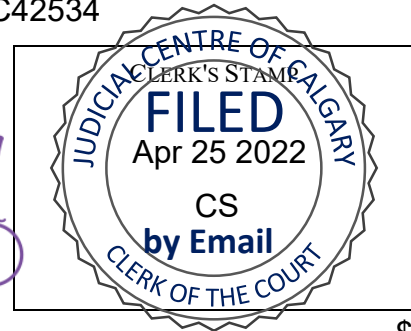


C42534

FORM 27  
[RULES 6.3 AND 10.52(1)]  
**Entered**



COURT FILE NUMBER 25-2565145 \$50.00  
COURT COURT OF QUEEN'S BENCH OF ALBERTA COM  
JUDICIAL CENTRE CALGARY May 5 2022

IN THE MATTER OF THE BANKRUPTCY  
OF GIANT GROSMONT PETROLEUMS  
LTD.

APPLICANT BDO CANADA LIMITED

DOCUMENT **APPLICATION**

ADDRESS FOR SERVICE AND  
CONTACT INFORMATION OF  
PARTY FILING THIS DOCUMENT **BENNETT JONES LLP**  
Barristers and Solicitors  
4500 Bankers Hall East  
855 2 Street SW  
Calgary, Alberta T2P 4K7

Attention: Keely Cameron/Sam Denstedt  
Telephone No.: 403.298.3324/7982  
Fax No.: 403.265.7219  
Client File No.: 068775.7

**NOTICE TO RESPONDENTS:**

This application is made against you. You are a respondent.

You have the right to state your side of this matter before the master/judge.

To do so, you must be in Court when the application is heard as shown below:

Date: May 5, 2022  
Time: 10:00 a.m.  
Where: Calgary Courts Centre, Virtual Courtroom 60  
Before Whom: Madam Justice K. M. Horner

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

**Remedy claimed or sought:**

1. BDO Canada Limited in its capacity as Trustee (the "**Trustee**") of Giant Grosmont Petroleum Ltd. ("**Giant Grosmont**"), seeks advice and direction from this Honourable Court as to whether the Trustee may proceed to pay final dividends in the usual course. The proposed distribution is set out in the First Report of the Trustee dated April 25, 2022.
2. More specifically, the Trustee seeks this Honourable Court's advice and direction as to whether the Supreme Court of Canada's decision in *Orphan Well Association v. Grant Thornton Ltd.*, 2019 SCC 5 applies on the facts before this Honourable Court in a manner that requires the Trustee to use funds in the estate to address future obligations under section 30 of the *Oil and Gas Conservation Act*, RSA 2000, c O-6 ("**OGCA**") which requires Giant Grosmont to pay its proportionate share of suspension, abandonment, remediation and reclamation costs.
3. Should this Honourable Court authorize the payment of final dividends in the usual course, the Trustee will be seeking an Order, substantially in the form attached hereto as **Schedule "A"**, for *inter alia*, the following relief:
  - (a) declaring service of this Application and all supporting materials to be good and sufficient;
  - (b) declaring that the Trustee may proceed with final distribution to creditors as prescribed by the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3 notwithstanding Giant Grosmont's outstanding non-operated oil and gas interests;
  - (c) declaring that the Trustee is not required to take any further steps to have the Alberta Energy Regulator's working interest participant records updated; and
  - (d) such further and other relief as counsel may advise and this Honourable Court may permit

**Grounds for making this application:**

4. Giant Grosmont is a holding company, incorporated in 1977. Since its incorporation it has held various non-operated and royalty interests in Alberta oil and gas assets.

5. Giant Grosmont does not hold any Alberta Energy Regulator ("AER") licenses or approvals. It does hold nominal non-operated interests in 64 wells licensed to other parties and regulated by the AER.
6. On October 1, 2019, Hardie & Kelly Inc., now BDO Canada Limited was appointed as Trustee of Giant Grosmont. No inspectors have been appointed.
7. The Trustee provided notice to known creditors of Giant Grosmont to file proofs of claim, and only two proofs of claim were submitted. Both were admitted. They were submitted by licensees of wells that Giant Grosmont has an interest in and the majority of the amount claimed relates to abandonment and reclamation costs that were incurred by the Licensee.

#### ***Non-Operated Working Interest Participant Obligations***

8. The Trustee was intending to issue dividends in the usual course, when it became aware that the AER had concerns with it doing so, given the Supreme Court of Canada's decision in *Orphan Well Association v. Grant Thornton Ltd.*, 2019 SCC 5 and section 30 of the *Oil and Gas Conservation Act*, RSA 2000, c O-6.
9. The facts at issue in the Giant Grosmont bankruptcy are distinguishable from those in *Orphan Well Association v. Grant Thornton Ltd.*, 2019 SCC 5.
10. Giant Grosmont is not the holder of any AER licenses and approvals, and is not the subject of any regulatory orders or requirements.
11. The statutory obligation of Giant Grosmont to pay suspension, abandonment, remediation and reclamation costs is a financial obligation owing to the party that carries out the abandonment, remediation and reclamation work, typically the licensee. Section 30 of the *OGCA* provides that the failure to pay such costs constitutes "a debt payable to the licensee, approval holder, working interest participant or agent who carried out the suspension, abandonment, remediation or reclamation."

### ***AER Records***

12. The AER has advised that its records show Giant Grosmont as holding a number of working interests which are inconsistent with Giant Grosmont's records. The AER has advised that it will be relying upon its records to assess Giant Grosmont's obligations.
13. The Trustee has been advised by the President of Giant Grosmont that the majority of these inconsistencies relate to interests that were sold by Giant Grosmont in 2012 and 2013.
14. The AER's system does not allow anyone other than a Licensee to update working interest records in its system and while the Trustee's counsel has contacted the applicable Licensee's to update the records, only one of the Licensees has responded and updated the AER's records.
15. In the circumstances, the Trustee has exhausted its efforts to have the AER's records corrected.
16. Such further and other grounds as Counsel may advise and this Honourable Court may permit.

### **Material or evidence to be relied on:**

17. The Trustee's First Report dated April 23, 2022.
18. The Brief of the Trustee dated April 25, 2022.

### **Applicable Rules:**

19. *Alberta Rules of Court*, Alta Reg 124/2010.
20. *Bankruptcy and Insolvency General Rules*, CRC, c 368.
21. Such further and other rules as Counsel may advise and this Honourable Court permits.

### **Applicable Acts and Regulations:**

22. *Bankruptcy and Insolvency Act*, RSC 1985, c C-36, as amended.

23. *Oil and Gas Conservation Act*, RSA 2000, c O-6, as amended.

24. Such further and other Acts and regulations as Counsel may advise and this Honourable Court permits.

**Any irregularity complained of or objection relied on:**

25. None.

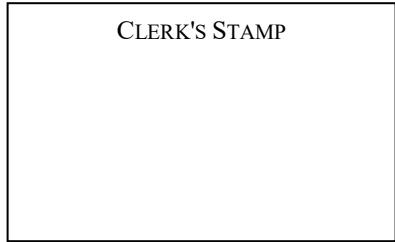
**How the application is proposed to be heard or considered:**

26. Via Webex Video Conference, before the Honourable Justice K.M. Horner.

**WARNING**

If you do not come to Court either in person or by your lawyer, the Court may give the applicant(s) what they want in your absence. You will be bound by any order that the Court makes. If you want to take part in this application, you or your lawyer must attend in Court on the date and at the time shown at the beginning of the form. If you intend to give evidence in response to the application, you must reply by filing an affidavit or other evidence with the Court and serving a copy of that affidavit or other evidence on the applicant(s) a reasonable time before the application is to be heard or considered.

**SCHEDULE "A"**



COURT FILE NUMBER 25-2565145  
COURT COURT OF QUEEN'S BENCH OF ALBERTA  
JUDICIAL CENTRE CALGARY

IN THE MATTER OF THE BANKRUPTCY  
OF GIANT GROSMONT PETROLEUMS  
LTD.

APPLICANT BDO CANADA LIMITED

DOCUMENT **ORDER**

ADDRESS FOR SERVICE AND  
CONTACT INFORMATION OF  
PARTY FILING THIS DOCUMENT **BENNETT JONES LLP**  
Barristers and Solicitors  
4500 Bankers Hall East  
855 2 Street SW  
Calgary, Alberta T2P 4K7

Attention: Keely Cameron/Sam Denstedt  
Telephone No.: 403.298.3324/7982  
Fax No.: 403.265.7219  
Client File No.: 068775.7

**DATE ON WHICH ORDER WAS  
PRONOUNCED:** May 5, 2022

**LOCATION OF HEARING OR  
TRIAL:** CALGARY

**NAME OF JUDGE  
WHO MADE THIS ORDER:** MADAM JUSTICE K. M. HORNER

UPON THE APPLICATION OF BDO Canada Limited (the "**Trustee**") in its capacity as Trustee of Giant Grosmont Petroleums Ltd. ("**Giant Grosmont**"); AND UPON reading the First Report of the Trustee; AND UPON hearing counsel for Trustee and counsel for any other interested parties;

IT IS ORDERED AND DECLARED THAT:

1. The time for service of the notice of application for this Order together with all supporting materials is hereby deemed good and sufficient and this application is properly returnable today.
2. The Trustee may proceed with final distribution to creditors as prescribed by the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3 notwithstanding Giant Grosmont's outstanding non-operated oil and gas interests and associated future obligations.
3. The Trustee is not required to take any further steps to have the Alberta Energy Regulator's working interest participant records updated.

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J.C.Q.B.A.