C23069

COURT FILE NUMBER	2001-10261
COURT	COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE	CALGARY
APPLICANTS	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 ARRANGEMENT OF GLENOGLE ENERGY INC., 1651558 Alberta Inc. AND GLENOGLE ENERGY LP
DOCUMENT	**THIRD REPORT OF ERNST & YOUNG INC. IN ITS CAPACITY AS THE MONITOR OF GLENOGLE ENERGY INC., GLENOGLE ENERGY LIMITED PARTNERSHIP, AND 1651558 ALBERTA INC.** **February 8, 2022**
ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT	**MONITOR** ERNST & YOUNG INC. Calgary City Centre 2200, 215 - 2nd Street SW Calgary, Alberta T2P 1M4 Attention: Neil Narfason / Carolyn Parker Telephone: 403-206-5067 / 403-206-5122 Fax: 403-206-5075 Email: neil.narfason@parthenon.ey.com carolyn.parker@parthenon.ey.com **MONITOR'S COUNSEL** Fasken Martineau DuMoulin LLP 350 7th Avenue SW, Suite 3400 Calgary, Alberta T2P 3N9 Attn: Travis Lysak Telephone: 403-261-5501 Email: tlysak@fasken.com

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INTRODUCTION

1. On May 14, 2020 (the "**Date of Filing**"), Glenogle Energy Inc. ("**GEI**") and Glenogle Energy Limited Partnership ("**GELP**") obtained protection from their creditors through the filing of a Notice of Intention to Make a Proposal (the "**NOI**") under Section 50.4(1) of the Bankruptcy and Insolvency Act, R.S.C. 1985, c.B-3, as amended (the "**BIA**").

2. Ernst & Young Inc. was named as Proposal Trustee under the NOI. On July 23, 2020, GEI and GELP were granted a stay extension for 45 days to September 10, 2020.

3. On September 8, 2020, GEI along with a wholly owned subsidiary 1651558 Alberta Ltd. ("**165**") were granted protection and permission to commence proceedings (the "**CCAA Proceedings**") pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, C-36, as amended (the "**CCAA**"), which converted the existing NOI proceedings into the CCAA Proceedings. GELP's NOI Proceedings were continued and taken up under the CCAA. GEI, GELP and 165 are collectively referred to as "**Glenogle**", the "**Company**" or the "**Applicants**".

4. Also, on September 8, 2020, this Honourable Court approved a stay extension as outlined in paragraph 15 of the Amended and Restated Initial Order (the "**ARIO**") until and including March 31, 2021 (the "**Stay Period**").

5. On March 15, 2021, the Company's request for a stay extension through November 30, 2021 was approved by this Honourable Court, and most recently on November 29, 2021, the Company's request for an extension through February 28, 2022 was approved.

6. Under the ARIO, the Applicants were authorized to initiate a Sales and Investment Solicitation Process ("**SISP**") upon obtaining the prior consent of the Monitor and HSBC. Glenogle obtained the consent of HSBC, the Monitor and the Selling Agent, and on September 29, 2021, the Selling Agent commenced marketing activities under the SISP.

7. Additional background information concerning these CCAA Proceedings, the Company and its NOI proceedings is available on the Monitor's website at www.ey.com/ca/glenogleenergy.

PURPOSE

8. The purpose of this third report of the Monitor (the "**Third Report**") is to provide this Honourable Court with comments on the following:

   a) the Applicants' business operations since the second report of the Monitor dated November 22, 2021 (the "**Second Report**");

   b) the Company's actual cash flow results for the period of November 1, 2021 through January 31, 2022 as compared to the forecast presented in Cash Flow Statement #6 ("**CFS#6**"), which was discussed in the Second Report. CFS#1 to CFS#3 were discussed in the NOI Proceedings, CFS#4 was discussed in the pre-filing report of the Monitor dated September 4, 2020 and CFS#5 was discussed in the First Report;

   c) the Company's Cash Flow Statement ("**CFS#7**") for the eight-month period of February 1, 2022 through September 30, 2022 (the "**Forecast Period**") and the assumptions on which the cash flow statement is based;

d) an update on the SISP;

e) the Company's request for a stay extension to and including September 30, 2022 (the "**Stay Extension**"); and

f) the Monitor's recommendations.

TERMS OF REFERENCE AND DISCLAIMER

9. In preparing this Third Report, the Monitor has been provided with, and has relied upon, unaudited financial information from the Company's books and records and financial information prepared by Glenogle as well as discussions with its management ("**Management**") (collectively, the "**Information**"). Except as described herein, in the Company's cash flows:

   a) the Monitor has reviewed the Information for reasonableness, internal consistency and use in the context in which it was provided; however, it has not audited, reviewed, or otherwise attempted to verify the accuracy or completeness of such information and, accordingly, the Monitor expresses no opinion or other form of assurance in respect of such Information contained in this Third Report; and

   b) some of the information referred to in this Third Report consists of forecasts and projections. An examination or review of the financial forecast and projections, as outlined in the Chartered Professional Accountants Canada Handbook, has not been performed.

10. Future oriented information referred to in this Third Report was prepared based on Management's estimates and assumptions. Readers are cautioned that since projections are based upon assumptions about future events and conditions that are not ascertainable, the actual results will vary from the projections and the variances could be significant.

11. All references to dollars are in Canadian currency unless otherwise noted.

12. Capitalized terms not defined herein are as defined in the Initial Order, the ARIO, the Pre-filing Report of the Proposed Monitor, the Supplement to the Pre-filing Report of the Proposed Monitor (together, the "**Pre-filing Reports**"), the First Report and the Second Report.

UPDATE ON AFFAIRS OF THE COMPANY

13. Since the Second Report, the Company has continued to operate its business and has undertaken the following activities with the objective of optimizing restructuring results through these CCAA proceedings:

   a) in consultation with the Monitor, updated CFS#7 for the Forecast Period;

   b) prepared updates to HSBC, the Company's first secured lender;

   c) accommodated and supplied information requested and responded to inquiries by the Bidder (defined below) as part of its due diligence with respect to the SISP; and

   d) repaid the remaining balance on its Interim Loan on January 4, 2022, which was authorized by this Honourable Court on March 26, 2021.

ACTIVITIES OF THE MONITOR

14. Up to and including the date of this Third Report, the activities of the Monitor since the Second Report have included, but have not been limited to, the following:

    a) held ongoing discussions with Management regarding operations, various creditor communications and cash flows;

    b) performed weekly reviews of the Company's forecast to actual cash flows;

    c) reviewed and commented on Management's periodic updates to the Company's weekly and monthly 2021 and 2022 cash flow forecast;

    d) reviewed and commented on Management's updates to HSBC and attended meetings with the Company and HSBC; and

    e) attended and reviewed SISP updates provided by the Selling Agent.

CASH FLOW STATEMENT #6 TO ACTUAL RESULTS

15. The forecast to actual comparison presented below in Table 1 provides the actual cash receipts and disbursements during the period of November 1, 2021 to January 31, 2022 (the "**Reporting Period**") as compared to CFS#6:

Glenogle Energy Inc., Glenogle Energy LP and 1651558 Alberta Ltd. **Table 1**
Cash Flow Statement #6 to Actual Cash Flow Results
For the period of November 1, 2021 to January 31, 2022

$000's	Forecast	Actual	Variance
Operating receipts			
Production receipts	5,629	4,344	(1,285)
Miscellaneous receipts (disbursements)	(27)	(49)	(22)
Net operating receipts	**5,602**	**4,295**	**(1,307)**
Operating disbursements			
Capital expenditures	270	194	(76)
Operating expenses	1,734	1,734	1
Gas processing	375	360	(15)
General & administrative	460	517	57
HSBC interest	17	18	0
Capital leases	181	181	-
Selling Agent fees	93	53	(41)
Restructuring fees	92	91	(1)
Total operating disbursements	**3,222**	**3,148**	**(74)**
Net change in cash from operations	**2,380**	**1,147**	**(1,233)**
Credit Facility and Interim Loan - Credit Limits			
Credit facility limit	52,000	52,000	-
Interim Loan limit	2,600	2,600	-
Letters of credit	(95)	(95)	-
Total credit limit	**54,505**	**54,505**	**-**
Credit Facility and Interim Loan - Draws			
Credit facility	49,285	50,519	1,233
Interim Loan	-	-	-
Total credit drawn	**49,285**	**50,519**	**1,233**
Remaining credit available	**5,220**	**3,986**	**(1,233)**

16. The Monitor notes that the majority of cash flow activity occurs end-of-month, which is standard in the upstream oil and gas industry given that production revenues are received on the twenty-fifth day of each month following the month of production, with substantially all operating expenses also paid around that time. Accordingly, typically only nominal cash flows relating to general and administrative expenses are paid over the remainder of the month. To simplify the presentation in this Third Report, illustrating cash flows on a monthly basis, only actuals up to January 31, 2022 have been presented. February 2022 actuals to-date have been reflected in CFS#7.

17. Variances in forecast to actual results over the Reporting Period are the result of the following:

    a) production receipts which are net of royalties, were below forecast amounts over the Reporting Period primarily due to NGTL maintenance restrictions and the deferral of optimization work to Q1 2022, resulting in a 9% negative impact to production volumes. Additionally, AECO gas prices were 23% lower than originally forecast;

    b) capital expenditures were lower than forecast due to the timing of work performed and invoicing;

    c) operating expenses were in line overall with forecast amounts, however variances within operating expenses over the Reporting Period consisted primarily of timing differences, additional supplier prepayments due to extreme weather conditions, offset by reduced lubricant consumption leading to certain supplier costs being reduced:

    d) gas processing costs reflect the lower volumes produced as described above;

    e) the forecast general and administrative expenses did not reflect certain costs associated with the application for judicial review of the CRA's assessment concerning tax attributes, described in the Second Report. Further, the forecast did not factor in professional fees associated with the preparation of Glenogle's income tax returns; and

    f) restructuring fees were lower than forecast due to invoice timing.

CASH FLOW FORECAST

18. As referenced in the affidavit of Mr. Jamie Blair dated February 7, 2022 (the "**Blair Affidavit #4**"), the Monitor attaches a cash flow statement for the eighth-month period from February 1, 2022 to September 30, 2022, also referred to as CFS#7, as **Appendix A** to this Third Report.

19. CFS#7 is summarized in Table 2 below:

Glenogle Energy Inc., Glenogle Energy LP and 1651558 Alberta Ltd. — **Table 2**

Combined Cash Flow Statement #7

For the Forecast Period of February 1, 2022 to September 30, 2022

$000's	*Notes*	Forecast Period
Operating receipts		
Production receipts	*a*	13,770
Net operating receipts		**13,770**
Operating disbursements		
Capital expenditures	*b*	1,023
Operating expenses	*c*	4,011
Gas processing	*c*	925
Property taxes	*d*	429
General & administrative	*e*	1,274
Capital leases	*f*	632
Selling Agent fees	*g*	79
Restructuring fees	*h*	229
Total operating disbursements		**8,602**
Net change in cash from operations		**5,168**

20. The Company is projecting total net operating cash receipts of approximately $13.8 million over the Forecast Period. These receipts are offset by cash disbursements of $8.6 million, resulting in a net increase in cash from operations of $5.2 million during the Forecast Period.

21. The Monitor has reviewed the notes and underlying assumptions. CFS#7 is based on the following key assumptions, corresponding to the note references in Table 2:

a) changes in production receipts over the Forecast Period are largely attributed to changes in oil and gas forward strip pricing. The improved pricing environment has allowed, and is expected to continue to allow, Glenogle to undertake repairs and production optimization initiatives which are projected to have favorable impacts to production volumes over the Forecast Period. The impact of favorable pricing and volumes is slightly offset by natural production declines;

b) capital expenditures projected over the Forecast Period total $1.02 million, consisting of:

   i. $388,000 in February, primarily related to a wellbore clean-out and pump installation at the 13-16 well;

ii. $375,000 in March for the installation of a pump to increase production on one well, replacing a failed water source well pump, as well as several well abandonments; and

iii. $81,000 in April, $141,000 in May and $37,000 in June relating to well abandonments;

capital expenditures for the months of July through September 2022 have yet to be defined by Glenogle. Capital projects are generally undertaken in the fall and winter months when surface conditions are more favourable;

c) operating expenses and gas processing costs are generally flat on a per-day basis over the Forecast Period, and consist primarily of supplier prepayments, gas processing with NorthRiver Midstream, oil transportation with Pembina Pipelines, fluids, regulatory, maintenance and land lease rentals. Causes for volatility on a monthly basis over the Forecast Period include:

   i. property taxes payable in June and July, totaling approximately $430,000;

   ii. higher supplier prepayments required in February over other months by approximately $116,000 due to cold weather, catch-up payments, and a final winter season propane prepayment (the next being in August);

   iii. higher regulatory costs in May, June and September due to planned turnarounds;

   iv. timing of annual land lease rentals, with the majority of rentals paid in June and September;

   v. other miscellaneous operating expenses including $25,000 for emergency response services in February, emissions costs of $27,000 in April and turnaround work in June totaling $27,000; and

   vi. temporary timing differences due to invoice timing expected from certain suppliers;

d) property taxes consist of linear and non-linear municipal property taxes in June and July 2022;

e) general and administrative expenses vary on a monthly basis over the Forecast Period due to timing of when payroll funds are withdrawn from Glenogle's bank account. Additional factors impacting general and administrative costs on a monthly basis include $100,000 in September for insurance policy renewals, as well as the timing for system license renewals;

f) capital lease payments relate to production assets financed by HSBC under a capital lease facility;

g) Selling Agent fees of $79,000 over the Forecast Period relate to the Selling Agent's monthly work fee for February, March and April after which the Selling Agent's work is expected to be complete; and

h) restructuring fees totalling $229,000 relate to the fees of the Monitor and its legal counsel incurred but not yet billed or paid, and the estimated fees of the Monitor, its legal counsel, and the Company's legal counsel over the Forecast Period.

22. CFS#7 is based on assumptions regarding future events. Actual results will vary from the information presented even if the hypothetical assumptions occur and the variation may be material. Accordingly, we express no opinion or other form of assurance with respect to the accuracy of any financial information presented in this report or relied upon by us in preparing this report.

23. CFS#7 has been prepared solely for the purpose described above, and readers are cautioned that it may not be appropriate for other purposes.

UPDATE ON SISP

24. Since the last SISP update contained in the Second Report, Glenogle, in consultation with HSBC and the Selling Agent, proceeded into the due diligence phase with one of the bidders and was working towards a binding offer with this counterparty (the "**Bidder**").

25. In January 2022, Glenogle was made aware that the Bidder was no longer able to meet the terms as outlined in its initial non-binding letter of intent. The revised terms indicated by the Bidder were materially adverse and, as such, the Selling Agent recommended that Glenogle undertake a refresh of the SISP (the "**Refreshed SISP**").

26. Under the Refreshed SISP, the Selling Agent is re-contacting the potential purchasers who were initially approached under the SISP.

27. The Company expects that the outcome of the Refreshed SISP will be known later in February 2022 which will allow the Company to evaluate the outcome of the Refreshed SISP with HSBC and the Monitor.

STAY EXTENSION

28. Pursuant to the stay extension and ancillary relief order granted by this Honourable Court on November 29, 2021, the Stay Period expires on February 28, 2022. The Applicants are seeking an extension of the Stay Period up to and including September 30, 2022.

29. It is the Monitor's view that the Stay Extension is necessary to allow the Applicants time to fully complete the SISP.

30. In the Monitor's view, the Applicants are acting in good faith and with due diligence, are operating in the ordinary course of business and complying with their other obligations set out in the ARIO.

31. The Monitor does not believe that any creditor will be materially prejudiced if the Stay Extension is granted.

HSBC SUPPORT

32. The Monitor notes that HSBC, which holds a valid and enforceable first secured interest in all of the Company's assets, is supportive of the relief being sought by the Company in this application.

RECOMMENDATIONS

33. The Monitor respectfully recommends that this Honourable Court approve a stay extension to September 30, 2022.

Dated at Calgary, this 8th day of February, 2022.

ERNST & YOUNG INC.
in its capacity as the
Monitor of Glenogle Energy Inc.,
Glenogle Energy LP, and 1651558 Alberta Inc.

Neil Narfason, CPA, CA, CIRP, LIT, CBV
President

Carolyn Parker, CPA
Director

APPENDIX A

CASH FLOW STATEMENT #7 FOR THE PERIOD OF

FEBRUARY 1, 2022 TO SEPTEMBER 30, 2022

Glenogle Energy Inc., Glenogle Energy LP and 1651558 Alberta Ltd.
Combined Cash Flow Statement #7
For the Forecast Period of February 1, 2022 to September 30, 2022

$000's		Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Forecast
Month of:	*Notes*	February	March	April	May	June	July	August	September	Period
Operating receipts										
Production receipts (net)	*A, B*	1,436	1,626	1,856	1,852	1,828	1,626	1,795	1,751	13,770
Net operating receipts		**1,436**	**1,626**	**1,856**	**1,852**	**1,828**	**1,626**	**1,795**	**1,751**	**13,770**
Operating disbursements										
Capital expenditures	*C*	388	375	81	141	37	-	-	-	1,023
Operating expenses	*D*	533	454	408	521	563	477	478	577	4,011
Gas processing	*E*	100	125	120	120	120	120	110	110	925
Property taxes	*F*	-	-	-	-	107	322	-	-	429
General & administrative	*G*	140	210	143	82	181	129	92	299	1,274
Capital leases	*H*	22	98	60	60	60	74	22	235	632
Selling Agent fees	*I*	26	26	26	-	-	-	-	-	79
Restructuring fees	*J*	38	35	26	26	26	26	26	26	229
Total operating disbursements		**1,248**	**1,323**	**865**	**950**	**1,094**	**1,147**	**728**	**1,246**	**8,602**
Net change in cash from operations		**189**	**303**	**991**	**901**	**733**	**479**	**1,067**	**505**	**5,168**
Cumulative change in cash during Forecast Period		**189**	**492**	**1,483**	**2,384**	**3,117**	**3,596**	**4,663**	**5,168**	**5,168**
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	
Interim Loan capacity	*K*	2,600	2,600	2,600	2,600	2,600	2,600	2,600	2,600	
Letters of credit	*L*	(95)	(222)	(222)	(222)	(222)	(222)	(95)	(95)	
Total credit limit		54,505	54,378	54,378	54,378	54,378	54,378	54,505	54,505	
Credit Facility and Interim Loan - Draws										
Credit facility		50,330	50,027	49,036	48,135	47,401	46,922	45,855	45,350	
Interim Loan advanced		-	-	-	-	-	-	-	-	
Total credit drawn		50,330	50,027	49,036	48,135	47,401	46,922	45,855	45,350	
Remaining credit available		4,175	4,351	5,342	6,243	6,976	7,456	8,650	9,154	
Letters of Credit	*L*									
Province of BC - seasonal road bans		-	127	127	127	127	127	-	-	
Natural gas transportation		15	15	15	15	15	15	15	15	
National Energy Board - pipeline		80	80	80	80	80	80	80	80	
Letters of credit, total outstanding		**95**	**222**	**222**	**222**	**222**	**222**	**95**	**95**	

Glenogle Energy Inc., Glenogle Energy LP and 1651558 Alberta Ltd.
Notes to the Combined Cash Flow Statement #7
For the Forecast Period of February 1, 2022 to September 30, 2022

Note A - Production receipts: Production receipts relate to revenues associated with the sale of oil, gas and natural gas liquids. Changes to Glenogle's production receipts month-over-month over the Forecast Period are largely attributed to changes in oil and gas forward strip pricing. The improved pricing environment has allowed, and is expected to continue to allow, Glenogle to undertake repairs and production optimization initiatives which are projected to have favorable impacts to production volumes over the Forecast Period. The impact of favorable pricing and volumes is slightly offset by natural production declines.

Production receipts reflect commodity price forward curves and foreign exchange rates at February 7, 2022.

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

Note C - Capital expenditures: Capital spending over the Forecast Period totals $1.02 million, consisting of $388,000 in February primarily related to a wellbore clean-out at 13-16 well, $375,000 in March for the installation of a pump to increase production, replacing a failed water source well pump as well as several well abandonments. Additionally, well abandonments are anticipated for April totaling $81,000, May totaling $141,000 and June totaling $37,000. Capital expenditures for the months of July through September 2022 have yet to be defined by Glenogle. Capital projects are generally undertaken in the fall and winter months when surface conditions are more favourable.

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 $501,000, with some monthly expense forecasts 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 five weeks of expenses and others reflecting four 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 in June and July 2022.

Note G - General and administrative: General and administrative expenses vary on a monthly basis over the Forecast Period due to timing of when payroll funds are withdrawn from Glenogle's bank account.

Note H - Capital leases: Relates to production assets financed by HSBC under a capital lease facility. Total capital lease payments are forecast at $632,000 for the Forecast Period.

Note I - Selling agent fees: Relates to the monthly work fee of the Selling Agent for February, March and April, after which the Selling Agent's work is expected to be complete.

Note J - Restructuring fees: Relates to the fees of the Monitor and its legal counsel incurred but not yet billed or paid, and the estimated fees of the Monitor, its legal counsel and the Company's legal counsel over the Forecast Period.

Note K - 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. The Interim Loan was fully repaid by Glenogle on January 4, 2022.

Note L - Letters of Credit: The Province of British Columbia's seasonal road ban for $127,000 will be issued during March and is expected to be released in August. In addition, there are letters of credit 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.