



Clerk's Stamp:

COURT FILE NUMBER: 2401-02680

NB
C30376
COM March 6, 2024

COURT: COURT OF KING'S BENCH OF ALBERTA

JUDICIAL CENTRE: CALGARY

APPLICANTS: IN THE MATTER OF *THE COMPANIES' CREDITORS*
(Respondents on Application) *ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED

AND IN THE MATTER OF THE PLAN OF COMPROMISE OR
ARRANGEMENT OF RAZOR ENERGY CORP., RAZOR
HOLDINGS GP CORP., AND BLADE ENERGY SERVICES
CORP.

**DOCUMENT: AFFIDAVIT IN SUPPORT OF APPLICATION OF
ALBERTA PETROLEUM MARKETING COMMISSION**

ADDRESS FOR SERVICE AND CONTACT Shores Jardine LLP
INFORMATION OF PARTY 2250, 10104 – 103 Avenue
FILING THIS DOCUMENT Edmonton, Alberta T5J 0H8
William W. Shores, K.C.
Telephone: 780-448-9275
Facsimile: 780-423-0163
File No. 2352-00005 WWS

AFFIDAVIT OF BRADLEY WEICKER

Sworn on March 5, 2024.

I, Bradley Weicker, of the City of Calgary, of the Province of Alberta, SWEAR AND SAY THAT:

1. I am the Marketing Manager of the Alberta Petroleum Marketing Commission (APMC). I have personal knowledge of the facts and matters sworn in this Affidavit, except where information was received from someone else or some other source of information, as identified herein. Where that information contained herein was received from another source, I believe such information to be true.
 2. Under the *Petroleum Marketing Act*, APMC is created and appointed to act as the Crown's agent to receive and market crude oil royalty volumes. APMC's statutory responsibilities include administering various aspects of the *Petroleum Marketing Regulation* related to crude oil royalty forecasting, deliveries and settlements of Crown royalty oil.
 3. For their part, producers have, among their responsibilities, an obligation under Section 86(1) of the *Mines and Minerals Act* and Section 3 of the *Petroleum Royalty Regulation* to deliver the Crown crude oil royalty volumes to APMC. That producer obligation is further established as a condition of each mineral lease from the Crown under Section 86(1) of the *Mines and Minerals Act*. To determine royalty entitlement, the legislative framework calculates prescribed royalty quantities on a monthly basis through production calculations and par prices that are set under the *Petroleum Royalty Regulation* as a proxy of market value.
 4. In order to manage the logistics of actual deliveries and address the practicalities of crude oil trade cycles, which happen in advance of a delivery month, the legislative framework requires producers to forecast the Crown's royalty share of production for delivery to APMC. The *Petroleum Marketing Regulation* reflects the intention that normal oil industry practice is followed by producers when forecasting Crown volumes, with subsection 16(4) giving APMC the discretion to determine what constitutes normal oil industry practice. Actual final deliveries are determined through Crown royalty production splits which are settled by producers usually between the tenth and twelfth day of the month following the delivery month.
 5. Razor Energy Corp. (Razor Energy) has obligations through this legislative structure and the terms of its leases, to properly forecast and deliver the Crown's royalty share of production to APMC.
 6. APMC works with producers and pipelines to track, balance and manage its delivery and shipping positions throughout a delivery month. APMC also works closely with Alberta Energy's Delivery and Reconciliation and Royalty Calculations team to identify and manage underdelivery balances which are caused when the prescribed royalty quantity for a battery exceeds the actual deliveries from the battery during that deliver month. Section 1(t) of the
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Petroleum Marketing Regulation allows the underdelivery balance quantity to be determined according to the records of the APMC.

7. For the January 2024 production month, Razor Energy settled forecasts in December 2023 reflecting the anticipated delivery of Crown royalty oil to the APMC. During the January 2024 production month, draft pipeline shipper balances, and final draft shipper balances, continued to reflect Crown royalty oil deliveries to APMC from Razor Energy based on production forecasts.
8. On or about February 12, 2024, Razor Energy filed final Crown royalty production splits for January 2024 resulting in zero volumes of the Crown's royalty oil being delivered to the APMC for the delivery month of January 2024.
9. According to the records of APMC, the aggregate underdelivery balance of Crown royalty oil by Razor Energy for the delivery month of January 2024 is 934.8 cubic meters of crude oil, set out by battery location as follows:

Delivery Month	Operator Id - Name	Div Facility	Calculated Royalty Volume (m ³)	Confirmed Delivery Volume (m ³)	Net Balance Volume (m ³)
2024-01	A7L1 - RAZOR ENERGY CORP.	AB BT 0046304	0.4	0.0	0.4
2024-01	A7L1 - RAZOR ENERGY CORP.	AB BT 0090060	0.0	0.0	0.2
2024-01	A7L1 - RAZOR ENERGY CORP.	AB BT 0093531	8.9	0.0	8.9
2024-01	A7L1 - RAZOR ENERGY CORP.	AB BT 0107818	14.0	0.0	14.0
2024-01	A7L1 - RAZOR ENERGY CORP.	AB BT 0120702	73.7	0.0	73.7
2024-01	A7L1 - RAZOR ENERGY CORP.	AB BT 0131305	23.5	0.0	23.5
2024-01	A7L1 - RAZOR ENERGY CORP.	AB BT 0142356	3.1	0.0	3.1
2024-01	A7L1 - RAZOR ENERGY CORP.	AB BT 0144707	1.8	0.0	1.8
2024-01	A7L1 - RAZOR ENERGY CORP.	AB BT 0152603	8.9	0.0	8.9
2024-01	A7L1 - RAZOR ENERGY CORP.	AB BT 0154311	12.6	0.0	12.6
2024-01	A7L1 - RAZOR ENERGY CORP.	AB BT 0900019	24.3	0.0	24.3
2024-01	A7L1 - RAZOR ENERGY CORP.	AB BT 5140017	446.9	0.0	446.9
2024-01	A7L1 - RAZOR ENERGY CORP.	AB BT 8870059	0.5	0.0	0.5
2024-01	A7L1 - RAZOR ENERGY CORP.	AB BT 8870076	95.0	0.0	95.0
2024-01	A7L1 - RAZOR ENERGY CORP.	AB BT 8890004	221.0	0.0	221.0
Total Outstanding:					934.8

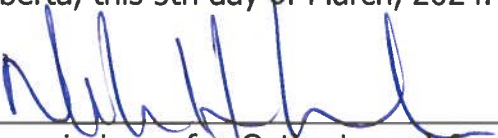
10. In correspondence dated February 27, 2024, Razor Energy Corp. stated the reason for not allocating production to the Crown, was as a result of the Notice of Intention proceedings commenced by Razor Energy under *the Bankruptcy and Insolvency Act* on January 30, 2024, and that "Razor Energy was advised by it's lawyers and FTI that January oil royalties were stayed as part of this process [Notice of Intention] and accordingly Razor did not deliver any royalty for January production." Attached here to and marked as Exhibit "A" is a true copy of an email from Razor Energy referring to the Notice of Intention process

and their own legal advice as the noted basis for staying the Crown's in-kind deliveries.

11. On February 28, 2024, APMC responded to Razor Energy putting Razor Energy and FTI on notice of the continuing legal obligation to deliver the Crown's royalty share of production to APMC. Attached here to and marked as Exhibit "B" is a true copy of an email from N. Hindmarsh to FTI cc'd to Razor Energy. By notice dated March 1, 2024, APMC directed Razor Energy to make up the underdelivery balance by the delivery in-kind to APMC, as part of the February 2024 production month, crude oil of an equal quantity and of like quality to the January royalty deficiency volumes. Attached here to and marked as Exhibit "C" is a true copy of APMC's records of the underdelivery balance for Razor Energy in January 2024 and the directive to Razor Energy to deliver the deficiency to APMC in-kind as part of the February 2024 deliveries.
 12. Crown royalty production splits for the February 2024 delivery month to allocate Crown production to APMC will be determined by Razor Energy as part of the regular schedule of forecasting and delivery activities, which is on or before the twelfth day of March 2024.
 13. APMC became aware on March 5, 2024 that the Monitor takes the position that the APMC direction of March 1, 2024 was in breach of the Order made February 28, 2024. APMC received no notice of the application that led to the February 28, 2024 order and only received the order on March 1, 2024. In issuing the direction, the APMC was of the view that it was simply protecting the Crown's right to its own property in the Crown's royalty share and following up on the position taken by APMC in Exhibit "B", the email of February 28, 2024, from N. Hindmarsh to FTI cc'd to Razor Energy.
 14. APMC has now reviewed the position of the Monitor and the Order in detail and understands that given the scope of the Order it may have inadvertently stepped outside its literal terms. If it has, APMC apologizes to the Court and humbly requests the right to withdraw the March 1, 2024 Direction and seeks leave to issue a new direction to Razor Energy under section 12 of the *Petroleum Marketing Regulation* despite the application by the Respondents to extend the stay.
 15. The APMC's counsel will draw the Court's attention to section 11.1 of the CCAA in relation to the Monitor's position that it has breached the Order. In this regard, the APMC affirms that it is not seeking the enforcement of a payment ordered by a court or a regulatory body; it is seeking to direct that the Crown's royalty share be delivered to it.
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16. APMC will be prejudiced if this application is not heard and determined before March 12, 2024 as the Crown's right as owner of the resource to require its royalties be delivered in kind and the regulatory obligation to deliver royalties in kind will be defeated by requested extension of the stay and the passage of time.
17. I make this affidavit in support of the relief sought on behalf of the APMC in the application submitted for filing March 5, 2024.

SWORN BEFORE ME at
the City of Calgary, in the Province of
Alberta, this 5th day of March, 2024.



Commissioner for Oaths in and for the
Province of Alberta

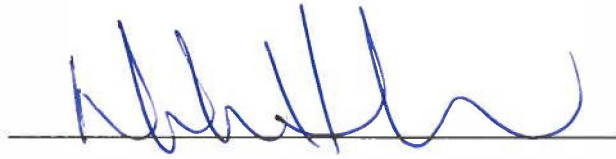


BRADLEY WEICKER

NOLAN HINDMARSH
Barrister & Solicitor

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

Sworn before me this 5th day of March, 2024

A handwritten signature in blue ink, consisting of several loops and a long horizontal stroke at the end, positioned above a solid horizontal line.

A Commissioner for Oaths in and for the Province of Alberta

NOLAN HINDMARSH
Barrister & Solicitor

Classification: Protected A

From: Linda Kerbrat <lkerbrat@razor-energy.com>

Sent: February 27, 2024 4:39 PM

To: Oil Royalty DAR <OilRoyaltyDAR@gov.ab.ca>

Subject: RE: 2024-01 Crown under deliveries

CAUTION: This email has been sent from an external source. Treat hyperlinks and attachments in this email with care.

Good afternoon

Please be advised that on January 30, 2024, the Razor Energy Corp. and Blade Energy Services Corp. (collectively the "Company") commenced restructuring proceedings by filing a Notice of Intention to Make a Proposal ("NOI") pursuant to section 50.4(1) of the *Bankruptcy and Insolvency Act* ("BIA"). FTI Consulting Canada Inc. ("FTI") has been appointed as the Trustee under the NOI ("Trustee").

Although the NOI proceeding is pursuant to the BIA, it is important to note that the Company is not bankrupt and intends to continue operating during the proceedings.

At present, creditors are not required to file a proof of claim. The Trustee will provide you with further information and a proof of claim form, if necessary, at a later date.

During the proceedings:

- No person may terminate or amend any agreement with the Company, or claim an accelerated payment, or a forfeiture of the term, under any agreement with Company, by reason only that the Company is insolvent or by reason of filing of the Notice of Intention, pursuant to Section 65.1(1) of the BIA;
- No creditor has any remedy against the Company or its property, or shall commence or continue any action, or other proceedings against the Company pursuant to Section 69.1(1) of the BIA; and
- The Company requires ongoing support from its creditors while undertaking these proceedings. In accordance with Section 65.1 (4) of the BIA no supplier is prohibited from requiring immediate payment for services provided going forward within these proceedings. Suppliers should discuss directly with their usual Company contact the terms of payment for goods and/or services that they provide to the Company or contact the Proposal Trustee at the contact details below with questions.

Further information with respect to these proceedings will be made available on the Trustee's website: <http://cfcanada.fticonsulting.com/razor-blade>

If you have any questions please contact a representative of the Trustee, Cameron Browning at (403) 454-6037 or via email: cameron.browning@fticonsulting.com

Razor Energy was advised by it's lawyers and FTI that January oil royalties were stayed as part of this process and accordingly Razor did not deliver any royalty for January production.

Linda Kerbrat | Razor Energy

From: Oil Royalty DAR <OilRoyaltyDAR@gov.ab.ca>

Sent: Tuesday, February 27, 2024 2:11 PM

To: Linda Kerbrat <lkerbrat@razor-energy.com>

Subject: 2024-01 Crown under deliveries

CAUTION: This email originated from outside of the organization.

Good Afternoon,

The following batteries did not deliver any royalty for January production.
Can you provide a reason for this?

Dlv Facility	Calculated Royalty Volume (m ³)	Confirmed Delivery Volume (m ³)
AB BT 0046304	0.4	0
AB BT 0093531	8.9	0
AB BT 0107818	14	0
AB BT 0120702	73.7	0
AB BT 0131305	23.5	0
AB BT 0142356	3.1	0
AB BT 0144707	1.8	0
AB BT 0152603	8.9	0
AB BT 0154311	12.6	0
AB BT 0900019	24.3	0
AB BT 5140017	446.9	0
AB BT 8870059	0.5	0
AB BT 8870076	95	0
AB BT 8890004	221	0

Thank you,

Jenna Maunu

Operational Analyst

Alberta Energy and Minerals | Oil Royalty Operations

7th Floor, North Petroleum Plaza | 9945 - 108 Street | Edmonton, AB T5K 2G6

Phone: (780) 422-9122 (direct)



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

Sworn before me this 5th day of March, 2024

A handwritten signature in blue ink, appearing to read "Nolan Hindmarsh", written over a horizontal line.

A Commissioner for Oaths in and for the Province of Alberta

NOLAN HINDMARSH
Barrister & Solicitor

From: Nolan Hindmarsh
Sent: February 28, 2024 3:08 PM
To: cameron.browning@fticonsulting.com
Cc: lkerbrat@razor-energy.com; Cate Howell <Cate.Howell@apmc.ca>
Subject: FW: 2024-01 Crown under deliveries

Attention: Cameron Browning, Trustee
And Razor Energy Corp.

We are aware of the communication below from Razor Energy Corp advising of the NOI process under the BIA. The correspondence states that: *“Razor Energy was advised by its lawyers and FTI that January oil royalties were stayed as part of this process and accordingly Razor did not deliver any royalty for January production.”*

APMC is the Crown agent responsible for accepting delivery and dealing with the Crown’s royalty share of production under the *Petroleum Marketing Act*. We dispute the advice provided and put Razor Energy and FTI on strict notice of the continuing legal obligation to deliver the Crown’s royalty share of production to APMC.

The BIA may have the effect of suspending obligations to make payments, including payments of cash royalty amounts in some circumstances. However, unlike other mineral royalties, crude oil royalties are not taken in cash, but are taken in-kind and are legislatively structured as the Crown retaining ownership in its royalty share of production. At no point does Razor Energy acquire an ownership interest in the Crown’s royalty share of crude oil production that could make it part of Razor’s estate and property for the purpose of BIA proceedings. At all times, the Crown retains actual ownership and title to its share of production, notwithstanding that its royalty share may be co-mingled with Razor Energy production. Razor Energy is in a bailment and trust relationship with respect to the Crown’s royalty share of crude oil production, and there is no right to seize and convert the Crown’s property for the use of Razor Energy’s and its creditors.

For reference, I would direct you to Section 35(1) of the *Mines and Minerals Act* which confirms Crown ownership and title to the Crown’s royalty share of production notwithstanding that it may be co-mingled with, and indistinguishable from, a lessee’s share. Whereas the regulations to the *Mines and Minerals Act* provide for the deemed sale and transfer of the Crown’s royalty share of natural gas and bitumen production to the lessee – thereby transferring title and creating a cash royalty payment obligation for the lessee on these products – the legislative structure for crude oil production and royalties is entirely different and does not work to transfer the Crown’s ownership interest in the royalty share to the lessee in return for a cash payment. Producers have, among their responsibilities, an obligation under Section 86(1) of the *Mines and Minerals Act* and Section 3 of the *Petroleum Royalty Regulation* to deliver the Crown’s royalty share of crude oil royalty volumes to APMC, as agent of the Crown. Under the *Petroleum Marketing Regulation*, the Crown’s royalty share of crude oil production is deemed to be delivered first (section 2(3)(b)).

The advice to withhold the Crown’s royalty share of crude oil production fails to recognize the Crown’s continuing estate, ownership and title to that royalty share. It mistakenly assumes that Razor Energy has somehow acquired title to the Crown share and simply owes a cash royalty obligation in return, which is not true.

We would ask for your immediate attention to clarify this issue, rescind the former advice to withhold the Crown's royalty share deliveries, and confirm steps that will be taken to rectify the suspended deliveries.

I look forward to your response.

Thanks,

Nolan Hindmarsh

General Counsel

Tel: 403-297-4563

Cell: 587-227-0395

Nolan.Hindmarsh@apmc.ca



Classification: Protected A

This is Exhibit "C" referred to in the Affidavit of Bradley Weicker

Sworn before me this 5th day of March, 2024

A handwritten signature in blue ink, consisting of several loops and a long horizontal stroke at the end, written over a thin horizontal line.

A Commissioner for Oaths in and for the Province of Alberta

NOLAN HINDMARSH
Barrister & Solicitor



Centennial Place, West Tower
250 – 5th Street SW
Calgary, Alberta T2P 0R4
Email: APMC-Marketing@apmc.ca

March 1, 2024

VIA EMAIL

FTI Consulting Canada Inc. (the “Monitor”)
520 Fifth Avenue S.W.
Suite 1610
Calgary, AB T2P 3R7

And

Razor Energy Corp.(“Razor Energy”)
500 5th Avenue S.W.
Suite 800
Calgary, AB T2P 3L5

**Attn: Cameron Browning
Linda Kerbrat**

DIRECTIVE TO DELIVER JANUARY ROYALTY DEFICIENCY VOLUMES-IN-KIND

Razor Energy failed to deliver the prescribed royalty quantity of Crown oil to the Alberta Petroleum Marketing Commission (“APMC”) for the January 2024 delivery month. According to the records of APMC, the underdelivery balance for each Razor Energy battery for the delivery month of January 2024 is set out below (and collectively referred to as the “January Royalty Deficiency Volumes”):

Delivery Month	Operator Id - Name	Div Facility	Calculated Royalty Volume (m ³)	Confirmed Delivery Volume (m ³)	Net Balance Volume (m ³)
2024-01	A7L1 - RAZOR ENERGY CORP.	AB BT 0046304	0.4	0.0	0.4
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2024-01	A7L1 - RAZOR ENERGY CORP.	AB BT 0107818	14.0	0.0	14.0
2024-01	A7L1 - RAZOR ENERGY CORP.	AB BT 0120702	73.7	0.0	73.7
2024-01	A7L1 - RAZOR ENERGY CORP.	AB BT 0131305	23.5	0.0	23.5
2024-01	A7L1 - RAZOR ENERGY CORP.	AB BT 0142356	3.1	0.0	3.1
2024-01	A7L1 - RAZOR ENERGY CORP.	AB BT 0144707	1.8	0.0	1.8
2024-01	A7L1 - RAZOR ENERGY CORP.	AB BT 0152603	8.9	0.0	8.9
2024-01	A7L1 - RAZOR ENERGY CORP.	AB BT 0154311	12.6	0.0	12.6
2024-01	A7L1 - RAZOR ENERGY CORP.	AB BT 0900019	24.3	0.0	24.3
2024-01	A7L1 - RAZOR ENERGY CORP.	AB BT 5140017	446.9	0.0	446.9
2024-01	A7L1 - RAZOR ENERGY CORP.	AB BT 8870059	0.5	0.0	0.5
2024-01	A7L1 - RAZOR ENERGY CORP.	AB BT 8870076	95.0	0.0	95.0
2024-01	A7L1 - RAZOR ENERGY CORP.	AB BT 8890004	221.0	0.0	221.0
Total Outstanding:					934.8

On February 28th, APMC notified the Monitor and Razor Energy of the Crown's ownership and title to royalty oil, including the January Royalty Deficiency Volumes, which cannot form part of the property of Razor Energy.

In accordance with the *Petroleum Marketing Regulation*, APMC now directs Razor Energy to deliver in kind to APMC, as part of deliveries for February 2024, crude oil of an equal quantity and of like quality to the January Royalty Deficiency Volumes (the "Make-Up Volumes").

Please ensure that all forecasts and final shipper balances for the February 2024 delivery month are updated to reflect Crown oil deliveries to APMC for both: (i) the Make-Up Volumes, and (ii) the prescribed royalty quantities for the February 2024 delivery month. Please also ensure that deliveries recorded in Petrinex reflect these new Crown pipeline splits, and that all forecast reports are amended promptly to reflect the changes.

Thank you for your cooperation with this matter.

Sincerely,



Brad Weicker
Senior Manager, Marketing
Alberta Petroleum Marketing Commission

cc. Nolan Hindmarsh, APMC
Lindsay Rowlands, Alberta Energy and Minerals