C21409

ENTERED

JUDICIAL CENTRE OF CALGARY
FILED
Feb 07, 2022
by Email
CLERK OF THE COURT

CLERK'S STAMP

COM
Feb. 15, 2022
Justice Horner

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 February 7, 2022

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 September 30, 2022 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**"), the Order (Stay Extension and Ancillary Relief) granted on March 26, 2021 and the Order (Stay Extension) granted November 29, 2021; 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 1,400 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 $51 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. In my November 22, 2021 Affidavit, I updated the Court on the status of the steps taken in the SISP to that date. Initial, non-binding bids were due under the SISP in November, 2021 and a number of bids were submitted at that time. Since the receipt of those bids, Glenogle and the Selling Agent have held discussions with certain parties who submitted non-binding bids, in consultation with the Monitor and HSBC Bank Canada ("HSBC"), Glenogle's primary secured creditor. To date, these discussions have not resulted in a binding agreement that is satisfactory to Glenogle, the Monitor and HSBC. As a result, further time will be required to complete the SISP.

B. Operational/Financial Updates

11. At the beginning of January, 2022, Glenogle fully repaid the $2.6 million Interim Facility (as defined in the ARIO), of which $2.5 million had been advanced by HSBC. Draws against Glenogle's HSBC operating facility are now approximately $3.6 million below the combined Interim Facility and operating facility limits.

12. During the period from November, 2021 through January, 2022, Glenogle has undertaken various repair and production optimization projects and has additional production optimization, repair and maintenance, and suspended well abandonment projects underway, which are expected to maintain and enhance the value of Glenogle's assets.

IV. STAY EXTENSION

13. 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. Glenogle requires an extension of the Stay Period to finalize the SISP and return before this Honourable Court to apply for the approval of a restructuring or other transaction, to conclude the SISP.

14. Glenogle is requesting a seven-month extension of the Stay Period, to September 30, 2022, because it is not clear how much time will be required to complete the SISP. With the support of HSBC and the Monitor, Glenogle is of the view that this relatively lengthy extension of the Stay Period is appropriate, to avoid the unnecessary expenditure of the incremental professional fees that would be incurred in further extending the Stay Period, if a shorter extension was sought at this time.

15. 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 September 30, 2022, will be included in the Monitor's Third Report, to be filed in connection with Glenogle's application.

V. CONCLUSION

16. 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 7 day of February, 2022.

Commissioner for Oaths in and for the Province of Alberta

CHRIS SIMARD

BARRISTER & SOLICITOR

JAMIE BLAIR