

Clerk's Stamp:



COURT FILE NUMBER: 2401-02680

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: APPLICATION OF ALBERTA PETROLEUM MARKETING  
COMMISSION**

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## NOTICE TO RESPONDENT(S)

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

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

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

Date: March 6, 2024  
Time: 3:00pm

Where: Edmonton Law Courts via Webex.  
<https://albertacourts.webex.com/meet/virtual.courtroom86>  
Before Whom: Honourable Justice M.E. Burns

## REMEDY CLAIMED OR SOUGHT

1. An order abridging time for the service of this Application and the Affidavit of Bradley Weicker on Razor Energy Corp., Razor Holdings GP Corp., And Blade Energy Services Corp (the "Respondents") and deeming that Service is validated, good, and sufficient, and that no persons, other than those on the Service List provided by the Respondents, are entitled to service of the materials filed in connection with this Application.
2. An order directing the Respondent, Razor Energy Corp., to deliver, on or before March 12, 2024 as part of the Crown royalty production splits for the February 2024 delivery month, the Crown's royalty share in respect of the Respondents' January 2024 production ("the Crown's January 2024 royalty share") to the applicant, Alberta Petroleum Marketing Commission ("APMC"), the agent of the Crown in right of Alberta ("the Crown"), as required under the direction of the APMC made under section 12 of the *Petroleum Marketing Regulation*, AR 174/2006.
3. An order determining that by virtue of section 11.1 of the CCAA, the stay in paragraph 15 of the order of February 28, 2024 does not apply to the direction issued by the APMC, which direction does not seek to enforce a payment ordered by a regulatory body or a court but is a direction that the Crown's property be delivered to it.
4. Alternatively, an interim order pending final determination of this Application that requires the Respondent, Razor Energy Corp., to deliver the January 2024 royalty share to the APMC on or before March 12, 2024 as part of the Crown royalty production splits for the February 2024 delivery month, on the following terms:
  - a. the APMC markets that royalty share in the ordinary course of its operations under the *Petroleum Marketing Act* and *Petroleum Marketing Regulation*;
  - b. APMC holds in trust the proceeds of marketing the Crown's January 2024 royalty share pending further direction of this Court or agreement between the APMC and the Respondents; and
  - c. the Court sets an early date for a return of this application.
5. Such further and other relief that this honourable Court may permit.
6. Costs.

## GROUNDS FOR MAKING THIS APPLICATION

7. The Respondent, Razor Energy Corp., is compelled to deliver the Crown's January 2024 royalty share to the APMC. Nothing in the *Companies' Creditors Arrangements Act*, the *Bankruptcy and Insolvency Act* or the Order of Whitling J. made February 28, 2024 can or does authorize the conversion of the Crown's January 2024 royalty share to the use or benefit of the Respondents.
8. The Crown owns the rights to minerals, including conventional crude oil, in most of Alberta.
9. Under the terms of the *Mines and Minerals Act*:
  - a. there can be no disposition of an estate in a mineral, including conventional crude oil, owned by the Crown unless the disposition is specifically authorized by that Act or another Act (s.11);
  - b. the Minister of Energy and Minerals may issue an agreement permitting the production of conventional crude oil by an operator (s. 16);
  - c. a royalty determined under that Act is reserved to the Crown on any conventional crude oil recovered pursuant to an agreement (s.33);
  - d. in respect of conventional crude oil, the royalty reserved to the Crown is deliverable in kind (s. 34); and
  - e. the Crown is the owner of its royalty share of the conventional crude oil at all times until that royalty share is disposed of by or on behalf of the Crown or until the Crown's title to that royalty share is transferred to a lessee or other person pursuant to the regulations, notwithstanding that its share is commingled with and indistinguishable from the lessee's share prior to or at the time of the disposal or transfer of title (s. 35).
10. 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). 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.
11. Under the *Petroleum Marketing Act*, the APMC is an agent of the Crown (s. 8) that accepts delivery of the Crown's royalty share of conventional crude oil, and deals with the Crown's royalty share of that oil in a manner that is, in the APMC's opinion, in the public interest of Alberta (s. 15).

12. Under the *Petroleum Marketing Regulation*, the APMC is empowered, if there is an underdelivery balance, according to the records of the APMC, to direct delivery in the month in which the direction is given or in a subsequent month (s. 12).
13. Razor Energy Corp. held agreements issued by the Minister under the *Mines and Minerals Act* for the production of conventional crude oil from Alberta's oil reserves, all on the condition that the Respondents deliver to the Crown its royalty share.
14. In their forecasts of Crown production in January 2024, the Respondent, Razor Energy Corp., led the APMC to believe that it would deliver the Crown's January 2024 royalty share to the APMC as required.
15. However, on or about February 12, 2024 the Respondent, Razor Energy Corp., filed final Crown royalty production splits for January 2024 resulting in zero volumes of the Crown's January 2024 royalty share to the APMC and has subsequently refused to deliver the Crown's January 2024 royalty share to the APMC.
16. On March 1, 2024 APMC issued a direction under section 12 of the *Petroleum Marketing Regulation* that the Respondents deliver the Crown's January 2024 royalty share to the APMC as part of the deliveries for February 2024.
17. The Respondents have advised the APMC that they do not intend to deliver the Crown's January 2024 royalty share to the APMC as part of the deliveries for February 2024 or at all.
18. The Respondents have confirmed in their filing with this Court and in representations to the APMC that they will deliver the Crown's royalty share to the APMC for their February 2024 production so this application does not apply to that delivery.
19. This application is brought on an urgent basis in response to the Application first served by Respondents on the APMC on March 4, 2024.
20. 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.

**MATERIAL OR EVIDENCE TO BE RELIED UPON:**

21. APMC intends to rely upon the following materials:
- a. Affidavit of Brad Weicker, sworn March 5, 2024, to be filed;
  - b. Such other materials as counsel may advise and this honourable Court permit.

**APPLICABLE ACTS AND REGULATIONS**

22. APMC will rely upon and refer to the following:
- a. the *Companies' Creditors Arrangement Act*, including but not limited to section 11.1 of that Act;
  - b. the *Judicature Act*, RSA 2000, c J-2 and the inherent and equitable jurisdiction of this Honourable Court;
  - c. The *Constitution Act, 1867 section 92(A)* and the *Constitution Act 1930* (formerly the *British North America Act, 1930*, 20-21 Geo. V, c. 26 (U.K.))
  - d. *Alberta Rules of Court*, Alta. Reg. 124/2010 and in particular Rules 11.27 and 13.5; and
  - e. such further and other Acts and regulations as counsel may advise.

**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 rely on an affidavit or other evidence when the application is heard or considered, you must reply by giving reasonable notice of the material to the applicant.