

COURT FILE NO. 1601-06131

COURT COURT OF QUEEN'S BENCH OF ALBERTA

JUDICIAL CENTRE CALGARY

Clerk's
Stamp

APPLICANT **IN THE MATTER OF THE COMPANIES'
CREDITORS ARRANGEMENT ACT,
R.S.C. 1985, c. C-36, AS AMENDED**

**AND IN THE MATTER OF A PLAN OF
COMPROMISE OR ARRANGEMENT OF
CONNACHER OIL AND GAS LIMITED**

DOCUMENT **AFFIDAVIT (CROSS-APPLICATION RE
EMKAY LEASE ACCOUNTING)**

ADDRESS FOR SERVICE
AND CONTACT
INFORMATION OF PARTY
FILING THIS DOCUMENT

Cassels Brock & Blackwell LLP
Suite 1250, Millennium Tower
440 - 2nd Avenue SW
Calgary, Alberta T2P 5E9

Attn: Timothy Pinos/Shayne Kukulowicz/Ryan Jacobs
Tel: 403-351-2920
Fax: 403-648-1151
tpinos@casselsbrock.com
skukulowicz@casselsbrock.com
rjacobs@casselsbrock.com

AFFIDAVIT OF JEFF BEESTON
Sworn on October 16, 2017

I, Jeff Beeston, of Calgary, Alberta, **MAKE OATH AND SAY THAT:**

1. I am the Chief Financial Officer at Connacher Oil and Gas Limited ("**Connacher**"). As such I have personal knowledge of the facts and matters hereinafter deposed to, except where stated to be based on information and belief, in which case I do verily believe the same to be true.
2. I make this Affidavit in response to an Application by Emkay Canada Fleet Services Corp. returnable on October 30, 2017 in this proceeding (the "**Emkay Application**") and in support of a Cross-Application by Connacher also returnable on October 30, 2017 (the

"Connacher Cross-Application"). I previously swore an Affidavit on July 24, 2017 in response to the Emkay Application and I repeat and restate the contents of that Affidavit in making this Affidavit. Terms and phrases used but not defined in this Affidavit shall have the meaning given to them in my July 24, 2017 Affidavit.

3. As detailed further in my July 24, 2017 Affidavit, in the Emkay Application, Emkay is seeking a declaration from this Honourable Court that the Emkay Leases are true leases and an order requiring Connacher to pay the monthly rent that has accrued under the Emkay Leases since the date of the Initial Order in the amount of \$199,937.97 (the **"Post-Filing Rent"**) and to continue to pay monthly rent thereafter.
4. Connacher opposes the Emkay Application on the basis that the Emkay Leases are finance leases for the purposes of the CCAA.
5. However, as indicated in my July 24, 2017 Affidavit, notwithstanding its opposition to the Emkay Application, Connacher was in the process of returning the Leased Trucks to Emkay.
6. That process has been completed and all of the Leased Trucks were returned to Emkay by August 1, 2017.
7. Pursuant to section 12 of the Emkay Master Lease Agreement (attached at Exhibit "D" to my July 27, 2017 Affidavit), upon return of the Leased Trucks, Emkay is required to facilitate the sale of the Leased Trucks.
8. Although Emkay has not expressly confirmed so despite request by Connacher's counsel, I believe that the Leased Trucks were all in fact sold at auction following their return because the Leased Trucks were picked up on behalf of Emkay directly by an auction company.
9. Section 12 of the Emkay Master Lease Agreement further provides that "[i]f the Net Proceeds of such sale shall exceed the Depreciated Value of the Vehicle, and if Lessee is not in breach or default as provided in paragraph 11, Lessor shall credit, or at its option, pay the excess, less a one and one-half percent disposal fee of gross proceeds to Lessee as a refund of rentals".
10. Despite repeated demand, Emkay has refused to provide Connacher with an accounting of the proceeds of the sale of the Leased Trucks and has taken the position that it is not required to do so. Emkay however continues to assert its claim against Connacher for payment of the Post-Filing Rent.
11. Attached hereto and marked as **Exhibit "A"** to this Affidavit is a copy of correspondence between counsel for Connacher and counsel for Emkay in that regard. As indicated in attached correspondence, Connacher has not received a "Notice of Default" in accordance with Section 11 of the Emkay Master Lease Agreement.
12. Connacher is entitled to a full and detailed accounting of the proceeds of the sale of the Leased Trucks (i) in accordance with its rights under the Emkay Master Lease Agreement and (ii) in any event, in order for Connacher and the Monitor (and this Honourable Court) to know whether Emkay has already recovered all or portion of the Post-Filing Rent from the sale of the Leased Trucks.
13. In addition, if the sale of the Leased Trucks generated proceeds in excess of Emkay's claims, Connacher is entitled to payment of such excess proceeds.

SWORN before me at the City of Calgary, in
the Province of Alberta,
on October 16, 2017



Suzanne Loov, Barrister and Solicitor
Commissioner for Oaths in and for the
Province of Alberta



JEFF BEESTON

This is Exhibit A referred to in the affidavit of Jeff
Beeston sworn before me this 16th day of Octob
2017



Suzanne Loov, Barrister and Solicitor
A Commissioner for Oaths in and For Alberta

EXHIBIT A

TO THE AFFIDAVIT OF JEFF BEESTON

SWORN OCTOBER 16, 2017

Bellissimo, Joseph

From: Bellissimo, Joseph
Sent: Tuesday, August 22, 2017 1:28 PM
To: Cynthia Spry
Cc: Jacobs, Ryan; Kukulowicz, R. Shayne; Pinos, Timothy; Neil Narfason; Peter Chisholm; Collins, Sean F.; 'MacLeod, Walker W.'; Kyriakakis, Pantelis
Subject: Connacher Oil and Gas Limited [IWOV-LEGAL.FID2308946]

Cynthia,

We understand that earlier this month Emkay's agent completed the pickup of all of the remaining trucks subject to the Emkay Canada Vehicle Lease Agreement dated October 4, 2012 (the "Master Lease Agreement") and associated lease schedules:

As you are aware, Emkay is required to facilitate the sale of the trucks and account for the proceeds of sale pursuant to section 12 of the Master Lease Agreement.

Kindly advise if the trucks have been sold and provide an accounting of the proceeds for each sold truck at your earliest convenience.

Regards,
Joe



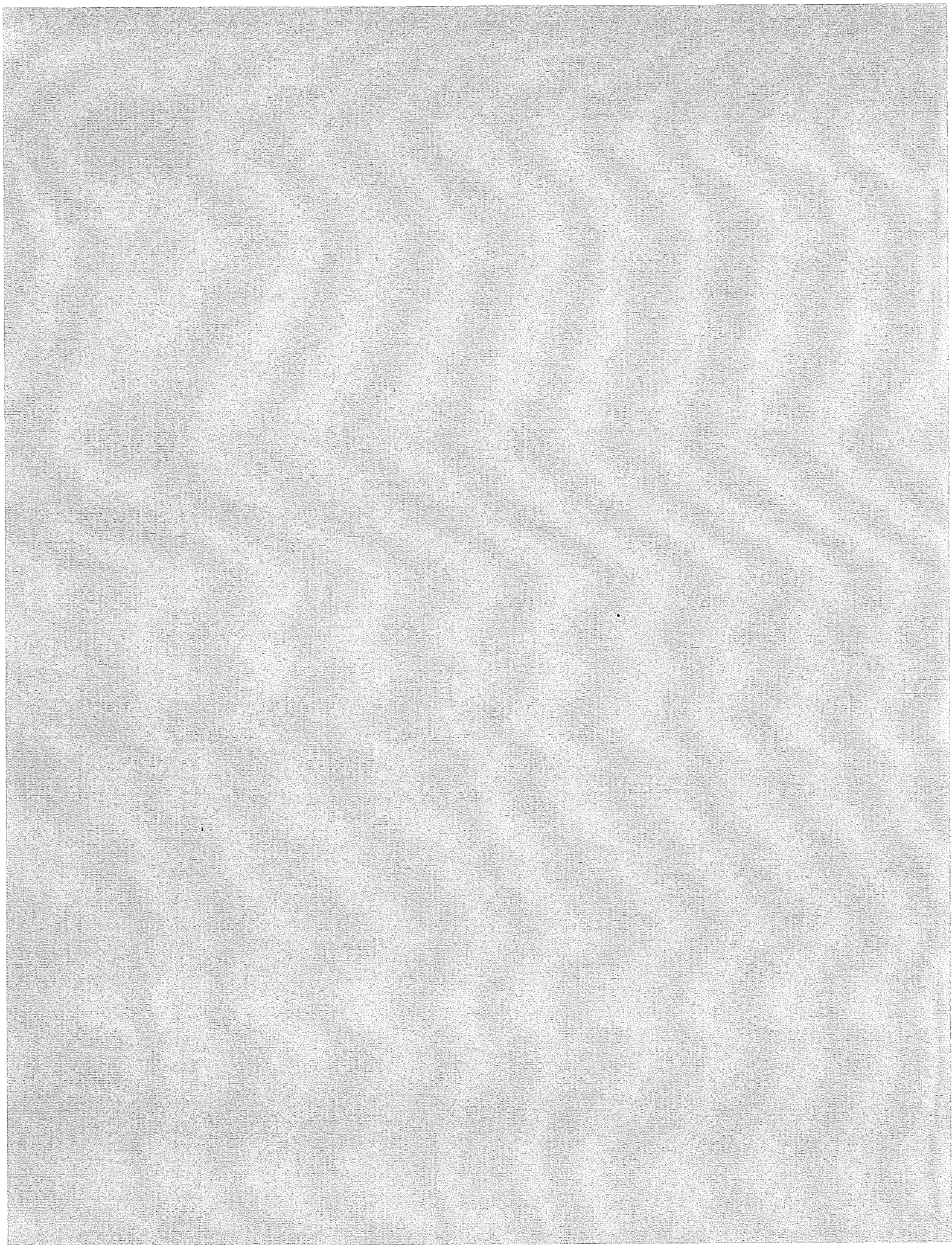
Joseph J. Bellissimo

Direct: +1 416 860 6572 • Fax: +1 416 642 7150 • jbello@caselsbrock.com

2100 Scotia Plaza, 40 King Street West, Toronto, Ontario, M5H 3C2

www.casselsbrock.com

Services provided through a Professional Corporation



Bellissimo, Joseph

From: Bellissimo, Joseph
Sent: Thursday, September 07, 2017 12:42 PM
To: Cynthia Spry
Cc: Jacobs, Ryan; Kukulowicz, R. Shayne; Pinos, Timothy; Neil Narfason; Peter Chisholm; Collins, Sean F.; 'MacLeod, Walker W.'; Kyriakakis, Pantelis
Subject: RE: Connacher Oil and Gas Limited [IWOV-LEGAL.FID2308946]

Cynthia,

We have not received a response to my email below. Please advise.

Thanks
Joe

	Joseph J. Bellissimo Direct: +1 416 860 6572 • Fax: +1 416 642 7150 • jbellino@casselsbrock.com 2100 Scotia Plaza, 40 King Street West, Toronto, Ontario, M5H 3C2 www.casselsbrock.com Services provided through a Professional Corporation
--	---

From: Bellissimo, Joseph
Sent: Tuesday, August 22, 2017 1:28 PM
To: 'Cynthia Spry'
Cc: Jacobs, Ryan; Kukulowicz, R. Shayne; Pinos, Timothy; Neil Narfason; Peter Chisholm; Collins, Sean F.; 'MacLeod, Walker W.'; Kyriakakis, Pantelis
Subject: Connacher Oil and Gas Limited [IWOV-LEGAL.FID2308946]

Cynthia,

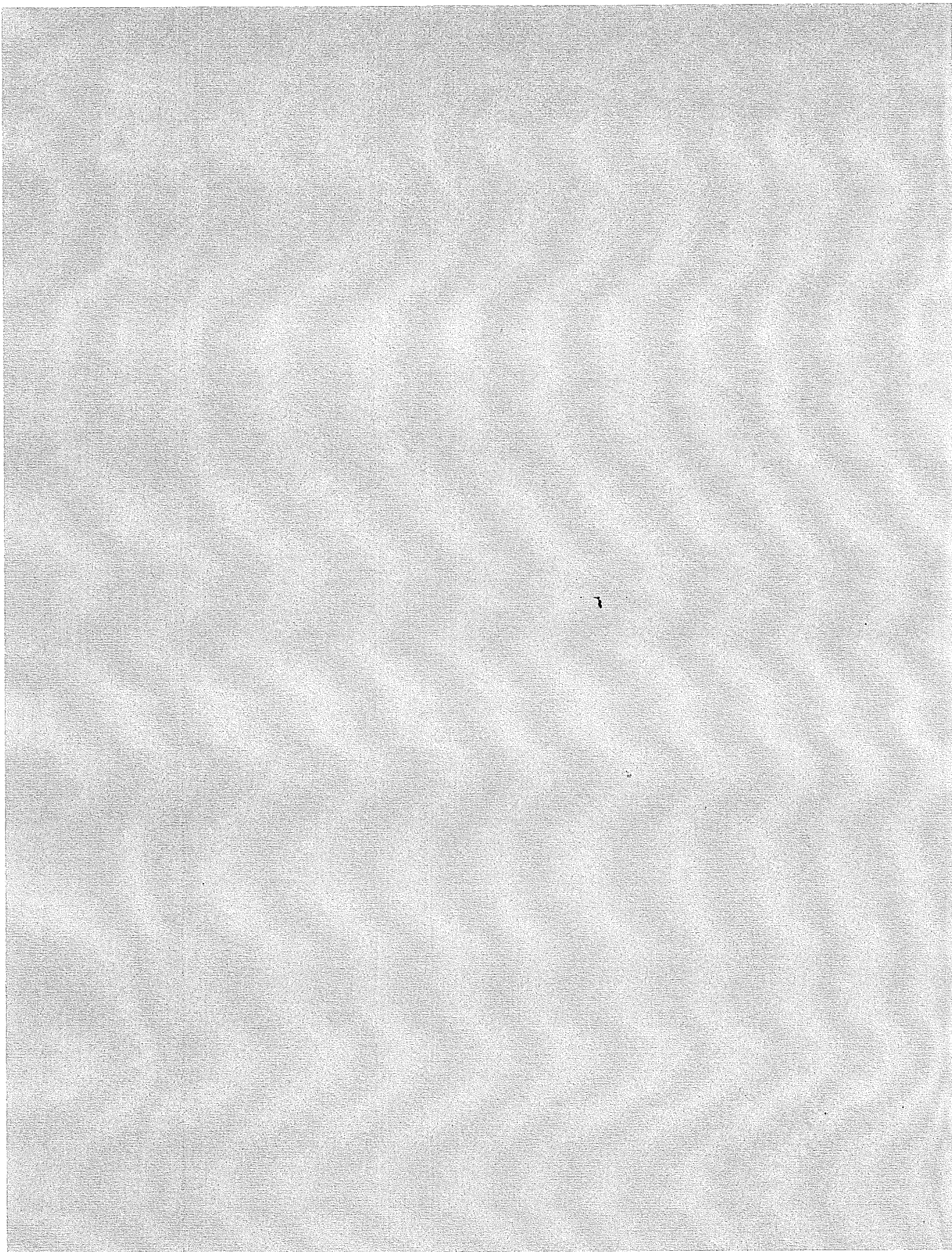
We understand that earlier this month Emkay's agent completed the pickup of all of the remaining trucks subject to the Emkay Canada Vehicle Lease Agreement dated October 4, 2012 (the "Master Lease Agreement") and associated lease schedules.

As you are aware, Emkay is required to facilitate the sale of the trucks and account for the proceeds of sale pursuant to section 12 of the Master Lease Agreement.

Kindly advise if the trucks have been sold and provide an accounting of the proceeds for each sold truck at your earliest convenience.

Regards,
Joe

	Joseph J. Bellissimo Direct: +1 416 860 6572 • Fax: +1 416 642 7150 • jbellino@casselsbrock.com 2100 Scotia Plaza, 40 King Street West, Toronto, Ontario, M5H 3C2 www.casselsbrock.com Services provided through a Professional Corporation
--	---





Via Email (cspry@babinbessnerspry.com)

September 19, 2017

Babin Bessner Spry LLP
65 Front Street East, Suite 201
Toronto, ON M5E 1B5

jbellissimo@casselsbrock.com
tel: 416.860.6572
fax: 416.642.7150

Attention: Cynthia Spry

Dear Ms. Spry:

Re: Connacher Oil and Gas Limited ("Connacher") and Emkay Canada Fleet Services Corp. ("Emkay")

As you are aware, pursuant to section 12 of the Emkay Canada Vehicle Lease Agreement dated October 4, 2012 (the "Master Lease Agreement"), Emkay is required to facilitate a sale of the trucks upon return and to account to Connacher for the proceeds. We have requested confirmation from you on two separate occasions with respect to whether the sale of the trucks returned to Emkay has been completed and, if so, for an accounting of the proceeds of such sale (the "**Sale Information**"). We have not, to date, received a response.

If Emkay does not provide Connacher with the Sale Information by September 22, 2017, Connacher intends to seek a declaration from the Court that Emkay is in breach of its obligations to Connacher under the Master Lease Agreement and a direction requiring Emkay to promptly comply with its obligations thereunder. Connacher will also seek its costs in connection with such an application.

Separately, at your request, on August 2, 2017 Connacher and Emkay agreed to adjourn the application by Emkay originally scheduled for August 18, 2017 in order to provide Emkay with additional time to finalize its intended reply to the Affidavit of Jeff Beeston sworn on July 24, 2017. We have still not received any reply materials from you and have not heard from you since then with respect to this matter. Please advise by September 21, 2017 whether Emkay intends to proceed with its application which is currently scheduled for October 30, 2017 (the "**October 30 Application**"). If Emkay intends to proceed with the October 30 Application and its reply materials are not delivered by September 22, 2017, there will not be sufficient time to complete any necessary sur-reply and cross-examinations or the parties' Bench Briefs in order to be in a position to proceed with the hearing of the October 30 Application on such date. This is, of course, without prejudice to our position that any reply is not provided for under the timetable and is inappropriate.

Furthermore, given that the Sale Information is relevant to Connacher's position and ability to meaningfully respond to Emkay's pending application, Connacher does not intend to proceed



Page 2

with any further steps in connection with the application (including its delivery of any necessary sur-reply) unless and until the Sale Information is provided. In the circumstances, the October 30 Application hearing appears to be soon in jeopardy.

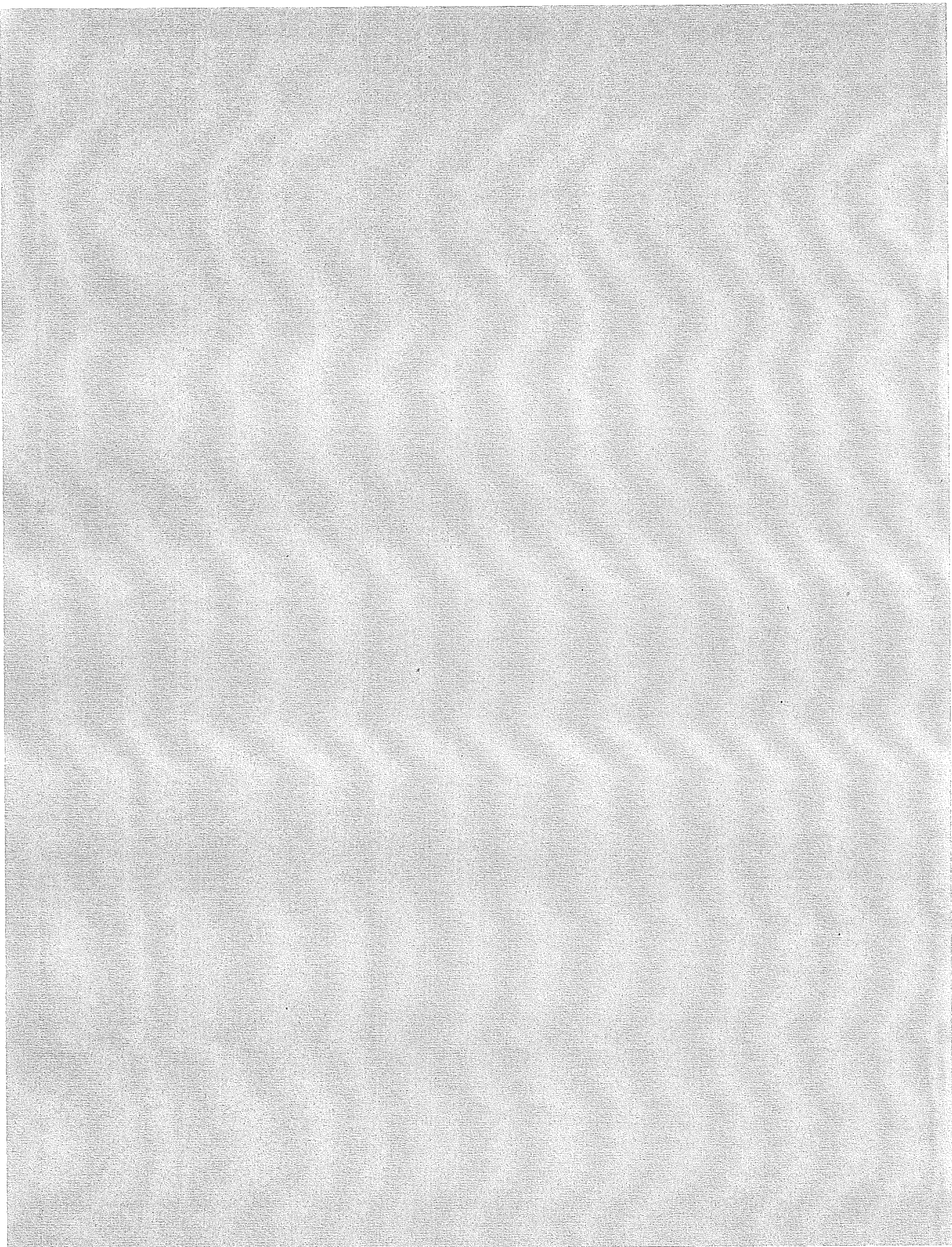
We look forward to your prompt response.

Yours truly,

A handwritten signature in black ink, appearing to read 'J. Bellissimo', is written over a horizontal line.

Joseph J. Bellissimo

cc. Tommy Gelbman (Osler, Hoskin & Harcourt LLP)
cc. Neil Narfason/Peter Chisholm (Ernst & Young Inc.)
cc. Sean Collins/Walker MacLeod (McCarthy Tetrault LLP)
cc. Ryan Jacobs/Tim Pinos (Cassels Brock & Blackwell LLP)





Via Email (cspry@babinbessnerspry.com)

September 29, 2017

Babin Bessner Spry LLP
65 Front Street East, Suite 201
Toronto, ON M5E 1B5

jbellissimo@casselsbrock.com
tel: 416.860.6572
fax: 416.642.7150

Attention: Cynthia Spry

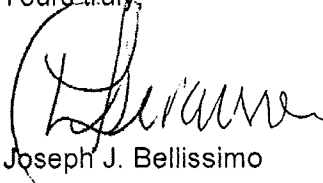
Dear Ms. Spry:

Re: Connacher Oil and Gas Limited ("Connacher") and Emkay Canada Fleet Services Corp. ("Emkay")

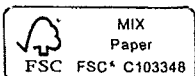
As we have not received any response to our letter dated September 19, 2017, Connacher is left with no choice but to bring an application seeking an order compelling Emkay to comply with its obligations to Connacher with respect to the sale of the leased trucks that were returned to Emkay. As previously noted, Connacher will also be seeking its costs from Emkay in connection with such application.

Please be advised that we have tentatively booked court time on October 17, 2017 at 11:30 am for such application and we will deliver our application materials to you in due course.

Yours truly,


cc. Joseph J. Bellissimo

cc. Tommy Gelbman (Osler, Hoskin & Harcourt LLP)
cc. Neil Narfason/Peter Chisholm (Ernst & Young Inc.)
cc. Sean Collins/Walker MacLeod (McCarthy Tetrault LLP)
cc. Ryan Jacobs/Tim Pinos (Cassels Brock & Blackwell LLP)





Bellissimo, Joseph

From: Cynthia Spry [cspry@babinbessnerspry.com]
Sent: Friday, September 29, 2017 3:23 PM
To: Bellissimo, Joseph
Cc: tgelman@osler.com; neil.narfason@ca.ey.com; peter.chisholm@ca.ey.com; scollins@MCCARTHY.CA; wmacleod@mccarthy.ca; Jacobs, Ryan; Pinos, Timothy; Khrystina McMillan
Subject: RE: Connacher Oil and Gas Limited and Emkay Canada Fleet Services Corp.
Attachments: Letter to Cynthia Spry - September 29, 2017.pdf; Letter to Cynthia Spry dated September 19, 2017.pdf; RE: Emkay/Connacher [IWOV-LEGAL.FID2308946]

Hi Joe,

We received the attached letters dated September 19 and 29, 2017.

Pursuant to section 11 of the Master Lease Agreement (as defined in your letter), Emkay is not required to account to Connacher for the proceeds of the sale of the leased vehicles, as Connacher is in default. Specifically, section 11 says that, in the event of default, "Lessee ... is not entitled to credit for any gain on disposition".

To the extent Connacher intends to proceed with its application to require Emkay to account, it does not make sense to argue this separately from the determination of whether the lease is a true lease or an operating lease. These issues should be determined together. It would be a waste of time and expense to do otherwise. Also, as previously indicated, I am not available on the date unilaterally selected for the return of Connacher's application.

As for the delivery of Emkay's reply materials in its application for a determination that the lease is a true lease, we hope to have them to you by early next week. Surely it remains possible for us to argue the Emkay application on October 30, 2017, as the date is over a month from now. If we work together to put a schedule in place, this will be lots of time.

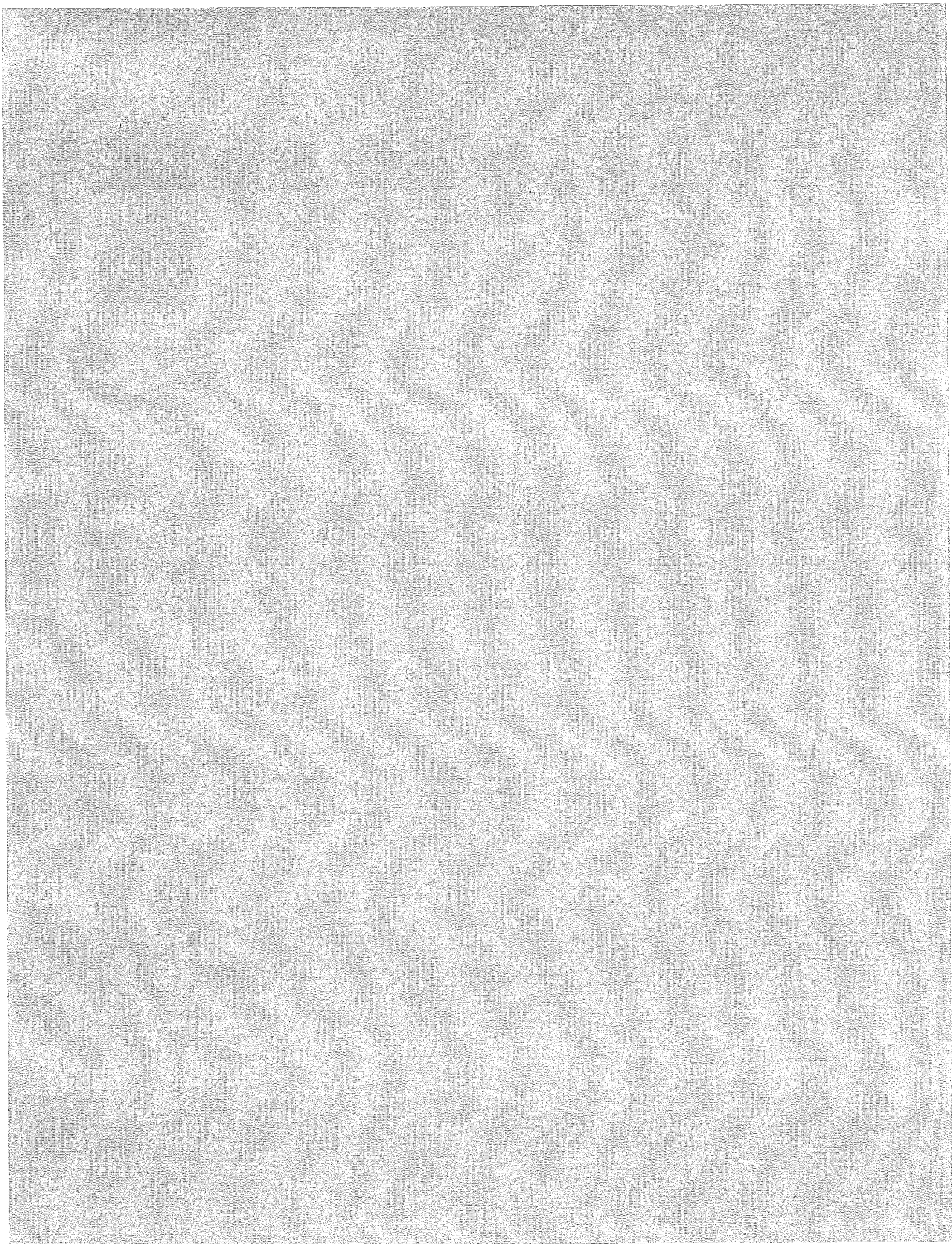
Finally, it is a small point, but in your letter you indicate that Emkay's application was previously adjourned at my request. This is not accurate, as you can see from the attached e-mail correspondence.

Best,
Cynthia.

Cynthia L. Spry
Babin Bessner Spry LLP
65 Front St East, Suite 101
Toronto, Ontario M5E 1B5
Dir: 416.637.3295
Fax: 416.637.3243
cspry@babinbessnerspry.com
www.babinbessnerspry.com



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Via Email (cspry@babinbessnerspry.com)

October 4, 2017

Babin Bessner Spry LLP
65 Front Street East, Suite 201
Toronto, ON M5E 1B5

jbellissimo@casselsbrock.com
tel: 416.860.6572
fax: 416.642.7150

Attention: Cynthia Spry

Dear Ms. Spry:

Re: Connacher Oil and Gas Limited ("Connacher") and Emkay Canada Fleet Services Corp. ("Emkay")

We are in receipt of your email dated September 29, 2017 responding to our letters of September 19 and 29, 2017 and our prior emails.

Your position that Emkay is not required to account to Connacher for the proceeds of the sale of the leased vehicles is fundamentally incorrect.

Firstly, Connacher is not technically "in default" for the purposes of section 12 of the Master Lease Agreement as your email suggests. Section 11 of the Master Lease Agreement contains very specific requirements for Connacher to be considered "in default". In particular, section 11 provides as follows:

... In the event a monthly rental is not received by the first day of the billing (rental) month, or any other payment due hereunder is not received within fifteen (15) days of invoice due date, **Lessor will send Lessee a "Notice of Default" by facsimile and/or by a nationally recognized overnight courier service. In the event that said payment remains outstanding for a period of five (5) days (excluding nationally recognized holidays) after Lessee's receipt of the Notice of Default," Lessee will be considered to be "in default".** Default hereunder shall be defined as (1) non-payment of any sums due hereunder within five days after the "Notice of Default" has been received by Lessee, (2) a failure or refusal to comply with any terms or conditions of this Agreement; (3) acts of insolvency or bankruptcy on the part of Lessee or undertaken by Lessee's creditors or (4) an adverse change in Lessee's financial condition which, in the opinion of Lessor, negatively impacts Lessee's ability to perform its financial obligations as stated herein. [Emphasis added]

Emkay did not provide a "Notice of Default" to Connacher in accordance with section 11 and, as such, Connacher is not "in default" as provided therein. In addition, to the extent that Emkay seeks to rely on any of the other heads of default contained in section 11, we remind you that the CCAA and the case law are absolutely clear that the Court will not, as a matter of public policy, allow a party to enforce provisions of a contract that create a default and/or a forfeiture of rights as a result of a party filing for protection under the CCAA or its state of insolvency.



Therefore, in the circumstances, Emkay cannot rely on the other heads of default listed in section 11 for the purposes of denying Connacher's rights under section 12.

As a result, Connacher is not, in fact, "in default" under the strict terms of the Master Lease Agreement and, therefore, the exception language contained in section 12 of the Master Lease Agreement does not apply.

Secondly, even if there is a technical default under the Master Lease Agreement, Connacher is confident that the CCAA Court will not permit Emkay to take advantage of technical wording of its standard form lease agreement in order to retain excess proceeds that should otherwise be paid to Connacher, particularly if doing so would effectively result in double recovery for Emkay to the detriment of Connacher and its other creditors. Such a result is contrary to the fundamental purposes and policies of the CCAA and would be an abuse of process.

The fact that Emkay is attempting to take such a position is particularly unreasonable given that it is being made in the context of Emkay *itself* applying to the Court for an order requiring Connacher to pay "outstanding rent". Whether under the terms of the Master Lease Agreement or trite legal principles, including principles of set off and mitigation of losses, the proceeds of the sale of the trucks would be applied to reduce any claims of Emkay against Connacher and Emkay could not obtain double recovery.

In that regard, apart from the actual contractual obligation to provide an accounting of the sale proceeds, such information is directly relevant and essential to an adjudication of the claims being asserted in Emkay's own application. For example, if Emkay has generated sufficient proceeds from the sale of the leased trucks to fully recoup the post-CCAA rent owing, then Emkay's application is moot. To suggest that Emkay can refuse to provide Connacher, the court-appointed CCAA Monitor and the Court with that information in the context of Emkay's application is completely inappropriate and improper.

If, notwithstanding the foregoing, Emkay insists on taking the position that it is not required to provide an accounting to Connacher and that it is not required to pay over to Connacher the proceeds that it has received in excess of Emkay's claims, then you can take that position with the Court. However, Connacher objects to proceeding with Emkay's application until that critical threshold issue is resolved. It makes no sense whatsoever for the parties to (i) complete the remaining evidentiary record, (ii) conduct any necessary cross-examinations, (iii) prepare written briefs and (iv) prepare for and argue the hearing of the application, if Emkay's application is potentially moot based on the outcome of that threshold issue. Connacher is not prepared to waste its – and its creditors – money in those circumstances.

If you are not available on October 17th, we are prepared to use the October 30th court date to address the threshold issue and to thereafter schedule the remaining steps and ultimate hearing of Emkay's application (to the extent that remains necessary).

If you are not in agreement with that approach, we intend to appear on October 17th to request that the Court decide the manner and order in which these matters should be addressed and to set an appropriate schedule. If that appearance is necessary, we trust that Mr. Gelbman (or someone else from his firm) is capable of attending to address scheduling matters.



Page 3

We look forward to your response.

Yours truly,

A handwritten signature in black ink, appearing to read 'J. Bellissimo'. The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Joseph J. Bellissimo

cc. Tommy Gelbman (Osler, Hoskin & Harcourt LLP)
cc. Neil Narfason/Peter Chisholm (Ernst & Young Inc.)
cc. Sean Collins/Walker MacLeod (McCarthy Tetrault LLP)
cc. Ryan Jacobs/Tim Pinos (Cassels Brock & Blackwell LLP)



Bellissimo, Joseph

From: Cynthia Spry [cspry@babinbessnerspry.com]
Sent: Thursday, October 12, 2017 4:26 PM
To: Bellissimo, Joseph
Cc: tgelbman@osler.com; neil.narfason@ca.ey.com; peter.chisholm@ca.ey.com; scollins@MCCARTHY.CA; wmacleod@mccarthy.ca; Jacobs, Ryan; Pinos, Timothy; Khrystina McMillan; Oliver, Jeffrey
Subject: RE: Connacher Oil and Gas Limited and Emkay Canada Fleet Services Corp. [IWOV-LEGAL.FID2308946]

Joe,

We already have an appearance booked for October 30, 2017. As previously advised, I am not available October 17, 2017. Mr. Gelbman is not available either. Accordingly, we cannot proceed on that date. Although you suggest we simply send someone else from Mr. Gelbman's firm, the appearance requires the ability to explain why the two applications are intertwined and should be heard together, and we cannot just send someone who has had no involvement in the file to date.

I do not see the reason for the sudden urgent demand that we attend on October 17, 2017.

As you know, when we realized we needed to deliver reply materials, and that it would take time to do so, I suggested that, if Connacher was not going to cross-examine, or deliver further materials, we could deliver all our materials on August 14, 2017, and proceed with the hearing on August 18, 2017. Mr. Pinos thought it should be rescheduled (as did I).

I asked that it be rescheduled as quickly as possible, but the court had limited availability in September, and Mr. Pinos indicated that his first available date was October 30, 2017. This is the date we ultimately booked.

In your letter of September 29, 2017, you indicated that you had (unilaterally) booked the October 17, 2017 date for your application seeking an order compelling Emkay to account for the proceeds of the sale of the vehicles. I would have thought if your matter was truly urgent, we would have received those materials by now. We have not.

In any event, I do not see why you are disputing that the two matters be heard together. It seems like a waste of time and expense to split issues that are so clearly intertwined. For example, even if Connacher is not technically in default (which is denied), it is still in breach, not least of which is because Emkay and Connacher had rights and obligations arising from the fact that the lease is a true lease, and Connacher is in breach of its obligations under that true lease.

Given that the court will need to decide the issue of whether the lease is a true lease in order to decide Connacher's application to require Emkay to account, how can it possibly make sense to have your application heard first?

Please vacate the October 17, 2017 date.

Best,
Cynthia.

Cynthia L. Spry
Babin Bessner Spry LLP
65 Front St East, Suite 101
Toronto, Ontario M5E 1B5
Dir: 416.637.3295

Fax: 416.637.3243

cspry@babinbessnerspry.com

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From: Bellissimo, Joseph [mailto:jbellissimo@casselsbrock.com]

Sent: Thursday, October 12, 2017 3:21 PM

To: Cynthia Spry <cspry@babinbessnerspry.com>

Cc: tgelbman@osler.com; neil.narfason@ca.ey.com; peter.chisholm@ca.ey.com; scollins@MCCARTHY.CA; wmacleod@mccarthy.ca; Jacobs, Ryan <rjacobs@casselsbrock.com>; Pinos, Timothy <tpinos@CasselsBrock.com>; Khrystina McMillan <kmcmillan@babinbessnerspry.com>; Oliver, Jeffrey <joliver@casselsbrock.com>

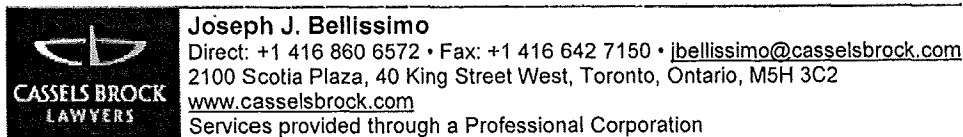
Subject: RE: Connacher Oil and Gas Limited and Emkay Canada Fleet Services Corp. [IWOV-LEGAL.FID2308946]

Cynthia,

Given that there is Court time reserved for October 17th and we have still not received a response to our letter of October 4th proposing how to address the scheduling of the matters, if we do not hear from you by 9:00 am MT tomorrow, we intend to write to the Court to provide a copy of the correspondence between us on this issue and to request the Court's direction as to how this matter should proceed.

We hope to receive a response so that we can avoid unnecessarily wasting costs and the Court's time.

Regards,
Joe



From: Bellissimo, Joseph

Sent: Wednesday, October 11, 2017 2:54 PM

To: Cynthia Spry

Cc: tgelbman@osler.com; neil.narfason@ca.ey.com; peter.chisholm@ca.ey.com; scollins@MCCARTHY.CA; wmacleod@mccarthy.ca; Jacobs, Ryan; Pinos, Timothy; Khrystina McMillan

Subject: RE: Connacher Oil and Gas Limited and Emkay Canada Fleet Services Corp. [IWOV-LEGAL.FID2308946]

Cynthia,

Please advise of your position with respect to the scheduling issues discussed on our letter dated October 4, 2017 (attached again for ease of reference) so that we can advise the Court office accordingly.

Thank you
Joe



Joseph J. Bellissimo

Direct: +1 416 860 6572 • Fax: +1 416 642 7150 • jbello@bellissimo.com
2100 Scotia Plaza, 40 King Street West, Toronto, Ontario, M5H 3C2
www.casselsbrock.com
Services provided through a Professional Corporation

From: Bellissimo, Joseph

Sent: Wednesday, October 04, 2017 12:36 PM

To: Cynthia Spry

Cc: tgelbman@osler.com; neil.narfason@ca.ey.com; peter.chisholm@ca.ey.com; scollins@MCCARTHY.CA; wmacleod@mccarthy.ca; Jacobs, Ryan; Pinos, Timothy; Khrystina McMillan

Subject: RE: Connacher Oil and Gas Limited and Emkay Canada Fleet Services Corp. [IWOV-LEGAL.FID2308946]

Hi Cynthia,

Please see the attached letter.

Regards,
Joe



Joseph J. Bellissimo

Direct: +1 416 860 6572 • Fax: +1 416 642 7150 • jbello@bellissimo.com
2100 Scotia Plaza, 40 King Street West, Toronto, Ontario, M5H 3C2
www.casselsbrock.com
Services provided through a Professional Corporation

From: Cynthia Spry [<mailto:cspry@babinbessnerspry.com>]

Sent: Friday, September 29, 2017 3:23 PM

To: Bellissimo, Joseph

Cc: tgelbman@osler.com; neil.narfason@ca.ey.com; peter.chisholm@ca.ey.com; scollins@MCCARTHY.CA; wmacleod@mccarthy.ca; Jacobs, Ryan; Pinos, Timothy; Khrystina McMillan

Subject: RE: Connacher Oil and Gas Limited and Emkay Canada Fleet Services Corp.

Hi Joe,

We received the attached letters dated September 19 and 29, 2017.

Pursuant to section 11 of the Master Lease Agreement (as defined in your letter), Emkay is not required to account to Connacher for the proceeds of the sale of the leased vehicles, as Connacher is in default. Specifically, section 11 says that, in the event of default, "Lessee ... is not entitled to credit for any gain on disposition".

To the extent Connacher intends to proceed with its application to require Emkay to account, it does not make sense to argue this separately from the determination of whether the lease is a true lease or an operating lease. These issues should be determined together. It would be a waste of time and expense to do otherwise. Also, as previously indicated, I am not available on the date unilaterally selected for the return of Connacher's application.

As for the delivery of Emkay's reply materials in its application for a determination that the lease is a true lease, we hope to have them to you by early next week. Surely it remains possible for us to argue the Emkay application on October 30, 2017, as the date is over a month from now. If we work together to put a schedule in place, this will be lots of time.

Finally, it is a small point, but in your letter you indicate that Emkay's application was previously adjourned at my request. This is not accurate, as you can see from the attached e-mail correspondence.

Best,

Cynthia.

Cynthia L. Spry
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From: Ferguson, Debbie [<mailto:DFerguson@CasselsBrock.com>] **On Behalf Of** Bellissimo, Joseph
Sent: Friday, September 29, 2017 1:25 PM
To: Cynthia Spry <cspry@babinbessnerspry.com>
Cc: tgelbman@osler.com; neil.narfason@ca.ey.com; peter.chisholm@ca.ey.com; scollins@MCCARTHY.CA; wmacleod@mccarthy.ca; Jacobs, Ryan <rjacobs@casselsbrock.com>; Pinos, Timothy <tpinos@CasselsBrock.com>; Bellissimo, Joseph <jbellissimo@casselsbrock.com>
Subject: Connacher Oil and Gas Limited and Emkay Canada Fleet Services Corp.

Dear Ms. Spry;

Please see attached correspondence.

Regards,



Debbie Ferguson • Legal Assistant to Joseph Bellissimo
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