

COURT FILE NO.: 2001-06997  
COURT COURT OF QUEEN'S BENCH OF ALBERTA  
JUDICIAL CENTRE CALGARY

IN THE MATTER OF THE COMPANIES'  
CREDITORS ARRANGEMENT ACT, RSC  
1985, c C-36, AS AMENDED

AND IN THE MATTER OF THE COMPROMISE OR ARRANGEMENT  
OF BOW RIVER ENERGY LTD.

DOCUMENT **AFFIDAVIT NO. 5 OF DANIEL BELOT**

ADDRESS FOR  
SERVICE AND  
CONTACT  
INFORMATION  
OF PARTY  
FILING THIS  
DOCUMENT

Cassels Brock & Blackwell LLP  
Suite 381, Bankers Hall West  
888 3<sup>rd</sup> Street SW  
Calgary, Alberta, T2P 5C5  
Telephone: (403) 351-2921  
Facsimile: (403) 648-1151  
File No.: 55035-1

**Attention: Jeffrey Oliver/Danielle Marechal**

AFFIDAVIT OF: **DANIEL G. BELOT**

SWORN ON: **OCTOBER 19, 2020**

I, DANIEL G. BELOT, of the City of Calgary, in the Province of Alberta, SWEAR AND SAY THAT:

1. I am the Vice President of Finance, Chief Financial Officer, and co-founder of the application, Bow River Energy Ltd. ("**Bow River**" or the "**Company**"). I have been the VP Financing and CFO of Bow River since February 2013. As such, I have personal knowledge of the matters to which I depose in this Affidavit, except where such matters are stated to be based on information and belief, in which case I have stated the source of my information and, in all cases, I believe such information to be true.
2. I am authorized to swear this Affidavit as corporate representative of the Company.
3. I previously swore affidavits in the within proceedings on May 29, 2020, June 5, 2020, July 17, 2020 (the "**Third Affidavit**"), September 28, 2020 (the "**Fourth Affidavit**") and October 5, 2020 (the "**Supplemental Affidavit**"). Terms not otherwise defined herein shall have the meaning ascribed to them in the Third Affidavit.

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4. I swear this Affidavit to provide this Honourable Court with a general update and in support of the Company's application for an Order authorizing the Company to repay the amounts drawn under Interim Facility.

General Update and Discussions with AER

5. As described in more detail in the Fourth Affidavit and the Supplemental Affidavit, the Company and the Alberta Energy Regulator ("AER") engaged in discussions regarding whether the AER, or alternatively the Orphan Well Association (the "OWA"), would consider funding an additional sales process. On September 28, 2020, the Company, through its previous legal counsel, received a reply from the AER advising that it would not be willing to fund the Company's proposed additional sales Process.
6. As described in more detail the Supplemental Affidavit, on September 29, 2020, the Company, through its previous counsel, sent correspondence to the Saskatchewan Ministry of Justice outlining the status of the Company's CCAA proceedings, including the AER's rejection of the Company's proposal respecting certain of its Alberta properties, the offers the Company could pursue respecting certain of its Saskatchewan properties, and the outstanding surface and mineral lease payments and royalties, as well as requested security deposit from the Saskatchewan Energy Regulator, that would need to be addressed in order to pursue those transactions. In particular, the Company advised the Saskatchewan Ministries, Indian Oil and Gas Canada and Saskatchewan Ministry of Energy and Resources, that it was requesting those parties' agreement to compromise the outstanding amounts owed to them, and waive the requirement of the requested security deposit, totalling an approximate \$17.4 million, in order to allow the transactions to proceed and have the Company transfer what assets, and therefore liabilities, it could to solvent third parties.
7. On October 13, 2020 the Government of Saskatchewan ("GOS"), as represented by the Ministries of Energy and Resources, Environment and Agriculture issued correspondence to current counsel to the Company advising that the GOS could not agree to the proposal made in the Company's September 29, 2020 correspondence in order to facilitate the transfer of oil and gas wells from the Company to several purchasers. Attached hereto and marked as **Exhibit "A"** is a copy of this correspondence.
8. In light of (among other things) the unwillingness of the AER to fund an additional sales process, the unwillingness of the GOS to accept the Company's proposal to facility the transfer of the oil and gas assets to several purchasers, the outcome of SISP and the fact that the Interim Lender has decline to fund a further sales process, the Company has exhausted all reasonable

restructuring efforts and has made the decision to cease operations in both Alberta and Saskatchewan.

9. As such, it is anticipated that effective October 29, 2020:
  - (a) the employees and contractors of the Company will be terminated; and
  - (b) the directors and officers of the Company will resign.
10. The Company has advised the Monitor, Interim Lender and AER of its intention to terminate the employees and contractors of the Company and for the directors and officers of the Company to resign. Attached hereto and marked as **Exhibit "B"** is a copy of the correspondence sent by counsel to the Company advising the Monitor, Interim Lender and AER of the foregoing.
11. As the Company is effectively ceasing operations, the CCAA proceedings will serve no further purpose and the role of the Monitor will be at an end. As such, the Company is also seeking the discharge of the Monitor effective upon the filing of a Monitor's certificate.
12. It is my understanding that the AER and/or OWA intend to bring an application for the appointment of a receiver or receiver and manager over the assets, undertakings and properties of the Company (collectively, the "**Property**"). In the event that such an application is brought, it is the intention of the Company to work cooperatively with the AER and/or OWA to transition the relevant Property to the care and custody of any receiver that may be appointed.
13. I intend to meet with representatives of the AER on October 20, 2020 in order to discuss the next steps in relation to this matter.

#### Proposed Repayment of Interim Financing

14. As described in more detail in the Third Affidavit, the Company commenced the within CCAA proceedings intending to rely solely upon its cash flows to fund operations. Due to several factors, the Company faced liquidity challenges that ultimately required it to seek interim financing to fund both the Settlement Amount and ongoing operation expenses in order to pursue the SISF through to conclusion.
15. Pursuant to an Order of this Honourable Court granted on July 24, 2020, the Company was authorized and empowered to obtain and borrow under the Interim Facility pursuant to the Interim Financing Term Sheet.

16. To date, the Company has drawn on the Interim Facility in the total amount of \$260,000 (exclusive of interest). As at October 29, 2020, the amount owing under the Interim Facility is \$263,661.03 with per diem interest of \$57.79 continuing to accrue.

17. In light of, among other things:

(a) the fact that the Interim Facility was advanced in part to allow the Company to continue to pursue the SISP; and

(b) the possible appointment of a receiver by the AER and/or OWA;

it is my belief that in the circumstances, it is appropriate for the Company to repay the amounts owing under the Interim Facility.

18. I am advised by Jeffrey Oliver, Partner with Cassels Brock & Blackwell LLP, that each of the Monitor, AER and OWA have been advised of the Company's intention to repay the Interim Facility and I am not aware of any objection to this propose course of action.

19. I swear this Affidavit in support of the Company's application for an Order authorizing the Company to repay the amounts drawn under Interim Facility and for no improper purpose.

20. In swearing this Affidavit, I was not physically present before the commissioner for oaths but was linked with the commissioner for oaths utilizing video technology and, to the best of my knowledge, the process described in Court of Queen's Bench of Alberta Notice to the Profession and Public on Remote Commissioning of Affidavits for use in Civil and Family Proceedings During the COVID-19 Pandemic dated March 25, 2020 was followed.

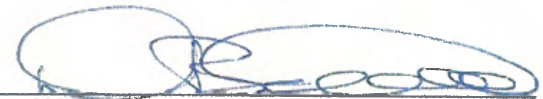
SWORN BEFORE ME at the City of Calgary, in the Province of Alberta, this 19<sup>th</sup> day of October, 2020 )

*R Kay*

Commissioner for Oaths/Notary Public in and for Alberta )

**Richard Kay**

My Commission Expires September 21, 2020



DANIEL BELOT



This is Exhibit "A"  
referred to in the Affidavit of

DANIEL BELOT

sworn this 19 day of October, 2020

*R Kay*

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A Commissioner for Oaths in and for Alberta

**Richard Kay**

My Commission Expires September 21, 2020

October 13, 2020

Please Reply To:  
Leanne Lang  
Phone: (306) 787-5545  
Fax: (306) 787-0581

Cassels Brock & Blackwell LLP |  
Suite 3810, Bankers Hall West, 888 3rd Street SW  
Calgary, AB, T2P 5C5 Canada

**Attention: Jeffrey Oliver**

Dear Sir:

**Re: In the Matter of Bow River Energy Ltd.  
Alberta Court of Queen's Bench 2001-06997  
Your File: 441275.25**

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We reviewed the proposal provided by Jessica Cameron dated September 29, 2020. We considered the options carefully and have concluded that the Government of Saskatchewan (GOS), as represented by the Ministries of Energy and Resources, Environment and Agriculture cannot agree to the proposal made in order to facilitate the transfer of oil and gas wells from Bow River Energy Ltd. (Bow River) to several purchasers. It is our opinion that the GOS does not have the authority to transfer the government debts ("cure costs") to the purchasers and we are not prepared to waive or extinguish the GOS debts. We are also not in agreement with waiving the security deposits to be posted by Bow River because it will result in a significant amount of unfunded liability. As a result, the transfer of the well licences by the Ministry of Energy and Resources to the proposed purchasers cannot occur without the necessary security deposits in place.

We understand that the CCAA proceedings will likely be terminated on or about October 30, 2020 and we will need to determine a transition plan to secure a safe and orderly transfer of Bow River's assets to the care and custody of another party. The GOS is in discussions with the Alberta Orphan Well Association regarding the transition of the wells and will consider a joint receivership with the OWA. It is our intention to keep the producing wells operating and to reduce the number of wells being abandoned. We will advise on the transition plan once we have concluded our discussions with the AER and the OWA on the management of the wells.

We would like to address with you the process for transitioning the wells once the CCAA process concludes. We will be requesting that Bow River continue to have care and control

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Cassels Brock & Blackwell LLP  
Jeffrey Oliver  
October 13, 2020  
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of the wells until the wells are transferred to another entity. We are assuming that the directors will continue to carry out their duties until a transition plan is concluded.

We look forward to discussing these matters with you at your earliest convenience. Thank you for your cooperation in this matter.

Yours truly,



Leanne Lang  
Senior Crown Counsel

cc. Brad Wagner, Director of Liability Management, Ministry of Energy and Resources

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This is Exhibit "B"  
referred to in the Affidavit of

DANIEL BELOT

sworn this 19 day of October, 2020

*R/Kay*

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A Commissioner for Oaths in and for Alberta

**Richard Kay**

My Commission Expires September 21, 2020

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# Cassels

October 15, 2020

Via Email

Alberta Energy Regulator  
1000, 250 5 Street SW  
Calgary AB, T2P 0R4

joliver@cassels.com  
tel: +1 403 351 2921  
fax: +1 403 648 1151  
file # 55035-1

**Attention: Ms. Maria Lavelle**

Orphan Well Association  
1005, 850 2nd Street SW  
Calgary, AB T2P 0R8

Saskatchewan Ministry of Energy and Resources  
1000, 2103 11th Avenue  
Regina, SK S4P 3Z8

**Attention: Lars DePauw**

Saskatchewan Ministry of Justice  
2405 Legislative Dr.  
Regina, SK S4S 0B3

**Attention: Candy Dominique**

Indian Oil and Gas Canada  
100, 9911 Chiila Boulevard  
Tsuut'ina, AB T3T 0E1

**Attention: Leanne Lang**

**Attention: Lori Williams / Jordan Milne**

Dear Sirs and Madam:

**Re: In the Matter of the *Companies' Creditors Arrangement Act*, RSC 1985, c C-36, as amended (the "CCAA") proceedings of Bow River Energy Ltd. ("Bow River" or the "Company")**

Please be advised that we have been retained as new counsel to Bow River in the above-referenced matter. A Notice of Change of Representation evidencing the same is in the process of being filed and will be served in due course.

We write further to BLG's letters to the Alberta Energy Regulator ("**AER**") and to Indian Oil and Gas Canada ("**IOGC**"), the Saskatchewan Ministry of Justice, in its capacity as counsel for various Ministries within the Government of Saskatchewan (the "**Saskatchewan Ministries**"), and the Saskatchewan Ministry of Energy and Resources ("**SMER**"), dated September 24, 2020 and September 29, 2020, respectively.

As has been expressed in those letters, the decision by the AER and the Orphan Well Association ("**OWA**") to oppose the Company's proposed transactions respecting its Alberta properties has put Bow River in an impossible position. Having already expended considerable funds to conduct the Court-approved sales and investment solicitation process ("**SISP**"), the Company does not have the financial resources to conduct an additional sales process and has exhausted its

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alternative sources of funding. While the Company is disappointed with the position maintained by the AER and the OWA, namely that neither will support anything less than an *en bloc* transaction in CCAA proceedings, the Company appears to be out of options. In the circumstances, the Company wishes to work co-operatively to ensure a safe and responsible transition of assets occurs to the AER/OWA.

In terms of the situation facing the Company in Saskatchewan, I am advised that the Company never received a reply to Bow River's proposed transactions respecting properties situated there. At this juncture and given the decision the Company has made respecting continuing operations in Alberta, quite simply Bow River is out of time and out of money and no longer in a position to consummate transactions respecting its Saskatchewan properties.

With no viable sales transactions in either Alberta or Saskatchewan, the Company simply cannot continue. As a result, Bow River has made the incredibly difficult decision to cease operations in both Alberta and Saskatchewan. Effective as of October 29, 2020, please be advised that all of Bow River's present directors and officers will resign, and all Bow River employees and contractors will be terminated.

Up until October 29, 2020, we confirm that Bow River will maintain care and custody of its properties and will comply with all applicable legislative and regulatory obligations, including providing emergency response if necessary. However, following that date, Bow River does not have the financial resources to continue to do so.

The Company intends to work cooperatively with the AER and the OWA to develop a transition plan to ensure the orderly transition of its assets to a party as designated by the regulator, and believes that value will be maximized if production continues on such assets prior to and after a transition. The Company would also like to begin similar discussions with SER and invites SER to contact the undersigned to do so.

Yours truly,

Cassels Brock & Blackwell LLP



Jeffrey Oliver  
Partner

JO/rk

CC: Bonni Pierce and Kaitlin Szacki, Alberta Energy Regulator – via email

Marc A. Kelly, BDO Canada Limited (Monitor) – via email

Keely Cameron, Bennett Jones LLP (Counsel to the Monitor) – via email

Matti Lemmens, Borden Ladner Gervais LLP (Counsel to 2270943 Alberta Ltd.) – via email

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Terry Czechowskyj, Miles Davison LLP (Counsel to the Orphan Well Association) – via email

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