

5-well-spv-term-sheet

Term Sheet — Innov8 Program 2 Five-Well SPV LLC (Anchor Issuer)

Issuer: Innov8 Program 2 — 5-Well SPV LLC (Delaware) **Parent:** Innov8 Resources Program 2, LLC (“Program 2 Parent”) **Ultimate sponsor:** Innov8 Resources, Inc. (Holdco) **Financing:** Sukuk Musharaka certificates (USD 60M — 125M anchor) **Structurer:** Capital Custody Trust (“CCT,” David Watts) — not Galileo Capital Advisors SA **Drafted by:** Martin (Legal Counsel) **Status:** DRAFT v1 — non-binding except confidentiality; definitive docs to follow **Date:** 2026-05-27 **Epic:** GH#3058 · **Workstream:** GH#3059 (Structuring & Legal)

1. Structural Summary

1.1 Option B (Locked)

Innov8 adopts **Option B:** the Anchor Issuer is a **wholly-owned subsidiary LLC** of Program 2 Parent, not a direct Holdco subsidiary and not a joint venture with the offshore Sukuk SPV.

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Holdco (DE C-Corp)
├── Program 2 Parent (DE LLC) — 80% managing member / 20% LP pool
│   └── 5-Well SPV LLC (DE) ← ANCHOR ISSUER / ONshore contracting party
│       └── Working Interests in Wells 16-20 (assigned from Gases Corp)
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Rationale: Ring-fencing at Program 2 layer; replication for Tranches B, C, D; alignment with existing Program 2 operating agreement; separation from Program 1 (\$250M) credit pool.

1.2 Offshore Layer

Sukuk certificates will be issued by an **offshore issuance SPV** (Cayman exempted company or DIFC SPV — jurisdiction TBD by CCT counsel). The offshore SPV holds the **Musharaka partnership interest** with the Anchor Issuer as the onshore operating partner. See `sukuk-musharaka-structure-memo.md`.

1.3 Operator and Assignor

Role	Entity	Jurisdiction
Agent Operator	Innov8 Gases Corporation	Wyoming
Assignor of WI	Innov8 Gases Corporation	Wyoming
Assignee / Issuer	Innov8 Program 2 — 5-Well SPV LLC	Delaware

Gases Corp assigns working interests in Wells 16-20 to the Anchor Issuer pursuant to a recorded Assignment of Oil and Gas Leases and related DOA Assumption and Joinder. Gases Corp continues as field operator under an Operating Agreement.

2. Issuer Formation Terms

Item	Term
Legal name	Innov8 Program 2 — 5-Well SPV LLC
Type	Delaware limited liability company
Sole member	Program 2 Parent (100%)
Manager	Program 2 Parent or its designee (initially Covault-nominated manager)
Purpose	Own, develop, and operate WI in Wells 16-20; enter Sukuk and project documents
Tax classification	Disregarded entity for U.S. federal income tax (check-the-box to be confirmed with tax counsel)
Fiscal year	Calendar year
Registered agent	Delaware registered agent (TBD)
EIN	To be obtained pre-first close

Conditions precedent to formation: Program 2 Parent board/member consent; name clearance; registered office; initial capital contribution (nominal).

3. Well Basket and Assets

3.1 Included Wells

Well No.	County / jurisdiction	Lease type (indicative)
16	Apache / Navajo County, AZ	BLM + state (SITLA where applicable)
17	Same	Same
18	Same	Same
19	Same	Same
20	Same	Same

Excluded: All wells outside 16-20 basket; Program 1 wells; Holdco assets; Gases Corp assets except as assigned.

3.2 Assigned Assets

1. Working interests and related leasehold estates;
2. Contract rights appurtenant to Wells 16-20 (gathering, processing, surface use — subject to consent);
3. Equipment and fixtures dedicated to the five-well program;
4. Production and revenue from Wells 16-20 after effective date of assignment;
5. Insurance proceeds allocable to assigned assets.

3.3 Title and CP

Funding shall not occur until:

- Title opinion covering Wells 16-20 satisfactory to CCT and Sukuk holders' counsel;
- Recorded assignment in Apache/Navajo County recording offices;
- Lessor and BLM consents if required by underlying leases;
- No material title defects except as waived in schedule.

4. Sukuk Financing Summary (Cross-Reference)

Term	Value
Instrument	Sukuk al-Musharaka certificates

Term	Value
Not Ijara	Confirmed – partnership structure, not lease-back
Target size	USD 60,000,000 – 125,000,000
Currency	USD
Tenor	Indicative 5 – 7 years from first production (TBD in definitive docs)
Target investor IRR	12% – 15% (target, not guaranteed)
U.S. placement	Regulation D, Rule 506(b) – accredited investors only
Structurer	CCT (Capital Custody Trust)
Shariah	Fatwa and Shariah board approval required pre-launch

Detailed Musharaka waterfall in [sukuk-musharaka-structure-memo.md](#) . Collateral in [security-collateral-package.md](#) .

5. Ring-Fencing Covenants

The Anchor Issuer and Program 2 Parent shall maintain **bankruptcy-remote** and **non-cross-collateralization** standards:

5.1 Separateness

1. Maintain separate books, records, and bank accounts from Program 2 Parent, Holdco, Program 1, and Gases Corp (except operator fee flows);
2. Hold itself out as distinct legal entity;
3. No commingling of Anchor Issuer revenues with Gases Corp general account after pay-direct effective;
4. Adequate capitalization for ordinary-course operations;
5. Pay its own taxes, fees, and insurance allocable to Wells 16-20.

5.2 Non-Petition / Limited Recourse

Sukuk holders' recourse limited to Anchor Issuer assets and Musharaka partnership interest (per definitive docs). No recourse to Holdco or Sponsor GPs except for fraud, willful misrepresentation,

or separate guarantee (none contemplated at term sheet stage).

5.3 Negative Pledge

Anchor Issuer shall not incur additional indebtedness secured by Wells 16-20 assets without CCT / Sukuk agent consent, except:

- Permitted equipment leases under USD 500,000 aggregate;
- Operator advances from Gases Corp under approved AFE budget;
- Working capital line subordinated to Sukuk (if any).

5.4 Cross-Default Isolation

Default under Program 1, Holdco debt, or unrelated Program 2 tranches shall **not** trigger default under Anchor Sukuk documents unless the Anchor Issuer is jointly liable (prohibited).

6. Accounts and Cash Waterfall

6.1 Required Accounts

Account	Purpose
SPV Revenue Account	Receipt of production proceeds (pay-direct)
SPV Operating Account	Opex, taxes, operator invoices
SPV Distribution Account	Distributable cash to Musharaka partners
SPV Reserve Account	Maintenance, abandonment, environmental (funded per budget)

All accounts subject to **Account Control Agreement** in favor of CCT as security / paying agent. See `security-collateral-package.md` §4.

6.2 Waterfall (Indicative)

1. Taxes and governmental royalties;
2. Lease burdens (ORRI, overriding royalties);
3. Operator compensation and approved opex (Gases Corp);
4. Reserve account top-up to minimum balance;

5. Sukuk holder distributions per Musharaka profit-sharing ratio;
6. Residual to Program 2 Parent / equity (subordinated).

No distribution to equity while event of default or Shariah non-compliance event is continuing.

7. Operating and Development

7.1 Operator

Innov8 Gases Corporation (Wyoming) as **Agent Operator** under Joint Operating Agreement or equivalent. Operator fees at market rates per approved AFE.

7.2 Budget and AFE

Annual development and operating budget approved by Program 2 Parent with CCT consent rights for material variances (>15% over approved AFE).

7.3 Offtake

No executed offtake as of term sheet date. Marketing materials may reference **serious interest** from potential helium/hydrogen purchasers and intent to **execute offtake agreements at or near first production**. Binding offtake assignment to Sukuk collateral requires investor disclosure and Shariah review when executed.

8. Sponsor GPs and Governance

Sponsor GP	Indicative role
Helium Hydrogen Holdings, LLC	Economic sponsor; member approvals
Galileo Capital Advisors SA	Capital markets advisor (non-structurer)
Bitkove Digital LLC	Digital / data infrastructure
Covault, Inc.	GP coordination; VDR and project management

Major decisions (sale of WI, merger of Issuer, change of operator, additional secured debt) require Program 2 Parent consent and CCT consent for certificateholder impact.

9. Tranche Replication Framework

Anchor Issuer pattern replicates for Subsequent Tranches:

Tranche	SPV name (pattern)	Wells
A	5-Well SPV LLC	16-20
B	Program 2 – Wells 21-25 SPV LLC	21-25
C	Program 2 – Wells 26-30 SPV LLC	26-30

Aggregate Program 2 Sukuk program target: **USD 300M – 500M** across tranches (non-binding).
Sub-\$25M tranches may use alternate structurers per [exclusivity-carveout.md](#) §3.4.

10. Conditions Precedent to First Close (Summary)

1. Executed CCT mandate and Musharaka documents;
 2. Shariah fatwa;
 3. Formation and good standing of Anchor Issuer;
 4. Recorded WI assignment;
 5. Title opinion;
 6. Account Control Agreements;
 7. UCC-1 and fixture filings per collateral memo;
 8. Minimum subscription (TBD, e.g., 75% of target);
 9. KYC on Sponsor GPs and key persons;
 10. PE-stamped reserve report for Wells 16-20;
 11. Reg D 506(b) offering compliance — Form D filing;
 12. Insurance with SPV and CCT loss payee endorsements.
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11. Conditions Precedent to Distribution / First Production

1. Pay-direct or lockbox operational;
2. Reworked or confirmed gathering/processing path;
3. Reserve account initially funded;
4. No material adverse change in title or leases;

5. Offtake status updated in supplement (executed vs serious interest).

12. Fees and Expenses (Indicative)

Category	Paid by
Delaware formation and annual franchise	Anchor Issuer
Title and recording	Anchor Issuer
CCT structuring and trustee fees	Proceeds at close
Legal (Issuer, CCT, investors)	Anchor Issuer / proceeds
Shariah board	Proceeds at close

13. Representations and Warranties (Outline)

Issuer and Program 2 Parent shall make customary representations: organization, power, no conflict, title to assets, compliance with laws, no material litigation, environmental matters, tax status, Investment Company Act exclusion, Accredited Investor verification for 506(b), and accuracy of VDR information.

14. Open Items

#	Item	Owner
OI-1	Confirm Program 2 OA authorization for 5-Well SPV and manager appointment	Delaware counsel
OI-2	Finalize JOA / operating agreement between SPV and Gases Corp	Operations + Martin
OI-3	Pay-direct bank selection and ACA form	Treasury + CCT

#	Item	Owner
OI-4	Reserve report and type curve for Wells 16-20	Innov8 engineering
OI-5	Minimum subscription and single investor concentration limits	CCT + Galileo (advisor)
OI-6	Tax check-the-box and blocker analysis for offshore holders	Tax counsel
OI-7	Manager indemnification and D&O for SPV board designee	Covault

15. Martin Flag

Human attorney review required. Non-binding term sheet only.

Critical paths:

- **Option B** must be confirmed against Program 2 Parent OA and any RBL that treats “all subsidiaries” as guarantors;
- Recorded assignment before funding is **mandatory** — do not close into escrow without title CP waiver in writing;
- “Serious interest” offtake language only until executed contracts are in VDR;
- Target IRR 12-15% is **not a guarantee** — remove any marketing language implying fixed return;
- Galileo is advisor; **CCT is structurer** — do not conflate in subscription docs.

16. Related Documents

- `legal-corporate-structure.md` — full entity stack and governing law matrix
- `security-collateral-package.md` — collateral perfection and intercreditor
- `exclusivity-carveout.md` — CCT mandate and carveouts
- `sukuk-musharaka-structure-memo.md` — Musharaka economics and certificate terms

Prepared by Martin (Legal Counsel) for Innov8 Resources GP team. DRAFT v1 — 2026-05-27.