CLERK OF THE COURT
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OF CALGARY

Form 49
Rule 13.19
Clerk's stamp

| | |
|---|---|
| Court File Number | 1801-09188 |
| Court | COURT OF QUEEN'S BENCH OF ALBERTA |
| Judicial Centre | CALGARY |
| Applicant | THIRD EYE CAPITAL CORPORATION |
| Respondents | OPSMOBIL INC., RANCH ENERGY CORPORATION, 1734163 ALBERTA INC., 1859821 ALBERTA INC., AIR DALLAIRE LTD., OPSMOBIL GROUP INC., OPSMOBIL CONSTRUCTION INC., OPSMOBIL ENERGY SERVICES INC. and K.L. CAPITAL CORP. |
| Document | AFFIDAVIT OF CASEY HOWELL |
| Address for Service and Contact Information of Party Filing this Document | STIKEMAN ELLIOTT LLP<br>Barristers & Solicitors<br>4300 Bankers Hall West,<br>888-3rd Street S.W.,<br>Calgary, Canada T2P 5C5<br><br>Attention: Guy P. Martel / David M. Price<br>gmartel@stikeman.com / dprice@stikeman.com<br>Tel: (514) 397-3163 / (403) 266-9096<br>Fax: (403) 266-9034<br><br>Lawyers for the Applicant, Third Eye Capital Corporation<br>File No.: 120536-1037 |

AFFIDAVIT OF CASEY HOWELL

Sworn on July 4, 2018.

I, Casey Howell, of the City of TORONTO, in the Province of ONTARIO, SWEAR AND SAY THAT:

1. I am the Vice President, Transactions at Third Eye Capital Corporation ("TEC" or the "Administrative Agent") and have been directly involved with the accounts of OpsMobil Inc. ("OpsMobil") and Ranch Energy Corporation ("Ranch" and together with OpsMobil, the "Borrowers"). I have personal knowledge of the matters deposed to in this Affidavit, except when stated to be based upon information and belief, in which case I believe the same to be true.

2. I am duly authorized to swear this Affidavit on behalf of TEC.

75124943

3. On June 27, 2018, TEC filed an application for orders, *inter alia*, appointing Ernst & Young Inc. as receiver to the assets, undertakings and property of the Borrowers and the other Respondents, the whole pursuant to section 243(1) of the *Bankruptcy and Insolvency Act*, RSC 1985, c. B-3 and section 13(2) of the *Judicature Act*, RSA 2000, c. J-2 (the "**Receivership Application**").

4. On July 2, 2018, one day before the Receivership Application was scheduled to proceed, counsel for TEC, Stikeman Elliott LLP ("**Stikeman**"), received an email from the Borrowers' counsel, Gowling WLG ("**Gowling**"), advising that the Borrowers intended to contest the Receivership Application and file a competing petition for the issuance of an initial order in respect of the Respondents (the "**CCAA Application**") pursuant to the *Companies' Creditors Arrangement Act*, RSC 1985, c. C-36 (the "**CCAA**"). Attached hereto and marked as **Exhibit "A"** is a copy of the email from Gowling to Stikeman.

5. On July 3, 2018, less than an hour prior to the scheduled hearing of the Receivership Application, Stikeman was provided, *inter alia*, with an unsworn Affidavit of Ryan Tobber (the "**Tobber Affidavit**") without exhibits. Attached hereto and marked as **Exhibit "B"** is a copy of the email from Gowling to Stikeman, without the attached Tobber Affidavit.

6. I am informed by Stikeman that the Honourable Justice B. Romaine adjourned the Receivership Application and the CCAA Application to be heard during the week of July 9, 2018, while indicating to the parties that the Court would hear submissions on July 4, 2018 with respect to the interim measures that may be required with respect to certain payments characterized as "critical" by the Borrower.

7. I am further informed by Stikeman that when the Receivership Application was adjourned, counsel for the parties agreed that Gowling would provide an itemized list of the payments deemed to be "critical" by the Borrowers over the following four week period, so as to determine if a consensual arrangement could be reached between the parties regarding the payment of those amounts.

8. At 1:54 pm MST on July 3, 2018, a copy of the Ranch and OpsMobil cash flows with explanatory notes and the breakdown of the operating costs (each a "**Cash Flow**" and together, the "**Cash Flows**") was provided to Stikeman by Gowling. A revised version of the Cash Flows incorporating minor changes was sent by Gowling that same day at 4:49 pm. Attached hereto and marked as **Exhibit "C"** is a copy of the revised Cash Flows.

9. At 4:31 pm MST on July 3, 2018, Gowling provided Stikeman with, *inter alia*, the filed and sworn Tobber Affidavit, with exhibits, and a filed Pre-Filing Report of the Proposed Monitor, Alvarez and Marsal Canada Inc. ("**A&M**").

10. Upon reviewing the breakdown of the operating costs in the Cash Flows, focusing on the first week of the four week period given the limited time available, it became readily apparent to TEC that the information included therein was unreliable,

incomplete and at best, insufficient to determine whether many of the payments listed could indeed be deemed "critical".

11. In particular, Week 1 of the Ranch Cash Flow failed to account for an important payment owed to a supplier TEC believes to be "critical", Enbridge Inc. ("**Enbridge**"), in the amount of $275,040.44 (an amount in excess of all of the field operating costs provided for by Ranch in Week 1 of the Cash Flow). This is in circumstances where that supplier sent a letter demanding payment on July 4, 2018 on account of one invoice due on May 28, 2018 and three invoices due on June 27, 2018, and where TEC believes the energy transportation services provided by Enbridge are critical to maintain revenue generating operations. Attached hereto and marked as **Exhibit "D"** is a copy of the demand letter from Enbridge and supporting documents.

12. In addition, several of the field operating costs included in the Cash Flows, such as the $80,000 payment under the heading "Helicopter" in the Ranch Cash Flow, were not accompanied with explanations that enabled TEC to understand why it would be "critical" for these payments to be made prior to the hearing of the Receivership Application and the CCAA Application early next week.

13. In light of the circumstances, TEC nevertheless instructed Stikeman to confirm that TEC was willing to facilitate the payment of truly "critical" amounts with respect to certain payments on the face of the information provided in the Cash Flows. Attached hereto and marked as **Exhibit "E"** is a copy of the confirmation email sent by Stikeman to Gowling in that respect, on July 3, 2018, at 5:31 pm.

14. At 7:26 am MST this morning, Stikeman received an email from Gowling, on behalf of the Borrowers, with a revised list of critical payments with different amounts for Week 1 for both Cash Flows, totaling approximately $906,000. Attached hereto and marked as **Exhibit "F"** is a copy of the email from Gowling with the attached revised Cash Flows.

15. In the case of the revised OpsMobil Cash Flow, $198,000 is now included as a "critical" payment in Week 1 for payroll, which had been listed as a critical payment in Week 2 of the original OpsMobil Cash Flow.

16. In the case of the revised Ranch Cash Flow, approximately $259,000 is now included as a "critical" payment in Week 1 for pipeline tariffs payable to TransCanada which are associated with revenue generating operations of Ranch.

17. Given the significant differences between the revised Cash Flows and the original Cash Flows, and the timing of the delivery of the revised Cash Flows to Stikeman, TEC is unable to digest this very different list of payables. In addition, TEC is unaware as to how these payables will be paid and with what sources of capital. Irrespective, TEC is willing to work in good faith over the next twenty-four hours in order to determine which of these payments are truly critical.

18. TEC remains of the view that in light of the extraordinary relief sought by the Respondents prior to evidence being adduced in a fulsome hearing, the burden of

proof rests on the Respondents to provide information that is sufficient for this Court and the creditors to appreciate why it is "critical" to make certain payments in the next few days.

19. I swear this affidavit in support of the Receivership Application and not for an improper purpose.

SWORN (OR AFFIRMED) BEFORE ME at the City of Toronto, Ontario, this 4th day of July, 2018.

Commissioner for Oaths
in and for the Province of Ontario

LSUC # 64287N
Barrister & Solicitor

CASEY HOWELL

# Exhibit "A"

**David Price**

| | |
|---|---|
| **From:** | Cumming, Tom <Tom.Cumming@gowlingwlg.com> |
| **Sent:** | Monday, July 02, 2018 4:04 PM |
| **To:** | Joseph Reynaud |
| **Cc:** | Guy P. Martel; ryan.zahara@blakes.com; Mersich, Anthony; David LeGeyt (dlegeyt@bdplaw.com); David Price |
| **Subject:** | Ranch / OpsMobil - Receivership Application |

Joseph

Ranch and OpsMobil intend to oppose the Receivership Application of Third Eye and apply concurrently for an Initial Order under the CCAA. We expect to be distributing application materials in several hours.

Please let us know if you would like to discuss this.

Tom


Thomas Cumming
*Partner*
T +1 403 298 1938
tom.cumming@gowlingwlg.com


THIS IS EXHIBIT "A" referred to in the Affidavit of Casey Howell
Sworn before me this 4th day of July 2018
A COMMISSIONER FOR OATHS IN AND FOR THE PROVINCE OF ALBERTA Ontario
Barrister & Solicitor

# Exhibit "B"

**David Price**

| | |
|---|---|
| **From:** | Mersich, Anthony <Anthony.Mersich@gowlingwlg.com> |
| **Sent:** | Tuesday, July 03, 2018 8:17 AM |
| **To:** | David LeGeyt; Cumming, Tom |
| **Cc:** | Joseph Reynaud; Guy P. Martel; ryan.zahara@blakes.com; David Price |
| **Subject:** | RE: Ranch / OpsMobil - Receivership Application |
| **Attachments:** | Ranch - Third Eye - Affidavit of R Tobber-CAL_LAW-3052277-v1.PDF |

David,

Please find the attached unsworn affidavit of Ryan Tobber. We will get you the exhibits as soon as we are able.

Regards,

Anthony Mersich
*Associate*
T +1 403 298 1831
anthony.mersich@gowlingwlg.com

GOWLING WLG

THIS IS EXHIBIT "B" referred to in the Affidavit of Casey Howell
Sworn before me this 4th day of July 2018
A COMMISSIONER FOR OATHS IN AND FOR THE PROVINCE OF ALBERTA Ontario
Barrister & Solicitor

From: David LeGeyt <dlegeyt@bdplaw.com>
Sent: Tuesday, July 03, 2018 5:40 AM
To: Cumming, Tom <Tom.Cumming@gowlingwlg.com>
Cc: Joseph Reynaud <JReynaud@stikeman.com>; Guy P. Martel <GMartel@stikeman.com>; ryan.zahara@blakes.com; Mersich, Anthony <Anthony.Mersich@gowlingwlg.com>; David Price <DPrice@stikeman.com>
Subject: Re: Ranch / OpsMobil - Receivership Application

Tom,

Please send me your clients materials once they are finalized. I don't need filed copies.

David LeGeyt.

Sent from my iPhone

On Jul 2, 2018, at 4:29 PM, Cumming, Tom <Tom.Cumming@gowlingwlg.com> wrote:

> Absolutely. Have a safe flight.
>
> Thomas Cumming
> *Partner*
> T +1 403 298 1938
> tom.cumming@gowlingwlg.com
>
> GOWLING WLG

**From:** Joseph Reynaud <JReynaud@stikeman.com>
**Sent:** July-02-18 4:26 PM
**To:** Cumming, Tom <Tom.Cumming@gowlingwlg.com>
**Cc:** Guy P. Martel <GMartel@stikeman.com>; ryan.zahara@blakes.com; Mersich, Anthony <Anthony.Mersich@gowlingwlg.com>; David LeGeyt (dlegeyt@bdplaw.com) <dlegeyt@bdplaw.com>; David Price <DPrice@stikeman.com>
**Subject:** Re: Ranch / OpsMobil - Receivership Application

**Tom,**

**Yes, we should discuss. I am getting into Calgary around 10. Can I call you then?**

**Joseph Reynaud**
**Direct : +1 514 397 3019**
**Mobile : +1 514 261 4605**
**Email : jreynaud@stikeman.com**

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<image001.png>

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**Stikeman Elliott S.E.N.C.R.L., s.r.l.** Avocats
**Stikeman Elliott LLP** Barristers & Solicitors

1155 boul. René-Lévesque Ouest, 41e étage, Montréal, QC H3B 3V2 Canada



---

**De :** Cumming, Tom <tom.cumming@gowlingwlg.com>
**Envoyé :** lundi, juillet 2, 2018 6:05 p.m.
**À :** Joseph Reynaud
**Cc :** Guy P. Martel; ryan.zahara@blakes.com; Mersich, Anthony; David LeGeyt (dlegeyt@bdplaw.com); David Price
**Objet :** Ranch / OpsMobil - Receivership Application

Joseph

Ranch and OpsMobil intend to oppose the Receivership Application of Third Eye and apply concurrently for an Initial Order under the CCAA. We expect to be distributing application materials in several hours.

Please let us know if you would like to discuss this.

Tom

Thomas Cumming
*Partner*
T +1 403 298 1938
tom.cumming@gowlingwlg.com

GOWLING WLG

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References to 'Gowling WLG' mean one or more members of Gowling WLG International Limited and/or any of their affiliated businesses as the context requires. Gowling WLG (Canada) LLP has offices in Montréal, Ottawa, Toronto, Hamilton, Waterloo Region, Calgary and Vancouver.

# Exhibit "C"

**David Price**

| | |
|---|---|
| **From:** | Cumming, Tom <Tom.Cumming@gowlingwlg.com> |
| **Sent:** | Tuesday, July 03, 2018 1:54 PM |
| **To:** | Joseph Reynaud |
| **Cc:** | Guy P. Martel; David Price; ryan.tobber@opsmobil.com; ryan.zahara@blakes.com; Orest Konowalchuk (okonowalchuk@alvarezandmarsal.com); Young, Kevin; Matt Braaten |
| **Subject:** | Ranch Energy/OpsMobil |
| **Attachments:** | Copy of Ranch Energy Detailed 4 Week Cash Flow 07032018(925).xlsx; Copy of OpsMobil Detailed 4 Week Cash Flow 07032018(923).xlsx |

Joseph

Please find attached detailed 4 week cash flows for Ranch and OpsMobil, with details as to the use of proceeds.

Please let me know if you require additional information.

Tom

THIS IS EXHIBIT "C" referred to in the Affidavit of Casey Howell Sworn before me this 4th day of July 2018

A COMMISSIONER FOR OATHS IN AND FOR THE PROVINCE OF ALBERTA Ontario

Barrister & Solicitor

Thomas Cumming
*Partner*
T +1 403 298 1938
tom.cumming@gowlingwlg.com

GOWLING WLG

| Raitch Energy Corporation<br>Cash Flow Forecast<br>$CAD 000's<br>Week Ending Date | Notes | Week 1<br>July 7, 2018 | Week 2<br>14-Jul-18 | Week 3<br>21-Jul-18 | Week 4<br>28-Jul-18 | [illegible] | |
|---|---|---|---|---|---|---|---|
| **RECEIPTS** | | | | | | | |
| Oil and gas receipts | 1 | 300 | - | - | 784 | 1,084 | |
| RoIR receipts | | - | - | - | - | - | |
| Total operating receipts | | 300 | - | - | 784 | 1,084 | |
| **DISBURSEMENTS** | | | | | | | |
| Operating expenses | | | | | | | |
| Field Operating costs | | | | | | | |
| *Electricity / Utilities (BC Hydro +PNG Reconnect)* | | - | - | 173 | - | 173 | 1 One time reconnection fee for gas utility, Pacific Northern Gas ("PNG") for $53k. Service had previously been cut off due to non-pa |
| *Producing Water / Condensate / Propane (Tanks / Propane)* | | - | - | 48 | - | 48 | 1 Field propane tanks are empty and must be refilled immediately to maintain power at well/facility sites (Note) 2 Fluid hauling costs |
| *Fluid Hauling (130 cubes /month)* | | - | - | 15 | - | 15 | 1 Oil hauling from Wildboy to Ish Energy Dessen Truck Terminal |
| *Specialty Chemical (glycol, lube oil)* | | 65 | - | 5 | - | 70 | 1 $305k immediately required for regulatory compliance and to ensure equipment runs in basic working order so as to maintain uptim |
| *Electrical & Instrumentation* | | 20 | - | - | - | 20 | The gas plant requires electricians and instrumentation techs to ensure the controls/meters are working correctly. Current power fa |
| *Mechanical Maint* | | 20 | - | - | - | 20 | The gas plant requires technicians to service the compressors and generators (oil changes, preventative maint). Previously used Fin |
| *JIB Invoices* | | - | - | - | - | - | |
| *Service Trucks* | | 6 | - | - | - | 6 | This is the estimated rental cost for three service trucks at the Wildboy plant. Currently leased from JPL Leasing |
| *Maxxam Analytics (Compliance with transport)* | | 5 | - | - | - | 5 | This service is to ensure that the sales meters are calibrated correctly, required Enbridge for compliance, Maxxam Analytics is the ve |
| *Crew Transport (Biweekly Flight)* | | 11 | - | 11 | - | 22 | 1 Transportation cost to transport Wildboy field staff from Calgary/Fort St. John to the Wildboy operations camp. Flight transportation |
| *Helicopter* | | 80 | - | - | - | 80 | 1 Due to the remote nature of the assets, helicopters are necessary for safety and regulatory compliance reasons. Helicopters perfor |
| *RedRock Camp Operator* | | 25 | - | - | - | 25 | 1 Redrock Camps provides catering, housekeeping and camp management services for company field staff at the Wildboy operations |
| *Other (Raitch IT)* | | - | 38 | - | - | 38 | 1 Software related charges; many of which are in arrears. Includes CGI (PVR accounting); True North (SCADA); Cenmax (Jib billing |
| Total Field Operating costs | 2 | 232 | 38 | 200 | - | 470 | |
| Royalties (crown and freehold) | | | | | 45 | 45 | 1 Crown royalties (~3% of sales) |
| Transportation costs (Enbridge, Nova, Tidewater) | 3 | | - | - | 654 | 654 | 1 Tariffs/tolls; Primarily ~$0.32/mcf TCPL from Bootis Hill to AECO |
| Surface lease rental - crown | 4 | - | - | - | - | - | |
| Surface lease rental - freehold | 4 | | 82 | 51 | 117 | 250 | |
| Mineral lease payments - Crown | 4 | - | - | - | - | - | |
| BCOGC admin and orphan levy fees | | | | | - | - | |
| General and administrative expenses | | | | | | | |
| *Bank charges* | | - | - | - | - | - | |
| *Production accounting (NV)* | | - | - | - | - | - | |
| *Office supplies and services* | | - | - | - | - | - | |
| *Insurance* | | - | - | 43 | - | 43 | |
| *Rent* | | - | - | 2 | - | 2 | |
| Total General and administrative expenses | | - | - | 45 | - | 45 | |
| Contractor Fees | | | | | | | |
| *Opsmobil Expense (Labour, Insurance, utilities)* | | - | 125 | - | - | 125 | 1 Inter company payment to OpsMobil for field labour |
| *Consultants (Sproule Niven)* | | - | - | 75 | - | 75 | 1 Sproule Niven Fischer Accounting, Engineering, etc. |
| Total Contractor Fees | 5 | - | 125 | 75 | - | 200 | |
| Interim Financing - Interest | | | - | - | - | - | 1 TBD |
| Supplier Prepayments/Deposits | | - | - | - | - | - | |
| Safety Upgrades | 6 | 15 | | | | 15 | 1 Critical safety catch up regulatory (eg. Safety equipment, fire extinguishers, maintenance, etc.) |
| Property tax | 7 | | | | | - | |
| Contingency | | 10 | 10 | 10 | 10 | 40 | |
| Fuel Charges | | 10 | - | 8 | - | 18 | 1 Fuel at Wildboy site is low and must be refilled ASAP. Needed to run pickup trucks for operators to check and respond to remote w |
| **Total operating costs** | | 267 | 264 | 389 | 825 | 1,746 | |
| **Restructuring Costs** | | | | | | | |
| *Company Counsel* | | - | - | - | 100 | 100 | |
| *Monitor* | | 75 | - | - | 75 | 150 | |
| *Monitor counsel* | | 20 | - | - | 25 | 45 | |
| *Sales agent* | | - | - | - | - | - | |
| **Total Restructuring Costs** | | 95 | - | - | 200 | 295 | |
| Net change in cash flow | | (63) | (264) | (389) | (242) | (967) | |

yment 2 $170k per month for BC Hydro and PNG combined
: (Produced water, non-spec condensate) from well sites to 3rd party treatment locations (Tervita and/or Secure Energy)

u Certain critical equipment maintenance is currently deficient $50k for lube oil on compressor engines, $15k for glycol & triethylene glycol to effect natural gas dehydration for pipeline specifications.
s not been identified - previously we used Cenovus Energy Group
ning or PIMMS

ndor
alignt with bi-weekly crew shifts.
m aerial surveillance (pipeline routes) and access to remote well sites supporting the Wildboy and Fort St. John assets
camp. The nearest town (Fort Nelson, BC) is 3 hours away. Cost based upon 8 field staff. Redrock is $300k in arrears.
)

ell sites, emergency staff (3hr drive to Fort Nelson)

| OpsMobil et al<br>Cash Flow Forecast<br>$CAD 000's<br>Week Ending Date | Notes | Week 1<br>July 7, 2018 | Week 2<br>14-Jul-18 | Week 3<br>21-Jul-18 | Week 4<br>28-Jul-18 | TOTAL |
|---|---|---|---|---|---|---|
| **RECEIPTS** | | | | | | |
| Intercompany advances from Ranch | 1 | | 125 | - | - | 125 |
| Other A/R | 2 | 63 | 16 | 80 | 110 | 269 |
| RofR receipts | | - | - | - | - | - |
| **Total operating receipts** | | 63 | 141 | 80 | 110 | 394 |
| **DISBURSEMENTS** | | | | | | |
| Operating expenses | | | | | | |
| **Operating Costs:** | | | | | | |
| *Electricity* | | - | - | - | - | - |
| *Chemical* | | - | - | - | - | - |
| *Contract Operators* | | - | - | - | - | - |
| *Water Disposal* | | - | - | - | - | - |
| *Property taxes* | | - | - | - | - | - |
| *Contingency Funds* | | 10 | - | - | - | 10 |
| *Other Utilities* | | 12 | - | - | - | 12 |
| Total Operating costs | 3 | 22 | - | - | - | 22 |
| General and administrative expenses: | | | | | | |
| *Bank charges* | | - | 1 | - | - | 1 |
| *Production accounting* | | - | - | - | - | - |
| *Office supplies and services* | | - | - | - | - | - |
| *Insurance* | | 29 | 16 | - | - | 45 |
| *Rent* | | - | - | - | - | - |
| Total General and administrative expenses | 4 | 29 | 17 | - | - | 46 |
| CRA source deduction - arrears | 5 | | | | | - |
| Salaries and consultant fees | 6 | - | 185 | - | 185 | 370 |
| | | - | - | - | - | - |
| Total operating costs | | 51 | 202 | - | 185 | 438 |
| Restructuring Costs | 7 | - | - | - | - | - |
| Net change in cash flow | | 12 | (61) | 80 | (75) | (44) |
| Opening available cash | | - | 12 | (49) | 31 | - |
| Interim (DIP) Borrowings | | | | | | - |
| Ending available cash | | 12 | (49) | 31 | (44) | (44) |

# Exhibit "D"

ENBRIDGE

Enbridge
200, 425 – 1st Street SW
Calgary, Alberta T2P 3L8
Canada

July 3, 2018

Via: EMAIL

Ranch Energy Corporation
Suite 1200, 815 – 8th Avenue SW
Calgary, AB. T2P 3P2

Attention: Ryan Tobber, President and CEO

**Re: Agreement between Ranch Energy Corporation ("Ranch") and Westcoast Energy Inc. ("Westcoast").**

We refer to the following Agreement between Ranch and Westcoast:

1) New Raw Gas Transmission, Treatment, Liquids Recovery and Liquid Products Stabilization and Fractionation Services Agreement #3167 dated November 1, 2006, as amended (the "Contract").

Be advised that Ranch has failed to pay the full amount of the following invoice due under the Contract which failure is a breach of its contractual obligations thereunder:

June 20th 2018 Invoice No:
GR 34893-2 - $ 8,365.49
GR 34922-1 - $ 266,473.23
**Total Due $ 274,838.72**

Should Ranch fail to remedy this default within five (5) days of the date of receipt of this letter, Westcoast will, without further notice, seek all available remedies available to it under the Agreement and in law and equity, including the suspension of all service under the Agreement and commencement of legal proceedings to recover outstanding amounts. Further, Westcoast will be entitled to take any other actions required to protect Westcoast's interests under the circumstances. Notwithstanding any such suspension, Ranch shall continue to be liable for the payments of all amounts payable to Westcoast and the performance of all other obligations thereunder during what would otherwise have been the remainder of the respective term under the Contract.

We look forward to your immediate payment.

Yours truly,

Garth Johnson
Director, BC Pipeline and Field Services

THIS IS EXHIBIT "D" referred to in the Affidavit of Casey Hassell
Sworn before me this 4th day of July, 2018
A COMMISSIONER FOR OATHS IN AND FOR THE PROVINCE OF ALBERTA
Ontario
Barrister & Solicitor

ENBRIDGE

Enbridge
200, 425 – 1st Street SW
Calgary, Alberta T2P 3L8
Canada

July 3, 2018

Via: EMAIL

Ranch Energy Corporation
Suite 1200, 815 – 8th Avenue SW
Calgary, AB. T2P 3P2

Attention: Ryan Tobber, President and CEO

**Re: Agreement between Ranch Energy Corporation ("Ranch") and Westcoast Energy Inc. ("Westcoast").**

We refer to the following Agreement between Ranch and Westcoast:

1) New Interruptible Transportation Agreement #3820 dated August 30, 2017 (the "Contract").

Be advised that Ranch has failed to pay the full amount of the following invoice due under the Contract which failure is a breach of its contractual obligations thereunder:

June 20th 2018 Invoice No:
**GR 109257-1 - $ 98.61**
**GR 109456-1 - $103.11**
**Total Due $201.72**

Should Ranch fail to remedy this default within two (2) days of the date of receipt of this letter, Westcoast will, without further notice, seek all available remedies available to it under the Agreement and in law and equity, including the suspension of all service under the Agreement and commencement of legal proceedings to recover outstanding amounts. Further, Westcoast will be entitled to take any other actions required to protect Westcoast's interests under the circumstances. Notwithstanding any such suspension, Ranch shall continue to be liable for the payments of all amounts payable to Westcoast and the performance of all other obligations thereunder during what would otherwise have been the remainder of the respective term under the Contract.

We look forward to your immediate payment.

Yours truly,

Garth Johnson
Director, BC Pipeline and Field Services

# INVOICE

ENBRIDGE

Westcoast Energy Inc.
200 - 425 First Street S.W.
Calgary, AB T2P 3L8
TELEPHONE (403) 231-3900
FAX (403) 231-3920

TO: Ranch Energy Corporation
1200, 815-8th Ave SW
Calgary, AB T2P 3P2

ATTENTION:

INVOICE NUMBER GR 109456- 1

PLEASE QUOTE INVOICE NUMBER WHEN MAKING PAYMENT

HST/GST#: R105629372

| INVOICE DATE | PAYMENT DUE | SJE# |
|---|---|---|
| 20-Jun-2018 | 27-Jun-2018 | 7004 |

FUEL GAS & TRANSPORTATION CHARGES IN ACCORDANCE WITH SERVICE AGREEMENTS.

COST OF SERVICE FOR MONTH OF **MAY,2018**

| | |
|---|---|
| FIRM DEMAND | $0.00 |
| ALLOCATION IN RESPECT OF MOTOR FUEL TAX | $0.90 |
| ALLOCATION IN RESPECT OF CARBON TAX | $3.23 |
| AUTHORIZED OVERRUN | $0.00 |
| INTERRUPTIBLE | $94.07 |
| SUBTOTAL PAYABLE BY YOU | $98.20 |
| GST PAYABLE | $4.91 |
| AMOUNT PAYABLE BY YOU | $103.11 |

MAY18 PL

PLEASE MAKE CHECK PAYABLE TO:
Westcoast Energy Inc.
200 - 425 First Street S.W.
Calgary, AB T2P 3L8

INVOICE TOTAL
$103.11

# INVOICE

ENBRIDGE

**Westcoast Energy Inc.**
200 - 425 First Street S.W.
Calgary, AB T2P 3L8
TELEPHONE (403) 231-3900
FAX (403) 231-3920

TO: Ranch Energy Corporation
1200, 815-8th Ave SW
Calgary, AB T2P 3P2

ATTENTION:

**INVOICE NUMBER** GR 109257-1

**PLEASE QUOTE INVOICE NUMBER WHEN MAKING PAYMENT**

**HST/GST#: R105629372**

| INVOICE DATE | PAYMENT DUE | SJE# | |
|---|---|---|---|
| 18-May-2018 | 28-May-2018 | 7004 | |

FUEL GAS & TRANSPORTATION CHARGES IN ACCORDANCE WITH SERVICE AGREEMENTS.

COST OF SERVICE FOR MONTH OF **APRIL,2018**

| | |
|---|---|
| FIRM DEMAND | $0.00 |
| ALLOCATION IN RESPECT OF MOTOR FUEL TAX | $1.01 |
| ALLOCATION IN RESPECT OF CARBON TAX | $3.52 |
| AUTHORIZED OVERRUN | $0.00 |
| INTERRUPTIBLE | $89.38 |
| SUBTOTAL PAYABLE BY YOU | $93.91 |
| GST PAYABLE | $4.70 |
| AMOUNT PAYABLE BY YOU | $98.61 |

APR18 PL

PLEASE MAKE CHECK PAYABLE TO:
Westcoast Energy Inc.
200 - 425 First Street S.W.
Calgary, AB T2P 3L8

| INVOICE TOTAL |
|---|
| $98.61 |

# INVOICE

ENBRIDGE

**Westcoast Energy Inc.**
200 - 425 First Street S.W.
Calgary, AB T2P 3L8
TELEPHONE (403) 231-3900
FAX (403) 231-3920

TO: Ranch Energy Corporation
1200, 815-8th Ave SW
Calgary, AB T2P 3P2

ATTENTION:

**INVOICE NUMBER GR 34922-1**

**PLEASE QUOTE INVOICE NUMBER WHEN MAKING PAYMENT**

**HST/GST#: R105629372**

| INVOICE DATE | PAYMENT DUE | SJE# |
|---|---|---|
| 20-Jun-2018 | 27-Jun-2018 | 7004 |

RAW GAS TRANSMISSION, TREATMENT, LIQUIDS RECOVERY, LIQUID PRODUCTS STABILIZATION AND FRACTIONATION CHARGES IN ACCORDANCE WITH SERVICE AGREEMENTS.

COST OF SERVICE FOR MONTH OF **MAY,2018**

| | |
|---|---|
| FIRM DEMAND | $219,705.07 |
| ALLOCATION IN RESPECT OF MOTOR FUEL TAX | $61.54 |
| ALLOCATION IN RESPECT OF CARBON TAX | $12,924.90 |
| ALLOCATION IN RESPECT OF RETURN FUEL | $0.00 |
| INTERRUPTIBLE | $21,092.52 |
| SUBTOTAL PAYABLE BY YOU | $253,784.03 |
| GST PAYABLE | $12,689.20 |
| AMOUNT PAYABLE BY YOU | $266,473.23 |

MAY18 FS EST

PLEASE MAKE CHECK PAYABLE TO:
**Westcoast Energy Inc.**
200 - 425 First Street S.W.
Calgary, AB T2P 3L8

| INVOICE TOTAL |
|---|
| $266,473.23 |

# INVOICE

ENBRIDGE

Westcoast Energy Inc.
200 - 425 First Street S.W.
Calgary, AB T2P 3L8
TELEPHONE (403) 231-3900
FAX (403) 231-3920

TO: Ranch Energy Corporation
1200, 815-8th Ave SW
Calgary, AB T2P 3P2

ATTENTION:

INVOICE NUMBER GR 34893- 2

PLEASE QUOTE INVOICE NUMBER WHEN MAKING PAYMENT

HST/GST#: R105629372

| INVOICE DATE | PAYMENT DUE | SJE# | |
|---|---|---|---|
| 20-Jun-2018 | 27-Jun-2018 | 7004 | |

RAW GAS TRANSMISSION, TREATMENT, LIQUIDS RECOVERY, LIQUID PRODUCTS STABILIZATION AND FRACTIONATION CHARGES IN ACCORDANCE WITH SERVICE AGREEMENTS.

COST OF SERVICE FOR MONTH OF **APRIL,2018**
ADJUSTMENT TO A PREVIOUS SERVICE INVOICE

| | | |
|---|---|---|
| FIRM DEMAND | $219,705.07 | |
| ALLOCATION IN RESPECT OF MOTOR FUEL TAX | $142.13 | |
| ALLOCATION IN RESPECT OF CARBON TAX | $16,274.51 | |
| ALLOCATION IN RESPECT OF RETURN FUEL | $0.00 | |
| INTERRUPTIBLE | $19,995.34 | |
| REVISED SERVICE SUBTOTAL | $256,117.05 | |
| REVISED SERVICE SUBTOTAL READS | $256,117.05 | |
| PREVIOUS SUBTOTAL GR 34893- 1 | $248,149.91 | |
| SUBTOTAL PAYABLE BY YOU | | $7,967.14 |
| REVISED GST | $12,805.85 | |
| PREVIOUS GST | $12,407.50 | |
| GST PAYABLE BY YOU | | $398.35 |
| AMOUNT PAYABLE BY YOU | | $8,365.49 |

APR18 FS ACT

PLEASE MAKE CHECK PAYABLE TO:
Westcoast Energy Inc.
200 - 425 First Street S.W.
Calgary, AB T2P 3L8

INVOICE TOTAL
$8,365.49

# Exhibit "E"

| | |
|---|---|
| **From:** | Joseph Reynaud |
| **Sent:** | Tuesday, July 03, 2018 5:32 PM |
| **To:** | Cumming, Tom; David LeGeyt (dlegeyt@bdplaw.com); ryan.zahara@blakes.com |
| **Cc:** | Mersich, Anthony; Orest Konowalchuk (okonowalchuk@alvarezandmarsal.com); 'Young, Kevin'; ryan.tobber@opsmobil.com; Matt Braaten; David Price |
| **Subject:** | Re: Ranch Energy/OpsMobil |

Tom,

We are in receipt of the spreadsheets that include the payments described as "critical" during this morning's hearing. Unfortunately, upon review with my clients, the lists are incomplete and in most cases, do not contain sufficient information to determine whether a payment should indeed be classified as critical. This further serves to erode any remaining confidence TEC may have in management.

For one, it appears that today, the company received a demand letter from Enbridge requesting a payment of $274,838.72 within five days. This payment does not appear in Week 1 of the company's spreadsheet, yet the unpaid invoices were both due on June 27 and the payment of Enbridge is indeed critical to maintain revenue generating operations, certainly it is more critical than some of the payments listed.

I am authorized by TEC to confirm that it will allow for the following payments to be made by Ranch and OpsMobil from their receipts, on Week 1, on the condition that TEC is provided with a copy of the relevant purchase orders (or other substantiating documents) and outgoing cheques or proofs of payment:

(A) Payments by Ranch
- Enbridge: $274,838.72
- Crew Transport: $11,000
- RedRock Camp Operator: $25,000

(B) Payments by OpsMobil
- Insurance: $29,000

The company has not supplied sufficient information to justify the classification of any other payments as "critical". We do not pronounce ourselves on any payments for weeks other than Week 1 since the hearing will be scheduled early next week and it would be premature to do so. We also do not believe that an interim stay order is required.

I look forward to hearing from you.

Regards,

Joseph Reynaud
Direct : +1 514 397 3019
Mobile : +1 514 261 4605
Email : jreynaud@stikeman.com

THIS IS EXHIBIT "E" referred to in the Affidavit of Casey Howell Sworn before me this 4th day of July 2018
A COMMISSIONER FOR OATHS IN AND FOR THE PROVINCE OF ALBERTA
Barrister & Solicitor Ontario

De : Cumming, Tom <tom.cumming@gowlingwlg.com>
Envoyé : mardi, juillet 3, 2018 4:49 p.m.
À : Joseph Reynaud; David LeGeyt (dlegeyt@bdplaw.com); ryan.zahara@blakes.com
Cc : Mersich, Anthony; Orest Konowalchuk (okonowalchuk@alvarezandmarsal.com); 'Young, Kevin';

**ryan.tobber@opsmobil.com; Matt Braaten**
**Objet :** FW: Ranch Energy/OpsMobil

Joseph

Please see the note below from Kevin Young of Alvarez correcting errors in the cash flows sent to you earlier.

Tom

Tom Cumming
*Partner*
**T** +1 403 298 1938
**M** +1 403 606 4592
tom.cumming@gowlingwlg.com

**From:** Young, Kevin [mailto:kyoung@alvarezandmarsal.com]
**Sent:** July-03-18 4:42 PM
**To:** Cumming, Tom <Tom.Cumming@gowlingwlg.com>
**Cc:** Konowalchuk, Orest <okonowalchuk@alvarezandmarsal.com>; matt.braaten@opsmobil.com; Ryan Tobber <ryan.tobber@opsmobil.com>
**Subject:** RE: Ranch Energy/OpsMobil

Tom,

The note (in red) related to *Ranch Energy Operating Costs: Specialty Chemical (glycol, lube oil)* should read $65k, not $365k. Fixed that mistake, a few spelling mistakes and removed the notes columns. Files are re-attached.

Kevin Young
Alvarez & Marsal Canada Securities ULC
D: 403.538.7545 | C: 403.831.4908

**From:** Cumming, Tom [mailto:Tom.Cumming@gowlingwlg.com]
**Sent:** Tuesday, July 03, 2018 1:54 PM
**To:** Joseph Reynaud (jreynaud@stikeman.com) <jreynaud@stikeman.com>
**Cc:** Guy Martel (gmartel@stikeman.com) <gmartel@stikeman.com>; David M. Price (dprice@stikeman.com) <dprice@stikeman.com>;ryan.tobber@opsmobil.com; ryan.zahara@blakes.com; Konowalchuk, Orest <okonowalchuk@alvarezandmarsal.com>; Young, Kevin <kyoung@alvarezandmarsal.com>; Matt Braaten <matt.braaten@opsmobil.com>
**Subject:** Ranch Energy/OpsMobil

Joseph

Please find attached detailed 4 week cash flows for Ranch and OpsMobil, with details as to the use of proceeds.

Please let me know if you require additional information.

Tom

Thomas Cumming

*Partner*
**T +1 403 298 1938**
tom.cumming@gowlingwlg.com

# Exhibit "F"

**David Price**

| | |
|---|---|
| **From:** | Joseph Reynaud |
| **Sent:** | Wednesday, July 04, 2018 8:42 AM |
| **To:** | David Price |
| **Subject:** | Fwd: Ranch Energy/OpsMobil |
| **Attachments:** | image001.png; ATT00001.htm; ranch opsmobil critical payments-CAL_LAW-3053285-v1.docx; ATT00002.htm |

Joseph Reynaud
Direct : +1 514 397 3019
Mobile : +1 514 261 4605
Email : jreynaud@stikeman.com

---

From: Cumming, Tom <Tom.Cumming@gowlingwlg.com>
Sent: Wednesday, July 4, 2018 7:26:03 AM
To: Joseph Reynaud
Subject: Fwd: Ranch Energy/OpsMobil

THIS IS EXHIBIT "F" referred to in the Affidavit of Casey Howell Sworn before me this 4th day of July, 2018
A COMMISSIONER FOR OATHS IN AND FOR THE PROVINCE OF ALBERTA
Barrister & Solicitor Ontario

Please see the attached.

Tom Cumming
Dir: (403) 298-1938
Cell: (403) 606-4592
tom.cumming@gowlingwlg.com

Begin forwarded message:

> **From:** "Young, Kevin" <kyoung@alvarezandmarsal.com>
> **Date:** July 3, 2018 at 11:35:24 PM MDT
> **To:** "Cumming, Tom" <Tom.Cumming@gowlingwlg.com>, "Konowalchuk, Orest" <okonowalchuk@alvarezandmarsal.com>, "ryan.tobber@opsmobil.com" <ryan.tobber@opsmobil.com>, "matt.braaten@opsmobil.com" <matt.braaten@opsmobil.com>, Matt Braaten <matt.braaten@outlook.com>, "Mersich, Anthony" <Anthony.Mersich@gowlingwlg.com>
> **Subject: RE: Ranch Energy/OpsMobil**
>
> Tom,
>
> Please find attached a list of expenditures that has been considered by the Company and is based on a one week critical basis versus a four week blend in a CCAA proceeding. Managements 13-Week Cash Flow Forecasts assumed the Company was in CCAA (today) and contemplated those certain vendors/payables that would not have to be paid ("stayed' payables) and those vendors/expenses that may not extend credit and require upfront payment of their goods/services by Ranch/OpsMobil.
>
> Since a stay of proceedings was not granted today, the Company reconsidered its cash flow requirement based solely on a one week basis and not on a 13-Week period.
>
> We trust this will assist TEC in their evaluation of the upcoming payments.

**Kevin Young**
**Alvarez & Marsal Canada Securities ULC**
**D: 403.538.7545 | C: 403.831.4908**

**From:** Cumming, Tom [mailto:Tom.Cumming@gowlingwlg.com]
**Sent:** Tuesday, July 03, 2018 5:36 PM
**To:** Konowalchuk, Orest <okonowalchuk@alvarezandmarsal.com>; Young, Kevin <kyoung@alvarezandmarsal.com>; ryan.tobber@opsmobil.com; matt.braaten@opsmobil.com; Mersich, Anthony <Anthony.Mersich@gowlingwlg.com>
**Subject:** FW: Ranch Energy/OpsMobil

See the note below.

Tom Cumming
*Partner*
T +1 403 298 1938
M +1 403 606 4592
tom.cumming@gowlingwlg.com

GOWLING WLG

From: Joseph Reynaud [mailto:JReynaud@stikeman.com]
Sent: July-03-18 5:32 PM
To: Cumming, Tom <Tom.Cumming@gowlingwlg.com>; David LeGeyt (dlegeyt@bdplaw.com) <dlegeyt@bdplaw.com>; ryan.zahara@blakes.com
Cc: Mersich, Anthony <Anthony.Mersich@gowlingwlg.com>; Orest Konowalchuk (okonowalchuk@alvarezandmarsal.com) <okonowalchuk@alvarezandmarsal.com>; 'Young, Kevin' <kyoung@alvarezandmarsal.com>; ryan.tobber@opsmobil.com; Matt Braaten <matt.braaten@opsmobil.com>; David Price <DPrice@stikeman.com>
Subject: Re: Ranch Energy/OpsMobil

Tom,

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**- Enbridge: $274,838.72**
**- Crew Transport: $11,000**
**- RedRock Camp Operator: $25,000**

**(B) Payments by OpsMobil**
**- Insurance: $29,000**

**The company has not supplied sufficient information to justify the classification of any other payments as "critical". We do not pronounce ourselves on any payments for weeks other than Week 1 since the hearing will be scheduled early next week and it would be premature to do so. We also do not believe that an interim stay order is required.**

I look forward to hearing from you.

Regards,

Joseph Reynaud
Direct : +1 514 397 3019
Mobile : +1 514 261 4605
Email : jreynaud@stikeman.com

---

**Ranch Energy – Critical Payables Only (1 Week)**

| Week 1 Payment ($000s) | Payee | Nature of Service | Why is payment critical? |
|---|---|---|---|
| $10 | Nalco Champion and Brenntag | Specialty Chemical (glycol, lube oil) | This is a compliance issue and also ensures equipment runs in basic working order so as to maintain production uptime. Critical equipment maintenance is currently deficient which could lead to shut-in production. Glycol & triethylene glycol to effect natural gas dehydration for pipeline specifications, while lube oil is a basic operating requirement for compressors and other field production equipment. |
| $5 | Creame Energy | Electrical & Instrumentation | The Wildboy gas plant requires electricians and instrumentation techs ensure the controls/meters are working correctly in order to ensure that equipment used in production operations are in working order and so that risk of unplanned downtime or equipment failure can be mitigated. |
| $5 | Creame Energy | Mechanical Maintenance and Services | The Wildboy gas plant requires technicians service the compressors and generators (oil changes, preventative main't) to keep equipment used in production operations in working order and so that risk of unplanned downtime or equipment failure can be mitigated. |
| $11 | Northern Air Charters | Crew Transport to Wildboy Gas Plant | Transportation cost to transport Wildboy field staff from Calgary/Fort St. John to the Wildboy operations camp. Flight transportation aligns with bi-weekly crew shifts. |
| $30 | AES | Helicopter services | Helicopters serve several critical functions in day to day field operations in the extremely remote regions in which Ranch Energy operates: (a) Well sites are often not accessible by road and therefor operators often rely on helicopters to access well sites; (b) Areal surveillance of pipeline routes that identify leak detection that could lead to failure of assets and/or safety issues; (c) The ability to transport employees to Fort Nelson, B.C. (the nearest town and hospital) in the event of an emergency. Fort Nelson is approximately 3 hours away by road. |
| $25 | Redrock Camps | Camp Operator | Redrock Camps provides catering, housekeeping and camp management services for company field staff at the Wildboy operations camp. The nearest town (Fort Nelson, BC) is 3 hours away. Cost based upon 8 field staff. Redrock is $300k in arrears. |
| $5 | Credit Card | Upgrades for Safety & Regulatory Compliance | As required. |
| $10 | Fort Nelson Bulk | Fuel for Vehicles | There is very limited fuel at the Wildboy site. Field staff (Operators, Superintendent, etc.) at site (TEC has approved Crew Transport and RedRock payment) require fuel to run vehicles (a very basic requirement). Without fuel to run vehicles, both day to day operations and emergencies can not be responded to. |

| | | | |
|---|---|---|---|
| $269 | Enbridge | Pipeline tariff | Transportation cost associated with sending oil and gas product to market. *[Note: Company previously assumed/forecast that this would be paid out of the funds held by TEC from the blocked account.]* |
| $259 | TransCanada | Pipeline tariff | Transportation cost associated with sending oil and gas product to market. *[Note: Company previously assumed/forecast that this would be paid out of the funds held by TEC from the blocked account.]* |
| $50 | Alvarez & Marsal Canada Inc. | Monitor fees | Estimated costs incurred and forecast to be incurred in preparing the draft cost analysis schedule, monitoring cash flow payments of the company, processing payments and communicate between stakeholders on operations, etc. |
| **$ 679** | **Total Critical Funds Requested for Ranch (Week 1 Only)** | | |

**OpsMobil – Critical Payables Only (1 Week)**

| Week 1 Payment ($000s) | Payee | Nature of Service | Why is payment critical? |
|---|---|---|---|
| $198 | OpsMobil Staff | Payroll | Relates only to salaries of field and office employees and subcontractors at OpsMobil who work on Ranch assets. |
| $29 | Marsh | Aircraft Insurance | Insurance policy to protect value of company aircraft assets. |
| **$227** | **Total Critical Funds Requested for Ranch (Week 1 Only)** | | |