ENTERED

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JUDICIAL CENTRE OF CALGARY
FILED
Mar 15, 2021
JA
by Email
CLERK OF THE COURT

CLERK'S STAMP

COM
March 26, 2021
Justice D.B Nixon

COURT FILE NUMBER	2001-10261
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 AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF GLENOGLE ENERGY INC., 1651558 ALBERTA LTD. and GLENOGLE ENERGY LP
DOCUMENT	**AFFIDAVIT**
ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT	**BENNETT JONES LLP** Barristers and Solicitors 4500, 855 – 2nd Street S.W. Calgary, Alberta T2P 4K7 Attention: Chris Simard Telephone No.: 403-298-4485 Fax No.: 403-265-7219 Client File No.: 61640.13

AFFIDAVIT OF JAMIE BLAIR

Sworn March 12, 2021

I, JAMIE BLAIR, of the City of Calgary, in the Province Alberta, SWEAR AND SAY THAT:

1. I am the President and Chief Executive Officer of Glenogle Energy Inc. and 1651558 Alberta Ltd. (collectively, along with Glenogle Energy LP, "**Glenogle**" or the "**Applicants**") and as such I have personal knowledge of the matters deposed to in this Affidavit, except where stated to be based on information and belief, in which case I verily believe same to be true.

2. Unless otherwise indicated, monetary references in this affidavit are references to Canadian dollars.

I. RELIEF SOUGHT

3. This affidavit is sworn in support of an application by the Applicants pursuant to the *Companies' Creditors Arrangement Act*, R.S.C., 1985 c. C-36, as amended (the "**CCAA**") for an Order granting, among other things, the following relief:

(a) declaring service of this Application and its supporting materials good and sufficient, and if necessary, abridging time for notice of the Application to the time actually given;

(b) extending to and including November 30, 2021 the Stay Period (as defined in the Initial Order granted in the within proceedings (the "**CCAA Proceedings**") on September 8, 2020 (the "**Initial Order**") and extended by the Amended and Restated Initial Order granted herein on September 8, 2020 (the "**ARIO**"));

(c) authorizing Glenogle to recommence making monthly payments to HSBC Bank Canada ("**HSBC**") pursuant to the Capital Lease Facility under the Amended and Restated Credit Facility dated July 2, 2020, as amended (the " **Credit Facility**") and authorizing Glenogle and HSBC to amend the Credit Facility to provide for same, if they deem it appropriate or necessary;

(d) authorizing Glenogle to repay out of Glenogle's free cash flow the amounts it has borrowed under the Interim Facility (as defined under the ARIO), provided such repayment or repayments are confirmed by Ernst & Young Inc. (the "**Monitor**") and HSBC, and authorizing Glenogle and HSBC to amend the Credit Facility to provide for same, if they deem it appropriate or necessary;

(e) approving the amendments to the KERP as defined and described below, and authorizing Glenogle to make the amended Incentive Payments to the Key Employees who are listed in Confidential Exhibit "3" hereto, but only if, at the date of the relevant payment, such Key Employee has fulfilled his or her employment obligations and has not voluntarily resigned or been terminated for cause;

(f) directing that Confidential Exhibit "2" and Confidential Exhibit "3" (collectively, the "**Confidential Exhibits**") to this Affidavit shall, notwithstanding Division 4 of Part 6 of the *Alberta Rules of Court*, Alta Reg 124/2010, be sealed in the Court file, kept confidential, and not form part of the public record, until 30 days after all payments have been made under the KERP; and

(g) granting such further and other relief as this Honourable Court may deem just.

II. BACKGROUND

4. Glenogle is in the business of oil and gas exploration and production. Glenogle operates 80 oil wells and 56 gas wells which are currently producing approximately 1,900 BOEs per day. Its operations are primarily based in the Province of Alberta in the Doe East, Doe West and Sinclair Doe Creek areas, with one well located in the Province of British Columbia.

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III. CURRENT STATUS OF GLENOGLE'S BUSINESS AND RESTRUCTURING EFFORTS

A. Financial Advisor and a SISP

8. On June 12, 2020, the Court approved Glenogle's retention of Stifel Nicolaus Canada Inc. (the "**Financial Advisor**"). Since that time, Glenogle and the Financial Advisor, with the participation of the Monitor, have regularly discussed market conditions, to determine what the optimal timing would be to commence a sale and investment process ("**SISP**") for Glenogle's business and assets. The Financial Advisor has extensive experience marketing assets across Western Canada and in the areas in which Glenogle operates.

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B. Operational Update

10. In my Affidavit sworn on June 11, 2020 in the NOI Proceedings, I explained the December 20, 2019, Funding and Participation Agreement (the "**FPA**") entered into between Glenogle and Woodrush Royalty Corporation ("**Woodrush**"). The FPA provides Glenogle the ability to develop its petroleum and natural gas resources, while reducing its own capital expenditures to do so. Pursuant to the FPA, if Woodrush elects to participate in a well, it pays an agreed proportion of the costs of Glenogle drilling a well. In return, Woodrush receives a gross overriding royalty in the well.

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C. Cash Flow Forecast

12. Attached as **Exhibit "1"** to this Affidavit is a cash flow forecast covering the period to December 31, 2021. That cash flow forecast demonstrates Glenogle's expectation that it will be able to fund all its operating capital costs from revenue, as well as make significant debt repayments to HSBC.

IV. STAY EXTENSION

13. During the NOI Proceedings and the CCAA Proceedings, Glenogle and its management team have been working diligently and in good faith with the Proposal Trustee/Monitor, and in consultation with HSBC, to work towards a restructuring, but Glenogle needs an extension of the Stay Period to be able to complete a restructuring. For the reasons stated above in this Affidavit, I do not believe that it is feasible or prudent to embark on a SISP until the third quarter of 2021, at the earliest.

14. Accordingly, Glenogle seeks an extension of the Stay Period to and including November 30, 2021. In my view, the requested extension is appropriate, because Glenogle has acted and continues to act in good faith and with due diligence and the requested extension will not materially prejudice any of Glenogle's creditors.

V. REINSTATEMENT OF CAPITAL LEASE PAYMENTS

15. The Credit Facility contains a Capital Lease Facility. When Glenogle and HSBC amended and restated the Credit Facility in July 2020, they agreed certain deferrals of payments under the Capital Lease Facility. As is demonstrated in the cash flow statement attached to this Affidavit as Exhibit "1", Glenogle projects that it will generate sufficient free cash flow to be able to commence making repayments under the Capital Lease Facility. Glenogle therefore wishes to recommence making those payments, in the same amounts as it had been making previously ($60,187 per month).

VI. REPAYMENT OF BORROWINGS UNDER THE INTERIM FACILITY

16. On June 12, 2020, during the NOI Proceedings, this Honourable Court approved the Interim Facility, up to a maximum borrowing of $2.3 million and granted the Interim Lender's Charge, to secure the borrowings under the Interim Facility. HSBC is the Interim Lender. In the ARIO, this Honourable Court increased the maximum borrowing under the Interim Facility to $2.6 million, and increased the Interim Lender's Charge to $2.6 million.

17. By the end of 2020, Glenogle had drawn $2.5 million under the Interim Facility, which it currently owes to HSBC thereunder.

18. As is demonstrated in the cash flow statement attached to this Affidavit as Exhibit "1", Glenogle projects that it will generate sufficient free cash flow to make repayments under the Interim Facility, and possibly repay it entirely prior to November 30, 2021.

19. Glenogle seeks authority from the Court to make repayments under the Interim Facility, from time to time out of its free cash flow. To, among other things, ensure that repayments of the borrowings under the Interim Facility do not prejudice Glenogle's ability to meet its current obligations and do not prejudice any stakeholders, Glenogle is asking that such repayments be subject to the confirmation of the Monitor and HSBC.

VII. APPROVAL OF AMENDED KERP

20. During the NOI Proceedings, Glenogle devised, in consultation with the Proposal Trustee, a Key Employee Retention Plan (the "**KERP**") for its key employees (the "**Key Employees**"). The Key Employees possess knowledge, experience and skills that are, in my opinion, important and required by Glenogle to be able to successfully complete any restructuring. The Key Employees have deep knowledge of Glenogle's assets and business, and have built and maintained strong relationships with Glenogle's suppliers and customers. If the Key Employees were to resign, it would be difficult for Glenogle to quickly or efficiently find individuals who could perform their roles in a comparable way.

21. This Honourable Court approved the KERP on June 12, 2020.

22. The KERP was designed to appropriately retain and incentivize the Key Employees during Glenogle's restructuring proceedings. The structure of the KERP is:

(a) the Key Employees will receive a retention payment in the aggregate amount of $278,829 as retention payments (the "**Retention Payments**");

(b) certain of the Key Employees will also receive an incentive payment that is calculated, in the aggregate, as a percentage of the total transaction value achieved in a restructuring transaction involving the assets or business of Glenogle (the "**Incentive Payments**"). The percentage to be applied is 1%;

(c) the Retention Payments will be made on the earlier of the date that a restructuring transaction is completed, or will be paid in any event on June 30, 2021;

(d) the Incentive Payments will be made on the date that a restructuring transaction is completed; and

(e) the Retention Payments and Incentive Payments will only be made if, at the date of the relevant payment, the Key Employee has fulfilled his or her employment obligations and has not voluntarily resigned or been terminated for cause.

23. **Confidential Exhibit "2"** to this Affidavit was put before the Court on a confidential basis at the June 12, 2020 hearing. Confidential Exhibit "2" contains the following information:

(a) the names and job titles of the Key Employees;

(b) the Key Employees' annual salary and bonus amounts;

(c) for each Key Employee, the amount of bonus and salary increase that is currently outstanding and unpaid; and

(d) the amount of Retention Payments and Incentive Payments that may become payable to each Key Employee.

24. Since Confidential Exhibit "2" was created, one Key Employee resigned. All but one of the Key Employees have continued their employment with Glenogle, and it is not anticipated

that Glenogle will enter into a restructuring transaction before June 30, 2021. Accordingly, I expect that all but one of the Retention Payments described in Confidential Exhibit "2" will become payable and will be paid on June 30, 2021. Those payments, totaling $269,673, are reflected in the "General and administrative" expenses for the month of June 2021 in the cash flow forecast attached as Exhibit "1" to this Affidavit.

25. HSBC and Glenogle, with the concurrence of the Monitor, have agreed to make the following amendments to the KERP:

(a) entitling all six Key Employees to receive Incentive Payments; and

(b) increasing from 1% to 1.25% the aggregate percentage of the total transaction value achieved in a restructuring transaction involving the assets or business of Glenogle to be paid via the Incentive Payments. As an example, if a restructuring transaction is consummated at a value of $40 million, the Key Employees entitled to receive Incentive Payments would be paid a total aggregate amount of $500,000.

26. **Confidential Exhibit "3"** to this Affidavit contains the following information:

(a) the names of the Key Employees; and

(b) the Incentive Payments that may become payable to each Key Employee, depending to the total transaction value achieved.

27. I believe that the amount and structure of the payments under the amended KERP are reasonable and the amended KERP will have the effect of incentivizing Glenogle's employees to maximize value for the benefit of Glenogle's creditors.

VIII. SEALING ORDER

28. I believe that the information in the Confidential Exhibit "2" and Confidential Exhibit "3" (collectively, the "**Confidential Exhibits**") is private and confidential, and its disclosure would be detrimental to Glenogle and its ability to successfully restructure, as well as to the interests of the Key Employees. Accordingly, Glenogle is requesting that the Confidential

Exhibits be sealed on the Court file until 30 days after any payments have been made under the KERP.

IX. CONCLUSION

29. I swear this my Affidavit in support of an Application for the relief set out in paragraph 3 of this Affidavit and for no other or improper purpose.

30. I am not physically present before the Commissioner for Oaths to affirm this Affidavit, but am linked with the Commissioner for Oaths utilizing video technology. The process for remote commissioning of affidavits specified in Notice to the Profession and Public NPP#2020-02 dated March 25, 2020 is being followed. I undertake to send this signed affidavit with its exhibit electronically to the Commissioner for Oaths

SWORN BEFORE ME at Calgary, Alberta, this 12th day of March, 2021.	)))))))	
Commissioner for Oaths in and for the Province of Alberta		JAMIE BLAIR

K. Reid Larsen
Student-at-Law

THIS IS **EXHIBIT "1"** REFERRED TO
IN THE AFFIDAVIT OF JAMIE BLAIR
SWORN THE 12TH DAY OF MARCH,
2021.

K. Reid Larsen
Student-at-Law

Glenogle Energy Inc., Glenogle Energy LP and 1651558 Alberta Ltd.

Combined Cash Flow Statement #5

Notes to the Combined Cash Flow Statement #5

For the Forecast Period of March 1, 2021 to December 31, 2021

$000s Month	Note	Month 1 March	Month 2 April	Month 3 May	Month 4 June	Month 5 July	Month 6 August	Month 7 September	Month 8 October	Month 9 November	Month 10 December	Forecast Period Total
Operating receipts												
Production receipts	A, B	1,386	1,690	1,717	1,285	1,608	1,562	2,108	1,989	1,970	1,801	17,117
Crown royalties	B	(136)	(202)	(215)	(174)	(207)	(181)	(244)	(268)	(307)	(304)	(2,239)
Net operating receipts		1,249	1,489	1,502	1,110	1,401	1,381	1,864	1,721	1,663	1,497	14,878
Operating disbursements												
Capital expenditures	C	379	-	-	-	-	-	-	-	-	-	379
Operating expenses	D	532	669	534	721	396	702	368	1,021	498	560	6,001
Gas processing	E	175	149	92	140	136	215	196	182	172	164	1,621
Property taxes	F	-	-	-	130	340	-	-	-	-	-	470
General & administrative	F	150	177	149	440	110	167	116	195	118	216	1,839
HSBC interest	G	14	15	15	15	15	12	9	6	3	-	104
Capital leases	G	-	-	-	-	60	60	22	98	60	60	361
Selling Agent fees	H	-	-	-	-	-	-	-	25	25	25	75
Restructuring fees		15	26	26	26	26	26	26	26	26	-	223
Total operating disbursements		1,265	1,036	816	1,473	1,083	1,182	737	1,553	903	1,025	11,074
Net change in cash from operations		(16)	453	686	(362)	318	199	1,126	168	760	472	3,804
Cumulative change in cash during Forecast Period		(16)	437	1,123	761	1,079	1,278	2,404	2,572	3,332	3,804	3,804
<u>Credit Facility and Interim Loan - Credit Limits</u>												
Credit facility limit		52,000	52,000	52,000	52,000	52,000	52,000	52,000	52,000	52,000	52,000	
Interim Loan advanced	I	2,500	2,500	2,500	2,500	2,000	1,500	1,000	500	-	-	
Reduction of Interim Loan	I	-	-	-	(500)	(500)	(500)	(500)	(500)	-	-	
Letters of credit	J	(222)	(222)	(222)	(222)	(95)	(95)	(95)	(95)	(95)	(95)	
Total credit limit		54,278	54,278	54,278	53,778	53,405	52,905	52,405	51,905	51,905	51,905	
<u>Credit Facility and Interim Loan - Draws</u>												
Credit facility		50,815	50,831	50,378	49,691	50,053	49,735	49,537	48,411	48,243	47,483	
Interim Loan advanced		2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	
Cash required for / (generated from) operations		16	(453)	(686)	362	(318)	(199)	(1,126)	(168)	(760)	(472)	
Total credit drawn		53,331	52,878	52,191	52,553	52,235	52,037	50,911	50,743	49,983	49,511	
Remaining credit available		947	1,400	2,086	1,224	1,170	868	1,494	1,162	1,922	2,394	
<u>Letters of Credit</u>	J											
Province of BC - seasonal road bans		127	127	127	127	-	-	-	-	-	-	
Natural gas transportation		15	15	15	15	15	15	15	15	15	15	
National Energy Board - pipeline		80	80	80	80	80	80	80	80	80	80	
Letters of credit, total outstanding		222	222	222	222	95	95	95	95	95	95	

Glenogle Energy Inc., Glenogle Energy LP and 1651558 Alberta Ltd.
Notes to the Combined Cash Flow Statement #5
For the Forecast Period April 1 to December 31, 2021

Note A - Production receipts: Production receipts relates to revenues associated with the sale of oil, gas and natural gas liquids and GST ITC refunds. The improvements to Glenogle's production receipts over the Forecast Period reflect current oil and gas strip pricing, and production results of the first and second farm-out wells. Glenogle intends to commence arrangements with Woodrush for the third Farm-out well, anticipated to be completed in the third quarter of 2021.

Production receipts reflect commodity price forward curves and foreign exchange rates at February 28, 2021.

Note B - Royalties: Crown and freehold royalties are a function of production prices, volumes and mix. Gross overriding royalties in connection with Glenogle's current and planned Farm-out wells are netted from production receipts.

Note C - Capital expenditures: capital spending over the Forecast Period consists of $379,375 incurred during the month of March, 2021 to convert a producing well to an injector well at the Doe East Enhanced Recovery project.

Note D - Operating expenses: consists of vendor payments and prepayments for operations personnel, hauling and transportation, parts, consumables (glycol, methanol and lubricants), chemicals, repairs, hot oiling, power and utilities, regulatory costs and licenses, rentals and leases, carbon taxes, and other similar operating expenses. The average monthly disbursements for operating expenses is approximately $600,000, with some monthly expense forecasts significantly higher or lower that the average due to the timing of certain periodic expenses and due to the underlying forecast methodology which is completed on a weekly basis and results in some months reflecting 5 weeks of expenses and others reflecting 4 weeks of expenses.

Note E - Gas processing: Consists of monthly prepayments of gas processing fees to NorthRiver Marketing during the Forecast Period.

Note F - Property taxes: consists of linear and non-linear municipal property taxes, and **general & administrative:** which consist of insurance, rent, payroll and benefits premiums, consultants and other miscellaneous items. KERP retention payments totalling $269,673 are payable on June 30, 2021, otherwise the monthly disbursements are consistent with prior periods.

Note G - HSBC Interest: Interest on the pre-filing debt will accrue over the Forecast Period at prime + 2.75% per annum, however no cash disbursement is anticipated until the conclusion of the NOI proceeding. Interest on the Interim Financing drawings is paid monthly at an interest rate of prime + 4.75% per annum. The Company is forecasting to repay the entire Interim Financing facility during the second half of 2021. In addition, the Company is planning to restart capital lease payments to HSBC, which have been suspended since the NOI Date, and relate to production equipment.

Note H - Selling agent fees: the monthly work fees of the Selling Agent will re-commence when a SISP is commenced.

Note I - Interim Loan: the Interim Financing Charge in the amount of $2.6 million was granted by the Court pursuant to the ARIO on September 8, 2020, and funded by the Interim Loan provided by HSBC. To date, $2.5 million has been advanced to the Company by HSBC from the non-revolving Interim Loan to the main credit facility which the Company uses to fund day to day operations. During the Forecast Period, the Company is planning an arrangement where funds are withdrawn from the credit facility to repay the Interim Loan as funds become available to do so.

Note J - Letters of Credit: the Province of British Columbia's seasonal road ban LOC for $127,200 will be issued during March and is expected to be released in July. In addition, there are LOCs with the National Energy Board in the amount of $80,156 related to cross-border pipeline future suspension, as well as a LOC in the amount of $15,000 related to natural gas transportation arrangements.

REMOTE COMMISSIONING CERTIFICATE

CANADA

PROVINCE OF ALBERTA

I, REID LARSEN, a Commissioner for Oaths in and for Alberta, DO HEREBY CERTIFY that:

1 The process for remote commissioning of affidavits specified in Notice to the Profession and Public NPP#2020-02 dated March 25, 2020 (the "Process") has been followed for the attached affidavit; and

2 I am satisfied that the Process was necessary because it was impossible or unsafe, for medical reasons, for the deponent and me to be physically present together.

DATED at Calgary, Alberta this 12th day of March, 2021.

Reid Larsen

Reid Larsen
A Commissioner for Oaths
in and for Alberta

K. Reid Larsen
Student-at-Law

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CLERK'S STAMP

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IV. STAY EXTENSION

13. During the NOI Proceedings and the CCAA Proceedings, Glenogle and its management team have been working diligently and in good faith with the Proposal Trustee/Monitor, and in consultation with HSBC, to work towards a restructuring, but Glenogle needs an extension of the Stay Period to be able to complete a restructuring. For the reasons stated above in this Affidavit, I do not believe that it is feasible or prudent to embark on a SISP until the third quarter of 2021, at the earliest.

14. Accordingly, Glenogle seeks an extension of the Stay Period to and including November 30, 2021. In my view, the requested extension is appropriate, because Glenogle has acted and continues to act in good faith and with due diligence and the requested extension will not materially prejudice any of Glenogle's creditors.

V. REINSTATEMENT OF CAPITAL LEASE PAYMENTS

15. The Credit Facility contains a Capital Lease Facility. When Glenogle and HSBC amended and restated the Credit Facility in July 2020, they agreed certain deferrals of payments under the Capital Lease Facility. As is demonstrated in the cash flow statement attached to this Affidavit as Exhibit "1", Glenogle projects that it will generate sufficient free cash flow to be able to commence making repayments under the Capital Lease Facility. Glenogle therefore wishes to recommence making those payments, in the same amounts as it had been making previously ($60,187 per month).

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VI. REPAYMENT OF BORROWINGS UNDER THE INTERIM FACILITY

16. On June 12, 2020, during the NOI Proceedings, this Honourable Court approved the Interim Facility, up to a maximum borrowing of $2.3 million and granted the Interim Lender's Charge, to secure the borrowings under the Interim Facility. HSBC is the Interim Lender. In the ARIO, this Honourable Court increased the maximum borrowing under the Interim Facility to $2.6 million, and increased the Interim Lender's Charge to $2.6 million.

17. By the end of 2020, Glenogle had drawn $2.5 million under the Interim Facility, which it currently owes to HSBC thereunder.

18. As is demonstrated in the cash flow statement attached to this Affidavit as Exhibit "1", Glenogle projects that it will generate sufficient free cash flow to make repayments under the Interim Facility, and possibly repay it entirely prior to November 30, 2021.

19. Glenogle seeks authority from the Court to make repayments under the Interim Facility, from time to time out of its free cash flow. To, among other things, ensure that repayments of the borrowings under the Interim Facility do not prejudice Glenogle's ability to meet its current obligations and do not prejudice any stakeholders, Glenogle is asking that such repayments be subject to the confirmation of the Monitor and HSBC.

VII. APPROVAL OF AMENDED KERP

20. During the NOI Proceedings, Glenogle devised, in consultation with the Proposal Trustee, a Key Employee Retention Plan (the "**KERP**") for its key employees (the "**Key Employees**"). The Key Employees possess knowledge, experience and skills that are, in my opinion, important and required by Glenogle to be able to successfully complete any restructuring. The Key Employees have deep knowledge of Glenogle's assets and business, and have built and maintained strong relationships with Glenogle's suppliers and customers. If the Key Employees were to resign, it would be difficult for Glenogle to quickly or efficiently find individuals who could perform their roles in a comparable way.

21. This Honourable Court approved the KERP on June 12, 2020.

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22. The KERP was designed to appropriately retain and incentivize the Key Employees during Glenogle's restructuring proceedings. The structure of the KERP is:

(a) the Key Employees will receive a retention payment in the aggregate amount of $278,829 as retention payments (the "**Retention Payments**");

(b) certain of the Key Employees will also receive an incentive payment that is calculated, in the aggregate, as a percentage of the total transaction value achieved in a restructuring transaction involving the assets or business of Glenogle (the "**Incentive Payments**"). The percentage to be applied is 1%;

(c) the Retention Payments will be made on the earlier of the date that a restructuring transaction is completed, or will be paid in any event on June 30, 2021;

(d) the Incentive Payments will be made on the date that a restructuring transaction is completed; and

(e) the Retention Payments and Incentive Payments will only be made if, at the date of the relevant payment, the Key Employee has fulfilled his or her employment obligations and has not voluntarily resigned or been terminated for cause.

23. **Confidential Exhibit "2"** to this Affidavit was put before the Court on a confidential basis at the June 12, 2020 hearing. Confidential Exhibit "2" contains the following information:

(a) the names and job titles of the Key Employees;

(b) the Key Employees' annual salary and bonus amounts;

(c) for each Key Employee, the amount of bonus and salary increase that is currently outstanding and unpaid; and

(d) the amount of Retention Payments and Incentive Payments that may become payable to each Key Employee.

24. Since Confidential Exhibit "2" was created, one Key Employee resigned. All but one of the Key Employees have continued their employment with Glenogle, and it is not anticipated

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that Glenogle will enter into a restructuring transaction before June 30, 2021. Accordingly, I expect that all but one of the Retention Payments described in Confidential Exhibit "2" will become payable and will be paid on June 30, 2021. Those payments, totaling $269,673, are reflected in the "General and administrative" expenses for the month of June 2021 in the cash flow forecast attached as Exhibit "1" to this Affidavit.

25. HSBC and Glenogle, with the concurrence of the Monitor, have agreed to make the following amendments to the KERP:

(a) entitling all six Key Employees to receive Incentive Payments; and

(b) increasing from 1% to 1.25% the aggregate percentage of the total transaction value achieved in a restructuring transaction involving the assets or business of Glenogle to be paid via the Incentive Payments. As an example, if a restructuring transaction is consummated at a value of $40 million, the Key Employees entitled to receive Incentive Payments would be paid a total aggregate amount of $500,000.

26. **Confidential Exhibit "3"** to this Affidavit contains the following information:

(a) the names of the Key Employees; and

(b) the Incentive Payments that may become payable to each Key Employee, depending to the total transaction value achieved.

27. I believe that the amount and structure of the payments under the amended KERP are reasonable and the amended KERP will have the effect of incentivizing Glenogle's employees to maximize value for the benefit of Glenogle's creditors.

VIII. SEALING ORDER

28. I believe that the information in the Confidential Exhibit "2" and Confidential Exhibit "3" (collectively, the "**Confidential Exhibits**") is private and confidential, and its disclosure would be detrimental to Glenogle and its ability to successfully restructure, as well as to the interests of the Key Employees. Accordingly, Glenogle is requesting that the Confidential

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Exhibits be sealed on the Court file until 30 days after any payments have been made under the KERP.

IX. CONCLUSION

29. I swear this my Affidavit in support of an Application for the relief set out in paragraph 3 of this Affidavit and for no other or improper purpose.

30. I am not physically present before the Commissioner for Oaths to affirm this Affidavit, but am linked with the Commissioner for Oaths utilizing video technology. The process for remote commissioning of affidavits specified in Notice to the Profession and Public NPP#2020-02 dated March 25, 2020 is being followed. I undertake to send this signed affidavit with its exhibit electronically to the Commissioner for Oaths

SWORN BEFORE ME at Calgary, Alberta, this 12th day of March, 2021.	)	
Reid Larsen	)	
Commissioner for Oaths in and for the Province of Alberta	)	JAMIE BLAIR

K. Reid Larsen
Student-at-Law

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THIS IS **EXHIBIT "1"** REFERRED TO IN THE AFFIDAVIT OF JAMIE BLAIR SWORN THE 12^{TH} DAY OF MARCH, 2021.

Reid Larsen

K. Reid Larsen
Student-at-Law

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Glenogle Energy Inc., Glenogle Energy LP and 1651558 Alberta Ltd.
Combined Cash Flow Statement #5
Notes to the Combined Cash Flow Statement #5
For the Forecast Period of March 1, 2021 to December 31, 2021

$000's Month of:	Notes	Month 1 March	Month 2 April	Month 3 May	Month 4 June	Month 5 July	Month 6 August	Month 7 September	Month 8 October	Month 9 November	Month 10 December	Forecast Period Total
Operating receipts												
Production receipts	*A, B*	1,386	1,690	1,717	1,285	1,608	1,562	2,108	1,989	1,970	1,801	17,117
Crown royalties	*B*	(136)	(202)	(215)	(174)	(207)	(181)	(244)	(268)	(307)	(304)	(2,239)
Net operating receipts		1,249	1,489	1,502	1,110	1,401	1,381	1,864	1,721	1,663	1,497	14,878
Operating disbursements												
Capital expenditures	*C*	379	-	-	-	-	-	-	-	-	-	379
Operating expenses	*D*	532	669	534	721	396	702	368	1,021	498	560	6,001
Gas processing	*E*	175	149	92	140	136	215	196	182	172	164	1,621
Property taxes	*F*	-	-	-	130	340	-	-	-	-	-	470
General & administrative	*F*	150	177	149	440	110	167	116	195	118	216	1,839
HSBC interest	*G*	14	15	15	15	15	12	9	6	3	-	104
Capital leases	*G*	-	-	-	-	60	60	22	98	60	60	361
Selling Agent fees	*H*	-	-	-	-	-	-	-	25	25	25	75
Restructuring fees		15	26	26	26	26	26	26	26	26	-	223
Total operating disbursements		1,265	1,036	816	1,473	1,083	1,182	737	1,553	903	1,025	11,074
Net change in cash from operations		(16)	453	686	(362)	318	199	1,126	168	760	472	3,804
Cumulative change in cash during Forecast Period		(16)	437	1,123	761	1,079	1,278	2,404	2,572	3,332	3,804	3,804
Credit Facility and Interim Loan - Credit Limits												
Credit facility limit		52,000	52,000	52,000	52,000	52,000	52,000	52,000	52,000	52,000	52,000	
Interim Loan advanced	*I*	2,500	2,500	2,500	2,500	2,000	1,500	1,000	500	-	-	
Reduction of Interim Loan	*I*	-	-	-	(500)	(500)	(500)	(500)	(500)	-	-	
Letters of credit	*J*	(222)	(222)	(222)	(222)	(95)	(95)	(95)	(95)	(95)	(95)	
Total credit limit		54,278	54,278	54,278	53,778	53,405	52,905	52,405	51,905	51,905	51,905	
Credit Facility and Interim Loan - Draws												
Credit facility		50,815	50,831	50,378	49,691	50,053	49,735	49,537	48,411	48,243	47,483	
Interim Loan advanced		2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	
Cash required for / (generated from) operations		16	(453)	(686)	362	(318)	(199)	(1,126)	(168)	(760)	(472)	
Total credit drawn		53,331	52,878	52,191	52,553	52,235	52,037	50,911	50,743	49,983	49,511	
Remaining credit available		947	1,400	2,086	1,224	1,170	868	1,494	1,162	1,922	2,394	
Letters of Credit	*J*											
Province of BC - seasonal road bans		127	127	127	127	-	-	-	-	-	-	
Natural gas transportation		15	15	15	15	15	15	15	15	15	15	
National Energy Board - pipeline		80	80	80	80	80	80	80	80	80	80	
Letters of credit, total outstanding		222	222	222	222	95	95	95	95	95	95	

Glenogle Energy Inc., Glenogle Energy LP and 1651558 Alberta Ltd.
Notes to the Combined Cash Flow Statement #5
For the Forecast Period April 1 to December 31, 2021

Note A - Production receipts: Production receipts relates to revenues associated with the sale of oil, gas and natural gas liquids and GST ITC refunds. The improvements to Glenogle's production receipts over the Forecast Period reflect current oil and gas strip pricing, and production results of the first and second farm-out wells. Glenogle intends to commence arrangements with Woodrush for the third Farm-out well, anticipated to be completed in the third quarter of 2021.

Production receipts reflect commodity price forward curves and foreign exchange rates at February 28, 2021.

Note B - Royalties: Crown and freehold royalties are a function of production prices, volumes and mix. Gross overriding royalties in connection with Glenogle's current and planned Farm-out wells are netted from production receipts.

Note C - Capital expenditures: capital spending over the Forecast Period consists of $379,375 incurred during the month of March, 2021 to convert a producing well to an injector well at the Doe East Enhanced Recovery project.

Note D - Operating expenses: consists of vendor payments and prepayments for operations personnel, hauling and transportation, parts, consumables (glycol, methanol and lubricants), chemicals, repairs, hot oiling, power and utilities, regulatory costs and licenses, rentals and leases, carbon taxes, and other similar operating expenses. The average monthly disbursements for operating expenses is approximately $600,000, with some monthly expense forecasts significantly higher or lower that the average due to the timing of certain periodic expenses and due to the underlying forecast methodology which is completed on a weekly basis and results in some months reflecting 5 weeks of expenses and others reflecting 4 weeks of expenses.

Note E - Gas processing: Consists of monthly prepayments of gas processing fees to NorthRiver Marketing during the Forecast Period.

Note F - Property taxes: consists of linear and non-linear municipal property taxes, and **general & administrative:** which consist of insurance, rent, payroll and benefits premiums, consultants and other miscellaneous items. KERP retention payments totalling $269,673 are payable on June 30, 2021, otherwise the monthly disbursements are consistent with prior periods.

Note G - HSBC interest: Interest on the pre-filing debt will accrue over the Forecast Period at prime + 2.75% per annum, however no cash disbursement is anticipated until the conclusion of the NOI proceeding. Interest on the Interim Financing drawings is paid monthly at an interest rate of prime + 4.75% per annum. The Company is forecasting to repay the entire Interim Financing facility during the second half of 2021. In addition, the Company is planning to restart capital lease payments to HSBC, which have been suspended since the NOI Date, and relate to production equipment.

Note H - Selling agent fees: the monthly work fees of the Selling Agent will re-commence when a SISP is commenced.

Note I - Interim Loan: the Interim Financing Charge in the amount of $2.6 million was granted by the Court pursuant to the ARIO on September 8, 2020, and funded by the Interim Loan provided by HSBC. To date, $2.5 million has been advanced to the Company by HSBC from the non-revolving Interim Loan to the main credit facility which the Company uses to fund day to day operations. During the Forecast Period, the Company is planning an arrangement where funds are withdrawn from the credit facility to repay the Interim Loan as funds become available to do so.

Note J - Letters of Credit: the Province of British Columbia's seasonal road ban LOC for $127,200 will be issued during March and is expected to be released in July. In addition, there are LOCs with the National Energy Board in the amount of $80,156 related to cross-border pipeline future suspension, as well as a LOC in the amount of $15,000 related to natural gas transportation arrangements.

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