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Justice Eidsvik
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Nov 29, 2021

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JUDICIAL CENTRE OF CALGARY
FILED
Nov 22, 2021
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by Email
CLERK OF THE COURT

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 November 22, 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**")); and

(c) 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 1,500 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.

5. On May 14, 2020, Glenogle Energy Inc. and Glenogle Energy LP filed a Notice of Intention to Make a Proposal (the "**NOI Proceedings**"), pursuant to section 50.4 of the *Bankruptcy and Insolvency Act*, with Ernst & Young Inc. named as proposal trustee (the "**Proposal Trustee**").

6. On September 8, 2020, this Honourable Court granted the Initial Order and the ARIO with respect to Glenogle (While 1651558 Alberta Ltd. was not an applicant in the NOI

Proceedings, it became an applicant in these CCAA Proceedings). Ernst & Young Inc. was appointed as Monitor of Glenogle (the "**Monitor**"). Most recently, the Order (Stay Extension and Ancillary Relief) granted on March 26, 2021 extended the Stay Period to and including November 30, 2021.

7. Glenogle's first-ranking secured creditor is HSBC Bank Canada ("**HSBC**"). Glenogle currently owes HSBC approximately $53 million (excluding interest charges that are accrued but not payable under the operating loan facility).

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

A. The Current Status of the SISP

8. On June 12, 2020, the Court approved Glenogle's retention of Stifel Nicolaus Canada Inc. (the "**Selling Agent**"). Thereafter, Glenogle and the Selling Agent, with the participation of the Monitor, 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 Selling Agent has extensive experience marketing assets across Western Canada and in the areas in which Glenogle operates.

9. Glenogle, the Selling Agent and the Monitor determined that it would be favorable to commence the SISP in late September, 2021. HSBC supported this timing.

10. Glenogle, the Selling Agent and the Monitor have worked together to conduct the SISP. The key steps taken in the SISP have been:

(a) on September 29, 2021, the Selling Agent and Glenogle signed an amended engagement agreement to resume the SISP;

(b) on September 29, 2021, the Selling Agent sent introductory letters to approximately 300 distinct companies, and over 800 individual contacts to advise them of the opportunity;

(c) between September 30 and October 4, 2021, the Selling Agent worked with Glenogle management to prepare marketing materials and a virtual data room, with input from the Monitor;

(d) on October 7, 2021, the Selling Agent, in consultation with Glenogle, formally reached out to a select group of identified counterparties whom it believed to have serious interest and acquisition capacity to offer to set up management presentations;

(e) 37 parties executed confidentiality agreements, allowing them to access the virtual data room;

(f) on October 13, 2021, Glenogle commenced holding management presentations for interested parties. Glenogle hosted a total of 9 management presentations;

(g) on October 27, 2021, the Selling Agent provided instructions to counterparties, regarding their submission of proposals;

(h) November 4, 2021 was the deadline for proposals. 11 proposals were received;

(i) since November 4, 2021, Glenogle has:

  (i) reviewed the proposals with the Selling Agent and the Monitor; and

  (ii) consulted with HSBC regarding the proposals;

  (iii) consulted with the Alberta Energy Regulator ("**AER**") regarding the SISP; and

(j) Glenogle will now be holding negotiations with one or more counterparties, and seek to reach a satisfactory definitive agreement or agreements, which can then be presented to the Court for approval.

11. It will not be possible to finalize the SISP and present a transaction or transactions to the Court for approval before November 30, 2021, the date on which the Stay is set to expire.

B. Operational Updates

12. In my March 12, 2021 Affidavit, I explained that Glenogle had completed a second farmout well under the December 20, 2019, Funding and Participation Agreement (the "**FPA**") entered into between Glenogle and Woodrush Royalty Corporation ("**Woodrush**"). Glenogle and Woodrush entered into an Amending and Ratification Agreement (the "**ARA**") regarding the FPA dated January 13, 2021.

13. On July 20, 2021, Glenogle served on Woodrush a Drilling Notice, proposing a third farmout well to be drilled under the FPA. Woodrush declined to participate in the third farmout well.

14. On September 23, 2021, Glenogle served on Woodrush a notice to disclaim the FPA and the ARA (collectively, the "**Agreements**"). Attached as **Exhibit "1"** to this Affidavit is a true copy of that notice, and the accompanying cover letter.

15. Woodrush did not object to the disclaim of the FPA. I am advised by Glenogle's counsel and believe that:

(a) the FPA and the ARA were terminated as a result of the uncontested disclaimer, on October 23, 2021; and

(b) the three other agreements between Glenogle and Woodrush (the Royalty Agreement dated December 20, 2019, respecting the First JV Well (as defined in the Agreements), the Royalty Agreement dated January 13, 2021, respecting the First JV Well (as defined in the Agreements) and the Account Trust Agreement dated May 22, 2020) were not disclaimed and remain in full force and effect.

16. Glenogle has completed the following operation work since March 12, 2021:

(a) Glenogle successfully repaired water source and injection facilities that had failed at the Doe East Enhanced Recovery project, and the pressure maintenance scheme has returned to full operation with positive results. As a result, the reservoir's natural production decline has been arrested, and oil production rates are expected to increase with ongoing repressurizing of the reservoir;

(b) during this period, several production optimization projects at the Doe field have been planned, with some having been completed and resulting in positive production results, while others are planned to be undertaken in the near future;

(c) Glenogle has completed turnarounds at all its major facilities;

(d) Glenogle has completed facility, lease and pipeline inspections as required by regulations; and

(e) Glenogle has conducted abandonment operations at several inactive wells.

IV. STAY EXTENSION

17. During the CCAA Proceedings, Glenogle and its management team have been working diligently and in good faith with the Monitor and the Selling Agent, and in consultation with HSBC, to work towards a restructuring. As noted above, Glenogle has taken significant steps to advance the SISP, but it needs an extension of the Stay Period to be able to complete the SISP.

18. Accordingly, Glenogle seeks an extension of the Stay Period to and including February 28, 2022. 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. Glenogle's cash flow projection for the period to and including February 28, 2022, will be included in the Monitor's Second Report, to be filed in connection with Glenogle's application.

V. CONCLUSION

19. 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.

SWORN BEFORE ME at Calgary, Alberta, this 22nd day of November, 2021.	))))))	
Commissioner for Oaths in and for the Province of Alberta	)	JAMIE BLAIR

CHRIS SIMARD

THIS IS **EXHIBIT "1"** REFERRED TO IN THE AFFIDAVIT OF JAMIE BLAIR SWORN THE 22ND DAY OF NOVEMBER, 2021.

CHRIS SIMARD

Glenogle Energy
1400, 444 – 5TH Avenue SW
Calgary, AB T2P 2T8
tel: 403.718.0036 | fax: 403.261.1859

September 23, 2021

Via Courier

Mr. Laurance Narbut
Woodrush Royalty ULC
Suite 404, 444 – 5th Avenue SW
Calgary, AB T2P 2T8

Mr. Geoff Ready
Woodrush Royalty ULC
Suite 404, 444 – 5th Avenue SW
Calgary, AB T2P 2T8

Dear Sirs:

Re: Funding and Participation Agreement dated December 20, 2019
Amending and Ratification Agreement dated January 13, 2021
(collectively, the "Agreements")

Please find enclosed for service on you, pursuant to Section 32 of the *Companies' Creditors Arrangement Act* (Canada), a Notice to Disclaim or Resiliate the Agreements, approved by Ernst & Young Inc., the Court-appointed Monitor of Glenogle Energy Inc. (the "**Disclaimer Notice**").

Please note that the effect of the Disclaimer Notice will be to terminate all rights and obligations of the parties under the Agreements, going forward from the effective date set out in the Disclaimer Notice. However, the Disclaimer Notice does not disclaim or in any way affect the following agreements:

a) Royalty Agreement dated December 20, 2019, respecting the First JV Well (as defined in the Agreements);

b) Royalty Agreement dated January 13, 2021, respecting the Second JV Well (as defined in the Agreements); and

c) Account Trust Agreement dated May 22, 2020

(collectively, the "**Unaffected Agreements**").

As such, despite the disclaimer of the Agreements pursuant to the Disclaimer Notice, all the parties' rights and obligations under the Unaffected Agreements will continue.

Yours truly,

GLENOGLE ENERGY INC.

Per: ______________________
James S. Blair
President & C.E.O.

Enclosure
cc: Neil Narfason, Ernst & Young Inc. (via email)

FORM 4
NOTICE BY DEBTOR COMPANY TO DISCLAIM OR RESILIATE AN AGREEMENT

TO:	**WOODRUSH ROYALTY ULC (formerly known as WOODRUSH ROYALTY CORPORATION)**
AND TO:	**ERNST & YOUNG INC.**, solely it its capacity as monitor (the "**Monitor**") of Glenogle Energy Inc., 1651558 Alberta Ltd. and Glenogle Energy LP.

Take notice that:

1. Proceedings under the *Companies' Creditors Arrangement Act* (the "**Act**") in respect of the Applicants were commenced on September 8, 2020, in the Court of Queen's Bench of Alberta (the "**Court**").

2. In accordance with subsection 32(1) of the Act, Glenogle Energy Inc. gives you notice of its intention to disclaim or resiliate the following agreements:

   Funding and Participation Agreement between Glenogle Energy Inc. and Woodrush Royalty Corporation dated December 19, 2019 (the "**FPA**")

   Amending and Ratification Agreement between Glenogle Energy Inc. and Woodrush Royalty ULC dated January 13, 2021 (the "**ARA**")

   (the FPA and the ARA are referred to hereinafter collectively as the "**Agreements**").

3. In accordance with subsection 32(2) of the Act, any party to the Agreements may, within 15 days after the date on which this notice is given and with notice to the other parties to the Agreements and to the Monitor, apply to the Court for an order that the Agreements are not to be disclaimed or resiliated.

4. In accordance with subsection 32(5)(a) of the Act, if no application for an order is made in accordance with subsection 32(2) of the Act, the Agreements are disclaimed or resiliated on the 23rd day of October, 2021, being 30 days after the date on which this notice has been given.

Dated at Calgary, Alberta, on September 23, 2021.

GLENOGLE ENERGY INC.

Per: ______________________________

James S. Blair
President & CEO

The Monitor approves the proposed disclaimer or resiliation.

Dated at Calgary, Alberta on September 23, 2021.

ERNST & YOUNG INC. solely in its capacity as Court-appointed Monitor of the Applicants and not in its personal or corporate capacity

Per: ______________________________

Neil Narfason