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April 27, 2021

VIA EMAIL

TO SERVICE LIST

Re: QBG no 1705 of 2020

RM of Eye Hill No. 382 v. Her Majesty the Queen, Saskatchewan (as represented by the Minister of Energy and Resources), BDO Canada Limited in its capacity as Receiver of Bow River Energy Ltd.

We enclose for service upon you an Application seeking, inter alia, a declaration of priority of the net sales proceeds from the Saskatchewan assets of Bow River Energy Ltd. in favour of the Municipalities in Saskatchewan that are owed taxes.

We anticipate that on the first return date the procedural issues will be raised and the substantive issue of priority adjourned to a later date.

Yours truly,



Russell Q. Gregory

/jc

Encl.

COURT FILE NUMBER Q.B.G. No. 1705 of 2020

COURT OF QUEEN'S BENCH FOR SASKATCHEWAN IN BANKRUPTCY AND  
INSOLVENCY

JUDICIAL CENTRE REGINA

APPLICANT R.M. of Eye Hill No. 382

RESPONDENTS Her Majesty the Queen, Saskatchewan  
(as represented by the Minister of Energy and Resources)

BDO CANADA LIMITED in its capacity as Receiver of BOW  
RIVER ENERGY LTD.

IN THE MATTER OF THE RECEIVERSHIP OF BOW RIVER ENERGY INC.  
NOTICE OF APPLICATION (DISTRIBUTION OF PROCEEDS)

NOTICE TO: Those Parties Identified on the Attached Service List

This application is made against you. You are a respondent. You have the right to state your side of this matter before the Court. To do so, you must be in Court when the application is heard as shown below:

Where Court House 2425 Victoria Avenue, Regina, Saskatchewan

Date Tuesday, June 8, 2021

Time 10:00 A.M.

Go to the end of this document to see what you can do and when you must do it.

**PARTICULARS OF APPLICATION**

**Remedy claimed or sought:**

1. R.M. Eye Hill No. 382 seeks the following Orders:
  - (a) declaring service of this Application and the materials filed in support thereof good and sufficient, and abridging the time for notice of this Application to the time actually given, if necessary;
  - (b) directing pursuant to Rule 6-13 of the Saskatchewan Queen's Bench Rules, that Candy Dominique, deponent from the Minister of Energy and Resources ("MER") submit to a cross examination on the Affidavit sworn on March 19, 2021;

- (c) directing the Receiver to provide documentation in its possession as Monitor/Reeves, as the case may be, and a full accounting of the Saskatchewan assets and liabilities of Bow River Energy Ltd.:
  - i) as at June 1, 2020;
  - ii) a full accounting of the production income and liabilities paid from June 1, 2020 to October 30, 2020 (the "CCAA Period");
  - iii) a full accounting of the production income and liabilities paid from October 30, 2020 to the conclusion of the sales contemplated in the Orders of March 29, 2021 (the "Receivership Period").
- (d) an Order declaring that the Saskatchewan Municipal taxes owing by Bow River Energy Ltd. for the CCAA Period are payable from the Bow River Estate in priority to the MER or any other party;
- (e) in the alternative an Order declaring that the Saskatchewan Municipal Taxes owing by Bow River Energy Ltd. in the CCAA Period are payable from the production proceeds during the CCAA Period in priority to the MER or any other party or otherwise in accordance with the CCAA Orders;
- (f) an Order declaring that the Municipal taxes owing by Bow River Energy Ltd. for the Receivership Period are payable from the net proceeds of the Estate in priority to the MER or any other party;
- (g) such further and other priority claim as may be sought after review of the accounting contemplated in paragraph 1(c) and any such further and other material as may reasonably be required.

### **Grounds of this Application**

2. At all material times, Bow River was a corporation in the business of exploration and production of oil and gas in the Province of Saskatchewan and held licenses (the "Licenses") to operate 855 oil and gas wells, pipeline segments and facilities in Saskatchewan.
3. On June 1, 2020, Bow River commenced proceedings pursuant to Companies Creditors Arrangement Act ("CCAA"). Pursuant to the CCAA proceedings, BDO Dunwoody was appointed as the Monitor.
4. Pursuant to paragraph 8 of the Order granted on June 1, 2020 and in paragraph 9 of the Order granted on June 10, 2020 in the CCAA proceedings (the "CCAA Orders"), the Court directed in the priority of the proceeds from the Bow River operations. The CCAA expired on October 30, 2020.



5. The priority of proceeds during the CCAA period in the CCAA Orders specifically required that municipal taxes be paid.
6. Municipal taxes to the RM of Eye Hill No. 382 and other municipalities in Saskatchewan, were not paid in accordance with the CCAA Orders during the CCAA Period or at all, in the alternative there has been no accounting provided for the CCAA Period to establish the use of funds in that time frame.
7. The MER has failed to provide copies to the Court of any orders that deemed the Bow River Energy Ltd. Saskatchewan wells to be orphan wells or Bow River Energy Ltd. to be an orphan, Receiver or any creditor of Bow River Energy Ltd.
8. The MER has failed to properly exercise its duty of care by consenting to the sales of public assets as mandated in the Orders of March 29, 2021, in particular:
  - a) approved of purchasers and granted new licences to the purchasers without properly qualifying such purchasers as parties in good standing with provincial municipal taxes;
  - b) approved of the sales for purchase prices that were grossly less than the asset value as set forth in the MER Licensee Liability Rating (LLR);
  - c) provided the Affidavit of Candy Dominique sworn on March 19, 2021 to the RM of Eye Hill No. 382 and other municipalities on March 24, 2021 for use in Court on March 29, 2021, being short notice and without sufficient detail as to priority claim rights (orphan well orders) or calculation of amount(s);
  - d) supported the Receiver's Application returnable on March 29, 2021 with shortened notice and without the MER being fully or properly familiar with the terms of the sales;
  - e) such further and other grounds as may be advised.
9. Municipal taxes have a lien pursuant to the *Municipalities Act* against both the oil and gas production and the assets.
10. Municipal taxes have a priority during the CCAA period over the MER pursuant to the CCAA Orders.
11. Municipal taxes have a priority during the Receivership period over the MER.
12. Municipal taxes have a priority over the MER pursuant to the *Bankruptcy and Insolvency Act* and the *Companies Creditors Act*.

#### **Applicable Rules**

13. Rules 3-49 and 6-13 of The Saskatchewan Queen's Bench Rules.
14. Bankruptcy and Insolvency General Rules.

## CONTACT INFORMATION AND ADDRESS FOR SERVICE

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**COURT FILE NUMBER**

**Q.B.G 1705 of 2020**

**COURT OF QUEEN'S BENCH FOR  
SASKATCHEWAN  
IN BANKRUPTCY AND INSOLVENCY**

**JUDICIAL CENTRE**

**REGINA**

**APPLICANT**

**HER MAJESTY THE QUEEN, SASKATCHEWAN  
(AS REPRESENTED BY THE MINISTER OF  
ENERGY AND RESOURCES)**

**RESPONDENT**

**BOW RIVER ENERGY LTD.**

**SERVICE LIST**

(as of October 26, 2020)

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