



COURT FILE NUMBER 1801-09188

COURT COURT OF QUEEN'S BENCH OF ALBERTA

JUDICIAL CENTRE Calgary

APPLICANTS THIRD EYE CAPITAL CORPORATION

RESPONDENTS RANCH ENERGY CORPORATION, OPSMOBIL INC.,
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 BY RECEIVER
(INCREASE TO BORROWINGS CHARGE)**

ADDRESS FOR SERVICE AND Josef G.A. Kruger, Q.C./ Robyn Gurofsky
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DOCUMENT File No. 413255.63

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 master/judge.

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

Date	March 5, 2019
Time	10:00 AM
Where	Calgary Courts Centre, 601-5 th Street S.W., Calgary, AB
Before Whom	The Honourable Justice M. Hollins

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

Remedy claimed or sought:

1. Ernst & Young Inc. ("EY") is the court-appointed receiver and manager (the "Receiver") over all of the current and future assets, undertakings and properties of every nature and kind whatsoever,

and wherever situate, including all proceeds thereof (the “**Property**”), of Ranch Energy Corporation (“**Ranch**”), OpsMobil Inc., 1734163 Alberta Inc., 1859821 Alberta Inc., OpsMobil Group Inc. (“**OMGI**”), OpsMobil Construction Inc., OpsMobil Energy Services Inc., Air Dallaire Ltd., and K.L. Capital Corp. (collectively, the “**Debtors**”), pursuant to a receivership order of the Court of Queen’s Bench of Alberta dated July 19, 2018 (the “**Receivership Date**”), as amended on August 7, 2018 (the “**Receivership Order**”).

2. In this Application, the Receiver seeks from this Honourable Court:
 - (a) an Order substantially in the form attached hereto as **Schedule “B”**, which, among other things, increases the Receiver’s borrowings limit and the corresponding Receiver’s Borrowings Charge (as described below) to the principal amount of \$9,000,000 and approves the fees and accounts of the Receiver and its legal counsel incurred to date; and
 - (b) such further and other relief as Counsel may advise and this Honourable Court permit.

Grounds for making this application:

Background

3. The Receiver was appointed the receiver and manager of the Debtors, pursuant to the Receivership Order. Among other things, the Receivership Order provides that the Receiver is expressly empowered and authorized to take possession of and exercise control over the Property and to manage, operate and carry on the business of the Debtors.
4. The Debtors’ businesses are segregated between natural gas production and processing, and oilfield services. In particular, as is more fully described in the Receiver’s Second Report, Ranch has a working interest in, or in some cases, operates, approximately 1,600 oil and gas wells in northeast British Columbia and owns and operates a gas processing plant in the Wildboy district of British Columbia. The OpsMobil entities comprise a group of oilfield service companies that provided construction, aviation and energy services in the oil and gas sector.
5. The Receiver understands that Third Eye Capital Corporation (“**TEC**”) is the Debtors’ primary secured creditor and holds security against all of the present and after-acquired personal and real property of the Debtors. In particular, TEC holds a secured charge or charges over all of the Property of Ranch.

6. The Receiver has been operating the Ranch assets and has incurred significant expenses in relation to such operations, as more particularly outlined in the Sixth Report of the Receiver filed in support of this application.

Receiver's Borrowings Charge

7. Pursuant to paragraphs 24 to 28 of the Receivership Order, among other things, the Receiver is empowered to borrow by way of revolving credit or otherwise, such monies from time to time as it may consider necessary or desirable, provided that the outstanding principal amount does not exceed \$6,000,000 (or such greater amount as this Honourable Court may by further Order authorize). The Receivership Order further provides that the whole of the Property shall be charged by way of a fixed and specific charge (the "**Receiver's Borrowings Charge**") as security for the repayment of monies borrowed by the Receiver, including interest and charges thereon.
8. As is more fully set out in the Receiver's Second Report, the principal borrowings limit of \$6,000,000 was based on cash flow analysis conducted by the Receiver at the commencement of the within proceedings, and through to the period of October 31, 2018.
9. Pursuant to the order of Justice A.D. Macleod granted in these proceedings on October 2, 2018 (the "**October 2 Order**"), the Receiver's authorized borrowings, and the corresponding Receiver's Borrowings Charge was increased from \$6,000,000 to \$7,000,000.
10. Since the October 2 Order, the Receiver's refreshed and updated cash flow analysis projects that the Receiver will be required to borrow up to \$9,000,000 through to April 26, 2019, in order to perform its duties in connection with the Receivership.
11. As such, it is fair and reasonable for the Receiver's principal borrowings limit to be increased to \$9,000,000, and for the Receiver's Borrowings Charge to be increased to the same, plus interest and charges thereon.
12. The Receiver's cash flow is nearly exhausted and, without additional borrowings, it will not be in a position to perform duties in the Receivership, including continuing to negotiate and seeking approval for sale transactions in respect of the Ranch and OMGI assets.

General

13. Such further and other basis or grounds as Counsel may advise and this Honourable Court may permit.

Material or evidence to be relied on:

14. The Receiver's Sixth Report.
15. The pleadings, affidavits and other materials previously filed in these proceedings.
16. Such further and other material or evidence as Counsel may advise and this Honourable Court may permit.

Applicable rules:

17. The *Alberta Rules of Court*, AR 124/2010.
18. The *Bankruptcy and Insolvency General Rules*, CRC, c 368.

Applicable Acts and regulations:

19. The *Bankruptcy and Insolvency Act*, RSC 1985, c B-3.
20. The *Judicature Act*, R.S.A. 2000, c. J-2.
21. Such further and other Acts and regulations as Counsel may advise and this Honourable Court permit.

Any irregularity complained of or objection relied on:

22. None.

How the application is proposed to be heard or considered:

23. In person, before the Honourable Justice M. Hollins, with some or all of the parties present.

WARNING

If you do not come to Court either in person or by your lawyer, the Court may give the applicant(s) what they want in your absence. You will be bound by any order that the Court makes. If you want to take part in this application, you or your lawyer must attend in Court on the date and at the time shown at the beginning of the 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

Court File No. 1801-09188

In the Matter of the Receivership of Ranch Energy Corporation et al.

SERVICE LIST

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Borden Ladner Gervais LLP Attention: Mr. Josef G. A. Kruger, Q.C. and Ms. Robyn Gurofsky Suite 1900, 520 3rd Ave SW Calgary AB T2P 0R3 Phone: 403-232-9563/403-232-9774 Fax: 403-266-1395 Email: jkruger@blg.com / rgurofsky@blg.com Representing Ernst & Young Inc. in its capacity as Court-appointed Monitor of the Applicants	STIKEMAN ELLIOTT 4300 Bankers Hall West 888 - 3rd Street S.W. Calgary, Alberta T2P 5C5 David Price Ph : 403 266 9093 Email : dprice@stikeman.com Joseph Reynaud Direct : +1 514 397 3019 Email : jreynaud@stikeman.com Guy Martel Email: gmartel@stikeman.com Counsel to Third Eye Capital
JSS Barristers Attention: Christa Nicholson 800, 304 - 8 Avenue SW Calgary, Alberta T2P 1C2 Phone : 403-571-1520 Fax: 403-571-1528 Email: nicholsonc@jssbarristers.ca Mike.Janzen@bcogc.ca Sara.Gregory@bcogc.ca OGCLegalServices@bcogc.ca Liability.Management@bcogc.ca Counsel for the BC Oil and Gas Commission	OFFICE OF THE SUPERINTENDENT OF BANKRUPTCY Standard Life Tower 400, 639 - 5 Avenue SW Calgary AB T2P 0M9 Fax: 403-292-5188

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AIRBORNE ENERGY SOLUTIONS INC. 480 AVIATION WAY NE CALGARY, AB T2E 7G3 Kim Mizera KimM@rilpa.com Tel : 403-275-3035 Secured Creditor	Alberta Justice Attention: Jill Methurst-Tivadar 510-606 4 St. S.W. Calgary, Alberta T2P 1T1 Phone: 403-292-6813 Fax: 403-299-3507 Email: jill.medhurst-tivadar@justice.gc.ca Counsel for CRA
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CWB National Leasing Attention: Anna Neustaedter, Bankruptcy Designate 1100 Burloak Dr #3000 Burlington, Ontario L7L 6B2 Phone: 204-954-9093 Fax: 866-408-4852 Email: Anna9093@cwbnationalleasing.com Representing CWB National Leasing	PrairieSky Royalty Ltd. Attention: Ms. Heather R. Telasky , Senior Land Compliance Coordinator Suite 1700 350 7th Ave SW Calgary, Alberta T2P 3N9 Phone: 587.293.4040 Fax: 587.293.4001 Email: heather.telasky@prairiesky.com Representing PrairieSky Royalty Ltd.
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Schedule “B”

Proposed Form of Order

COURT FILE NUMBER 1801-09188

COURT COURT OF QUEEN'S BENCH OF ALBERTA

JUDICIAL CENTRE CALGARY

APPLICANTS THIRD EYE CAPITAL CORPORATION

RESPONDENTS RANCH ENERGY CORPORATION, OPSMOBIL INC.,
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 **ORDER INCREASING RECEIVER'S
BORROWINGS**

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF
PARTY FILING THIS DOCUMENT Josef G.A. Kruger, Q.C./ Robyn Gurofsky
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File No. 413255.63

DATE ON WHICH ORDER WAS PRONOUNCED: March 5, 2019

NAME OF JUSTICE WHO MADE THE ORDER: The Honourable Justice M. Hollins

LOCATION OF HEARING: Calgary, Alberta

UPON the application of Ernst & Young Inc. (“**EY**”), in its capacity as the court-appointed receiver and manager (the “**Receiver**”) of Ranch Energy Corporation, OpsMobil Inc., 1734163 Alberta Inc., 1859821 Alberta Inc., OpsMobil Group Inc., OpsMobil Construction Inc., OpsMobil Energy Services Inc., Air Dallaire Ltd., and K.L. Capital Corp. (collectively, the “**Debtors**”), and not in its personal capacity; **AND UPON** having read the Sixth Report of the Receiver dated February 25, 2019 (the “**Receiver's Sixth Report**”), the pleadings, and other documents filed in these proceedings, including the receivership order granted on July 19, 2018 (the “**Receivership Date**”), as amended on August 7, 2018 (together, the “**Receivership Order**”); **AND UPON** hearing from counsel for the Receiver and counsel for any other interested parties appearing at the hearing of this application:

IT IS HEREBY ORDERED AND DECLARED THAT:

Increase to Receiver's Borrowings Charge

1. Paragraph 24 of the Receivership Order is hereby amended such that the Receiver shall be authorized to borrow, by way of revolving credit or otherwise, such monies from time to time as it may consider necessary or desirable, up to the principal of \$9,000,000 (or such greater amount as this Honourable Court may by further Order authorize).
2. The Receiver's Borrowings Charge, as contemplated by, and defined in paragraph 24 of the Receivership Order, is hereby increased to \$9,000,000.

Receiver's Fees and Disbursements

3. The legal fees and disbursements of the Receiver and the Receiver's legal counsel incurred to date in the receivership proceedings, as summarized in the Sixth Report, are hereby approved and ratified.

Miscellaneous

4. The time for service of this Application together with all supporting materials is hereby declared to be good and sufficient and no other person is required to have been served with such documents, and this hearing is properly returnable before this Honourable Court today and further service thereof is hereby dispensed with.
5. Service of this Order shall be deemed good and sufficient by serving the same on:
 - a) the persons listed on the service list (attached as **Schedule "A"** to the Application); and
 - b) by posting a copy of this Order on the Receiver's website at: www.ey.com/ca/OpsMobil.

Justice of the Court of Queen's Bench of Alberta