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| COURT FILE NUMBER | 1801-09188 |
| COURT | COURT OF QUEEN'S BENCH OF ALBERTA |
| JUDICIAL CENTRE | CALGARY |
| | IN THE MATTER OF THE RECEIVERSHIP OF 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. |
| 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. |
| COURT FILE NUMBER | 1801-09424 |
| COURT | COURT OF QUEEN'S BENCH OF ALBERTA |
| JUDICIAL CENTRE | CALGARY |
| | IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, as amended<br>AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF RANCH ENERGY CORPORATION, OPSMOBIL INC., 1734163 ALBERTA INC., 1859821 ALBERTA INC., AIR DALLAIRE LTD., OPSMOBIL GROUP INC., OPSMOBIL CONSTRUCTION INC., OPSMOBIL ENERGY SERVICES INC. and K.L. CAPITAL CORP. |
| APPLICANTS | 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, |

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| RESPONDENT | THIRD EYE CAPITAL CORPORATION |
| DOCUMENT | **SECOND AFFIDAVIT OF MARK HORROX** |
| 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) 266-9093<br>Fax: (403) 266-9034<br><br>Lawyers for the Applicant, Third Eye Capital Corporation<br>File No.: 120536-1037 |

**SECOND AFFIDAVIT OF MARK HORROX**

**Sworn on July 6, 2018.**

I, Mark Horrox, of the City of TORONTO, in the Province of ONTARIO, SWEAR AND SAY THAT:

1. I am a Principal at Third Eye Capital Corporation ("**TEC**"). I have been directly involved with the accounts of OpsMobil Inc. ("**OpsMobil**") and Ranch Energy Corporation ("**Ranch**", 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.

3. This Affidavit is made in response to the Affidavit of Mr. Ryan Tobber ("**Tobber**") sworn on July 3, 2018 (the "**Tobber Affidavit**") in Court file number 1801-09424, which I have read, and which I believe misrepresents the facts, and in particular, as they pertain to the consistent financial support provided by TEC, on behalf of the Lenders, to the Debtors.

4. Capitalized terms used but not defined in this Affidavit have the meanings given to them in the First Horrox Affidavit (as defined below).

## I. BACKGROUND

5. On June 26, 2018, I signed a first affidavit (the "**First Horrox Affidavit**") in support of TEC's application (the "**Receivership Application**") in Court file number 1801-09188 for orders appointing Ernst & Young Inc. ("**E&Y**" or the "**Proposed Receiver**") as receiver of the assets, undertakings and properties of (i) Ranch, and (ii) OpsMobil, 1734163 Alberta Inc. ("**1734163**"), 1859821 Alberta Inc. ("**1859821**"), Air Dallaire Ltd. ("**Air Dallaire**"), OpsMobil Group Inc. ("**Ops Group**"), OpsMobil Construction Inc. ("**Ops Construction**"), OpsMobil Energy Services Inc. ("**Ops Energy**"), K.L. Capital Corp ("**K.L.**", collectively with 1734163, 1859821, Air Dallaire, Ops Group, Ops Construction, Ops Energy and Ranch, the "**Corporate Guarantors**" and each a "**Corporate Guarantor**", and collectively with the Borrowers, the "**Debtors**"), the whole pursuant to section 243(1) of the *Bankruptcy and Insolvency Act*, RSC 1985, c. B-3 (the "**BIA**") and section 13(2) of the *Judicature Act*, RSA 2000, c. J-2.

6. The First Horrox Affidavit and the Receivership Application were served on the Debtors and filed in the Court record on June 27, 2018.

7. The Receivership Application was scheduled to be heard on July 3, 2018.

8. On July 2, 2018, TEC's counsel, Stikeman Elliott LLP ("**Stikeman**"), received an email from Debtors' counsel, Gowling WLG ("**Gowling**"), formally advising them, for the first time, that the Debtors intended to contest the Receivership Application and file a competing petition for the issuance of an initial order (the "**CCAA Application**") in respect of the Debtors pursuant to the *Companies' Creditors Arrangement Act*, RSC 1985, c. C-36 (the "**CCAA**").

9. In support of the CCAA Application, the Debtors filed the Tobber Affidavit, which provides a version of the facts that materially differ from the documentary evidence and the views of TEC. While I understand that the factual background may not be of utmost importance for determining the appropriate remedy in the case at hand, I believe that some clarifications are required, since the Tobber Affidavit neglects to take any responsibility for the mismanagement of the OpsMobil business, and instead attempts to convince this Court that the Borrowers' downfall was caused by TEC, and that accordingly, they should be permitted to conduct a debtor-in-possession process.

## II. RESPONSE TO CERTAIN FACTUAL ALLEGATIONS IN TOBBER AFFIDAVIT

### A. Bank of Montreal

10. At paragraphs 16 to 18 of the Tobber Affidavit, Tobber describes how TEC presented a term sheet for a term loan and revolving line of credit to OpsMobil, which was intended to be used to *"a) repay the Bank of Montreal ("BMO"), and (b) provide the necessary funds for capital expenditures ("CAPEX") required to complete the overhaul of certain aircraft."* What Tobber fails to recount is that the repayment or purchase by TEC of the Bank of Montreal ("**BMO**") loan was essential, since BMO, as the main secured creditor of OpsMobil at that time, had initiated receivership proceedings as

against OpsMobil, and accordingly, TEC was the solution to staying the BMO receivership process, as appears from a copy of an email from Ryan Tobber dated October 22, 2015, marked as **Exhibit "A"** and attached hereto.

11. Following negotiations with TEC in respect of a possible financing by the Ops Lenders, and pursuant to the execution of the Credit Agreement on December 23, 2015, TEC agreed to advance a total of $10 million to OpsMobil. Contrary to the allegations contained in paragraph 21 of the Tobber Affidavit, approximately $3 million was available and meant to be used to allow OpsMobil to make eligible Capital Expenditures (as defined in the Credit Agreement), including funding aircraft maintenance and for general corporate purposes.

12. The closing of the Credit Agreement was conditional on OpsMobil negotiating and entering into a payment plan with the Canada Revenue Agency (the "**CRA**"), for outstanding amounts owed by OpsMobil to the CRA as at December 2015 (the "**CRA Payment Plan**"). Opsmobil negotiated the CRA Payment Plan with the CRA without any involvement of TEC, and agreed with the CRA on the size and frequency of all payments to be made in its own discretion.

13. The Tobber Affidavit blames TEC for the fees charged pursuant to the Credit Agreement in an effort to cast TEC as a predatory lender, which reasoning is unsound, and in any event, not relevant to its ability to run a CCAA process. The OpsMobil entities had no other financing arrangements available to them when faced with BMO's receivership proceedings.

## B. Initial Missteps under the Credit Agreement

14. Immediately following the execution of the Credit Agreement, OpsMobil drew on almost the entirety of the amounts available under the Credit Agreement, in order to repay overdue accounts payable, rather than invest in aircraft as originally intended by the Credit Agreement. This business decision, made by the OpsMobil management team, resulted in its failure to overhaul its aircraft fleet as anticipated, thereby drastically limiting OpsMobil's future prospects and capacity.

15. During this time, and in accordance with the CRA Payment Plan, OpsMobil made payments to the CRA in both January and February 2016. It then defaulted on its obligation to pay the third monthly installment due in March 2016, which qualified as an event of default under the Credit Agreement and accordingly, the first *Forbearance Agreement* was executed on April 8, 2016 (as amended from time to time, the "**First Forbearance Agreement**"). A copy of the First Forbearance Agreement is marked as **Confidential Exhibit "B"** but not attached hereto. A copy of the *Amendment and Extension to Forbearance Agreement* dated July 6, 2016 is marked as **Confidential Exhibit "C"** but not attached hereto.

16. As part of the First Forbearance Agreement, and in light of the strain that agreement posed on TEC's collateral coverage, OpsMobil undertook to carry out the following two initiatives (the "**Critical Forbearance Covenants**") in order to maximize the viability and value of the OpsMobil business:

(a) identify and enter into an "asset management contract", defined by OpsMobil's management as a large, multi-year outsourcing contract by an oil or gas production company to OpsMobil, who would undertake all in-field operations for that company; and

(b) enter into a joint venture with Rilpa Enterprises Ltd. to form what would be called "Assetco". A copy of the email between Ryan Tobber, myself, Arif Bhalwani and Charles Bougie dated December 14, 2016 relating to the Assetco transaction is marked as **Exhibit "D"** and attached hereto.

17. OpsMobil has delivered to TEC five different versions of its cash flow projections since the First Forbearance Agreement, each with different claims and assumptions related to business objectives and milestones that the Borrowers promised to execute.

18. In January 2017, the First Forbearance Agreement in place was not renewed in light of the Borrowers' failure to meet the Critical Forbearance Covenants. The Borrowers also missed the following business objectives and milestones at various point in time during and after the execution of the First Forbearance Agreement and the various amendments thereto:

(a) completion of sale of 100% of aviation and related assets of OpsMobil to Classic Helicopters Ltd. at fair market value;

(b) cost reduction and business restructuring of OpsMobil in accordance with a plan developed by management and delivered to TEC;

(c) sale of aviation hanger assets consisting of Whitecourt Hangar, the High Level Hangar, and the Rainbow Lake Hangar;

(d) binding letter of intent for an asset management contract with Sunset Reclamation Ltd. and a joint venture entity partly controlled by Harvest Operations Corp. with respect to the Bellshell Assets (as defined in the amendment to the First Forbearance Agreement) by January 31, 2017;

(e) completion of five construction contracts at a profit that resulted in a $0.6 million increase in working capital financing for OpsMobil;

(f) completion of two fertilizer contracts at a profit that resulted in a $0.5 million increase in working capital financing for OpsMobil;

(g) purchase by Roch Dallaire of certain helicopters for total consideration of $3.9 million;

(h) completion of sale by a Guarantor of a Leopard 48 Catamaran, with proceeds to be used to reduce the Indebtedness; and

(i) sale by Ranch of miscellaneous assets and excess or underutilized assets to improve regulatory liability ratings.

## C. Financial Support by TEC

19. Contrary to what is alleged in the Tobber Affidavit, the Lenders, while exercising the usual and customary rights of asset based lenders in the market, have provided continuous support and opportunities to both OpsMobil and Ranch to successfully operate their businesses, as most recently appears from the emergency funding granted by TEC pursuant to the Interim Stay Order issued by this Court on July 4, 2018. Such support has been provided even while these Borrowers have been in default of their obligations to TEC, which defaults were intended to be on a temporary basis, in order to assist these companies to sell assets or raise capital in order to repay TEC.

20. Since the execution of the Credit Agreement, the Borrowers have repeatedly requested that TEC provide advances to fund ongoing working capital needs, usually on an urgent and critical basis. To maintain the going concern status of the Borrowers, and in anticipation of asset sales, major income accretive contracts, or recapitalization transactions that the Borrowers promised to complete, TEC continued to review the Borrowers' advance requests and upon satisfactory review of the information provided to it, would work diligently to fund OpsMobil and Ranch in an efficient and responsible manner. Indeed, TEC's conduct has been praised and appreciated by Tobber and the Borrowers' employees. By way of example, a copy of an email chain dating February 9 to February 12, 2016 is marked as **Exhibit "E"** and attached hereto, in which TEC worked to quickly provide an advance of funds to OpsMobil. See also an email from Karen Thomson to myself and Nicole Shinya dated May 18, 2016, marked as **Exhibit "F"** and attached hereto.

21. As of early 2016, TEC could have exercised its rights pursuant to the Credit Agreement, including the appointment of a receiver to the assets of OpsMobil. Instead, TEC agreed to, upon OpsMobil's request, forbear from exercising such rights, resulting in the execution of the Forbearance Agreements described above and at paragraph 16 of the First Horrox Affidavit.

22. Contrary to what is suggested in the Tobber Affidavit, OpsMobil and Tobber himself, actively negotiated the execution of these Forbearance Agreements, which far from being imposed, provided OpsMobil with the time and funds to not only make eligible Capital Expenditures and fund working capital requirements, but to actively pursue alternative financing sources, as appears from email chains:

   (a) between Ryan Tobber, myself, Roch Dallaire and Arif Bhalwani, dated April 1, 2016, marked as **Exhibit "G"** and attached hereto;

   (b) between Ryan Tobber and myself dated November 4, 2016, marked as **Exhibit "H"** an attached hereto;

   (c) between myself and Ryan Tobber dated December 21 and 22, 2016, marked as **Exhibit "I"** and attached hereto;

(d) between myself, Ryan Tobber and Arif Bhalwani, dated June 30, 2017, marked as **Exhibit "J"** and attached hereto;

(e) between myself and Ryan Tobber, dated May 9 and 10, 2017, marked as **Exhibit "K"** and attached hereto; and

(f) between myself and Ryan Tobber, dated July 10, 2017, marked as **Exhibit "L"** and attached hereto.

23. As appears from these above-mentioned emails, not only was Tobber actively negotiating with TEC, but was also cognizant and appreciative of the consistent support provided by TEC, as appears from the following emails from Tobber to myself and Mr. Arif Bhalwani:

**Exhibit "G":**

*"Understood Arif,*

*Thank you for the support and we look forward to working through the required agreements with TEC."*

**Exhibit "J":**

*"Thank you Mark.*

*As discussed, I am in agreement with the terms and conditions proposed herein. I have emailed an executed copy of the term sheet provided in your earlier email correspondence.*

*Thank you for your continued support."*

24. In fact, far from being the victim described in the Tobber Affidavit, Tobber himself was actively involved in negotiations with TEC, including relating to the direction of payments, and agreeing, without protest, to the withholding and retaining of funds by TEC, for the payment of obligations owed pursuant to the Credit Agreement at that time, when appropriate, as appears from a copy of an email dated September 15, 2017 between myself and Ryan Tobber, marked as **Exhibit "M"** and attached hereto.

## D. The June 2018 NOIs

25. As described in the First Horrox Affidavit, on June 6, 2018, TEC issued and delivered to each of the Debtors a Notice of Intention to Enforce Security pursuant to Section 244 of the BIA (collectively, the "**NOIs**"), in which each of the Debtors was formally advised that, as a result of the continuing events of default under the Credit Agreement and the Promissory Note, as applicable, TEC intended to enforce its rights pursuant to the Ops Security Agreements and the Ranch Security Agreements, as applicable.

26. In the Tobber Affidavit, at paragraph 66, Tobber declares that he was surprised by the issuance of the NOIs and that they came *"without any warning"*. I believe Tobber is

posturing to this Court. It is hard, if not impossible, to believe that Tobber was in any way surprised by the NOIs considering the following circumstances and factual warnings:

(a) the Debtors had failed to successfully repay their debts through the A&M Process (as defined and described below);

(b) OpsMobil had been in default under the Credit Agreement and Ops Security Agreements for well over two years, and no forbearance agreement had been reached since the expiry of the Third Amendment and Extension to Forbearance Agreement (Exhibit "V" to the First Horrox Affidavit) in January 2017;

(c) Ranch had a continuous working capital shortfall, which required that the Ranch Lenders amend and restate the Promissory Note, which is payable upon TEC's demand, seven times between October 19, 2017 and April 13, 2018, each time providing additional loans to Ranch;

(d) on March 9, 2018, OpsMobil and the Guarantors executed in favour of TEC, as agent for the Ops Lenders, an *Acknowledgment and Confirmation* (Exhibit "MM" to the First Horrox Affidavit), in which they acknowledged and confirmed, *inter alia*, the occurrence of various events of defaults under the Credit Agreement, the amounts owed thereunder as at February 28, 2018, the Ops Lenders' demand for payment therein that this constituted a demand for payment to be paid immediately, as well as the fact that the Ops Lenders have and shall continue to have a valid, enforceable and perfected first priority liens and security interests upon their respective assets; and

(e) on March 9, 2018, each of Ranch and Tobber executed in favour of TEC, as agent for the Ranch Lenders, an Acknowledgment and Confirmation (Exhibit "NN" to the First Horrox Affidavit), in which they acknowledged and confirmed, *inter alia*, the occurrence of various events of defaults under the Promissory Note, the amounts owed thereunder as at February 28, 2018, the Ranch Lenders' demand for payment therein that this constituted a demand for payment to be paid immediately, as well as the fact that the Ranch Lenders have and shall continue to have a valid, enforceable and perfected first priority liens and security interests upon their respective assets.

## E. The Proposed 2018 Forbearance Agreements

27. Following the issuance of the NOIs, I engaged in several calls with Tobber in order to discuss next steps and identify a solution satisfactory to both TEC and the Debtors. During one of these calls, on June 6, 2018, Tobber adamantly insisted that within one month, he would be able to conclude a transaction, such as the sale of a sweet dry gas processing plant gas plant (the "**Gas Plant**") to a midstream gas company such as Tidewater Midstream & Infrastructure Ltd. (the "**Gas Plant Divestment**"), the proceeds of which would be sufficient to refinance the entire Indebtedness.

28. While I believed that the current market conditions, as well as Ranch's insolvency, would make it very difficult for Tobber to successfully close a Gas Plant Divestment, TEC agreed in principle, once again, to forbear from exercising its rights under the Credit Agreement and Promissory Note, including the right to appoint a receiver, by presenting the Borrowers and Guarantors with a Summary of Terms and Conditions related to the Proposed Forbearance Agreements (the "**Terms and Conditions**"), in which, *inter alia*:

a) the Debtors confirmed that events of default had occurred and were continuing under the Credit Agreement and Promissory Note;

b) TEC agreed to fund the Borrowers' operations, fees and expenses up until July 9, 2018 up to an amount not exceeding $1 million in the aggregate, the whole in accordance with budgets to be approved by TEC; and

c) the Borrowers agreed to sign a consent to the appointment of a court-appointed receiver to the property of the Borrowers on the court-application of TEC, for such an appointment immediately upon a forbearance default.

The Terms and Conditions are marked as Exhibit "QQ" to the First Horrox Affidavit.

29. The Debtors agreed to these Terms and Conditions on June 18, 2018. As such, TEC continued to engage in discussions with Tobber in order to implement the Approved Budgets and between June 19 and June 23, 2018, the Debtors' management presented four versions of their proposed budget, each of which required $1.8 million in financing over a three week period, despite having only just agreed to Approved Budgets totalling $1 million in the Terms and Conditions.

30. Contrary to what is alleged at paragraph 72 of the Tobber Affidavit, the draft forbearance agreement included the same principal terms included in the Terms and Conditions agreed upon two days earlier, including the same (a) amounts for the Approved Budgets, (b) milestones for the proposed SISP, (c) conditions to forbearance, and (d) events of defaults. It is in fact for this reason, that on June 22, 2018, as mentioned at paragraph 73 of the Tobber Affidavit, Tobber continued to try to finalize the Approved Budgets despite his unwillingness to abide by anything less than a 3-week $1.8 million budget.

## III. A DOOMED CCAA PROCESS

### A. Defensive Tactic

31. TEC disagrees with the position of the Debtors that granting an initial order under the CCAA is the proper way to proceed, and believes that this application is, in large part, nothing more than a defensive tactic aimed at frustrating TEC's efforts to recover the amounts owed to it pursuant to the Credit Agreement and Promissory Note, rather than being a true restructuring plan.

32. The Debtors decided to bring their CCAA Application only after TEC filed its application for the appointment of a receiver. The Debtors knew, at the very latest, by

June 6, 2018, upon receiving services of the NOIs, that the Lenders intended to realize upon their security, however they waited, until actual service of the receivership application, before launching their own "efforts" to restructure and/or liquidate.

33. Despite these delays, the Debtors present a CCAA Application without any clear plan or financing in place, requesting instead, that this Court provide them with CCAA protection so that they can attempt to raise approximately $3.5 million in financing to fund a new, revised cash flow forecast that is $1.7 million higher than the previous one provided to TEC. The Debtors debts are accumulating so quickly that it is impossible to properly determine its cash flow needs. In just three days after presenting the revised cash flow forecasts, the Debtors' financing requirements increased again as new critical payables arose that, if not paid, could shut down the Debtors' operations. The Debtors have no current financing, its management does not know how much financing is actually necessary to keep the business running, and the business is at risk of irretrievable failure.

### B. The A&M Process

34. The reality is that the Debtors, having already once avoided a receivership initiated by BMO through a refinancing of their debt with TEC, have been attempting to refinance, once again, since early September 2017, without any success.

35. On September 8, 2017, following a payment default by Ranch on September 1, 2017, and in response to repeated requests by TEC for the Borrowers to outline and implement a refinancing strategy as regards to the repayment of the Indebtedness, the Borrowers engaged Alvarez & Marsal Canada Securities ULC ("**A&M**") to act as their financial advisor. A copy of the engagement letter from OpsMobil dated September 8, 2017 is marked as **Confidential Exhibit "N"** but not attached hereto. A copy of the engagement letter from Ranch dated September 8, 2017 is marked as **Confidential Exhibit "O"** but not attached hereto.

36. Between September 8, 2017 and May, 2018, A&M ran an extensive capital raise process (the "**A&M Process**"), during which time, TEC, in an effort to support a successful refinancing, worked alongside management to put together a series of acquisitions (the "**Acquisition Pipeline**") focused on enabling the company to fully utilize the Gas Plant, which would reduce operating costs and enhance corporate profitability.

37. In order to both support OpsMobil's and Ranch's efforts to repay the Indebtedness through the Capital Raise Process, and to protect the value of the Ranch Lenders' and Ops Lenders' collateral, TEC agreed to amend and restate the Promissory Note seven times between October 19, 2017 and April 13, 2018, each time providing additional loans to Ranch to support its ongoing and exigent working capital requirements, failing which, Ranch would have been unable to operate and would have been insolvent. The total of these new loans, used to fund the emergency financing needs of Ranch and OpsMobil during the A&M Process, which the Borrowers could not fund on their own, is $7,260,000 over the course of the six month period indicated

above. This amount of emergency financing loans is equal to approximately 85% of the initial indebtedness pursuant to the Promissory Note.

38. During the course of the A&M Process, A&M secured an indicative term sheet from an equity fund based out of New York City (the "**Investment Partner**") for $100 million. However, as the Investment Partner's due diligence progressed, medium term gas market prices reduced, and the Acquisition Pipeline failed to materialize, which put pressure on Ranch's business plan and delayed completion of the A&M Process.

39. Concerned with the lack of meaningful progress towards a successful refinancing, TEC sought a meeting with A&M and Debtors' management on May 3, 2018. Tobber represented that the Investment Partner was still pursuing the refinancing diligently, and that the Acquisition Pipeline remained intact, notwithstanding the substantial delays in moving those deals forward. Tobber also announced his intent to purchase Predator, but agreed to substitute Ranch as purchaser and work with TEC to complete proper due diligence for such purchase. TEC made it clear that in order to bridge the final stages of the A&M Process, on the condition that the Investment Partner was likely to close the refinancing, TEC would consider funding accretive acquisitions if those acquisitions needed to occur immediately.

40. On or around May 16, 2018, the Investment Partner withdrew from the A&M Process, having concluded its due diligence, citing prevailing natural gas market price conditions, the inability to secure the Acquisition Pipeline, and the complexity of Ranch's further revised business plan. With no other interested parties, the eight month long A&M Process was ultimately unsuccessful in raising either equity or debt capital to refinance and repay the obligations under the Credit Agreement and Promissory Note.

41. In light of this recent eight month process, which was wholly unsuccessful, the CCAA Application fails to explain, in any way, how a process, with the same management team at the helm, would be successful this time around, and in particular, with no true financing in place to support it.

### C. The Lenders Have Lost Confidence in the Debtors' Management

42. As mentioned in the First Horrox Affidavit, TEC, on behalf of the Lenders, has lost complete faith in the management of the Borrowers, due in particular, to: the Debtors' management habitually failing to meet any of its cash flow projections or business milestones, which were provided to TEC in order to induce its further financing support; the manner in which the Borrowers' business and financial affairs have been managed over the preceding year; and the manner in which the Borrowers propose to conduct their business and financial affairs in the future, including as outlined in the CCAA Application.

43. In this regard, I refer, most recently, to the facts described in the Affidavit of Casey Howell sworn on July 4, 2018 (the "**Howell Affidavit**"), in which the Debtors' management submitted incomplete 4-week cash flows, which not only failed to

account for a substantial payment owed to a supplier believed to be "critical" by TEC, but lacked any substantive explanations for many of the additional amounts. A copy of the Howell Affidavit is filed in the Court record.

44. As a result, the Lenders will not support any further process in which the management of the Borrowers remains in possession and control of the Borrowers' property, assets or undertakings. Since the Debtors have no operating capital, and no real alternative financing in place, the Debtors simply cannot continue to operate the businesses without further deteriorating the values of the Lenders collateral, who, as of this date, have been forced to continue advancing funds to protect said collateral, and this despite not being able to agree on forbearance agreements. It is my opinion that the Borrowers' management, and in particular Tobber, believe they are entitled to an endless supply of money, in order to pursue a business "plan" that simply cannot be implemented by Tobber.

## IV. The Inevitable Prejudice Caused by the Proposed CCAA Funding

45. The CCAA Application, at paragraphs 83 to 86, forecasts the use of an interim financing from Predator in an amount of $400,000 and states that Ranch will require additional interim financing of approximately $3.5 million over the 13-week period from July 2, 2018 to September 29, 2018, representing a total interim financing of $3.9 million (the "**CCAA DIP**").

46. As per the terms of the Interim Stay Order issued July 4, 2018, TEC has undertaken to provide emergency funding relief to the Borrowers in an amount of $856,000 to fund critical suppliers in the days following the issuance of the Interim Stay Order. To what extent that emergency funding will impact the quantum of a potential CCAA DIP remains to be determined as of the date hereof, given that TEC has not had access to revised cash flows, but in any event, the CCAA DIP being contemplated is likely to represent a significant financing that would enjoy a super-priority ranking above the secured Indebtedness (but below the Charge granted to secure the Interim Borrowings in the Interim Stay Order of July 4, 2018, unless these Interim Borrowings are reimbursed by the CCAA DIP).

47. TEC believes that the approval of the CCAA DIP would severely prejudice TEC's position as secured creditor, and that considering market conditions and the bloated infrastructures maintained by the Debtors' management, the Lenders are already unlikely to recover their entire Indebtedness through a going-concern-sale.

48. In this regard, Ranch's asset valuation at paragraph 78 of the Tobber Affidavit is grossly overstated, in part because it appears that the value of the property, plant and equipment ($80,798,543), is based on the Jedex gas plant valuation described at paragraph 56 of the Tobber Affidavit, which valuation is questionable at best, considering that it is well-established that in light of current market conditions, the value of the Gas Plant is a fraction of what is suggested in the Jedex report.

49. I believe that the A&M Process was a thorough and well-run financing process, which broadly canvassed the marketplace, allowing Ranch to solicit capital from most relevant financiers across North America, however the process ultimately failed.

50. My own summary assessment of TEC's recovery highlights that in a liquidation scenario, the combined values of the Ranch and OpsMobil assets would be insufficient to completely reimburse the Indebtedness. While TEC's intention remains to effect a going concern sale of the Ranch and Ops business operations in a receivership, the fact remains that it is also unlikely such a sale will yield sufficient proceeds. A copy of my recovery analysis is marked as **Confidential Exhibit "P"** but not attached hereto.

51. It should be remembered that the net decommissioning liabilities of Ranch will have an important impact on the value of the overall assets in any sale process, and will limit, to an extent, the purchase price that any informed purchaser will be willing to pay.

## V. THE PREDATOR ASSETS AND ASSOCIATED REGULATORY ISSUES

52. In their CCAA Application, the Borrowers argue that a receiver appointed under the BIA will face hurdles in conveying certain assets (the "**Predator Assets**") purchased by Ranch from Predator Oil BC Ltd. ("**Predator**") in July 2017, given that a successful transfer of these wells and facilities would require the transfer of the associated permits (the "**Permits**") issued by the British Columbia Oil and Gas Commission (the "**BCOGC**"), which Permits are presently held in trust by Predator.

53. TEC's view is that the hurdles to the transfer of the Permits and the sale of the Predator Assets will be present regardless, whether such sale is effected through a receivership or a CCAA sale process. These complications are the direct result of the mismanagement of the assets and a series of careless decisions of Tobber which have caused the control over the Permits and the control over the Predators Assets to be vested in two separate legal entities.

54. In order to examine the merits of the regulatory arguments presented by the Borrowers, it is useful for this Court to understand how the purchase of the Predator Assets and the subsequent purchase of Predator's shares by Tobber were implemented.

### A. The Purchase of the Predator Assets

55. On March 31, 2017, a letter of intent was executed by OpsMobil with Predator to purchase the Predator Assets. This letter was presented to TEC in early April 2017, in support of the request by OpsMobil management that TEC fund 100% of the acquisition, on the basis that it would (a) immediately be accretive to the collateral coverage of TEC's indebtedness, and (b) would provide OpsMobil with its first asset management contract and help that business to sell further contracts to third parties.

56. With the LOI in hand, as is typical in a financed acquisition scenario, TEC performed its own due diligence as well as a review of the due diligence results obtained by

OpsMobil, only to realize OpsMobil had done virtually no diligence of its own. As a result, TEC informed OpsMobil's management that the proposed April 20, 2017 closing date was unrealistic, although TEC was willing to support it in this transaction, subject to having the necessary time to conduct proper due diligence.

57. Accordingly, TEC, acting on Ranch's behalf and with its agreement, hired third party production engineers to diligence the asset package, including a thorough review of the cost structure of the assets. TEC's review of costs was complicated by the fact that Predator had refused to provide additional due diligence materials beyond those provided to OpsMobil, since OpsMobil's management had already falsely represented to Predator that its due diligence was almost complete and that a closing was imminent, the result being, that over time, the value of the Predator Assets decreased.

58. On May 8, 2017, Ranch and Predator entered into a purchase and sale agreement (the "**PSA**"). On May 9, 2017, TEC provided Ranch with indicative terms for the financing of the acquisition of the Predator Assets, which were accepted by Tobber on May 10, 2017, as appears from an email chain from May 9 and 10, 2017, marked as **Exhibit "K"** and attached hereto. These terms were indicative, since at this time, TEC was not yet close to being satisfied that the deal made any commercial sense, since no legal due diligence (including title diligence) had been completed, and wouldn't be for a number of weeks, and no commercial due diligence (aimed at valuing the underlying assets) had been finalized.

59. On May 17, 2017, TEC received an interim valuation report that materially adjusted the valuation of the assets and that remained subject to further due diligence. The work required to satisfy TEC that TEC's borrowing base was sufficiently robust would not be finalized until June 30, 2017, whereupon TEC issued revised financing terms to Ranch. Tobber and the Ranch team worked extensively with TEC throughout the due diligence process and were aware of the issues being presented.

60. In the interim period between execution of the PSA and closing, TEC was required to assist Ranch with significant legal diligence in order to ascertain the nature of the assets being purchased. TEC engaged its legal counsel to assist, who determined that Ranch had not obtained a Title Report with respect to the Predator Assets they were purchasing.

61. On June 16, 2017, Ranch, OpsMobil and Predator entered into the Amended & Restated Trust Agreement (Exhibit "F" to the Tobber Affidavit), pursuant to which Predator agreed to hold the Permits in trust for Ranch. TEC had been provided with a draft of the Trust Agreement along with the PSA and other ancillary deal documents, at 1:21pm on May 8, 2017, the date on which Ranch executed the PSA with Predator, giving no reasonable opportunity for TEC to review the proposed agreements in advance of Ranch obligating itself pursuant to the PSA.

62. A form of the Trust Agreement had been appended to the PSA as Schedule "N". Under the PSA, Predator and Ranch each agreed to execute and deliver the Trust Agreement at the closing of the sale transaction in the form of the agreement set out

in Schedule "N". The Trust Agreement was negotiated because, at the time of the entering into of the PSA, Ranch was not certain that it would be able to cause the BCOGC to approve the transfer of the Permits into its name from Predator. Accordingly, Predator, Ranch and OpsMobil determined among themselves that the best way to deal with the likely lack of the BCOGC's consent to the transfer of the licenses would be for Predator to continue to hold the licenses in trust until such time as Ranch was able to become BCOGC compliant.

63. Under the form of the Trust Agreement appended to the PSA as Schedule "N", Ranch undertook to pay to Predator an escalating monthly sum to compensate Predator for acting as the trustee. The form of Trust Agreement that was executed and delivered by the parties at closing of the sale transaction contained an escalating fee payment schedule, but, in each case, the fees had been renegotiated and increased substantially from those that had been agreed to in the original form of the Trust Agreement that was appended to the PSA:

| Fees payable in form of Trust Agreement in Schedule "N" (original form) | Fees payable in form of executed Trust Agreement |
|---|---|
| Months 1 to 3: $35,000 | Months 1 to 3: $42,500 |
| Months 4 to 6 : $75,000 | Months 4 to 6 : $86,250 |
| Months 7-9 :$100,000 | Months 7-9 :$115,000 |
| Months 10 to 12: $120,000 | Months 10 to 15: $138,000 |
| | Months 16-20: $200,000 |
| | Months 23-24 :$275,000 |

64. Tobber complains repeatedly in the Tobber Affidavit that TEC has unfairly burdened Ranch's ability to utilize its cash resulting in this current situation, meanwhile, Tobber has negotiated terms that amount to giving away cash or otherwise encumbering its cash flow to Predator under the Trust Agreement.

65. In addition, in the Trust Agreement, Ranch also agreed to permit Predator to sweep 25% of the monthly net cash flow derived from the operation of the assets into a trust account to be allocated to abandonment and reclamation obligations and other environmental liabilities, and from the 13th month until May 31, 2019, an additional further 25% of the net cash flow to be paid into trust to fund the BCOGC deposit. These latter obligations also were not contained in the original form of the Trust Agreement appended as Schedule "N" to the PSA.

66. During its due diligence process, TEC was focused on Ranch's expected Liability Management Rating ("**LMR**"), which was proposed at closing to be close to 1.00, as the deal conditions established that Predator would maintain the Permits in trust for Ranch until such time that Ranch was financially ready to assume them.

67. TEC was told that Predator had placed a letter of credit with the BCOGC for $15 million, of which $12 million related to the Predator Assets, with the balance related to other assets. TEC would rely on an analysis by Niven Fisher, who were working with Ranch on its LMR management strategy, that showed Ranch could materially

improve its LMR over time if it undertook a structured asset retirement program each year. Niven Fisher concluded that "*the Ranch LMR forecast through December, 2021 is plausible and possibly conservative.*" A copy of the Niven Fisher analysis is marked as **Exhibit "Q"** and attached hereto.

68. Management at Ranch committed to TEC that it would comply with the recommended program, and that the company had the wherewithal to proceed on this basis. On June 11, 2017, Tobber emailed me and stated as follows:

> "*I have updated the LMR forecast to reflect the conditions of the trust agreement. As discussed on Friday, the asset improves every month under the trust agreement, thus lowering our potential security obligation to the OGC. ... I note that both Predator and Penn West were below 1.0 at the time of transfer, we are above one and there is no scenario in which we will be below 1.0 after closing and before the repayment of the loan or the end of the trust agreement.*"

A copy of the email from Tobber to myself dated June 11, 2017 is marked as **Exhibit "R"** and attached hereto.

69. TEC also noted that (a) the Gas Plant which formed part of the Predator Assets was subject to an onerous and non-arm's length sales pipeline tariff between the seller and the seller's sister company, Tidewater Midstream and Infrastructure Ltd. ("**Tidewater**") (the "**Tidewater Sales Pipeline Contract**"), and (b) the amount of gas being processed through the Gas Plant was substantially below the Gas Plant's nameplate capacity.

70. TEC believed that the Tidewater Sales Pipeline Contract materially reduced the value of the Gas Plant (and by extension, the Predator Assets), as the cost of transporting gas from the plant was significantly higher than market comparables, while the low existing throughput at the Gas Plant also made the Gas Plant unattractive to third party investors and potentially reduced the value of the plant to almost nothing.

71. On July 10, 2017, TEC funded the acquisition and Ranch purchased the Predator Assets. TEC structured the financing of the assets as a promissory note, largely due to the time limitations inherent in the deal, again because the seller had previously been told that OpsMobil was ready to close far in advance of due diligence having been actually completed. TEC was instrumental in the acquisition of the Predator Assets by Ranch, as appears from (a) an email between Ryan Tobber, myself and Arif Bhalwani, dated July 7, 2017, marked as **Exhibit "S"** and attached hereto, and (b) an email chain between Ryan Tobber, myself and Arif Bhalwani dated July 10, 2017, marked as **Exhibit "L"** and attached hereto.

72. TEC made it clear that its agreement to fund the transaction was only on the basis that (a) Ranch would provide OpsMobil with its first asset management contract, which would be accretive to that business and improve that business' ability to service its debt, and (b) Ranch would become a guarantor under the OpsMobil Credit Agreement.

73. TEC was also unequivocal with the management team at Ranch. On the day of closing the Ranch deal, I instructed Tobber that the financing of Ranch's purchase of the Predator Assets was management's last chance to turn the prospects for the companies around, and that management should not expect any further financing support from TEC going forward. Management agreed that they would start looking for a new financing partner at that time. Despite this, TEC continued to support the companies through the A&M Process by providing the emergency financing pursuant to the amendments to the Promissory Note mentioned above.

### B. The Purchase of Predator's Shares

74. On May 3, 2018, at a meeting between TEC, A&M and Ranch, Tobber advised TEC that he was working directly with the shareholders of Predator to purchase Predator in a no-cash transaction.

75. Tobber indicated that he had negotiated a deal to purchase 100% of the shares of Predator for $9 million, such consideration to be paid by Tobber to Predator's shareholders through an unsecured debt instrument backed by Tobber's personal guarantee. I believe that Predator's shareholders were already aware of the size of the TEC loans, and that Tobber had provided his unlimited personal guarantee to TEC in support of those loans.

76. TEC was immediately suspicious that any shareholder would sell an asset for zero cash consideration, especially given that the consideration being bargained for would be unlikely to be paid given Tobber's extensive personal debts, but recognizing that taking control of the entity that held Ranch's operating licenses made *prima facie* sense, TEC agreed to look into the deal with Tobber to ascertain its merits.

77. Tobber also agreed with TEC that the deal would only make sense if it was implemented with Ranch being the purchaser. Through this structure, Predator and Ranch could be amalgamated, reunifying the BCOGC operating licenses with the beneficial interests.

78. According to paragraph 51 of the Tobber Affidavit, on June 15, 2018, Tobber caused 2118469 Alberta Ltd. ("**211 Alberta**"), a company of which he owns all the shares, to acquire all the shares in the capital of Predator for a purchase price of $7 million.

79. Tobber did not at any time inform me or anyone else at TEC that he was moving forward with the purchase of Predator's shares until TEC noticed Tobber was listed as a director on a corporate search of Predator a full week after the deal was completed, which was during the time he was leading the negotiations with TEC around potential forbearance terms. It was only when confronted with this information that Tobber finally admitted to the purchase of Predator's shares.

80. The transaction for the purchase of Predator's shares is a breach of Tobber's previous representations to TEC to work with TEC transparently and in good faith towards a full repayment of the TEC indebtedness, and is further evidence as to why TEC cannot agree to have Tobber manage or influence, in any way, the recovery of the Indebtedness.

### C. The Borrowers' Plan

81. The Borrowers advocate in favour of a plan which would result in Predator being amalgamated with Ranch to form an amalgamated corporation (**"Amalco"**), pursuant to which 211 Alberta would be granted a convertible secured debenture for the amount of its economic interest being contributed, which would rank equally with the security in favour of TEC, and would be convertible into common shares of Amalco.

82. The Borrowers' plan represents a transparent attempt at providing a benefit to the shareholders of Predator, by securing their "economic interest" over the assets of an insolvent company, being Ranch, at the expense of its creditors.

83. According to the Borrowers, this plan would allow the Permits to be held by Amalco by operation of law, thus circumventing the need for the BCOGC to consent to the transfer of the Permits. They represent that this process would be superior to a receivership process in which the Receiver would seek to secure a transfer of the Permits from Predator to Ranch. However, in my view, this would allow for the same inferior management team to take over official, recognized operation of the Assets.

84. The reality is that even in an amalgamation scenario, Amalco would face regulatory constraints. The fact that an amalgamation may remove the need for an authorization from BCOGC to transfer the Permits does not mean that the BCOGC would be satisfied. Amalco would require a positive LMR in order to be compliant with the BCOGC's regulatory scheme and there is reason to believe that the amount of the current deposit held with the BCOGC is not sufficient to satisfy the LMR regulatory requirements in relation to the Predator Assets.

85. In light of the foregoing, Amalco may be required to fund additional deposit amounts with the BCOGC in order to carry on its business, but has not been able to identify how it would do so. This scenario would complicate, if not seriously impair, any sales process to be undertaken by Amalco, as Amalco would not be able to demonstrate to the BCOGC or a purchaser that it will have a positive LMR post a transfer of any of the Predator Assets. Moreover, I believe that any purchaser would discount the purchase price to account for the unfunded LMR related liabilities.

86. In that regard, as the result of an amalgamation, Amalco would inherit not only the assets, but also the liabilities of Predator and Ranch. Although Predator's exact liabilities are unknown, TEC has reason to believe that Predator has a history of regulatory non-compliance. A search on the OGC online database highlights the following recent orders issued in respect of Predator operations.

a) Enforcement Order (General Order 2018-010) dated June 19, 2018: regarding a remedial action plan to manage identified contamination;

b) Enforcement Order (General Order 2017-102) dated October 23, 2017: non-compliance of Drilling and Production Regulation about an inactive well (Resolved);

c) Enforcement Order (General Order 2017-103) dated October 23, 2017: liability management plan ordered regarding decommissioning and restoration work for a $5M reduction of deemed liability under the LMR;

d) Enforcement Order (General Order 2017-090) dated July 14, 2017: order for site investigation report for contaminated soils and waste removal at a specific site; and

e) Enforcement Order (General Order 2017-091) dated July 14, 2017: Order for a plan to remediate soils and groundwater;

as appears from a copy of said orders marked as **Exhibits** "T" to "X", respectively, and attached hereto, *en liasse*.

87. TEC is also informed that the operations of Predator and Ranch are currently being scrutinized by the BCOGC. In fact, on June 28, 2018, Tobber attended a meeting with the BCOGC, which meeting had been requested on numerous occasions by the BCOGC, and only finally occurred. I understand that eight individuals from the BCOGC attended this meeting with Tobber and a representative from Sproule, demonstrating, in my view, the BCOGC's concern with Ranch. Interestingly, the details of that meeting are not mentioned in the Tobber Affidavit.

88. TEC also believes that it is likely the BCOGC would prefer for the Ranch assets and associated Permits to be under the care and custody of the Receiver, with access to proper funding and court oversight, as opposed to the individual directors that have been associated with the Ranch and Predator regulatory issues to this day.

89. Contrary to what is alleged in the Tobber Affidavit, TEC is well-aware of the potential regulatory hurdles that could arise in a receivership in connection with the sale of the Predator Assets. TEC is of the view, however, that the Receiver could secure a transfer of the Permits from Predator, whether consensually or by Court order, and by engaging with BCOGC. TEC understands that a key part of the process will be to pro-actively engage with the BCOGC (as opposed to Ranch's approach which appears to be aimed at putting off discussions with the BCOGC and circumventing its rules) and is prepared to work responsibly with the BCOGC to deal with Ranch's circumstances, recognizing the economic realities of the situation that Ranch has put itself into.

90. In that regard, TEC strongly disagrees with Tobber's assessment of Ranch's obligations under the Trust Agreement, including those set out in paragraph 89 of the Tobber Affidavit, wherein he states that amounts of up to $4,364,174.9 are payable to Predator before Predator is obligated to initiate the transfer of the Permits to Ranch.

In fact, the Trust Agreement provides that the only obligation of Ranch is to become BCOGC compliant before it may issue a notice to Predator to trigger the Permit transfer process. Contrary to what is asserted by Tobber, the payment obligations to Predator are not linked to Predator's Permit transfer obligations. Predator's "discretion" that is referred to in paragraph 89 of the Tobber Affidavit only arises where Ranch has elected to acquire from Predator less than all of the Permits.

91. TEC firmly believes that the determination to have the Permits held back by Predator and separated from the mineral leases to which the Permits relates was purely a construct of Ranch and Predator, designed to enable Predator and Ranch to complete the sale, and thereafter, enable Ranch to operate the assets without obtaining the requisite consent of the BCOGC to the transfer of the Permits (which is a rule of the BCOGC that all other operators typically comply with in these circumstances).

92. As a result, it is the dealings of Predator and Ranch that have created this complicated situation and Tobber should not be permitted, as a result of 211 Alberta's subsequent undisclosed acquisition of Predator, to leverage the regulatory issues so as to structure a transaction that advantages the stakeholders of Predator.

## D. The Conflict of Interest and Collateral Use of the CCAA

93. The Tobber Affidavit displays a deep-seated conflict of interest which stems from the fact that Tobber controls OpsMobil and Ranch, on one hand, as well as Predator, on the other hand.

94. I believe that the interests of Ranch (or those of a Receiver appointed to its assets) are not aligned in every respect with the interests of Predator. Indeed, Ranch and its stakeholders have an interest in securing the transfer of the Permits from Predator at the lowest possible cost, while Predator has an interest in minimizing its liabilities as regards the BCOGC and securing the payment of the amounts allegedly owed to it by Ranch, as appears from paragraph 89 of the Tobber Affidavit.

95. In light of this situation, I am informed that Ranch and Predator are in fact represented by two different law firms in these proceedings, being Gowling WLG and Blake Cassels and Graydon LLP, respectively.

96. In addition, the Tobber Affidavit clearly confirms that the CCAA sought to be implemented by the Borrowers aims at promoting the interests of parties who are not stakeholders of the CCAA applicants, namely, the stakeholders of Predator, including its former shareholders:

> "97. *In order to protect maximize the value of the PNG Assets for all of the stakeholders of Ranch, and ensure that the Permits were protected, I caused 211 Alberta to acquire all of the shares in Predator.* ***Provided that the economics interests of Predator's stakeholders are protected, including those of the former stakeholders, I intent to ensure to cause Predator to assist the Applicants in securing the Permits for the benefit of all of the stakeholders of Ranch, including Third Eye***." (our underlining)

97. I do not believe that the Borrowers can resort to the CCAA process to further the interests of stakeholders of non-CCAA applicants who have, at least in part, divergent interests. It is also improper to raise, in so doing, potential regulatory issues as a threat that they, only, can resolve, through the collaboration of Predator, an entity controlled by Tobber.

98. In that regard, the Tobber Affidavit seems to indicate that Predator would indeed cooperate with a court officer to effect a transfer of the Permits in a CCAA, but not in a receivership: "*In this case, there are significant hurdles to a Receiver securing those Permits without the cooperation of Predator*" (Tobber Affidavit, para. 87).

99. TEC submits that Tobber, as sole director of Predator, has a fiduciary duty to Ranch, as very clearly laid out in the Trust Agreement, and should know that Predator has no beneficial interest in the licenses except as held in trust for Ranch. To hold up the transfer of those licenses pending settlement of an unsecured credit (which Tobber himself, as the controlling director of Ranch, failed to pay as those amounts became due, as appears from the Tobber Affidavit, para. 89) would be a breach of the Trust Agreement.

100. I believe that Tobber, who has a duty as director of OpsMobil and Ranch to maximize the recovery for the creditors of these entities, cannot adopt the foregoing position through his control of Predator without breaching the duty of care he owes to the creditors of OpsMobil and Ranch, simply because the court-ordered insolvency process may not be to his liking.

101. I believe that such posturing amounts to a manipulation of the regulatory and insolvency process which should not be condoned by this Court.

## VI. CONCLUSION

102. As this Affidavit was being finalized, we received a letter dated July 5, 2018, in which counsel for ECN Aviation Inc. sent a Notice of Disposition of Collateral to OpsMobil in light of unpaid obligations amounting to $1,079,954.39. A copy of this letter and notice dated July 5, 2018 is marked as **Exhibit "Y"** and attached hereto, and emphasizes the urgency of these proceedings and the Borrowers' mismanagement of their Assets.

103. I swear this affidavit in support of (i) the application of TEC for the appointment of E&Y as receiver of the Borrower, and (ii) TEC's contestation of the CCAA Application, and not for any improper purpose.

SWORN (OR AFFIRMED) BEFORE ME at the City of Sarasota, Florida, this 6th day of July, 2018.

Notary Public

Katti Seger

Notary Public State of Florida
Katti Seger
My Commission FF 906566
Expires 08/04/2019

MARK HOLLOX

This is Exhibit "A" referred to in the Affidavit of Mark Horrox made before me on this 6th day of July 2018.

Notary Public State of Florida
Kalli Seger
My Commission FF 906566
Expires 08/04/2019

Kalli Seger

A Notary Public in and for the State of Florida

751610 v1

**Ron Yaworski**

| | |
|---|---|
| **From:** | Ryan Tobber <ryan.tobber@opsmobil.com> |
| **Sent:** | Thursday, October 22, 2015 9:38 PM |
| **To:** | Arif N. Bhalwani |
| **Cc:** | Mark Horrox; Blair Milroy; Robert Foster; Jim Hill |
| **Subject:** | Re: Leases Helicopters |
| **Attachments:** | Outstanding Tenders 102215 - Sheet1.pdf |

Hi Arif,

Thank you for email. I actually just got of the phone with Mark who provided me with an update as well prior to receiving this.

I realize that TEC is not the cause of the issue at hand, but rather the solution, and I hope there was no offence taken. There has been many moving pieces in this restructuring and I am very much looking forward to concluding the refinance with your company.

Following my conversation with Mark, I spoke with Kim Mizera (our lessor) tonight and explained to him that we hoped to receive confirmation from BMO tomorrow that they have granted us the two week extension to the Monday deadline. If we can get that confirmation tomorrow then he confirmed he will not pull his aircraft. He has been very supportive of the company thus far, and is willing to continue to work with us, he just can not risk a fight with a receiver.

On another note, I have attached a brief summary of the tenders that we are working on that I mentioned earlier this week. We are excited about these opportunities as they represent new work (with the exception of the ~$3mm pilot op rev/yr at Ring) outside of the historical business lines and as well as revenue/margin in our off season. I am very focused on getting these awarded over the coming weeks.

Should you have any questions, feel free to give me a call. Thanks again for the updates tonight - it gives me something to keep the wolves at bay.

Regards,

*Ryan Tobber*
**President & CEO | OpsMobil Inc**
1200, 815-8th Ave SW Calgary, Alberta T2P 3P2
Phone: (403) 930-1702
Cell:
(403) 797-0375
Email: ryan.tobber@opsmobil.com
www.OpsMobil.com

*"Safely provide value-added operational excellence and efficiency for our clients and stakeholders."*

On Thu, Oct 22, 2015 at 8:32 PM, Arif N. Bhalwani <arif@thirdeyecapital.com> wrote:

**Ryan,**

We are not the cause of the appropriation by your main lessor and it is regretful that you would implicate us with your incumbent lenders. We have been diligently working to reach an agreement with Nabors, which if achieved, would permit us to come to terms with BMO, and help you avert certain loss of your business.

Please let us know if your main lessor will agree to revoke its decision if we can resolve negotiations with BMO and thereby extend the Monday deadline. Otherwise, given the major impact on your business resulting from such action, we will need to reconsider our interest in proceeding further.

Kind regards,

Arif

---

**From:** Blair Milroy <blair@capitalcanada.com>

**Sent:** Thursday, October 22, 2015 9:26 PM

**To:** Mark Horrox

**Cc:** Robert Foster

**Subject:** Fwd: Leases Helicopters

FYI...see below

Sent from my iPhone

Begin forwarded message:

> **From:** Ryan Tobber <ryan.tobber@opsmobil.com>
> **Date:** October 22, 2015 at 8:19:54 PM EDT
> **To:** Blair Milroy <blair@capitalcanada.com>, Robert Foster <Foster@capitalcanada.com>
> **Subject: Leases Helicopters**
>
> Guys,

I have just be advised that one of our main lease companies (we have 7 machines from them) wishes to have all their machines returned by Saturday. This action is due to the fact that we have no confirmation whether there is a deal in place with TEC and BMO, and or if the Monday deadline has been extended.

This of course will have a major impact on our operations and contracts. I have stressed many times that the process needed to get moving, so from Nabors, to TEC and now BMO they all have managed to insure we have run out of time. The posturing needs to stop and a deal needs to get done.

We need some action tomorrow morning.....hopefully it happens.

Regards,


*Ryan Tobber*

**President & CEO | OpsMobil Inc**

1200, 815-8th Ave SW Calgary, Alberta T2P 3P2
Phone: (403) 930-1702
Cell:
(403) 797-0375
Email: ryan.tobber@opsmobil.com
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# Outstanding Tenders 102215 - Sheet1

**Select Outstanding Tenders**

Date: Oct 22, 2015

| Tender # | Client | BU | Contract Type | Rev Type | Tender Type | Scope | Tender Value | Planned Margin | Est Start | Est Finish | Rev / Mon | Margin / Mon | Comments |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| PR15001 | Endurance Energy | Production | Asset Mng | Reocurring | Negotiated - Sole Source | Complete operation of the Fort Nelson assets - includes pilot operators | $9,096,061 | $2,644,405 | 1/1/2016 | 12/31/2016 | $758,005 | $220,367 | On the 3rd round of review - pending review with the executive in the next week or so. Estimated 50% cost savings to their current operations |
| PR15002 | CNRL - Ring Border | Production | Asset Mng | Reocurring | Negotiated - Sole Source | Complete operation of the Ring Border field (NEBC) assets - includes pilot operators which is an existing contract of OpsMobil | $8,615,665 | $2,520,189 | 12/1/2015 | 11/30/2016 | $717 972 | $210,016 | On the 2nd round of review - CNRL takes over this property on November 4, 2015. OpsMobil has had the pilot operations portion of this contact since 1994 (currently ~$2.5-$3mm/yr in rev) |
| PR15003 | CNRL - Helmut | Production | Asset Mng | Reocurring | Negotiated - Sole Source | Complete operation of the Fort Nelson assets in the Helmut field - includes pilot operators | $7,939,763 | $2,336,564 | 1/1/2016 | 12/31/2016 | $661,647 | $194,714 | On the 2nd round of review - currently supporting CNRL in equalizing our price to their current operations. Estimated 20-30% cost savings |
| PR15004 | GS E&R - Maxhamish | Production | Asset Mng | Reocurring | Negotiated - Sole Source | Complete operation of the Fort Nelson assets - includes pilot operators | $3,136,544 | $899,832 | 12/1/2015 | 11/30/2016 | $261,379 | $74,986 | On the 2nd round of review - currently repricing to lump sum as they do not want to go back to Korea for budget increases (lump sum will increase the margins) |
| IN15112 | CNRL - Horizon | Industrial | Construction | Project | Competitive Bid | Tailing Hydro Transport 28" pipelines, Structural supports, Mechanical pump and building install | $11,625,893 | $1,558,800 | 11/13/2015 | 5/31/2016 | $1,937,649 | $259,800 | Submitted the tender last Friday, client phone Monday morning sounding enthusiastic - post bid review scheduled with the client for next Tuesday |
| IN15120 | Tunda Oil & Gas | Industrial | Construction | Project | Price - Sole Source (Historically) | Cromer Facility Mods & Adds to Integrate with Virden Terminal Interconnect | $2,192,647 | $364,700 | 11/3/2015 | 1/16/2016 | $877 059 | $145,880 | Bid will be submitted tomorrow morning - we have completed 4 projects for this client over the last year and to our knowledge all have been sole sourced. We anticipate a quick award. |
| | | | | | | | $42,606,572 | $10 324 490 | | | $3 550 548 | $1,105,762 | |

This is Exhibit "B" referred to in the Affidavit of Mark Horrox made before me on this 6th day of July 2018.

Kalli Seger

A Notary Public in and for the State of Florida

Notary Public State of Florida
Kalli Seger
My Commission FF 906566
Expires 08/04/2019

751510 v1

**CONFIDENTIAL**

**Exhibit B**

Filed under confidential seal.

This is Exhibit "C" referred to in the Affidavit of Mark Horrox made before me on this 6th day of July 2018.

Notary Public State of Florida
Kalli Seger
My Commission FF 906566
Expires 08/04/2019

Kalli Seger

A Notary Public in and for the State of Florida

**CONFIDENTIAL**

**Exhibit C**

Filed under confidential seal.

This is Exhibit "D" referred to in the Affidavit of Mark Horrox made before me on this 6th day of July 2018.

Notary Public State of Florida
Kalli Seger
My Commission FF 908566
Expires 08/04/2019

Kalli Seger

A Notary Public in and for the State of Florida

751610 v1

## Melia Azouz

**From:** Ryan Tobber <ryan.tobber@opsmobil.com>
**Sent:** Wednesday, December 14, 2016 4:00 PM
**To:** Mark Horrox
**Cc:** Arif N. Bhalwani; Charles Bougie
**Subject:** Re: FW: RE: Aircraft payment

Thank you for your email.

We have just finished our meeting with Kim and I believe we have a path forward based on the structure you provided below. Please give me a call when you have a chance to discuss.

Thank you again for providing me the email below as it allowed us to have a very productive meeting with Kim.

Regards,


*Ryan Tobber*
**President & CEO | OpsMobil Group Inc**
1200, 815-8th Ave SW Calgary, Alberta T2P 3P2
Phone: (403) 930-1702
Cell:
(403) 797-0375
Email: ryan.tobber@opsmobil.com
www.opsmobil.com


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On Wed, Dec 14, 2016 at 11:58 AM, Mark Horrox <Mark@thirdeyecapital.com> wrote:

Ryan

Subject to seeing the model and working through the whole picture, we would consider financing for assetco as follows:

- A term bridge facility at asset co sufficient to buy the Ops assets at FMV. This is subject to there being a business plan in place with Kim to build a viable assetco business, and Classic contributing the "Abitibi package" helicopters to assetco, as well as 185 contributing the yacht, and any other assets required for the business.

- We would envision this debt to be priced at 8% plus some form of participation if utilization on the assets is above a hurdle. The goal here is to provide a debt service level that is reasonable to the company.

- We would make up for the lack of interest return through a profit participation in the company.

- We would welcome being refinanced out by e.g. ATB and therefore the total package here will need to respect the takeout financing available.

In this scenario, we would also continue with an operating line at Ops that finances its receivables on a margined basis similar to the existing borrowing base (inventory would presumably have transferred to assetco). Additionally, we would consider providing additional capital to Ops on a 2:1 basis calculated according to the hard $$ annual cost cuts achieved in the remaining business. As an example, if you can actually cut an additional $1MM of annual costs we could finance an additional $2MM to Ops. Again, the goal here is to leave in place a financing that can be refinanced by e.g. ATB. This part of the financing is subject to a hard cost reduction plan, and a realistic plan for the CRA and GST payables.

Again, all of the above is subject to reviewing the model and discussing the go forward business in detail to our satisfaction.

We are happy to discuss.

Thanks

Mark

**From:** Ryan Tobber [mailto:ryan.tobber@opsmobil.com]
**Sent:** December-14-16 12:48 PM
**To:** Mark Horrox <Mark@thirdeyecapital.com>
**Cc:** Arif N. Bhalwani <arif@thirdeyecapital.com>; Charles Bougie <charles.bougie@opsmobil.com>
**Subject:** Re: FW: RE: Aircraft payment

Mark,

Please see my comments below expanding while providing clarity and context to your previous email.

Although we are meeting with Kim to discuss an assetco with a "bridge" as pitched to us from TEC, we have no idea what the terms of this potential bridge would be. In the meeting we had yesterday it was indicated the "some" of the debt would be moved into the asset co. There was no discussion on how much debt, what terms, what the remaining facility would look like, etc. This of course will be a concern to Kim, if the company can not honor any lease obligations due currently, how will OpsMobil be able to pay the leases to assetco? This is the very same issue with the 185 ATB plan, the company is in forbearance, TEC is sweeping cash, and there is no commitment or a even discussion to the nature of the facilities post closing of the transaction.

Since you have all the appraisals for potential assets of assetco, it would be helpful if you could outline the terms of the assetco bridge and the remaining credit facility that would be available to the company. With this information we can work with the other stakeholders to put a deal together.

Regards,

*Ryan Tobber*
**President & CEO | OpsMobil Group Inc**
1200, 815-8th Ave SW Calgary, Alberta T2P 3P2
Phone: (403) 930-1702
Cell: (403) 797-0375
Email: ryan.tobber@opsmobil.com
www.opsmobil.com

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On Wed, Dec 14, 2016 at 8:04 AM, Mark Horrox <Mark@thirdeyecapital.com> wrote:

> Ryan
>
> I managed to connect with Kim later last night. You told me that you'd spoken to him and that you had set up the meeting Kim references below, he indicated neither of these had happened hence the first email below. He also told me that he sent to you a letter agreement regarding the JEL deal some time ago, and therefore no other letter is required, which is not the discussion we have had together – can you explain this please.
>
> Kim is referring to the email I sent you on Nov 24, 2016 in which he supplied us with a copy of an unsigned agreement that contemplated the following: an immediate release of JEL, payment of the outstanding leases and then the credit would be applied. Furthermore, he tied a forward lease commitment in that letter which was not discussed nor agreed to. I am sure you recall this email and our telephone conversation on this. Kim has made many representations to us on the phone and via email that if we pay the net outstanding lease amounts and provide the release of JEL he would supply the credits. It should also be noted the amount he is asking for to prevent the cancelation of the leases is the net amount owed - further indication of his commitment to provide the credits.

I did speak to Kim yesterday as indicated in our last telephone conversation. Charles was with me at the airport last night so feel free to contact him to confirm as he and I discussed our calls as well as the call with Kim. I also asked Charles last night to attend the meeting with Kim today. Let me know if you wish to have the screen shot of my phone call log with Kim sent you to.

I outlined the assetco deal you pitched to us in our meeting to him, and he indicated his interest in being a part of that business, and went far enough to start outlining some business he can bring into assetco with his US based clients. I told him you will be reaching out to him this morning (per your conversation with me) and he told me he is free all morning to have the meeting with you.

To be clear we did not pitch you anything around an assetco involving TEC, Kim and us. Kim and I have discussed creating an asset co using funding from ATB, Charles confirmed this of interest to ATB. I further explained to you that following our meeting with Kim on this concept the following points were made very clear: pay up the outstanding leases, then we will talk. Kim's biggest concern in a potenial deal is how is OpsMobil going to pay the leases - who will have their operating credit line?

Can you please confirm once you have set up the meeting with Kim. We would like to have another call with you this morning to discuss this, as well as the revised 13 week cash flow – please advise a time for the same.

Thank you.

**From:** Kim Mizera [mailto:KimM@rilpa.com]
**Sent:** December-13-16 11:18 PM
**To:** Ryan Tobber <ryan.tobber@opsmobil.com>
**Cc:** Mark Horrox <Mark@thirdeyecapital.com>

**Subject:** RE: RE: Aircraft payment

HI Ryan

You are most likely in the air right now flying to Calgary so I send this email to confirm my understanding

subsequent to talking with Mark short time ago tonight.

I understand that you are planning to come for a meeting in the morning in regards to the outcome of your meeting with Mark

and feel you can offer a solution to our outstanding issues.

I will set aside the morning for your meeting request.

Kim Mizera

Rilpa Enterprises

RILPA ENTERPRISES LTD.
480 Aviation Way N.E., Calgary, Alberta T2E 7G3
Phone: (403) 275-3035 Fax: (403) 275-3312

**From:** Kim Mizera
**Sent:** Tuesday, December 13, 2016 8:42 PM
**To:** 'Ryan Tobber'
**Cc:** mark@thirdeyecapital.com
**Subject:** RE: RE: Aircraft payment

**Without prejudice**

Hi Ryan

I tried to give you a call so as not to have to advise the demand to cease operation of the helicopters and return of our property by email but was unable to reach you.

I have not heard from you today on the outcome of your meeting as agreed to.

I am by CC advising Mark the request for return of the helicopters by default as he requested and with my

assurance I would hold off advising of default of the leases and request of return for the helicopters pending outcome of your meeting, receipt of funds and release for JEL.

I have not heard the outcome or received the outstanding funds or release of JEL required, to advise differently.

We demand you to instruct your staff to cease flying of the Rilpa and Classic Helicopters and return the helicopters to our facility in Calgary immediately as you previously agreed to, pending your meeting.

The ones that are not operational will required to be delivered in the next few days. Please have this arranged.

The balance of the inventory if you can have available for inventory audit in your facility in Springbank first of the week.

We have been more that patient on supporting the operation and waiting for our payment and need to bring this closure.

Unfortunately it has come to this but the expectation for us to fund the operation is unrealistic and not sustainable for us.

Thanks

Kim

Kim Mizera

Rilpa Enterprises

RILPA
ENTERPRISES LTD.

480 Aviation Way N.E., Calgary, Alberta T2E 7G3
Phone: (403) 275-3035 Fax: (403) 275-3312

**From:** Ryan Tobber [mailto:ryan.tobber@opsmobil.com]
**Sent:** Friday, December 09, 2016 4:36 PM
**To:** Kim Mizera
**Subject:** Re: RE: Aircraft payment

Kim,

I am off to Toronto Monday for a Tuesday meeting with the President of TEC. I hope to have answers following that meeting. Can you work with me until then?

Regards,

*Ryan Tobber*
**President & CEO | OpsMobil Group Inc**
1200, 815-8th Ave SW Calgary, Alberta T2P 3P2

Phone: (403) 930-1702
Cell: (403) 797-0375
Email: ryan.tobber@opsmobil.com
www.opsmobil.com

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On Fri, Dec 9, 2016 at 4:18 PM, Kim Mizera <KimM@rilpa.com> wrote:

Hi Ryan

Thank you for the hard push with Mark but we are standing by our decision to end operation of the helicopters at the end of the day.

That being for greater clarity today December/9/2016.

We require your acknowledgment of this by the end of business today to avoid added loss of the availability due to use of the lease cancellation.

Kim Mizera

Rilpa Enterprises

RILPA
ENTERPRISES LTD.

480 Aviation Way N.E., Calgary, Alberta T2E 7G3
Phone: (403) 275-3035 Fax: (403) 275-3312

**From:** Ryan Tobber [mailto:ryan.tobber@opsmobil.com]
**Sent:** Friday, December 09, 2016 3:09 PM

**To:** Kim Mizera
**Subject:** Re: RE: Aircraft payment

Hi Kim

Thank you for the email. I forwarded this off to Mark and we are currently going back and forth with calls....I will advise as soon as I have an answer - I am pushing hard for the release and some cash for you.

Thanks again for your continued support.

*Ryan Tobber*
**President & CEO | OpsMobil Group Inc**
1200, 815-8th Ave SW Calgary, Alberta T2P 3P2
Phone: (403) 930-1702
Cell: (403) 797-0375
Email: ryan.tobber@opsmobil.com
www.opsmobil.com

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On Fri, Dec 9, 2016 at 1:37 PM, Kim Mizera <KimM@rilpa.com> wrote:

Hi Ryan

Thank you for the talk last night. Can you advise if Third eye is going to issue the release and payment today?

We have a few overlapping issues in our business that are driving our need to move forward or move on with the business arrangement with OPS both in the Rilpa and Classic

context as I explanted during our last meeting.

As agreed in our meeting with yourself and Charles, we need to receive the release and payment for of $250,710.35 as of today, which is the JEL transaction completed today or we have no interest in pursuing the option of offset on the Rilpa account which is represented as the difference between bucket 1 and 3.

As far as the Classic ships we need payment of the outstanding lease account.

Can you give me a call as the request for parts and service are still coming in from your staff and I do not wish to have miscommunication from our end and

need to arrange return of our property.


Kim Mizera

Rilpa Enterprises

RILPA
ENTERPRISES LTD.

480 Aviation Way N.E., Calgary, Alberta T2E 7G3
Phone: (403) 275-3035 Fax: (403) 275-3312


---

**From:** Kim Mizera
**Sent:** Thursday, December 08, 2016 2:47 PM
**To:** Cheryl Mizera; Ryan.Tobber@opsmobil.com
**Subject:** RE: RE: Aircraft payment

Hi Ryan

Can you give me a call? We have not heard and need to move forward. I would like to give you a call

to make sure we are going in the direction you are aware of.

Thanks

Kim

Kim Mizera

Rilpa Enterprises

RILPA

ENTERPRISES LTD.

480 Aviation Way N.E., Calgary, Alberta T2E 7G3

Phone: (403) 275-3035 Fax: (403) 275-3312

---

**From:** Cheryl Mizera
**Sent:** Thursday, December 08, 2016 1:26 PM
**To:** Ryan.Tobber@opsmobil.com
**Cc:** Kim Mizera
**Subject:** RE: Aircraft payment

As per our meeting Tuesday morning Dec 6,2016 you were going to get back to us by end of day. Our computer system was down yesterday due to virus, and have not received or heard back from yourself or Charles on payment or release of JEL. I assume you have no further interest in funding the JEL transaction or any of the needs to continue with Rilpa and Classic.

Please let me know if this is not your intentions.

Cheryl Mizera

Rilpa Enterprises Ltd

403-275-3035

This is Exhibit "E" referred to in the Affidavit of Mark Horrox made before me on this 6th day of July 2018.

Notary Public State of Florida
Kalli Seger
My Commission FF 906586
Expires 08/04/2019

Kalli Seger

A Notary Public in and for the State of Florida

**Melia Azouz**

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**From:** Karen Thompson <karen.thompson@opsmobil.com>
**Sent:** Friday, February 12, 2016 7:12 AM
**To:** Peter Kraus
**Cc:** Michael Niklaus; Mark Horrox
**Subject:** Re: Advance Request Feb 9 2016

Mike, thanks for your help with this - we appreciate it.

*Karen Thompson*
**Corporate Controller | OpsMobil**
1200, 815 8th Ave SW, Calgary Alberta T2P 3P2
Phone: (587) 390-7068
Cell: (403) 830-8525
Fax: (780) 402-2448
Email: karen.thompson@opsmobil.com
www.OpsMobil.com

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On Thu, Feb 11, 2016 at 9:14 PM, Peter Kraus <peter.kraus@opsmobil.com> wrote:
Mike,

Thanks.
Appreciate you and Mark working to fund the advance this week.

Peter

On Thu, Feb 11, 2016 at 8:04 PM, Michael Niklaus <michael@thirdeyecapital.com> wrote:

Karen,

FYI – the advance will be processed tomorrow. I will email you when the funds have been released.

Regards,

Mike

**From:** Karen Thompson [mailto:karen.thompson@opsmobil.com]
**Sent:** Wednesday, February 10, 2016 5:51 PM
**To:** Michael Niklaus <michael@thirdeyecapital.com>

**Cc:** Mark Horrox <Mark@thirdeyecapital.com>; Peter Kraus <peter.kraus@opsmobil.com>
**Subject:** Re: Advance Request Feb 9 2016

Michael, all done - thanks for your help with this. Have a great evening.

*Karen Thompson*
**Corporate Controller | OpsMobil**

1200, 815 8th Ave SW, Calgary Alberta T2P 3P2

Phone: (587) 390-7068

Cell: (403) 830-8525

Fax: (780) 402-2448
Email: karen.thompson@opsmobil.com
www.OpsMobil.com

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On Wed, Feb 10, 2016 at 3:27 PM, Michael Niklaus <michael@thirdeyecapital.com> wrote:

> Karen,
>
> Can you please send me the following:
>
> Y/Revised Notice of Advance (dated Jan. 26) – please change the Advance amount from $450,000 to $185,000 (please have Ryan and Peter initial the changes)
>
> Y/Revised Notice of Advance (dated Feb. 9) – please change the Advance amount from $195,000 to $350,000 (please have Ryan and Peter initial the changes)
>
> Y/Sign the revised Feb. 8 BBC attached (reflects a gross Advance of $350,000)
>
> As I mentioned to you during our call this afternoon, we will deduct from this Advance payment of our outstanding account charges totaling $158,330.56 (due Feb-1), therefore the net advance will be $191,669.44 ($350,000 less $158,330.56).
>
> Thanks,
>
> Mike
>
> **From:** Karen Thompson [mailto:karen.thompson@opsmobil.com]
> **Sent:** Wednesday, February 10, 2016 3:13 PM

**To:** Michael Niklaus <michael@thirdeyecapital.com>
**Cc:** Mark Horrox <Mark@thirdeyecapital.com>; Peter Kraus <peter.kraus@opsmobil.com>
**Subject:** Re: Advance Request Feb 9 2016

Hi Michael, just checking to see if you require any additional information regarding our advance request? Please let me know.

Thanks,

*Karen Thompson*
**Corporate Controller | OpsMobil**

1200, 815 8th Ave SW, Calgary Alberta T2P 3P2

Phone: (587) 390-7068

Cell: (403) 830-8525

Fax: (780) 402-2448
Email: karen.thompson@opsmobil.com
www.OpsMobil.com

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On Tue, Feb 9, 2016 at 3:21 PM, Michael Niklaus <michael@thirdeyecapital.com> wrote:

> Thanks Karen. I will call you shortly to discuss.
>
> **From:** Karen Thompson [mailto:karen.thompson@opsmobil.com]
> **Sent:** Tuesday, February 09, 2016 5:20 PM
> **To:** Michael Niklaus <michael@thirdeyecapital.com>; Mark Horrox <Mark@thirdeyecapital.com>
> **Cc:** Peter Kraus <peter.kraus@opsmobil.com>
> **Subject:** Advance Request Feb 9 2016
>
> Good afternoon, attached please find our reporting package for an advance of $195,000. Should you have any questions, please do not hesitate to contact me. We would like to request, if possible, the funds to be deposited tomorrow.
> Thanks,
> *Karen Thompson*
> **Corporate Controller | OpsMobil**
>
> 1200, 815 8th Ave SW, Calgary Alberta T2P 3P2
>
> Phone: (587) 390-7068
>
> Cell: (403) 830-8525

Fax: (780) 402-2448
Email: karen.thompson@opsmobil.com
www.OpsMobil.com

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--
Peter Kraus
**Chief Financial Officer | OpsMobil**
1200, 815 8th Ave SW, Calgary Alberta T2P 3P2
Phone: (403) 930-1719
Cell: (403) 607-1155
Email: peter.kraus@opsmobil.com

This is Exhibit "G" referred to in the Affidavit of Mark Horrox made before me on this 6th day of July 2018.

Notary Public State of Florida
Kalli Seger
My Commission FF 906566
Expires 08/04/2019

Kalli Seger

A Notary Public in and for the State of Florida

**Melia Azouz**

| | |
|---|---|
| **From:** | Ryan Tobber <ryan.tobber@opsmobil.com> |
| **Sent:** | Friday, April 01, 2016 5:37 PM |
| **To:** | Arif N. Bhalwani |
| **Cc:** | Roch Dallaire; Mark Horrox |
| **Subject:** | RE: Confidential: Confirmation of our discussion |

Understood Arif,

Thank you for the support and we look forward to working through the required agreements with TEC.

Regards,

Ryan Tobber
President & CEO
OpsMobil Inc
Cell: (403) 797-0375

On Apr 1, 2016 5:17 PM, "Arif N. Bhalwani" <arif@thirdeyecapital.com> wrote:

Ryan,

We financed critical payroll for your workers on an extraordinary basis and in good faith on the agreements below. We will require that a forbearance agreement be in place no later than one week from our delivery of it to you in order to pre-empt the issuance of our demand letter and subsequent enforcement action. The forbearance agreement and all such further documents, which may be reasonably required by TEC with respect to such agreement, shall be in form and substance satisfactory to TEC. TEC reserves all of its rights and remedies at any time and from time to time in connection with any Events of Defaults (as set out in the Credit Agreement) now existing or hereafter arising, and whether known or unknown under the Credit Agreement or the other Credit Documents.

Kind regards,

Arif

THIRD EYE
CAPITAL

Arif N. Bhalwani, CFA | Managing Director
3930 – 161 Bay Street | Toronto, ON | M5J 2S1
T: 416-601-9824 | M: 416-454-3393 | F: 416-981-3393

arif@thirdeyecapital.com | www.thirdeyecapital.com

---



**From:** Ryan Tobber [mailto:ryan.tobber@opsmobil.com]
**Sent:** Friday, April 01, 2016 3:21 PM
**To:** Mark Horrox <Mark@thirdeyecapital.com>
**Cc:** Roch Dallaire <roch.dallaire@opsmobil.com>; Arif N. Bhalwani <arif@thirdeyecapital.com>
**Subject:** Re: Confidential: Confirmation of our discussion

Hi Mark,

Yes, the items below is what I understood. I am in agreement, however, I note that we have not seen the forbearance agreement.

I will sent the incorporation documents to you.

Regards,

*Ryan Tobber*
**President & CEO | OpsMobil Inc**
1200, 815-8th Ave SW Calgary, Alberta T2P 3P2
Phone: (403) 930-1702
Cell: (403) 797-0375
Email: ryan.tobber@opsmobil.com
www.opsmobil.com

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On Fri, Apr 1, 2016 at 12:39 PM, Mark Horrox <Mark@thirdeyecapital.com> wrote:

Ryan, Roch,

We want to confirm between us in writing our earlier discussion:

- The borrowers and guarantors under the existing debt facilities will enter into a forbearance agreement with TEC on Monday April 4th
- Roch agrees to pledge all of his shares in 1528563 Alberta Ltd and Helidevince Incorporated as soon as practicable
    - TEC will look at potentially finance the buyout of the AStars in 152 with the intent to move those AStars to the Opsmobil Group companies.
- TEC will advance as soon as practical the critical payroll amounts identified, and finance the balance of the $575K critical payments for the coming week once the forbearance is in place.
- Separately, we need to set up security on the newly incorporated subsidiaries, please send the documentation through on these.

Please both confirm by return that the above is agreed between us.

Best

Mark

THIRD EYE
CAPITAL

Mark Horrox, Principal
3930 – 161 Bay Street | Toronto, ON | M5J 2S1
T: 647-776-8213 | M: 647-921-3393 | F: 416-981-3393

mark@thirdeyecapital.com | www.thirdeyecapital.com

---

**This is Exhibit "H" referred to in the Affidavit of Mark Horrox made before me on this 6th day of July 2018.**

Notary Public State of Florida
Kalli Seger
My Commission FF 906566
Expires 08/04/2019

**A Notary Public in and for the State of Florida**

751610 v1

**Melia Azouz**

| | |
|---|---|
| **From:** | Ryan Tobber <ryan.tobber@opsmobil.com> |
| **Sent:** | Friday, November 04, 2016 2:44 PM |
| **To:** | Mark Horrox |
| **Cc:** | Arif N. Bhalwani; Nicole Shinya |
| **Subject:** | Re: Confidential - terms of advance |

Thank you Mark. I agree these terms.

Regards,

*Ryan Tobber*
**President & CEO | OpsMobil Group Inc**
1200, 815-8th Ave SW Calgary, Alberta T2P 3P2
Phone: (403) 930-1702
Cell:
(403) 797-0375
Email: ryan.tobber@opsmobil.com
www.opsmobil.com

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On Fri, Nov 4, 2016 at 2:40 PM, Mark Horrox <Mark@thirdeyecapital.com> wrote:

**PRIVATE & CONFIDENTIAL**

Ryan

You have asked us to make a Post-Default Advance to you (as defined under the Forbearance Agreement) for $276,300 today. As discussed with you, you have agreed that we shall, commencing November 14, 2016, increase the daily cash sweeps from $20,000 to $40,000, with the additional $20,000 being assigned to repay this advance until the principal under this advance has been repaid. The advance shall charge interest at the same rate as other Post-Default Advances until repaid in full.

Please confirm your agreement to the above.

Best

Mark

Mark Horrox, Principal
3930 – 161 Bay Street | Toronto, ON | M5J 2S1
T: 647-776-8213 | M: 647-921-3393 | F: 416-981-3393

mark@thirdeyecapital.com | www.thirdeyecapital.com

---

This is Exhibit "I" referred to in the Affidavit of Mark Horrox made before me on this 6th day of July 2018.

Notary Public State of Florida
Kalli Seger
My Commission FF 906586
Expires 08/04/2019

Kalli Seger

A Notary Public in and for the State of Florida

751610 v1

**Melia Azouz**

**From:** Ryan Tobber <ryan.tobber@opsmobil.com>
**Sent:** Thursday, December 22, 2016 8:04 AM
**To:** Mark Horrox
**Cc:** Arif N. Bhalwani; Nicole Shinya; Casey Howell; Michael Rempel; Charles Bougie
**Subject:** Re: Confidential - extension of forbearance

Hi Arif,

Thank you for taking the time for a call this morning.

We appreciate the offer of Forbearance Extension and additional funding. OpsMobil accepts the terms provided with a few minor requests noted below in red.

Thank you again for TECs continued support of OpsMobil.

Regards,


*Ryan Tobber*
**President & CEO | OpsMobil Group Inc**
1200, 815-8th Ave SW Calgary, Alberta T2P 3P2
Phone: (403) 930-1702
Cell: (403) 797-0375
Email: ryan.tobber@opsmobil.com
www.opsmobil.com


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On Wed, Dec 21, 2016 at 3:30 PM, Mark Horrox <Mark@thirdeyecapital.com> wrote:

**PRIVATE & CONFIDENTIAL**

Ryan

Following on from our discussions and your submitting to us the EOI and revised 13 week cash flows, we propose to amend the current Forbearance Agreement terms as follows, which will bridge OpsMobil through to completion of the "assetco" deal:

1. Extension of forbearance period to Jan 31, 2017

- agreed. As discussed, we would like to see provisions in the forbearance agggrement that would allow for automatic extension in the event there is material progress on closing the assetco transaction.

2. Maximum additional funding of $1.5MM, at TEC's discretion and subject to satisfactory budget

- agreed.

3. No TEC sweeps in January (however, we will still control bank accounts and remit back payments daily).

- agreed - and thank you.

4. Establishment of assetco and transfer of assets from each party by 1/31/17. Assetco to purchase all aviation related assets at 100% of FMV from Opsmobil as indicated in IOI dated 21 December between Classic Helicopters and Opsmobil.

- agreed

5. Implementation of cost cuts and restructuring as proposed by the company to TEC, as well as any other additional measures agreed to between the parties.

- agreed

6. Increase TEC equity position to 25% of Opsmobil Group Inc. and forbearance extension fee of $150,000.

- agreed. We discussed an additional 10% warrant with a strike price subject to key events between now and Feb 27, 2017 - (

if we do not accomplish an aviation carveout merger and/or Bellshill within 60 days, then 10% for nil value is reasonable. However, if we can put together one or both of the aforementioned, then the value of OpsMobil Group Inc will be significantly enhanced. I assume we are going to use a warrant structure like last time, and if so, I would like to propose that we have a strike price for the upside that maybe created. For example, if by February 28 neither upside happened, the warrant price is $0, one or both do happen we agree on a strike price based on some sort of confirmed EBITDA multiple in a post up side scenario.

)

7. Binding letter of intent for asset management contract (Bellshill) by 1/31/17.

- agreed

8. Reaffirmation of consent to receivership if default under any forbearance term.

- agreed

9. Formal payment plan with CRA in place by 1/31/17 for all past due source deductions and GST across the Group.

- agreed

10. Field exam and meetings in Calgary to ensure adherence to foregoing and to conduct personal meetings with Rilpa, certain customers (Bellshill related, for example), competitors, prospective borrowers (and merger candidates).

- agreed

Please let us know if you agree to the terms set out above, and we will move to paper the deal accordingly. We are available to discuss.

Best

Mark

THIRD EYE
CAPITAL

Mark Horrox, Principal
3930 – 161 Bay Street | Toronto, ON | M5J 2S1
T: 647-776-8213 | M: 647-921-3393 | F: 416-981-3393

mark@thirdeyecapital.com | www.thirdeyecapital.com

---

This is Exhibit "J" referred to in the Affidavit of Mark Horrox made before me on this 6th day of July 2018.

Notary Public State of Florida
Kalli Seger
My Commission FF 906566
Expires 08/04/2019

A Notary Public in and for the State of Florida

751610 v1

## Melia Azouz

| | |
|---|---|
| **From:** | Ryan Tobber <ryan.tobber@opsmobil.com> |
| **Sent:** | Friday, June 30, 2017 6:36 PM |
| **To:** | Mark Horrox |
| **Cc:** | Arif N. Bhalwani |
| **Subject:** | Re: CONFIDENTIAL - Amendments to Opsmobil Credit Agreement |

Thank you Mark.

As discussed, I am in agreement with the terms and conditions proposed herein. I have emailed an executed copy of the term sheet provided in your earlier email correspondence.

Thank you for your continued support.

Regards,

Ryan Tobber

President & CEO | OpsMobil Group Inc
1200, 815-8th Ave SW Calgary, Alberta
T2P 3P2

Phone: (403) 930-1702
Cell: (403) 797-0375
Email: ryan.tobber@opsmobil.com

On Jun 30, 2017 6:11 PM, "Mark Horrox" <Mark@thirdeyecapital.com> wrote:

**PRIVATE & CONFIDENTIAL**

Ryan

Following on from the previous email, we want to ensure we are aligned with the balance of the changes to the Credit Agreement that are to be made. To that end, we expect to amend the Credit Agreement as follows:

1. We expect to bring Opsmobil out of forbearance on Closing the Ranch deal. You will note in the Ranch term sheet that we expect you to agree to repay $400,000 per month of the Opsmobil debt until all of the loans are back within their approved limits.

2. We anticipate that Ranch will have c. $1 Million of excess availability at closing under its credit line. We expect that availability to be used to repay CRA arrears.

3. We will amend the Warrant Issuance Agreement, so that, in consideration for the Ranch credit, Ranch shall agree to issue a warrant for 30% of the fully diluted capital of the company to TEC.

Please confirm your agreement to the above.

Best

Mark

THIRD EYE
CAPITAL

Mark Horrox, Principal
3930 – 161 Bay Street | Toronto, ON | M5J 2S1
T: 647-776-8213 | M: 647-921-3393 | F: 416-981-3393

mark@thirdeyecapital.com | www.thirdeyecapital.com

---

This is Exhibit "K" referred to in the Affidavit of Mark Horrox made before me on this 6th day of July 2018.

Notary Public State of Florida
Kalli Seger
My Commission FF 906566
Expires 08/04/2019

Kalli Seger

A Notary Public in and for the State of Florida

## Melia Azouz

**From:** Ryan Tobber <ryan.tobber@opsmobil.com>
**Sent:** Wednesday, May 10, 2017 9:10 AM
**To:** Mark Horrox
**Cc:** Arif N. Bhalwani; Shez Samji; Casey Howell; Meaghan Obee Tower; Amy Nugent
**Subject:** Re: CONFIDENTIAL - Opsmobil / Ranch Resources Indicative Terms for Acquisition of Predator Assets

Mark,

We accept the terms and conditions proposed for the Ranch Energy Corporation credit facility.

I wanted to thank Third Eye Capital for their continued support of our company through the challenges of the last ~14 months - we would not be this exciting market position without this support! We look forward to closing the Predator asset acquisition and our future relationship with TEC.

Regards,


*Ryan Tobber*
**President & CEO | OpsMobil Group Inc**
1200, 815-8th Ave SW Calgary, Alberta T2P 3P2
Phone: (403) 930-1702
Cell:
(403) 797-0375
Email: ryan.tobber@opsmobil.com
www.opsmobil.com


*"Safely provide value-added operational excellence and efficiency for our clients and stakeholders."*

On Tue, May 9, 2017 at 10:33 PM, Mark Horrox <Mark@thirdeyecapital.com> wrote:

**PRIVATE & CONFIDENTIAL**

Dear Ryan

We are pleased to provide to you indicative terms for the financing of Ranch Energy Corporation's proposed acquisition of those certain assets from Predator Oil BC Ltd.

We are available to discuss at your convenience.

Best

Mark

THIRD EYE
CAPITAL

Mark Horrox, Principal
3930 – 161 Bay Street | Toronto, ON | M5J 2S1
T: 647-776-8213 | M: 647-921-3393 | F: 416-981-3393

mark@thirdeyecapital.com | www.thirdeyecapital.com

---

**This is Exhibit "L" referred to in the Affidavit of Mark Horrox made before me on this 6th day of July 2018.**

Notary Public State of Florida
Kelli Seger
My Commission FF 906566
Expires 08/04/2019

Kalli Seger

**A Notary Public in and for the State of Florida**

751610 v1

**Melia Azouz**

| | |
|---|---|
| **From:** | Ryan Tobber <ryan.tobber@opsmobil.com> |
| **Sent:** | Monday, July 10, 2017 1:10 PM |
| **To:** | Mark Horrox |
| **Cc:** | Arif N. Bhalwani |
| **Subject:** | Fwd: Wiring funds |

Mark,

I wanted to sincerely thank you for all of the hard work you and the Third Eye team has put in to make this happen. We are very pleased to have your continued support and our team is very excited to start maximizing the value of the Ranch assets.

Thank you again.

Regards,

*Ryan Tobber*
**President & CEO | OpsMobil Group Inc**
1200, 815-8th Ave SW Calgary, Alberta T2P 3P2
Phone: (403) 930-1702
Cell:
(403) 797-0375
Email: ryan.tobber@opsmobil.com
www.opsmobil.com

*"Safely provide value-added operational excellence and efficiency for our clients and stakeholders."*

---------- Forwarded message ----------
From: **Casey Howell** <casey@thirdeyecapital.com>
Date: Mon, Jul 10, 2017 at 1:04 PM
Subject: Wiring funds
To: Star Cunningham <star.cunningham@opsmobil.com>, Ryan Tobber <ryan.tobber@opsmobil.com>, "lisa. winfield" <lisa.winfield@opsmobil.com>, "Stewart, Irene" <Irene.Stewart@gowlingwlg.com>, Karen Thompson <karen.thompson@opsmobil.com>, Michael Rempel <michael.rempel@opsmobil.com>
Cc: Meaghan Obee Tower <MObeeTower@stikeman.com>, Mark Horrox <Mark@thirdeyecapital.com>, Meaghan Simister <MSimister@stikeman.com>, Amy Nugent <ANugent@stikeman.com>

Ryan/Michael,

We have our approvals to wire funds, so we will initiate momentarily and send you confirmations of initiation for you and Predator to track. Regards

THIRD EYE CAPITAL

Casey Howell | VP Legal
3930 - 161 Bay Street | Toronto, ON | M5J 2S1
T: 647-776-3435 | F: 416-981-3393
casey@thirdeyecapital.com | www.thirdeyecapital.com

-----Original Appointment-----
**From:** Meaghan Obee Tower [mailto:MObeeTower@stikeman.com]
**Sent:** July-10-17 12:37 PM
**To:** Meaghan Obee Tower; Casey Howell; Amy Nugent; Stewart, Irene
**Cc:** Star Cunningham; Karen Thompson; lisa. winfield; Ryan Tobber; Mark Horrox; Meaghan Simister; Michael Rempel
**Subject:** TEC/Ranch - Status
**When:** July-10-17 2:30 PM-3:00 PM (UTC-05:00) Eastern Time (US & Canada).
**Where:** 1-800-969-9731 // Passcode: 8695274 // BlackBerry: 1-800-969-9731x8695274# // iPhone: 1-800-969-9731,,8695274#

| | |
|---|---|
| Ready-Access Number: | 1-800-969-9731 |
| Secondary Number: | 1-647-723-6928 |
| 7-Digit Access Code: | 8695274 |
| For automatic dial-in from your BlackBerry: | 18009699731x8695274# |
| For automatic dial-in from your iPhone: | 18009699731,,8695274# |

**This is Exhibit "M" referred to in the Affidavit of Mark Horrox made before me on this 6th day of July 2018.**

Notary Public State of Florida
Kalli Seger
My Commission FF 906568
Expires 08/04/2019

Kalli Seger

**A Notary Public in and for the State of Florida**

751610 v1

**Melia Azouz**

---

| | |
|---|---|
| **From:** | Ryan Tobber <ryan.tobber@opsmobil.com> |
| **Sent:** | Friday, September 15, 2017 2:28 PM |
| **To:** | Mark Horrox |
| **Cc:** | Casey Howell; Arif N. Bhalwani |
| **Subject:** | Re: Amendment to Ranch payment direction |

Mark,

We confirm and agree to the terms & conditions.

Thank you.

Ryan Tobber

President & CEO | OpsMobil Group Inc
1200, 815-8th Ave SW Calgary, Alberta
T2P 3P2

Phone: (403) 930-1702
Cell: (403) 797-0375
Email: ryan.tobber@opsmobil.com

On Sep 15, 2017 14:26, "Mark Horrox" <Mark@thirdeyecapital.com> wrote:

Ryan,

Please confirm our understanding that:

1. As per the Payment Direction of July 10, 2017 section 1(b) you directed us to withhold and retain $1,000,000 of the loan amount for Ranch to loan, at a future date, to Opsmobil Inc. for its payment of certain obligations (the "**Payment Reserve**"), however Ranch is now requesting $200,000 of such amount for its working capital purposes. TEC will forward these monies to Ranch today (and hold back the $10,000 amendment fee from such amount), subject to the following:
    a. Ranch will return the full $200,000 to TEC, to hold pursuant to the Payment Direction on or before October 25th, 2017; and
    b. Ranch agrees to pay TEC, on behalf of the Lenders, a $10,000 amendment fee on the date hereof.

THIRD EYE
CAPITAL

Mark Horrox, Principal
3930 – 161 Bay Street | Toronto, ON | M5J 2S1
T: 647-776-8213 | M: 647-921-3393 | F: 416-981-3393

mark@thirdeyecapital.com | www.thirdeyecapital.com

---

This is Exhibit "N" referred to in the Affidavit of Mark Horrox made before me on this 6th day of July 2018.

Notary Public State of Florida
Kalli Seger
My Commission FF 906566
Expires 08/04/2019

Kalli Seger

A Notary Public in and for the State of Florida

**CONFIDENTIAL**

**Exhibit N**

Filed under confidential seal.

This is Exhibit "O" referred to in the Affidavit of Mark Horrox made before me on this 6th day of July 2018.

Notary Public State of Florida
Kalli Seger
My Commission FF 906566
Expires 08/04/2019

Kalli Seger

A Notary Public in and for the State of Florida

751610 v1

**CONFIDENTIAL**

**Exhibit O**

Filed under confidential seal.

This is Exhibit "P" referred to in the Affidavit of Mark Horrox made before me on this 6th day of July 2018.

Notary Public State of Florida
Kaili Seger
My Commission FF 906566
Expires 08/04/2019

Kaili Seger

A Notary Public in and for the State of Florida

751610 v1

**CONFIDENTIAL**

**Exhibit P**

Filed under confidential seal.

This is Exhibit "Q" referred to in the Affidavit of Mark Horrox made before me on this 6th day of July 2018.

Notary Public State of Florida
Kalli Seger
My Commission FF 906568
Expires 08/04/2019

Kalli Seger

A Notary Public in and for the State of Florida

NIVEN FISCHER
A *Sproule* Company

June 21, 2017

Delivered by e-mail: ryan.tobber@opsmobil.com
Ranch Energy Corporation
1200, 815 – 8th Avenue SW
Calgary, AB T2P 3P2
Attention: Ryan Tobber
President

Dear Mr. Tobber:

**Re: Opinion on the Ranch LMR Forecast for the assets being purchased from Predator in NE BC ("Assets")**

---

Pursuant to a Professional Services Agreement ("PSA") effective June 15, 2017, Sproule Project Management Limited ("SPML") was engaged by Ranch Energy Corporation ("Ranch") to:

1. provide an opinion on Ranch's Liability Management Rating ("LMR") forecast; and
2. review, on a monthly basis, actual performance against the LMR forecast.

This letter articulates SPML's opinion as requested. To formulate an opinion, SPML reviewed:

1. past production from the Assets, reactivation plans and forecasted production;
2. the final draft of the trust agreement (including comments) with Predator that commits Ranch to using a portion of cash flow from the assets for abandonment, reclamation and reserve addition activities and a security deposit;
3. the cash flow model supporting the LMR forecast; and
4. the LMR forecast.

The assets being acquired by Ranch are in northeast British Columbia ("BC") and under the jurisdiction of the BC Oil and Gas Commission ("OGC"). The OGC estimates the abandonment and reclamation cost for every well and facility licensed to a company and compares this liability to an estimate of the company's asset value. A company is required to deposit funds with the OGC if liabilities are greater than assets. This OGC program is called the LMR program and if the ratio of the deemed asset to the deemed liabilities drops below 1.0, the company is required to place funds on deposit with the OGC equal to the difference between the assets and the liabilities.

SPML reviewed the production history of the wells being acquired by Ranch. The existing producing wells are declining at a higher rate than forecasted by Ranch but the reactivation potential for the shut-in wells is higher than forecasted by Ranch. Overall, SPML believes the production forecast used in the LMR forecast is plausible and possibly conservative.

Ranch has entered into a Trust Agreement ("Trust") with Predator Oil BC Ltd. ("Predator") (currently held in escrow) to have Predator continue as licensee of the Assets until such time as the licenses for the Assets can be transferred to Ranch pursuant to OGC requirements. Although the Trust has a termination date of May, 2019, both Ranch and Predator wish to transfer the licenses as soon as possible. The Trust dictates that 25% of the cash flow from the Assets through to termination of the Trust be put in trust for abandonment, reclamation and reserve addition activities and starting in the 13 month, an additional 25% of the cash flow be put in trust for use as a security deposit with the OGC as required. SPML has reviewed the final draft version and comments of the agreement and has not identified any issues or inconsistencies.

Ranch prepared a cash flow forecast that has integrated planned reactivations for the period from January, 2017 to December, 2019. The revenue, royalties, operating costs, cash flow and the Trust funds (abandonment, reclamation, reserve addition activities and security deposits) are summarized in Table 1.

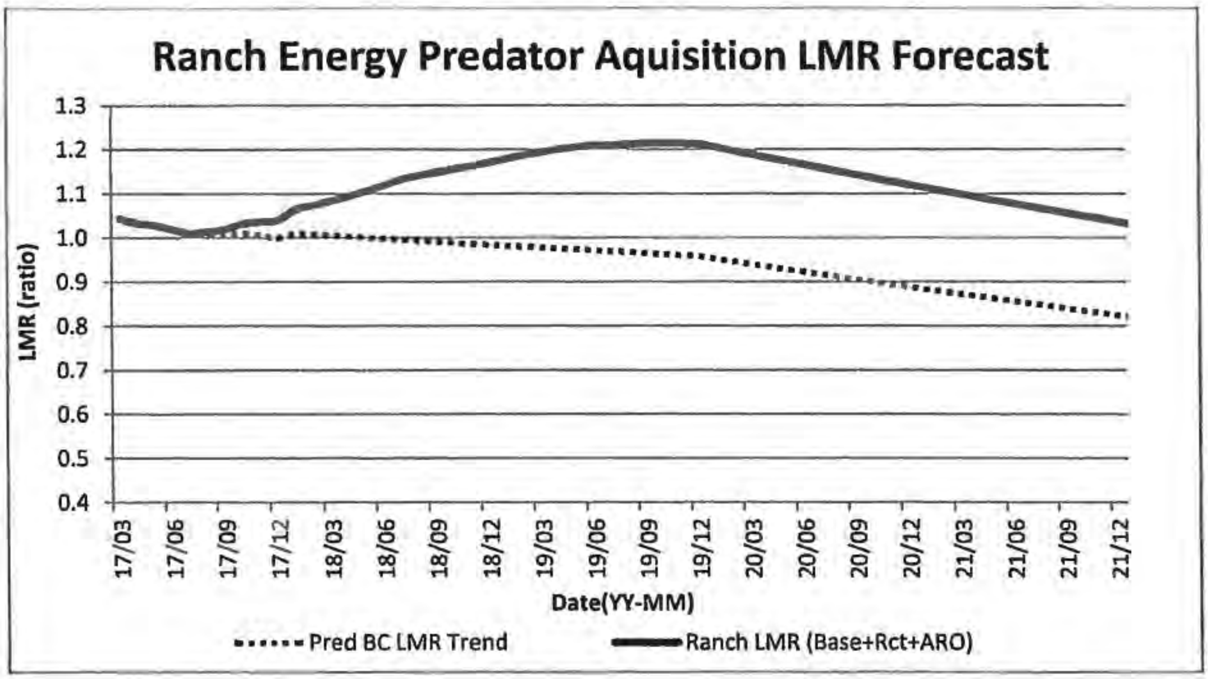
**Table 1 – Ranch Cash Flow Forecast**

| Year | Revenue (M$) | Royalty (M$) | Op Cost (M$) | Cash Flow (M$) | Trust (M$) |
|---|---|---|---|---|---|
| 2017 | 33.4 | 0.4 | 17.4 | 15.7 | 2.3 |
| 2018 | 35.2 | 0.6 | 16.6 | 18.1 | 9.0 |
| 2019 | 34.7 | 0.5 | 16.5 | 17.6 | 6.7 |

The revenues were forecasted using Alberta Treasury Branch commodity prices adjusted for quality and tariffs. Royalties are based on actual royalty rates for 2016. Ranch is forecasting lower operating costs compared to Penn West's operating costs. There are a number of reasons for the major reductions in operating costs. Mitsubishi and Penn West were equal partners until November, 2016 in the development of the Cordova shale. Under the joint venture agreements there were various commitments and overhead charges that no longer apply. One example is a five year road use agreement with Canadian Natural Resources Limited that expired last year. Repair and maintenance costs in 2016 included major overhauls that will not be repeated for a number of years. Ranch plans to use dual trained roles to reduce labour costs in the field. There were also a number of major pipeline issues that resulted in much higher than normal pipeline costs in 2016. Based on SPML's review, the Ranch cash flow forecast is plausible.

Ranch prepared two forecasts of the LMR of the assets for the period from March, 2017 to December, 2021 which have been attached as Figure 1. The forecasts include a base case forecast for the existing producing wells and an incremental forecast which includes a number of reactivations and liability reductions for abandonment and reclamation plans.

**Figure 1 – Ranch LMR Forecast**



Based on SPML's review of the production forecast, Trust and cash flow forecast, the Ranch LMR forecast through December, 2021 is plausible and possibly conservative.

Respectfully submitted,

Randall J. Green, P.Geoph.
Senior VP, Asset Management

F. Brian Carnahan, P.Eng.
Senior VP, Asset Operations

U:\RANCH RESOURCES\RANCH LMR OPINION 170620.DOCX

**This is Exhibit "R" referred to in the Affidavit of Mark Horrox made before me on this 6th day of July 2018.**

Notary Public State of Florida
Kalli Seger
My Commission FF 908566
Expires 08/04/2019

Kalli Seger

**A Notary Public in and for the State of Florida**

751610 v1

**Melia Azouz**

---

**Subject:** TR: LMR Forecast - Trust Version

---

**From:** Mark Horrox
**Sent:** Monday, June 12, 2017 10:16 AM
**To:** Ryan Tobber
**Cc:** Ryan Marx
**Subject:** RE: LMR Forecast - Trust Version

Im in various meetings between now and 4pm my time. I will try you between meetings if there is time.

Thanks
Mark

**From:** Ryan Tobber [mailto:ryan.tobber@opsmobil.com]
**Sent:** June-11-17 2:56 PM
**To:** Mark Horrox <Mark@thirdeyecapital.com>
**Cc:** Ryan Marx <ryan.marx@opsmobil.com>
**Subject:** LMR Forecast - Trust Version

Hi Mark,

I have updated the LMR forecast to reflect the conditions of the trust agreement. As discussed on Friday, the asset improves every month under the trust agreement, thus lowering our potential security obligation to the OGC. The fracing of the Muskwa wells is not included in these forecasts.

With respect to conversations with the OGC, I know that Predator started at $36mm-$40mm and after a few months when they actually did the transfers they negotiated down to $15mm (37.5%). I also note that PennWest recently had a request for $300m for a few wells that are yet to be transferred from a previous transaction and they negotiated down to $30m (10%). These negotiations take time and technical review, this is the purpose of the trust agreement in the first place. I note that both Predator and Penn West were below 1.0 at the time of transfer, we are above one and there is no scenario in which we will be below 1.0 after closing and before the repayment of the loan or the end of the trust agreement.

Randy is preparing a management support agreement for Ranch which will include specifically a scope around LMR advisement while under the trust agreement. We have discussed the following scope relevant to the LMR for NivenFischer:

- Prepare and maintain a LMR forecast for Ranch on a monthly basis
- Review and advise on all upside candidates; confirming volume contributions and cost estimates
- Review and advise on all ARO candidates; confirming no upside to the well bore and cost estimates
- Prepare a technical program for the Fracing of the muskwa wells; confirm volume contributions, cost estimates and reserve value enhancements
- Engagement to secure a working interest partner to provide the capex for the Muskwa program

I look forward to your comments and thoughts on the above. In our view there is not an objective argument to blow this deal up based on the OGCs position today. We knew that going in and the trust agreement coupled with support from NF should mitigate most if not all of the risk for TEC.

Can we have a call on this first thing in the morning? I can have Randy on the call as well.

Regards,

*Ryan Tobber*
**President & CEO | OpsMobil Group Inc**
1200, 815-8th Ave SW Calgary, Alberta T2P 3P2
Phone: (403) 930-1702
Cell: (403) 797-0375
Email: ryan.tobber@opsmobil.com
www.opsmobil.com

*"Safely provide value-added operational excellence and efficiency for our clients and stakeholders."*

This is Exhibit "S" referred to in the Affidavit of Mark Horrox made before me on this 6th day of July 2018.

Notary Public State of Florida
Kalli Seger
My Commission FF 906566
Expires 08/04/2019

Kalli Seger

A Notary Public in and for the State of Florida

**Melia Azouz**

| | |
|---|---|
| **From:** | Ryan Tobber <ryan.tobber@opsmobil.com> |
| **Sent:** | Friday, July 07, 2017 11:19 AM |
| **To:** | Mark Horrox |
| **Cc:** | Arif N. Bhalwani |
| **Subject:** | Re: TEC/Ranch - draft Assignment of Material Agreements |

Hi Mark,

As discussed this morning, I believe you maybe miss reading my tone / comments in the email. I agree and confirm the extraordinary support that TEC has provided to OpsMobil during our extended restructuring process. As I clarified in our conversation this morning, we feel the funds provided under the new Ranch facility will be sufficient to complete the transaction thus enabling OpsMobil to focus on the operations as well as the well reactivations to enhance the value of the Ranch assets.

Thank you again for your continued support.

Regards,

*Ryan Tobber*
**President & CEO | OpsMobil Group Inc**
1200, 815-8th Ave SW Calgary, Alberta T2P 3P2
Phone: (403) 930-1702
Cell:
(403) 797-0375
Email: ryan.tobber@opsmobil.com
www.opsmobil.com

*"Safely provide value-added operational excellence and efficiency for our clients and stakeholders."*

On Fri, Jul 7, 2017 at 11:02 AM, Mark Horrox <Mark@thirdeyecapital.com> wrote:

Ryan,

We take exception to any suggestion or claim by you that Third Eye Capital has contributed in any way to OpsMobil's default of its obligations to us and other creditors. In fact, it is our financing that first saved you from imminent liquidation and through subsequent additional loans, sustained your operations so that you could pursue opportunities that you promised would put you on a more solid and sustainable footing. It is your failure to meet sales forecasts, achieve contracts, exercise cost discipline, divest non-core assets, and retain talent (among other things) that has put you and all your stakeholders (including us as your biggest sponsor) at risk.

We have provided you extraordinary support to-date and are willing to back your acquisition of the Predator assets because you have consistently told us that such a transaction would be highly salutary in its effects to OpsMobil and our investment. If you now believe that the net funds we are willing to make available to you for the acquisition are insufficient or will aggravate your financial condition, then let's stop our funding process immediately.

Regards,

Mark

**From:** Ryan Tobber [mailto:ryan.tobber@opsmobil.com]
**Sent:** July-07-17 9:56 AM
**To:** Mark Horrox <Mark@thirdeyecapital.com>
**Subject:** Fwd: TEC/Ranch - draft Assignment of Material Agreements

Mark,

I have sent this over to Predator for their review and consideration.

It should be noted, that they had some concerns about the size of our facility initially (Friday) and if I disclose to them that you have further reduced the facility by another $1.5mm this would be a problem. Restricting us of cash could be a contributing factor to a default as we experienced with OpsMobil. This is an issue for both the trust and assignment agreements.

Regards,

*Ryan Tobber*
**President & CEO | OpsMobil Group Inc**
1200, 815-8th Ave SW Calgary, Alberta T2P 3P2
Phone: (403) 930-1702
Cell: (403) 797-0375
Email: ryan.tobber@opsmobil.com
www.opsmobil.com

*"Safely provide value-added operational excellence and efficiency for our clients and stakeholders."*

---------- Forwarded message ----------
From: **Meaghan Obee Tower** <MObeeTower@stikeman.com>
Date: Thu, Jul 6, 2017 at 9:35 PM
Subject: TEC/Ranch - draft Assignment of Material Agreements
To: "Stewart, Irene" <Irene.Stewart@gowlingwlg.com>, Ryan Tobber <ryan.tobber@opsmobil.com>
Cc: Mark Horrox <Mark@thirdeyecapital.com>, Casey Howell <casey@thirdeyecapital.com>, Amy Nugent <ANugent@stikeman.com>, Meaghan Simister <MSimister@stikeman.com>

Please find attached a draft of the assignment of material agreements, which is being sent to all parties simultaneously and remains subject to any comments that our client or the lenders may have in all respects.

Kind regards,
Meaghan

**Meaghan Obee Tower**

Tel: (416) 869-5274

mobeetower@stikeman.com

**STIKEMAN ELLIOTT LLP** Barristers & Solicitors

5300 Commerce Court West, 199 Bay Street, Toronto, ON, Canada M5L 1B9
www.stikeman.com

TORONTO MONTREAL OTTAWA CALGARY VANCOUVER NEW YORK LONDON SYDNEY

This is Exhibit "T" referred to in the Affidavit of Mark Horrox made before me on this 6th day of July 2018.

Notary Public State of Florida
Kaili Seger
My Commission FF 908568
Expires 08/04/2019

Kaili Seger

A Notary Public in and for the State of Florida

BC Oil & Gas COMMISSION

**GENERAL ORDER 2018-010**
Section 49 *Oil and Gas Activities Act*

**Issued to:**

Predator Oil BC Ltd.
1500, 250-2nd Street, SW
Calgary Alberta T2P 0C1

**Attention:** Mr. Brian Stasiak

**Order:**

Pursuant to section 49(1)(b) of the *Oil and Gas Activities Act* (the Act), I, Patrick Smook, order that Predator Oil BC Ltd. (Predator) must:

1. On or before July 31, 2018:
    a) Delineate the extent of contamination originating from WA # 4659 located at 15-19-84-18W6M (the operating area) and any land impacted adjacent to the operating area and submit a plan to remediate the impacted area to the applicable standards set out in Part 6 of the Contaminated Sites Regulation.
    b) The plan must be submitted electronically to the Compliance and Enforcement mailbox at C&E@bcogc.ca.
2. On or before September 30, 2018:
    a) Complete the remediation of the impacted area to the applicable standards set out in Part 6 of the Contaminated Sites Regulation.

**Conditions:**

A. This order shall remain in effect until amended or terminated in whole or in part by the Commission.

**Reasons:**

I make this Order for the following reasons:

i. Predator became the permit holder of the operating area on June 1, 2017.
ii. In October, 2015 the former permit holder hired SynergyAspen Environmental Inc. (SynergyAspen) to conduct environmental work at the operating area and to monitor the removal of two underground storage tanks, conduct a soil assessment and complete

a supplemental borehole investigation of contamination within the tank nest excavations.

iii. On October 22, 2015 both tanks were removed and observations of potential contamination, namely staining and apparent odours, were observed. Sample results subsequently confirmed contamination.

iv. On October 23, 2015 all excavated soils from the tank installations were backfilled into the tank nests and segregated with poly placed between the impacted soils remaining in situ and non-impacted overburden placed on top.

v. On November 27, 2017 Commission staff requested the site investigation report related to contamination within the operating area.

vi. On November 30, 2017 Predator advised the Commission that the former permit holder did not authorize SynergyAspen to do a site investigation report for the operating area but that Predator subsequently authorized the report and that it should be completed by late December, 2017.

vii. On February 1, 2018 the Commission received a copy of SynergyAspen's report. The report concludes that remedial excavation of both tank nests is required due to petroleum hydrocarbon and chloride contamination. An assessment of the site-specific standards is required to determine the applicability of the drinking water pathway and the likely reduction in contaminated soil volume with respect to actual risk to receptors is recommended.

viii. On May 9, 2018, Commission staff asked Predator if they had developed a remedial action plan to manage the identified contamination at the operating area and no response has been received to date.

xi I am of the opinion that this order is necessary to protect the environment.

**Review and Appeal:**

Predator may request a review of this order under section 70 of the Act by submitting a request for review to ogc.determinationreviews@bcogc.ca.

Predator may appeal this order to the Oil and Gas Appeal Tribunal under section 72 of the Act. The process for appeals may be found at www.ogat.gov.bc.ca and a notice of appeal may be sent to the Oil and Gas Appeal Tribunal at:

Oil and Gas Appeal Tribunal
PO Box 9425 Stn Prov Govt
Victoria, BC, V8W 9V1

Patrick Smook
Director, Compliance and Enforcement
Oil and Gas Commission

DATED AT Fort St. John, in the Province of British Columbia, this 19th day of June, 2018.

**This is Exhibit "U" referred to in the Affidavit of Mark Horrox made before me on this 6th day of July 2018.**

Notary Public State of Florida
Kalli Seger
My Commission FF 906568
Expires 08/04/2019

Kalli Seger

**A Notary Public in and for the State of Florida**

751610 v1

BC Oil & Gas COMMISSION

January 23, 2018

Enforcement File: 2017-264FSJ

Predator Oil BC Ltd.
1500, 250 - 2nd Street, SW
Calgary, Alberta T2P 0C1

Attention: Brian Stasiak, Regulatory Coordinator

**Re: General Order 2017-102**

Dear Brian Stasiak,

On October 23rd, 2017 the Oil and Gas Commission (Commission) issued General Order 2017-102 to Predator Oil BC Ltd. (Predator).

Predator has satisfied all the requirements of the Order.

Please be advised that pursuant to section 49(8) of the *Oil and Gas Activities Act*, General Order 2017-102 is hereby terminated.

If you have any questions or concerns, please do not hesitate to contact the Commission.

Sincerely,

Patrick Smook
Director, Compliance & Enforcement
BC Oil and Gas Commission

BC Oil & Gas COMMISSION

# GENERAL ORDER 2017-102 Amendment 1

Section 49 *Oil and Gas Activities Act*

**Issued to:**

Predator Oil BC Ltd.
1500, 250 – 2nd Street, SW
Calgary Alberta T2P 0C1

**Attention:** Brian Stasiak, Regulatory Coordinator

**Order:**

Pursuant to section 49(7) of the *Oil and Gas Activities Act* (the Act), I, Lance Ollenberger, hereby amend General Order 2017-102 (the Order) issued on October 23, 2017 to Predator Oil BC Ltd. (Predator) by extending the deadline for submission of item 1 to **on or before November 24, 2017**.

**Reasons:**

I make this order amendment for the following reasons:

i. Predator has requested more time to obtain wellbore schematics which are needed to prepare the Well Suspension reports.
ii. Predator has also expressed concern with meeting the timeline for submitting reports using the new eSubmission portal.
iii. Extension of the deadline for item 1 will provide Predator with a reasonable opportunity to complete the necessary works and to file on the eSubmission portal.
iv. I am in agreement with this amendment.

**Review and Appeal**

Predator may request a review of this order under section 70 of the Act by submitting a request for review to: ogc.determinationreviews@bcogc.ca.

Predator may appeal this order to the Oil and Gas Appeal Tribunal under section 72 of the Act. The process for appeals may be found at www.ogat.gov.bc.ca and a notice of appeal may be sent to the Oil and Gas Appeal Tribunal at:

Oil and Gas Appeal Tribunal
PO Box 4925 Stn Prov Govt
Victoria, BC V8W 9V1

Lance Ollenberger
Vice President, Operations
BC Oil and Gas Commission

DATED AT Fort St. John, in the Province of British Columbia, this 20th day of November, 2017.

BC Oil & Gas COMMISSION

**GENERAL ORDER 2017-102**
Section 49 *Oil and Gas Activities Act*
As corrected October 27, 2017

**Issued to:**

Predator Oil BC Ltd.
1500, 250 - 2nd Street, SW
Calgary, Alberta T2P 0C1

**Attention:** Brian Stasiak, Regulatory Coordinator

**Order:**

Pursuant to section 49(1)(a) of the *Oil and Gas Activities Act* (the Act), I, Lance Ollenberger, order that Predator Oil BC Ltd (Predator) must:

1. For each well on the attached list (the "List") that has been suspended in accordance with section 25(5) of the *Drilling and Production Regulation* (DPR), submit a Well Suspension report to the Oil and Gas Commission (Commission) via the **eSubmission portal** by November 15, 2017.

2. For each well on the List that is inactive, but has not been suspended in accordance with section 25(5) of the DPR, submit a plan acceptable to the Commission outlining how and when each well will be suspended as required by section 25(5) of the DPR or, alternatively, will be abandoned or reactivated. The plan must be submitted electronically to the Commission at OGCDrilling.Production@bcogc.ca by November 30, 2017.

**Conditions:**

A. This Order shall remain in effect until amended or terminated in whole or in part by the Commission.

**Reasons:**

I make this Order for the following reasons:

i) Predator is the permit holder of each well on the List.

ii) Section 25(5) of the DPR requires a well permit holder of an inactive well, within 60 days of the well becoming inactive, to suspend the well in a manner that ensures the ongoing integrity of the well.

iii) Section 25(2) of the DPR requires a well permit holder of an inactive well to submit a report to the Commission within 30 days of the suspension of a well.

iv) Section 25(1) defines "inactive" to mean, in relation to a well (that is not a special sour well), a well that has not been abandoned but has not been active for 12 consecutive months.

v) The Commission's records indicate that the wells specified in the List have not been active for more than 15 months and further that no records of suspension have been filed for any of those wells.

vi) I am of the opinion that Predator is not in compliance with section 25(2) of DPR.

**Review and Appeal:**

Predator may request a review of this order under section 70 of the Act by submitting a request for review to ogc.determinationreviews@bcogc.ca

Predator may appeal this Order to the Oil and Gas Appeal Tribunal under section 72 of the Act. The process for appeals can be found at www.ogat.gov.bc.ca and a notice of appeal may be sent to the Oil and Gas Appeal Tribunal at:

Oil and Gas Appeal Tribunal
PO Box 9425 Stn Prov Govt
Victoria, BC, V8W 9V1

Lance Ollenberger
Vice President, Operations
Oil and Gas Commission

DATED AT Fort St. John, in the Province of British Columbia, this 27th day of October, 2017

Attachment: Predator Inactive Well List

BC Oil & Gas COMMISSION

GO 2017-102 Attachment: Predator Inactive Well List

| WA # | Well Name | Special Sour | Inactive Months | Long Term Inactive | Last Activity | Last Activity Date | Status |
|---|---|---|---|---|---|---|---|
| 233 | PREDATOR OIL BC FT ST JOHN 16-08-083-18 | N | 29.58 | N | Production | 2015MAY01 | ACT/GAS/PROD |
| 3227 | PREDATOR OIL BC ET AL INGA C-078-B/094-A-13 | N | 31.58 | N | Production | 2015MAR01 | ACT/GAS/PROD |
| 3392 | PREDATOR OIL BC ET AL INGA D-011-F/094-A-13 | N | 30.58 | N | Production | 2015APR01 | ACT/GAS/PROD |
| 3535 | PREDATOR OIL BC ET AL INGA B-010-G/094-A-13 | N | 30.58 | N | Production | 2015APR01 | ACT/GAS/PROD |
| 3930 | PREDATOR OIL BC ET AL HELMET B-007-A/094-P-15 | N | 21.58 | N | Production | 2016JAN01 | ACT/GAS/PROD |
| 4082 | PREDATOR OIL BC FT ST JOHN 10-15-084-19 | N | 24.58 | N | Production | 2015OCT01 | ACT/MGAS/PROD |
| 4174 | PREDATOR OIL BC ET AL MONIAS 06-26-082-21 | N | 36.58 | N | Production | 2014OCT01 | ACT/GAS/PROD |
| 4416 | PREDATOR OIL BC FT ST JOHN 06-36-083-18 | N | 31.58 | N | Production | 2015MAR01 | ACT/OIL/PROD |
| 4918 | PREDATOR OIL BC ET AL PARKLAND 06-01-082-15 | N | 31.58 | N | Production | 2015MAR01 | ACT/GAS/PROD |
| 5355 | PREDATOR OIL BC FT ST JOHN 06-31-083-17 | N | 31.58 | N | Production | 2015MAR01 | ACT/OIL/PROD |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| 5619 | PREDATOR OIL BC ET AL HELMET B-059-L/094-P-09 | N | 32.06 | N | CE Workover | 2015FEB17 | SUSP/MGAS/UND |
| 5718 | PREDATOR OIL BC ET AL HELMET C-089-G/094-P-10 | N | 31.58 | N | Production | 2015MAR01 | ACT/GAS/PROD |
| 6254 | PREDATOR OIL BC FT ST JOHN 10-05-083-18 | N | 29.58 | N | Production | 2015MAY01 | ACT/OIL/PROD |
| 6431 | PREDATOR OIL BC ET AL W STODDART 11-21-086-20 | N | 20.58 | N | Production | 2016FEB01 | ACT/GAS/PROD |
| 6556 | PREDATOR OIL BC FT ST JOHN 08-26-083-18 | N | 31.58 | N | Production | 2015MAR01 | ACT/OIL/PROD |
| 6557 | PREDATOR OIL BC FT ST JOHN 08-36-083-18 | N | 31.58 | N | Production | 2015MAR01 | ACT/OIL/PROD |
| 6709 | PREDATOR OIL BC W STODDART 06-15-086-20 | Y | 33.58 | N | Production | 2015JAN01 | ACT/GAS/PROD |
| 6788 | PREDATOR OIL BC HELMET D-075-J/094-P-10 | N | 24.58 | N | Production | 2015OCT01 | ACT/GAS/PROD |
| 7690 | PREDATOR OIL BC W BUICK B-A070-E/094-A-14 | N | 31.58 | N | Production | 2015MAR01 | ACT/GAS/PROD |
| 7823 | PREDATOR OIL BC HELMET D-096-G/094-P-10 | N | 18.58 | N | Production | 2016APR01 | ACT/GAS/PROD |
| 8724 | PREDATOR OIL BC ET AL W BUICK D-039-E/094-A-14 | N | 30.58 | N | Production | 2015APR01 | ACT/MGAS/PROD |
| 8814 | PREDATOR OIL BC FT ST JOHN 08-35-083-18 | Y | 31.58 | N | Production | 2015MAR01 | ACT/OIL/PROD |
| 9754 | PREDATOR OIL BC HZ FT ST JOHN 11-15-084-19 | Y | 24.58 | N | Production | 2015OCT01 | ACT/GAS/PROD |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| 9763 | PREDATOR OIL BC ET AL FIREWEED B- 035-H/094-A-13 | N | 31.58 | N | Production | 2015MAR01 | ACT/GAS/PROD |
| 9930 | PREDATOR OIL BC HZ W BUICK A-034-E/094-A-14 | N | 22.58 | N | Production | 2015DEC01 | ACT/GAS/PROD |
| 9948 | PREDATOR OIL BC RIGEL 05-28-088-17 | N | 18.58 | N | Production | 2016APR01 | ACT/GAS/PROD |
| 10556 | PREDATOR OIL BC FT ST JOHN 02-26-083-18 | N | 31.58 | N | Production | 2015MAR01 | ACT/GAS/PROD |
| 10642 | PREDATOR OIL BC FT ST JOHN 10-04-084-19 | Y | 27.58 | N | Production | 2015JUL01 | ACT/MGAS/PROD |
| 10916 | PREDATOR OIL BC FT ST JOHN 08-08-083-18 | N | 29.58 | N | Production | 2015MAY01 | ACT/MGAS/PROD |
| 11452 | PREDATOR OIL BC BEAR FLAT 10-33-084-20 | N | 49.58 | N | Production | 2013SEP01 | SUSP/GAS/PROD |
| 11460 | PREDATOR OIL BC HZ WILDER 13-27-083-19 | N | 27.58 | N | Production | 2015JUL01 | ACT/GAS/PROD |
| 11705 | PREDATOR OIL BC HELMET A-059-G/094-P-11 | N | 49.58 | N | Production | 2013SEP01 | ACT/GAS/PROD |
| 11769 | PREDATOR OIL BC HELMET A-097-A/094-P-11 | N | 27.58 | N | Production | 2015JUL01 | ACT/GAS/PROD |
| 12070 | PREDATOR OIL BC HELMET D-010-A/094-P-15 | N | 21.58 | N | Production | 2016JAN01 | ACT/GAS/PROD |
| 12097 | PREDATOR OIL BC ET AL DOE 02-03-081-14 | N | 216 | Y | CE Workover | 1999OCT18 | SUSP/GAS/UND |
| 12122 | PREDATOR OIL BC FT ST JOHN 03-17-083-18 | N | 29.58 | N | Production | 2015MAY01 | COMP/GAS/UND |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| 12130 | PREDATOR OIL BC HELMET C-A045-A/094-P-11 | N | 15.58 | N | Disposal | 2016JUL01 | ACT/WATR/DISP |
| 12964 | PREDATOR OIL BC BUICK D-025-B/094-A-14 | N | 18.58 | N | Production | 2016APR01 | ACT/MGAS/PROD |
| 13676 | PREDATOR OIL BC ET AL HELMET A-012-B/094-P-15 | N | 21.58 | N | Production | 2016JAN01 | ACT/GAS/PROD |
| 13677 | PREDATOR OIL BC ET AL HELMET A-090-I/094-P-10 | N | 24.58 | N | Production | 2015OCT01 | ACT/GAS/PROD |
| 13804 | PREDATOR OIL BC STODDART A06-31-085-18 | N | 81.29 | N | CE Workover | 2011JAN10 | SUSP/GAS/PROD |
| 13907 | PREDATOR OIL BC STODDART 09-30-085-18 | N | 20.58 | N | Production | 2016FEB01 | ACT/GAS/PROD |
| 14042 | PREDATOR OIL BC ET AL FIREWEED D-099-B/094-A-13 | N | 30.58 | N | Production | 2015APR01 | ACT/GAS/PROD |
| 14117 | PREDATOR OIL BC FT ST JOHN B11-15-084-19 | N | 63 | N | CE Workover | 2012JUL18 | COMP/UND/UND |
| 14502 | PREDATOR OIL BC HZ HELMET D-064-H/094-P-11 | N | 21.58 | N | Production | 2016JAN01 | ACT/GAS/PROD |
| 14539 | PREDATOR OIL BC THETLAANDOA A-060-K/094-P-06 | N | 35.58 | N | Production | 2014NOV01 | ACT/GAS/PROD |
| 14580 | PREDATOR OIL BC HELMET A-A018-J/094-P-11 | N | 31.58 | N | Production | 2015MAR01 | ACT/GAS/PROD |
| 14849 | PREDATOR OIL BC MONIAS 16-29-082-22 | N | 33.58 | N | Production | 2015JAN01 | ACT/MGAS/PROD |
| 14850 | PREDATOR OIL BC ET AL MONIAS 16-28-082-22 | N | 33.58 | N | Production | 2015JAN01 | ACT/GAS/PROD |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| 15153 | PREDATOR OIL BC WILDER 15-27-083-19 | N | 30.58 | N | Production | 2015APR01 | ACT/GAS/PROD |
| 15226 | PREDATOR OIL BC THETLAANDOA D-065-I/094-P-05 | N | 68.58 | N | Production | 2012FEB01 | SUSP/GAS/PROD |
| 15234 | PREDATOR OIL BC HELMET B-003-K/094-P-11 | N | 29.58 | N | Production | 2015MAY01 | ACT/GAS/PROD |
| 15762 | PREDATOR OIL BC ET AL FORT ST JOHN 14-05-083-18 | N | 29.58 | N | Production | 2015MAY01 | ACT/GAS/PROD |
| 16117 | PREDATOR OIL BC MONIAS 08-32-082-20 | N | 34.58 | N | Production | 2014DEC01 | ACT/GAS/PROD |
| 16152 | PREDATOR OIL BC WILDER A15-27-083-19 | N | 27.58 | N | Production | 2015JUL01 | ACT/OIL/PROD |
| 17075 | PREDATOR OIL BC HELMET C-028-I/094-P-06 | N | 50.58 | N | Disposal | 2013AUG01 | ACT/WATR/DISP |
| 17461 | PREDATOR OIL BC W BUICK A-029-L/094-A-14 | N | 55.74 | N | CE Workover | 2013FEB27 | SUSP/MGAS/PROD |
| 17463 | PREDATOR OIL BC BEAR FLAT B15-28-084-20 | N | 49.58 | N | Production | 2013SEP01 | SUSP/GAS/PROD |
| 17872 | PREDATOR OIL BC WILDER 06-34-083-19 | N | 27.58 | N | Production | 2015JUL01 | ACT/MGAS/PROD |
| 17925 | PREDATOR OIL BC MONIAS 01-25-082-21 | N | 30.58 | N | Production | 2015APR01 | ACT/GAS/PROD |
| 18041 | PREDATOR OIL BC FT. ST. JOHN 08-14-084-19 | Y | 27.58 | N | Production | 2015JUL01 | ACT/GAS/PROD |
| 18112 | PREDATOR OIL BC FIREBIRD A-083-A/094-H-03 | N | 23.58 | N | Production | 2015NOV01 | ACT/GAS/PROD |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| 18733 | PREDATOR OIL BC ET AL FIREWEED B-021-H/094-A-13 | N | 26.58 | N | Production | 2015AUG01 | ACT/GAS/PROD |
| 19409 | PREDATOR OIL BC N BUICK A-070-B/094-A-14 | N | 18.58 | N | Production | 2016APR01 | ACT/GAS/PROD |
| 19600 | PREDATOR OIL BC OAK 11-04-087-18 | N | 21.58 | N | Production | 2016JAN01 | ACT/GAS/PROD |
| 19683 | PREDATOR OIL BC FIREWEED C-B001-H/094-A-13 | N | 23.58 | N | Production | 2015NOV01 | ACT/GAS/PROD |
| 19941 | PREDATOR OIL BC AIRPORT A09-32-083-17 | N | 31.58 | N | Production | 2015MAR01 | ACT/OIL/PROD |
| 19944 | PREDATOR OIL BC PICKELL D-084-A/094-H-03 | N | 25.58 | N | Production | 2015SEP01 | ACT/GAS/PROD |
| 19951 | PREDATOR OIL BC FIREBIRD C-072-A/094-H-03 | N | 28.58 | N | Production | 2015JUN01 | ACT/GAS/PROD |
| 19968 | PREDATOR OIL BC FIREBIRD D-A064-A/094-H-03 | N | 36.58 | N | Production | 2014OCT01 | ACT/GAS/PROD |
| 20024 | PREDATOR OIL BC NIG B-061-C/094-H-04 | N | 36.13 | N | CE Workover | 2014OCT15 | SUSP/UND/UND |
| 20025 | PREDATOR OIL BC NIG B-A061-C/094-H-04 | N | 35.19 | N | CE Workover | 2014NOV13 | SUSP/UND/UND |
| 20222 | PREDATOR OIL BC DESAN D-047-H/094-P-06 | N | 32.58 | N | Production | 2015FEB01 | ACT/GAS/PROD |
| 21130 | PREDATOR OIL BC BUICK D-066-B/094-A-14 | N | 38.58 | N | Production | 2014AUG01 | ACT/GAS/PROD |
| 21331 | PREDATOR OIL BC ET AL W BUICK C 050-E/094-A-14 | N | 20.58 | N | Production | 2016FEB01 | ACT/OIL/PROD |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| 22377 | PREDATOR OIL BC W BUICK B-041-H/094-A-13 | N | 31.58 | N | Production | 2015MAR01 | ACT/OIL/PROD |
| 24229 | PREDATOR OIL BC HZ HELMET B-B064-G/094-P-10 | N | 22.58 | N | Production | 2015DEC01 | ACT/GAS/PROD |
| 27439 | PREDATOR OIL BC HZ HELMET D-E064-G/094-P-10 | N | 23.58 | N | Production | 2015NOV01 | ACT/GAS/PROD |
| 27678 | PREDATOR OIL BC HZ HELMET D-A051-G/094-P-10 | N | 33.58 | N | Production | 2015JAN01 | ACT/GAS/PROD |
| 27759 | PREDATOR OIL BC HZ HELMET D-F051-G/094-P-10 | N | 23.58 | N | Production | 2015NOV01 | ACT/GAS/PROD |

BC Oil & Gas COMMISSION

**GENERAL ORDER 2017-102**
Section 49 *Oil and Gas Activities Act*

**Issued to:**

Predator Oil BC Ltd.
1500, 250 - 2nd Street, SW
Calgary, Alberta T2P 0C1

**Attention:** Brian Stasiak, Regulatory Coordinator

**Order:**

Pursuant to section 49(1)(a) of the *Oil and Gas Activities Act* (the Act), I, Lance Ollenberger, order that Predator Oil BC Ltd. (Predator) must:

1. For each well on the attached list (the "List") that has been suspended in accordance with section 25(5) of the *Drilling and Production Regulation* (DPR), submit a well Suspension report to the Oil and Gas Commission (Commission) at OGCDrilling.Production@bcogc.ca by November 15, 2017.

2. For each well on the List that is inactive, but has not been suspended in accordance with section 25(5) of the DPR, submit a plan acceptable to the Commission outlining how and when each well will be suspended as required by section 25(5) of the DPR or, alternatively, will be abandoned or reactivated. The plan must be submitted electronically to the Commission at OGCDrilling.Production@bcogc.ca by November 30, 2017.

**Conditions:**

A. This Order shall remain in effect until amended or terminated in whole or in part by the Commission.

**Reasons:**

I make this Order for the following reasons:

i) Predator is the permit holder of each well on the List.
ii) Section 25(5) of the DPR requires a well permit holder of an inactive well, within 60 days of the well becoming inactive, to suspend the well in a manner that ensures the ongoing integrity of the well.

iii) Section 25(2) of the DPR requires a well permit holder of an inactive well to submit a report to the Commission within 30 days of the suspension of a well.

iv) Section 25(1) defines "inactive" to mean, in relation to a well (that is not a special sour well), a well that has not been abandoned but has not been active for 12 consecutive months.

v) The Commission's records indicate that the wells specified in the List have not been active for more than 15 months and further that no records of suspension have been filed for any of these wells.

vi) I am of the opinion that Predator is not in compliance with section 25(2) of DPR.

**Review and Appeal:**

Predator may request a review of this order under section 70 of the Act by submitting a request for review to ogc.determinationreviews@bcogc.ca

Predator may appeal this Order to the Oil and Gas Appeal Tribunal under section 72 of the Act. The process for appeals can be found at www.ogat.gov.bc.ca and a notice of appeal may be sent to the Oil and Gas Appeal Tribunal at:

Oil and Gas Appeal Tribunal
PO Box 9425 Stn Prov Govt
Victoria, BC, V8W 9V1

Lance Ollenberger
Vice President, Operations
Oil and Gas Commission

DATED AT Fort St. John, in the Province of British Columbia, this 23rd day of October, 2017

Attachment: Predator Inactive Well List

BC Oil & Gas COMMISSION

GO 2017-102 Attachment: Predator Inactive Well List

| WA # | Well Name | Special Sour | Inactive Months | Long Term Inactive | Last Activity | Last Activity Date | Status |
|---|---|---|---|---|---|---|---|
| 233 | PREDATOR OIL BC FT ST JOHN 16-08-083-18 | N | 29.58 | N | Production | 2015MAY01 | ACT/GAS/PROD |
| 3227 | PREDATOR OIL BC ET AL INGA C-078-B/094-A-13 | N | 31.58 | N | Production | 2015MAR01 | ACT/GAS/PROD |
| 3392 | PREDATOR OIL BC ET AL INGA D-011-F/094-A-13 | N | 30.58 | N | Production | 2015APR01 | ACT/GAS/PROD |
| 3535 | PREDATOR OIL BC ET AL INGA B-010-G/094-A-13 | N | 30.58 | N | Production | 2015APR01 | ACT/GAS/PROD |
| 3930 | PREDATOR OIL BC ET AL HELMET B-007-A/094-P-15 | N | 21.58 | N | Production | 2016JAN01 | ACT/GAS/PROD |
| 4082 | PREDATOR OIL BC FT ST JOHN 10-15-084-19 | N | 24.58 | N | Production | 2015OCT01 | ACT/MGAS/PROD |
| 4174 | PREDATOR OIL BC ET AL MONIAS 06-26-082-21 | N | 36.58 | N | Production | 2014OCT01 | ACT/GAS/PROD |
| 4416 | PREDATOR OIL BC FT ST JOHN 06-36-083-18 | N | 31.58 | N | Production | 2015MAR01 | ACT/OIL/PROD |
| 4918 | PREDATOR OIL BC ET AL PARKLAND 06-01-082-15 | N | 31.58 | N | Production | 2015MAR01 | ACT/GAS/PROD |
| 5355 | PREDATOR OIL BC FT ST JOHN 06-31-083-17 | N | 31.58 | N | Production | 2015MAR01 | ACT/OIL/PROD |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| 5619 | PREDATOR OIL BC ET AL HELMET B-059-L/094-P-09 | N | 32.06 | N | CE Workover | 2015FEB17 | SUSP/MGAS/UND |
| 5718 | PREDATOR OIL BC ET AL HELMET C-089-G/094-P-10 | N | 31.58 | N | Production | 2015MAR01 | ACT/GAS/PROD |
| 6254 | PREDATOR OIL BC FT ST JOHN 10-05-083-18 | N | 29.58 | N | Production | 2015MAY01 | ACT/OIL/PROD |
| 6431 | PREDATOR OIL BC ET AL W STODDART 11-21-086-20 | N | 20.58 | N | Production | 2016FEB01 | ACT/GAS/PROD |
| 6556 | PREDATOR OIL BC FT ST JOHN 08-26-083-18 | N | 31.58 | N | Production | 2015MAR01 | ACT/OIL/PROD |
| 6557 | PREDATOR OIL BC FT ST JOHN 08-36-083-18 | N | 31.58 | N | Production | 2015MAR01 | ACT/OIL/PROD |
| 6709 | PREDATOR OIL BC W STODDART 06-15-086-20 | Y | 33.58 | N | Production | 2015JAN01 | ACT/GAS/PROD |
| 6788 | PREDATOR OIL BC HELMET D-075-J/094-P-10 | N | 24.58 | N | Production | 2015OCT01 | ACT/GAS/PROD |
| 7690 | PREDATOR OIL BC W BUICK B-A070-E/094-A-14 | N | 31.58 | N | Production | 2015MAR01 | ACT/GAS/PROD |
| 7823 | PREDATOR OIL BC HELMET D-096-G/094-P-10 | N | 18.58 | N | Production | 2016APR01 | ACT/GAS/PROD |
| 8724 | PREDATOR OIL BC ET AL W BUICK D-039-E/094-A-14 | N | 30.58 | N | Production | 2015APR01 | ACT/MGAS/PROD |
| 8814 | PREDATOR OIL BC FT ST JOHN 08-35-083-18 | Y | 31.58 | N | Production | 2015MAR01 | ACT/OIL/PROD |
| 9754 | PREDATOR OIL BC HZ FT ST JOHN 11-15-084-19 | Y | 24.58 | N | Production | 2015OCT01 | ACT/GAS/PROD |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| 9763 | PREDATOR OIL BC ET AL FIREWEED B- 035-H/094-A-13 | N | 31.58 | N | Production | 2015MAR01 | ACT/GAS/PROD |
| 9930 | PREDATOR OIL BC HZ W BUICK A-034-E/094-A-14 | N | 22.58 | N | Production | 2015DEC01 | ACT/GAS/PROD |
| 9948 | PREDATOR OIL BC RIGEL 05-28-088-17 | N | 18.58 | N | Production | 2016APR01 | ACT/GAS/PROD |
| 10556 | PREDATOR OIL BC FT ST JOHN 02-26-083-18 | N | 31.58 | N | Production | 2015MAR01 | ACT/GAS/PROD |
| 10642 | PREDATOR OIL BC FT ST JOHN 10-04-084-19 | Y | 27.58 | N | Production | 2015JUL01 | ACT/MGAS/PROD |
| 10916 | PREDATOR OIL BC FT ST JOHN 08-08-083-18 | N | 29.58 | N | Production | 2015MAY01 | ACT/MGAS/PROD |
| 11452 | PREDATOR OIL BC BEAR FLAT 10-33-084-20 | N | 49.58 | N | Production | 2013SEP01 | SUSP/GAS/PROD |
| 11460 | PREDATOR OIL BC HZ WILDER 13-27-083-19 | N | 27.58 | N | Production | 2015JUL01 | ACT/GAS/PROD |
| 11705 | PREDATOR OIL BC HELMET A-059-G/094-P-11 | N | 49.58 | N | Production | 2013SEP01 | ACT/GAS/PROD |
| 11769 | PREDATOR OIL BC HELMET A-097-A/094-P-11 | N | 27.58 | N | Production | 2015JUL01 | ACT/GAS/PROD |
| 12070 | PREDATOR OIL BC HELMET D-010-A/094-P-15 | N | 21.58 | N | Production | 2016JAN01 | ACT/GAS/PROD |
| 12097 | PREDATOR OIL BC ET AL DOE 02-03-081-14 | N | 216 | Y | CE Workover | 1999OCT18 | SUSP/GAS/UND |
| 12122 | PREDATOR OIL BC FT ST JOHN 03-17-083-18 | N | 29.58 | N | Production | 2015MAY01 | COMP/GAS/UND |

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|---|---|---|---|---|---|---|---|
| 12130 | PREDATOR OIL BC HELMET C-A045-A/094-P-11 | N | 15.58 | N | Disposal | 2016JUL01 | ACT/WATR/DISP |
| 12964 | PREDATOR OIL BC BUICK D-025-B/094-A-14 | N | 18.58 | N | Production | 2016APR01 | ACT/MGAS/PROD |
| 13676 | PREDATOR OIL BC ET AL HELMET A-012-B/094-P-15 | N | 21.58 | N | Production | 2016JAN01 | ACT/GAS/PROD |
| 13677 | PREDATOR OIL BC ET AL HELMET A-090-I/094-P-10 | N | 24.58 | N | Production | 2015OCT01 | ACT/GAS/PROD |
| 13804 | PREDATOR OIL BC STODDART A06-31-085-18 | N | 81.29 | N | CE Workover | 2011JAN10 | SUSP/GAS/PROD |
| 13907 | PREDATOR OIL BC STODDART 09-30-085-18 | N | 20.58 | N | Production | 2016FEB01 | ACT/GAS/PROD |
| 14042 | PREDATOR OIL BC ET AL FIREWEED D-099-B/094-A-13 | N | 30.58 | N | Production | 2015APR01 | ACT/GAS/PROD |
| 14117 | PREDATOR OIL BC FT ST JOHN B11-15-084-19 | N | 63 | N | CE Workover | 2012JUL18 | COMP/UND/UND |
| 14502 | PREDATOR OIL BC HZ HELMET D-064-H/094-P-11 | N | 21.58 | N | Production | 2016JAN01 | ACT/GAS/PROD |
| 14539 | PREDATOR OIL BC THETLAANDOA A-060-K/094-P-06 | N | 35.58 | N | Production | 2014NOV01 | ACT/GAS/PROD |
| 14580 | PREDATOR OIL BC HELMET A-A018-J/094-P-11 | N | 31.58 | N | Production | 2015MAR01 | ACT/GAS/PROD |
| 14849 | PREDATOR OIL BC MONIAS 16-29-082-22 | N | 33.58 | N | Production | 2015JAN01 | ACT/MGAS/PROD |
| 14850 | PREDATOR OIL BC ET AL MONIAS 16-28-082-22 | N | 33.58 | N | Production | 2015JAN01 | ACT/GAS/PROD |

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|---|---|---|---|---|---|---|---|
| 15153 | PREDATOR OIL BC WILDER 15-27-083-19 | N | 30.58 | N | Production | 2015APR01 | ACT/GAS/PROD |
| 15226 | PREDATOR OIL BC THETLAANDOA D-065-I/094-P-05 | N | 68.58 | N | Production | 2012FEB01 | SUSP/GAS/PROD |
| 15234 | PREDATOR OIL BC HELMET B-003-K/094-P-11 | N | 29.58 | N | Production | 2015MAY01 | ACT/GAS/PROD |
| 15762 | PREDATOR OIL BC ET AL FORT ST JOHN 14-05-083-18 | N | 29.58 | N | Production | 2015MAY01 | ACT/GAS/PROD |
| 16117 | PREDATOR OIL BC MONIAS 08-32-082-20 | N | 34.58 | N | Production | 2014DEC01 | ACT/GAS/PROD |
| 16152 | PREDATOR OIL BC WILDER A15-27-083-19 | N | 27.58 | N | Production | 2015JUL01 | ACT/OIL/PROD |
| 17075 | PREDATOR OIL BC HELMET C-028-I/094-P-06 | N | 50.58 | N | Disposal | 2013AUG01 | ACT/WATR/DISP |
| 17461 | PREDATOR OIL BC W BUICK A-029-L/094-A-14 | N | 55.74 | N | CE Workover | 2013FEB27 | SUSP/MGAS/PROD |
| 17463 | PREDATOR OIL BC BEAR FLAT B15-28-084-20 | N | 49.58 | N | Production | 2013SEP01 | SUSP/GAS/PROD |
| 17872 | PREDATOR OIL BC WILDER 06-34-083-19 | N | 27.58 | N | Production | 2015JUL01 | ACT/MGAS/PROD |
| 17925 | PREDATOR OIL BC MONIAS 01-25-082-21 | N | 30.58 | N | Production | 2015APR01 | ACT/GAS/PROD |
| 18041 | PREDATOR OIL BC FT. ST. JOHN 08-14-084-19 | Y | 27.58 | N | Production | 2015JUL01 | ACT/GAS/PROD |
| 18112 | PREDATOR OIL BC FIREBIRD A-083-A/094-H-03 | N | 23.58 | N | Production | 2015NOV01 | ACT/GAS/PROD |

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|---|---|---|---|---|---|---|---|
| 18733 | PREDATOR OIL BC ET AL FIREWEED B-021-H/094-A-13 | N | 26.58 | N | Production | 2015AUG01 | ACT/GAS/PROD |
| 19409 | PREDATOR OIL BC N BUICK A-070-B/094-A-14 | N | 18.58 | N | Production | 2016APR01 | ACT/GAS/PROD |
| 19600 | PREDATOR OIL BC OAK 11-04-087-18 | N | 21.58 | N | Production | 2016JAN01 | ACT/GAS/PROD |
| 19683 | PREDATOR OIL BC FIREWEED C-B001-H/094-A-13 | N | 23.58 | N | Production | 2015NOV01 | ACT/GAS/PROD |
| 19941 | PREDATOR OIL BC AIRPORT A09-32-083-17 | N | 31.58 | N | Production | 2015MAR01 | ACT/OIL/PROD |
| 19944 | PREDATOR OIL BC PICKELL D-084-A/094-H-03 | N | 25.58 | N | Production | 2015SEP01 | ACT/GAS/PROD |
| 19951 | PREDATOR OIL BC FIREBIRD C-072-A/094-H-03 | N | 28.58 | N | Production | 2015JUN01 | ACT/GAS/PROD |
| 19968 | PREDATOR OIL BC FIREBIRD D-A064-A/094-H-03 | N | 36.58 | N | Production | 2014OCT01 | ACT/GAS/PROD |
| 20024 | PREDATOR OIL BC NIG B-061-C/094-H-04 | N | 36.13 | N | CE Workover | 2014OCT15 | SUSP/UND/UND |
| 20025 | PREDATOR OIL BC NIG B-A061-C/094-H-04 | N | 35.19 | N | CE Workover | 2014NOV13 | SUSP/UND/UND |
| 20222 | PREDATOR OIL BC DESAN D-047-H/094-P-06 | N | 32.58 | N | Production | 2015FEB01 | ACT/GAS/PROD |
| 21130 | PREDATOR OIL BC BUICK D-066-B/094-A-14 | N | 38.58 | N | Production | 2014AUG01 | ACT/GAS/PROD |
| 21331 | PREDATOR OIL BC ET AL W BUICK C 050-E/094-A-14 | N | 20.58 | N | Production | 2016FEB01 | ACT/OIL/PROD |

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|---|---|---|---|---|---|---|---|
| 22377 | PREDATOR OIL BC W BUICK B-041-H/094-A-13 | N | 31.58 | N | Production | 2015MAR01 | ACT/OIL/PROD |
| 24229 | PREDATOR OIL BC HZ HELMET B-B064-G/094-P-10 | N | 22.58 | N | Production | 2015DEC01 | ACT/GAS/PROD |
| 27439 | PREDATOR OIL BC HZ HELMET D-E064-G/094-P-10 | N | 23.58 | N | Production | 2015NOV01 | ACT/GAS/PROD |
| 27678 | PREDATOR OIL BC HZ HELMET D-A051-G/094-P-10 | N | 33.58 | N | Production | 2015JAN01 | ACT/GAS/PROD |
| 27759 | PREDATOR OIL BC HZ HELMET D-F051-G/094-P-10 | N | 23.58 | N | Production | 2015NOV01 | ACT/GAS/PROD |

This is Exhibit "V" referred to in the Affidavit of Mark Horrox made before me on this 6th day of July 2018.

Notary Public State of Florida
Kalli Seger
My Commission FF 908566
Expires 08/04/2019

Kalli Seger

A Notary Public in and for the State of Florida

751610 v1

BC Oil & Gas COMMISSION

# GENERAL ORDER 2017-103

Section 49 *Oil and Gas Activities Act*

**Issued to:**

Predator Oil BC Ltd.
1500, 250-2nd Street, SW
Calgary, Alberta, T2P 0C1

**Attention:** Mr. Greg MacDonald

**Order:**

Pursuant to section 49(1)(a) of the *Oil and Gas Activities Act* (the Act), I, Lance Ollenberger, order that Predator Oil BC Ltd. (Predator) must:

1) By October 31, 2017, submit a Liability Management Plan (Plan) to the satisfaction of the Commission electronically to C&E@bcogc.ca. The Plan must:
    a) Document the work plan and schedule for the decommissioning and restoration of infrastructure associated with oil and gas activities and related activities that are owned and operated by the permit holder; and,
    b) Document how decommissioning and restoration work will, by May 31, 2018, achieve a $5,000,000 reduction in the deemed liability of Predator's infrastructure that was identified by the Commission under its Liability Management Rating Program as at June 2, 2017.

**Conditions:**

A. This Order shall remain in effect until amended or terminated in whole or in part by the Commission.

**Reasons:**

I make this Order for the following reasons:

i. On June 1, 2017, the Commission approved an application to transfer application determination #'s and authorizations from Penn West Petroleum Ltd to Predator (the "Approval"). That Approval is attached to this Order.

ii. Conditions of the Approval included the following:

1. By June 30, 2017, the permit holder must develop a Liability Management Plan to the satisfaction of the Commission. The Liability Management Plan must:

a. Document the work plan and schedule for the decommissioning and restoration of infrastructure associated with oil and gas activities and related activities that are owned and operated by the permit holder; and,

b. Document how decommissioning and restoration work will, by May 31, 2018, achieve a $5,000,000 reduction in the deemed liability of the permit holder's infrastructure that has been identified by the Commission under its Liability Management Rating Program as at June 2, 2017.

2. The permit holder must implement the Liability Management Plan submitted to the Commission to (1) above.

iii. On September 27, 2017, Predator submitted a proposed Plan to the Commission.

iv. The Commission reviewed the proposed Plan and found that it is was not satisfactory.

v. On October 4, 2017 the Commission sent Predator a letter which advised that the proposed Plan failed to meet Condition 1 of the Approval and further that the Plan should:

- identify the sites where decommissioning or restoration work will be undertaken,
- identify the scope of the work being undertaken at each site,
- identify work schedules, and
- document how decommission and restoration work will, by May 18, 2018 achieve the required reduction in liabilities.

vi. To date the Commission has not received a satisfactory Plan.

vii. I am of the opinion that Predator is not in compliance with a condition of its Approval.

**Review and Appeal:**

Predator may request a review of this Order under section 70 of the Act by submitting a request for review to ogc.determinationreviews@bcogc.ca.

Predator may appeal this Order to the Oil and Gas Appeal Tribunal under section 72 of the Act. The process for appeals can be found at www.ogat.gov.bc.ca and a notice of appeal may be sent to the Oil and Gas Appeal Tribunal at:

Oil and Gas Appeal Tribunal
PO Box 9425 Stn Prov Govt
Victoria, BC, V8W 9V1

Lance Ollenberger
Vice President, Operations
BC Oil and Gas Commission

DATED AT Fort St. John, in the Province of British Columbia, this 23rd day of October, 2017.

Attachment: Predator Transfer Approval

BC Oil & Gas COMMISSION

Permit File: 20200-18
Kermit Job Numbers:

| | | | | |
|---|---|---|---|---|
| 037718184-001 | 037723295-001 | 037717489-001 | 037716826-001 | 037735021-001 |
| 037722324-001 | 037730957-001 | 037728275-001 | 037716251-001 | 037730898-001 |
| 037736061-001 | 037723067-001 | 037723638-001 | 037714473-001 | 037737446-001 |
| 037734159-001 | 037722630-001 | 037722790-001 | 037699237-001 | |

June 1, 2017

Predator Oil BC Ltd.
1500, 250 – 2nd Street, SW
Calgary, Alberta
T2P 0C1

Via email Wendy.Eastgaard@predatoroil.com

**RE: APPROVED APPLICATION TO TRANSFER APPLICATION DETERMINATION # AND AUTHORIZATIONS FROM PENN WEST PETROLEUM LTD. TO PREDATOR OIL BC LTD.**

Pursuant to Section 29 of the *Oil and Gas Activities Act*, I hereby consent to the transfer and assignment of the Application Determination # and authorizations, as outlined on the attached transfer application and assignment of surface rights package dated January 31, 2017. A transfer fee in the amount of $416,400.00 can be made through the online payment portal, AMS Payment, by Predator Oil BC Ltd.

Please accept this letter as acknowledgement that the files outlined on the attached surface assignment schedule have been assigned to Predator Oil BC Ltd.

The permit holder must comply with all of the permissions and conditions stated in the original Permits and Associated Authorizations as well as the additional conditions 1(a) and (b) and 2 set out below.

The additional condition(s) set out below form an integral part of each of the Permits and Associated Authorizations that are listed on the attached Operator Change Report and the LMR Detail Report and should be attached thereto.

**Additional Conditions**

1. By June 30, 2017, the permit hold must develop a Liability Management Plan to the satisfaction of the Commission. The Liability Management Plan must:
   a. Document the work plan and schedule for the decommissioning and restoration of infrastructure associated with oil and gas activities and related activities that are owned and operated by the permit holder; and,
   b. Document how decommissioning and restoration work will, by May 31, 2018, achieve a $5,000,000 reduction in the deemed liability of the permit holder's infrastructure that has been identified by the Commission under its Liability Management Rating Program as at June 2, 2017.
2. The permit holder must implement the Liability Management Plan submitted to the Commission to (1) above.

***In addition it is the responsibility of the transferee to ensure all records, reports, plans, permits and other correspondence pertaining to the assets outlined in the attached documents are obtained from the transferor. Until all required emergency response plans for these assets are received by the Commission from the transferee, any required response activities remain the responsibility of the transferor.***

**Please note it is your responsibility to register an Assignment of Surface Rights for Statutory Right of Way documents at the Land Titles Office in New Westminster.**

**The tenure files listed on the attached Statutory Right of Way Report will require survey plans submitted following this Permit Transfer Approval.**

Please do not hesitate to contact me via e-mail at assetmanagement@bcogc.ca if you have any questions.

Yours truly,

Kori St. Michael-Anderson
Permit Administration Technician, Permit Operations & Administrative Branch

Enclosures

cc: Penn West Petroleum Ltd., via email Linda.Rawlyk@pennwest.com

This is Exhibit "W" referred to in the Affidavit of Mark Horrox made before me on this 6th day of July 2018.

Notary Public State of Florida
Kalli Seger
My Commission FF 906568
Expires 08/04/2019

Kalli Seger

A Notary Public in and for the State of Florida

751610 v1

BC Oil & Gas COMMISSION

# GENERAL ORDER 2017-090

Section 49 *Oil and Gas Activities Act*

**Issued to:**

Predator Oil BC Ltd.
1500, 250-2nd Street, SW
Calgary, Alberta, T2P 0C1

**Attention:** Mr. Greg MacDonald

**Order:**

Pursuant to section 49(1)(a) and (b) of the *Oil and Gas Activities Act* (the Act), I, Jacques Corstanje, order that Predator Oil BC Ltd.( Predator) must:

1) By October 31, 2017, remove all the liquid, sludge and waste residue from the frac water storage site located at d-024-G/094-P-10 (the "Site") and dispose of these materials at approved facilities.

2) By August 15, 2018 complete and submit to the Commission an environmental site investigation report to determine the presence and extent of potential contamination in the soil and groundwater at the Site. The site investigation report must be submitted electronically to C&E@bcogc.ca.

3) By September 30, 2018, ensure that any contaminated soils, if present at the Site, are removed or otherwise remediated to meet the applicable numerical standards under the Contaminated Sites Regulation or to meet risk-based standards acceptable to the Commission.

**Conditions:**

A. This order shall remain in effect until amended or terminated in whole or in part by the Commission.

**Reasons:**

I make this Order for the following reasons:

i. Predator is the operator and permit holder for the Site.

ii. The former permit holder, Penn West Petroleum Ltd. (Penn West) informed the Commission that the Site's outer liner is leaking and that leaked liquid was being pumped back into the frac pond to mitigate risk of spillage into the environment.
iii. Emptying all materials from the Site will facilitate inspection of the leak for contamination of soils and the environment.
iv. Penn West was ordered to comply with similar conditions as this Order but with earlier timeframes.
v. On June 1, 2017 the Site was transferred to Predator.
vi. On June 21, 2017 a Commission Oil and Gas Operations Officer attended the Site and confirmed that very little liquid has been removed from the Site.
vii. I am of the opinion that this order is necessary to protect the environment.
viii. I am of the opinion that Predator is not in compliance with the Act or the Regulations.

**Review and Appeal:**

Predator may request a review of this order under section 70 of the Act by submitting a request for review to ogc.determinationreviews@bcogc.ca

Predator may appeal this Order to the Oil and Gas Appeal Tribunal under section 72 of the Act. The process for appeals may be found at www.ogat.gov.bc.ca and a notice of appeal may be sent to the Oil and Gas Appeal Tribunal at:

Oil and Gas Appeal Tribunal
PO Box 9425 Stn Prov Govt
Victoria, BC, V8W 9V1

Jacques Corstanje, RPF
Director, Compliance and Enforcement
Oil and Gas Commission

DATED AT Fort St. John, in the Province of British Columbia, this 14th day of July, 2017

**This is Exhibit "X" referred to in the Affidavit of Mark Horrox made before me on this 6th day of July 2018.**

Notary Public State of Florida
Kalli Seger
My Commission FF 906566
Expires 08/04/2019

Kalli Seger

**A Notary Public in and for the State of Florida**

BC Oil & Gas COMMISSION

# GENERAL ORDER 2017-091

Section 49 *Oil and Gas Activities Act*

**Issued to:**

Predator Oil BC Ltd.
1500, 250-2nd Street, SW
Calgary, Alberta, T2P 0C1

**Attention:** Mr. Greg MacDonald

**Order:**

Pursuant to section 49(1(a) and (b) of the *Oil and Gas Activities Act* (the Act), I, Jacques Corstanje, order that Predator Oil BC Ltd. (Predator) must:

1) By October 31, 2017 submit a plan acceptable to the Commission on how Predator will ensure compliance with the requirements as specified in item 2.

2) By March 15, 2018, remediate the soil, surface water, and groundwater affected by spillage at and around b-25-F/94-P-14, Pipeline Project 13923, segment 1 (the Site) to the applicable numerical standards under the Contaminated Sites Regulation or to risk-based standards acceptable to the Commission.

**Conditions:**

A. This order shall remain in effect until amended or terminated in whole or in part by the Commission.

**Reasons:**

I make this Order for the following reasons:

i. Predator is the operator and permit holder for the pipeline

ii. On October 5, 2015 Penn West Petroleum Ltd. ( Penn West), the former permit holder, reported a pipeline leak at the Site

iii. On February 9, 2016 Penn West was granted an investigative use permit to conduct offsite investigation

iv. The Site is remote and generally has winter access only

v. In December, 2016 a consultant on behalf of Penn West advised the Oil and Gas Commission of Penn West's intention to begin excavation of the area around the Site in mid January 2017

vi. On January 31, 2017, a consultant on behalf of Penn West requested withdrawal of permission to excavate the Site stating Penn West have sold their BC assets.

vii. To date Penn West has not remediated the land affected by the spillage as required by section 37(2)(c) of the Oil and Gas Activities Act.

viii. On June 1, 2017 Predator became the permit holder for Pipeline Project 13923

ix. I am of the opinion that this order is necessary to protect the environment.

x. I am of the opinion that Predator is not in compliance with the Act or the Regulations.

## Review and Appeal:

Predator may request a review of this order under section 70 of the Act by submitting a request for review to ogc.determinationreviews@bcogc.ca

Predator may appeal this Order to the Oil and Gas Appeal Tribunal under section 72 of the Act. The process for appeals may be found at www.ogat.gov.bc.ca and a notice of appeal may be sent to the Oil and Gas Appeal Tribunal at:

Oil and Gas Appeal Tribunal
PO Box 9425 Stn Prov Govt
Victoria, BC, V8W 9V1

Jacques Corstanje, RPF
Director, Compliance and Enforcement
Oil and Gas Commission

DATED AT Fort St. John, in the Province of British Columbia, this 14th day of July, 2017

This is Exhibit "Y" referred to in the Affidavit of Mark Horrox made before me on this 6th day of July 2018.

Notary Public State of Florida
Kelli Seger
My Commission FF 906566
Expires 08/04/2019

A Notary Public in and for the State of Florida

751610 v1

Bennett Jones

Bennett Jones LLP
4500 Bankers Hall East, 855 2nd Street SW
Calgary, Alberta, T2P 4K7 Canada
T: 403.298.3100
F: 403.265.7219

Kelsey Meyer
Partner
Direct Line: 403.298.3323
e-mail: meyerk@bennettjones.com
Our File No.: 78704.1

July 5, 2018

**VIA COURIER**

Third Eye Capital Corporation
161 Bay Street, Suite 3930
Toronto, ON M5J 2S1

Dear Sir or Madam:

**Re: Notice of Disposition of Collateral**

We are counsel for ECN Aviation Inc., the successor in interest to Element Financial Corporation, and a secured creditor of OpsMobil Group Inc. Please find enclosed for service upon you a Notice of Disposition of Collateral pursuant to Section 60(4) of the *Personal Property Security Act*, RSA 2000 c P-7.

Yours truly,

**BENNETT JONES LLP**

Kelsey Meyer

KM:ag
Enclosure

## NOTICE OF DISPOSITION OF COLLATERAL

Pursuant to Section 60(4) of the *Personal Property Security Act*, RSA 2000 c P-7

**July 5, 2018** Agency File No.: 2012-010287

TO: OpsMobil Group Inc. (previously known as Gemini Helicopters Inc.)
1200, 815 8th Avenue SW
Calgary, AB T2P 3P2

(the "**Debtor**")

AND TO: Third Eye Capital Corporation, as Administrative Agent, a creditor
161 Bay Street, Suite 3930
Toronto, ON M5J 2S1

FROM: Allied Shortridge Civil Enforcement Agency Inc.
126, 1111 – 6th Avenue S.W.
Calgary, Alberta T2P 5M5
Telephone: (403) 237-5468
Facsimile: (403) 263-7313
Email: allied.shortridge@shaw.ca

ON BEHALF OF: ECN Aviation Inc., the successor in interest to Element Financial Corporation and a secured creditor of the Debtor

ECN Aviation Inc., the successor in interest to Element Financial Corporation ("**ECN**"), gives notice of disposition of the following collateral over which it holds security and which has been seized:

- One (1) 1998 Eurocopter model AS350BA-FX2 aircraft bearing manufacturer's serial number 3100 (described on the International Registry by free text entry as Eurocopter model AS350-BA manufacturer's serial number 3100) and Canadian registration mark C-FXHP, including one (1) Lycoming (Honeywell) model LTS101-700D2 engine installed on the airframe bearing manufacturer's serial number LE-43005C (described on the International Registry by free text entry as Honeywell model LTS 101 manufacturer's serial number LE43005);

- One (1) 2000 Eurocopter model EC120B aircraft bearing manufacturer's serial number 1057 (described on the International Registry by free text entry as Eurocopter model EC120B manufacturer's serial number 1057) and Canadian registration mark C-GEMU, including one (1) Turbomeca model Arrius 2F engine installed on the airframe bearing manufacturer's serial number 34069 (described on the International Registry by free text entry as Turbomeca model Arrius 2F manufacturer's serial number 1057 (described on the International Registry by free text entry)

and all parts, accessories, appliances, appurtenances, components, furnishings, instruments, modules, navigational and communications equipment and all other goods, tangible, personal property and other equipment of whatever nature that may from time to time be incorporated or installed in or attached to the foregoing airframes, engines or auxiliary power unit, as the case may be, and all records, logs, maintenance records, manuals, technical data, training aids, computer software, and other materials relating to the airframes, engines, propellers or auxiliary power unit, as the case may be, and any property substituted for any of the foregoing.

(collectively, the "**Collateral**").

The amount required to satisfy the obligations secured by the security interest of ECN is:

- CDN $1,079,954.39 as of July 3, 2018;
- plus interest at the default rate of 12% per annum;
- plus reasonable expenses of enforcing the security agreement, holding, repairing, processing or preparing for disposition and disposing of the Collateral and any other reasonable expenses incurred by ECN, in the amount reasonably estimated to be CDN $165,000.00.

On payment of the above-noted amounts in the total amount of CDN $1,079,954.39 as of July 3, 2018 plus interest at the default rate of 12% per annum plus reasonable expenses in the amount reasonably estimated to be CDN $165,000.00, any person entitled to receive this Notice may redeem the Collateral.

UNLESS THE COLLATERAL IS REDEEMED ON OR BEFORE July 26, 2018, the Collateral will be disposed of and the Debtor may be liable for any deficiency.

The Collateral will be disposed of by private sale at any time after July 26, 2018.

Sincerely,

**Dan Syryda**
**Operations Manager**
**Allied Shortridge Civil Enforcement Agency Inc.**