character, temperature, etc., of the Gas as it starts on its way to Calgary. This is an installation by the Gas Company, whose employees at this station keep the Head Office of the Gas Company in Calgary constantly advised as to these details.

On the south side of the river also, are located a number of neat residences for the married employees of the Company and their families, all these being supplied with light and heat from the Residual Gas. Ready access is had to the works—by the employees living on the south side—by means of a swinging-bridge spanning the river. On the north side on an elevated plateau, to the west of the Operative Plants, are the Local Offices, and nearby is the residence of the Local Superintendent of the Operative Work. A Community Hall, for the social needs of the employees and their neighbors, a general store for the domestic requirements, houses for the single employees and a number of other buildings are in evidence; the whole, altogether, composing a smart little village, picturesquely situated and a "Humming Hive" of industrial life.

As the further development, as now under way, progresses, it is hoped and expected, that, in the near future, there will be a material expansion of this New Industry, through the increased production of both Oil and Gas. Such increase will mean much to the City, not only by the increased volume of Gas which will be available for fuel purposes, but also through the opportunities which will be opened up for the location here of other enterprises having co-ordinate interests with these pertaining to the production, refining and utilization of these Great Natural Products.

In conclusion, I may add that the considerable amount being expended in the further development of the properties should result in a very material increase in the production of both Oil and Gas, and, as a sequence, in the value of the Shares in the New Company—"Royalite Oil Co., Ltd." That which, may now appear as a fraction of no moment, may determine to be much more than a negligible quantity in the near future.

A. W. DINGMAN

Representative for

CALGARY PETROLEUM PRODUCTS, LIMITED.