



COURT FILE NUMBER	1801-09188
COURT	COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE	CALGARY
APPLICANT	THIRD EYE CAPITAL CORPORATION
RESPONDENTS	RANCH ENERGY CORPORATION, OPSMOBIL 1734163 ALBERTA INC., 1859821 ALBERTA INC., OPSMOBIL GROUP INC., OPSMOBIL CONSTRUCTION INC., OPSMOBIL ENERGY SERVICES INC., AIR DALLAIRE LTD., AND K.L. CAPITAL CORP.
DOCUMENT	APPLICATION
ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT	BLAKE, CASSELS & GRAYDON LLP 3500, 855 – 2 nd Street S.W. Calgary, AB T2P 4J8 Attention: Ryan Zahara Telephone: 403-260-9628 Facsimile: 403-260-9700 Email: ryan.zahara@blakes.com File Ref.: 180308/1

NOTICE TO THE ATTACHED SERVICE LIST (SCHEDULE "A")

This application is made against you. You are a respondent.

You have the right to state your side of this matter before the judge.

To do so, you must be in Court when the application is heard as shown below:

Date	<u>October 18, 2018</u>
Time	<u>1:30 PM</u>
Where	<u>Calgary Courts Centre</u>
Before Whom	<u>Justice K.M. Horner</u>

Go to the end of this document to see what else you can do and when you must do it.

Grounds for Making this Application:

1. The grounds that Predator Oil BC Ltd. (the "**Applicant**" or "**Predator**") relies on in making the within application (the "**Application**") are as follows:
 - (a) Predator is the licensee of record (the "**Licensee**") with the British Columbia Oil and Gas Commission and held certain licenses and permits associated with the oil and gas assets (the "**Assets**") of Ranch Energy Corporation ("**Ranch**") pursuant to and in accordance with the Trust Agreement, dated June 16, 2017, between Ranch, OpsMobil Group Inc., and Predator (the "**Trust Agreement**").
 - (b) Article 2.1 of the Trust Agreement provides that Predator holds the applicable licenses and permits related to the Assets in trust for Ranch. Ranch's ability to operate the Assets in accordance with section 21 of the *Oil and Gas Activities Act*, SBC 2008, c 36 ("**OGAA**"), stems solely from the permission of Predator, as Licensee, which is granted pursuant to the Trust Agreement.
 - (c) Article 4 of the Trust Agreement requires that Ranch pay to Predator certain fees associated with the costs of administration (the "**Trust Fees**"). The Receiver has failed to pay any of the required Trust Fees invoiced by Predator in accordance with the Trust Agreement, with the current outstanding amount totalling \$336,764.52.
 - (d) On July 19, 2018, Ernst & Young Inc. was appointed as receiver and manager (the "**Receiver**") of Ranch pursuant to a receivership order (the "**Receivership Order**") granted by Madam Justice B.E.C. Romaine. The Receiver has been operating the Assets under the terms of the Trust Agreement, and with the permission of Predator, since that date.
 - (e) On October 2, 2018, the Receiver advised Predator that it was formally disclaiming and renouncing Ranch's entire interest under the Trust Agreement, effective July 19, 2018.
 - (f) Since the Receiver has disclaimed the Trust Agreement, and Predator no longer has any duty to Ranch in relation to the Assets, Ranch has lost any and all rights and permissions in respect of the operation of the Assets. Therefore, the

Receiver lacks the permits necessary to carry out oil and gas activities pursuant to the requirements of section 21 of the OGAA.

- (g) Also on October 2, 2018, the Order Approving Sale and Investment Solicitation Process was granted by Justice A.D. Macleod. This Order outlines the sale and investment solicitation process for Ranch (the "**Sales Process**"). The first deadline for the Sales Process is October 25, 2018, which is the scheduled date for the submission of phase 1 non-binding letters of intent.

Remedy Claimed or Sought:

- 2. The Applicant is seeking advice, direction, and orders in respect of the following:
 - (a) the operation of the Assets by the Receiver, including whether Predator, as Licensee, should act as a contract operator of the Assets in order to bring the Assets into compliance with the applicable statutes and regulations proscribed by the British Columbia Oil and Gas Commission.
 - (b) If Predator is required to act as a contract operator of the Assets, an order granting Predator a charge against the Assets that ranks *pari passu* with the Receiver's charge for any funds spent on behalf of Ranch on the operation of the Assets.
 - (c) If Predator is required to take act as a contract operator of the Assets, an order directing the payment to a trust account, over which Predator can direct the use of proceeds from the Assets for the operation of the Assets. The Receiver will be provided access to review expenditures by Predator from the trust account.
 - (d) Alternatively, direction as to whether the Receiver should initiate and complete the license transfer procedure pursuant to Article 3 of the Trust Agreement, which will ensure that Ranch becomes Licensee and the Receiver comes into compliance with the applicable statutes and regulations.
 - (e) In the further alternative, that the Receiver comply with the terms of the Trust Agreement and receive the benefit of the Permits going forward for the operation of the Assets, including payment of any fees accruing due under the terms of the Trust Agreement .

- (f) That the Receiver pay to Predator the outstanding post-receivership Trust Fees that have accrued during the Receiver's operation of the Assets since the date of its appointment, currently totaling \$336,764.52.
- (g) repayment to Predator of certain amounts paid by Predator on behalf of Ranch prior to the appointment of the Receiver.
- (h) an extension of the Sales Process timelines to the extent required in the circumstances.
- (i) Granting costs of this Application to Predator.
- (j) Such further and other relief as may be sought by the Applicant and this Honourable Court may deem appropriate.

Material or Evidence to be Relied On:

- 3. The Applicant intends to rely upon the following materials:
 - (a) The Affidavit of Ryan Tobber, sworn on October 16, 2018;
 - (b) The Second Report of the Receiver, dated September 24, 2018;
 - (c) The Receivership Order, dated July 19, 2018; and
 - (d) Such further and other materials as counsel may advise and this Honourable Court may permit.

Applicable Rules:

- 4. The Applicant intends to rely upon the following rules:
 - (a) The *Alberta Rules of Court*, AR 124/2010.
 - (b) Such further and other rules as counsel may advise and this Honourable Court may permit.

Applicable Acts and Regulations:

- 5. The Applicant intends to rely upon the following Acts:

- (a) The *Bankruptcy and Insolvency Act*, RSC 1985, c B-3.
- (b) Such further and other Acts and regulations as counsel may advise and this Honourable Court may permit.

Any Irregularity Complained of or Objection Relied on:

6. There are no irregularities complained of or objections relied on.

How the Application is Proposed to be Heard or Considered:

7. Oral submission by counsel at an application before the Honourable Justice K.M. Horner at 1:30 P.M. on October 18, 2018 with one, some, or all of the parties present.

WARNING

You are named as a respondent because you have made or are expected to make an adverse claim in respect of this originating application. If you do not come to Court either in person or by your lawyer, the Court may make an order declaring you and all persons claiming under you to be barred from taking any further proceedings against the applicant(s) and against all persons claiming under the applicant(s). You will be bound by any order the Court makes, or another order might be given or other proceedings taken which the applicant(s) is/are entitled to make without any further notice to you. If you want to take part in the application, you or your lawyer must attend in Court on the date and at the time shown at the beginning of this form. If you intend to give evidence in response to the application, you must reply by filing an affidavit or other evidence with the Court and serving a copy of that affidavit or other evidence on the applicant(s) a reasonable time before the application is to be heard or considered.

Schedule "A"

Service List

(see attached)