

COURT FILE NUMBER

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COURT

COURT OF KING'S BENCH OF ALBERTA

JUDICIAL CENTRE

CALGARY

IN THE MATTER OF THE COMPANIES **FILED**
ARRANGEMENT ACT, R.S.C. 1985, c. C-36 **2401 02680**
AMENDED **Feb 10, 2025**

AND IN THE MATTER OF A PLAN OF COMPROMISE
OR ARRANGEMENT OF 2669337 ALBERTA LTD.

DOCUMENT

**NINTH REPORT TO COURT OF FTI CONSULTING
CANADA INC., IN ITS CAPACITY AS MONITOR
OF 2669337 ALBERTA LTD.**

February 10, 2025

ADDRESS FOR SERVICE AND
CONTACT INFORMATION OF
PARTY FILING THIS
DOCUMENT

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NINTH REPORT OF THE MONITOR

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INTRODUCTION

1. On January 30, 2024, Razor Energy Corp. (“**Razor Energy**”), Razor Holdings GP Corp. (“**Razor Holdings**”), Razor Royalties Limited Partnership (“**Razor Royalties LP**”), and Blade Energy Services Corp. (“**Blade**” and collectively with Razor Energy, Razor Holdings and Razor Royalties LP, the “**Razor Entities**”) filed Notices of Intention to Make a Proposal (“**NOI**”), pursuant to subsection 50.4(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c B-3, as amended (the “**BIA**”). FTI Consulting Canada Inc. (“**FTI**”) consented to act as proposal trustee (the “**Proposal Trustee**”) in the NOI proceedings (the “**NOI Proceedings**”) of the Razor Entities.
2. On February 28, 2024, (the “**Filing Date**”), Razor Energy, Razor Holdings, and Blade (collectively referred to as, the “**Applicants**”) sought and obtained an initial order (the “**Initial Order**”) from the Court of King’s Bench of Alberta (the “**Court**”) granting, among other things, a continuation of the NOI Proceedings under the *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c C-36, as amended (the “**CCAA**” and the “**CCAA Proceedings**”).
3. The Initial Order granted, among other things, the following relief within the CCAA Proceedings:
 - (a) a stay of proceedings until March 8, 2024 (the “**Stay Period**”);
 - (b) an extension of the stay of proceedings to Razor Royalties LP for the duration of the Stay Period;
 - (c) the appointment of FTI as monitor (FTI in such capacity, the “**Monitor**”) of the Razor Entities; and

- (d) approval of the priority and amount of the charges in favour of: (i) the Monitor, the Monitor’s counsel, and the Applicants’ legal counsel (the “**Administration Charge**”) in the amount of \$100,000; and (ii) the Applicants’ obligations to indemnify the Applicants’ directors and officers for liabilities they may incur after the Filing Date (the “**Directors’ Charge**”) in the amount of \$335,000 (together, the “**Initial Order Charges**”).
4. On March 6, 2024, the Applicants sought and obtained an Amended and Restated Initial Order from the Court (the “**ARIO**”). The ARIO granted, among other things, the following relief within the CCAA Proceedings:
- (a) an extension of the Stay Period up to and including March 29, 2024;
 - (b) confirmed the quantum and priority of the Initial Order Charges as provided in the Initial Order;
 - (c) authorized the Applicants’ decision to incur no further expenses during the stay of proceedings, in relation to certain securities or capital markets reporting obligations; and
 - (d) a sealing order in respect of the desktop appraisal conducted by McDougall Auctioneers Ltd. of the equipment in the possession of Blade.
5. On March 25, 2024, the Applicants sought and obtained an Order from the Court (the “**March 25 Order**”). The March 25 Order granted, among other things, an extension of the Stay Period up to and including May 3, 2024.
6. On May 3, 2024, the Applicants sought and obtained an Order from the Court (the “**May 3 Order**”). The May 3 Order granted, among other things, an extension of the Stay Period up to and including June 7, 2024.

7. On June 6, 2024, the Applicants sought and obtained an Order from the Court (the “**June 6 Order**”). The June 6 Order granted, among other things, an extension of the Stay Period up to and including August 2, 2024.
8. On July 17, 2024, the Applicants sought and obtained Orders from the Court (the “**July 17 Orders**”), including an extension of the Stay Period up to and including October 13, 2024.
9. On October 7, 2024, the Applicants sought and obtained an Order from the Court (the “**October 7 Order**”). The October 7 Order granted, among other things, an extension of the Stay Period up to and including November 8, 2024.
10. On November 8, 2024, the Applicants sought various Orders from the Court (the “**November 8 Orders**”) including:
 - (a) an Approval and Reverse Vesting Order (“**RVO**”), among other things:
 - (i) approving the sale transaction (“**Transaction**”) and other steps contemplated by the Subscription Agreement, dated October 27, 2024 (the “**Subscription Agreement**”), between Razor Energy, as vendor, and TexCal Energy Canada Inc. (“**TexCal**” or the “**Purchaser**”), as purchaser, a copy of which was attached as Exhibit “C” to Affidavit #11 of Doug Bailey filed in the CCAA Proceedings (the “**Eleventh Bailey Affidavit**”); and
 - (ii) vesting all Excluded Assets, Excluded Contracts, and Excluded Liabilities (each as defined in the Subscription Agreement), in a newly incorporated entity (“**ResidualCo**”);
 - (b) a Retained Contracts Order, among other things:

- (i) declaring that the Restricted Retained Contracts (as defined in the Subscription Agreement), together with all of the rights and obligations of the applicable Applicants under the Restricted Retained Contracts, shall be retained, by such Applicants, and that such Restricted Retained Contracts shall remain in full force and effect, subject only to the payment of any applicable Cure Costs (as defined in the Subscription Agreement);
 - (ii) declaring that the Retained Contracts (as defined in the Subscription Agreement) which are not Restricted Retained Contracts shall be retained, pursuant to the RVO, free and clear of any claims of the counterparties to such Retained Contracts; and
 - (iii) declaring that the counterparties to all Retained Contracts, including Restricted Retained Contracts, shall be permanently stayed, enjoined, barred, and estopped from making or pursuing any demand, claim, action or suit, or exercising any remedy or right under any Retained Contracts, including any Restricted Retained Contract, arising on or prior to the closing of the Transaction, relating to the NOI Proceedings, the CCAA Proceedings, the insolvency of the Razor Entities, or any failure to perform a non-monetary obligation under any Retained Contract;
- (c) a Stay Extension and Enhanced Monitor’s Powers Order, among other things:
- (i) extending the Stay Period up to and including November 30, 2024;
 - (ii) effective upon the filing of the Monitor’s Certificate substantially in the form appended to the RVO which confirms closing of the Transaction (the “**Monitor’s Certificate**”), extending the Stay Period, in respect of ResidualCo, up to and including June 30, 2025, or such other date as this Court may deem appropriate;

(iii) granting the Monitor certain enhanced powers with respect to ResidualCo (the “**Enhanced Powers**”), including to take possession of and exercise control over ResidualCo’s present and after-acquired assets, property, and undertakings, and authorizing the Monitor to take all such further steps and actions as the Monitor determines are necessary or desirable to enable the Monitor to guide ResidualCo through the remainder of these CCAA Proceedings; and

(d) a Restricted Court Access Order, sealing Confidential Exhibit “1” to the Eleventh Bailey Affidavit (the “**Confidential Exhibit**”), until the earlier of the filing of the Monitor’s Certificate or further order of the Court

(collectively, the “**Relief Requested**”).

11. On November 8, 2024, the Court granted the extension to the Stay Period to November 30, 2024, and the balance of Relief Requested was adjourned, to allow further discussions between the Applicants and the various stakeholders opposing the Relief Requested.
12. On November 27, 2024, the Applicants again sought the Relief Requested and the application was adjourned to December 6, 2024, to allow further discussions between the Applicants and the various stakeholders.
13. On December 6, 2024, the Court granted the November 8 Orders and the Relief Requested, including an order extending the Stay Period to June 30, 2025, effective upon the filing of the Monitor’s Certificate.
14. This report (this “**Report**”) is being filed in connection with the Monitor’s application scheduled to be heard on February 19, 2025 (the “**February 19 Application**”), seeking an Order (“**Claims Process Order**”) authorizing the Monitor to commence a process (“**Claims Process**”) to call for claims against the ResidualCo Funds and the ResidualCo Property, as defined below.

15. Electronic copies of all materials filed by the Monitor in connection with the February 19 Application and other materials are available on the Monitor’s website at: <http://cfcanada.fticonsulting.com/razor-blade> (the “**Website**”).

PURPOSE

16. The purpose of this Report is to provide the Court and ResidualCo’s stakeholders with information and the Monitor’s comments and recommendations with respect to the following:
- (a) the activities of the Monitor since its second supplemental report to the eighth report dated December 5, 2024 (the “**Second Supplemental Report to the Eighth Report**”);
 - (b) the status of the Transaction including the Monitor’s administration of ResidualCo and the ResidualCo Funds;
 - (c) the Monitor’s comments with respect to the proposed Claims Process Order; and
 - (d) the Monitor’s recommendations with respect to the relief requested at the February 19 Application.

TERMS OF REFERENCE

17. In preparing this Report, the Monitor has relied upon unaudited financial information, other information available to the Monitor and, where appropriate, the Razor Entities’ books and records and discussions with various parties (collectively, the “**Information**”).

18. Except as described in this Report:
- (a) the Monitor has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would comply with Generally Accepted Assurance Standards pursuant to the *Chartered Professional Accountants of Canada Handbook*;
 - (b) the Monitor has not examined or reviewed financial forecasts and projections referred to in this report in a manner that would comply with the procedures described in the *Chartered Professional Accountants of Canada Handbook*; and
 - (c) future oriented financial information reported or relied on in preparing this report is based on assumptions regarding future events; actual results may vary from forecast and such variations may be material.
19. The Monitor has prepared this Report in connection with the February 19 Application. This Report should not be relied on for other purposes.
20. Information and advice described in this Report that has been provided to the Monitor by its legal counsel, Blake, Cassels & Graydon LLP (the “**Monitor’s Counsel**”), was provided to assist the Monitor in considering its course of action, is not intended as legal or other advice to, and may not be relied upon by, any other person.
21. Unless otherwise stated, all monetary amounts contained herein are expressed in Canadian Dollars. Capitalized terms used but not defined herein are given the meaning ascribed to them in the ARIO, RVO, Retained Contracts Order or draft Claims Process Order.

BACKGROUND

22. Detailed information with respect to the Razor Entities' business, operations and causes of financial difficulty are described in the Affidavit of Doug Bailey sworn on February 20, 2024. Further background information and materials filed in these CCAA Proceedings are available on the Monitor's Website.

ACTIVITIES OF THE MONITOR

23. The Monitor's activities since the date of the Second Supplemental Report to the Eighth Report include the following:
- (a) supporting the Applicants' efforts to close the Transaction;
 - (b) collecting the net proceeds from the Subscription Agreement;
 - (c) making the distributions directed by the RVO and the Retained Contracts Order;
 - (d) administering a review of 24 surplus pieces of leased equipment ("**Leased Equipment**") that was transferred from Blade to ResidualCo to determine if the equipment has any equity value that could be extracted for the benefit of ResidualCo's creditors or whether the Leased Equipment should be returned to the respective lessors;
 - (e) evaluating the treatment of the remaining proceeds of the Transaction available for distribution in conjunction with the Claims Process Order; and
 - (f) preparing this Report.

THE TRANSACTION

24. On December 11, 2024, the Applicants closed the Transaction contemplated by the Subscription Agreement and the Monitor filed the Monitor's Certificate certifying that the Monitor received the Cash to Close from the Purchaser and the Conditions Confirmations from Razor Energy and the Purchaser. The Monitor's Certificate also confirmed that the name of ResidualCo is 2669337 Alberta Ltd.
25. Pursuant to the RVO, upon the filing of the Monitor's Certificate, the Applicants were deemed to cease to be applicants in the CCAA Proceedings and the Razor Entities were deemed to be released of any Order of this Honourable Court, except for the RVO and the Retained Contracts Order, and ResidualCo was added as a debtor and applicant in the CCAA Proceedings.
26. Pursuant to the RVO and Retained Contracts Order, the Monitor was authorized and directed to pay the Cure Costs, Post-Filing Municipal Taxes and other amounts as directed under the RVO and Retained Contracts Order.
27. In addition to the cash proceeds from the Subscription Agreement, pursuant to the RVO, ResidualCo obtained Blades' interest in certain surplus equipment and vehicles which were identified as Excluded Assets under the Subscription Agreement. Any positive adjustment to the purchase price under the Subscription Agreement was also an Excluded Asset (as defined in the Subscription Agreement) and was payable to ResidualCo.

RESIDUALCO AND RESIDUALCO FUNDS

28. The RVO contemplated that ResidualCo would be incorporated following the granting of that Order and prior to the closing of the Transaction. Parties with claims that have been transferred to ResidualCo have retained the same priorities, rights, and entitlements against the assets of ResidualCo as they had against the Applicants immediately prior to the closing of the Transaction.

29. Two types of assets were transferred to ResidualCo pursuant to the RVO:
- (a) cash proceeds received from the Subscription Agreement and Adjustment Amount in the aggregate amount of approximately \$10.5 million (the “**Cash Proceeds**”); and
 - (b) a fleet of Leased Equipment, which the Monitor would review to determine if it had equity value and attempt to monetize this equity value or return to the lessors in the event there was no equity value in the Leased Equipment.
- (collectively, the “**ResidualCo Property**”).

Leased Equipment

30. The Monitor conducted the following analysis in respect of the Leased Equipment:
- (a) contacted the Lessors of the Leased Equipment to obtain the current buyout price (“**Buyout**”) for each unit;
 - (b) commissioned a desktop appraisal to determine and estimated sales value for each unit; and
 - (c) compared the Buyout to the appraised value (less costs to administer a sale) to determine if the estate would benefit from the sale of the Leased Equipment.
31. After the Monitor’s review it was determined that there was little to no equity value in the Leased Equipment.

32. The Monitor is currently working with the Monitor’s Counsel to complete an independent review of the security held by the lessors over the Leased Equipment. If the security is valid and enforceable to Monitor intends to release the Leased Equipment to the lessors. Accordingly, the Monitor does not expect there to be any value available to ResidualCo’s creditors from the sale of the Leased Equipment.

ResidualCo Funds

33. Pursuant to the RVO, the balance of the Cash Proceeds after the payments described in paragraph 36 below (the “**ResidualCo Funds**”), are to be held and administered by the Monitor, for and on behalf of ResidualCo, pending further Order of the Court.
34. The table below presents a summary of the sources and uses of the Cash Proceeds administered by the Monitor to date.

ResidualCo Funds	
(C\$ 000s)	
Sources	
Subscription Price	\$ 8,375
Adjustment Amount	2,126
Interest	17
Total - Sources	10,518
Uses	
Cure Costs	(1,062)
Post-Filing Municipal Taxes	(2,569)
APMC	(492)
Post-Filing obligations	(1,269)
Arena	(2,500)
Sales Agent Fee	(320)
Other	(3)
Total - Uses	(8,215)
ResidualCo Funds	\$ 2,303

35. Pursuant to the Subscription Agreement the Monitor received:
- (a) the Subscription Price of approximately \$8.4 million; and
 - (b) the Adjustment Amount of approximately \$2.1 million.
36. The Monitor made the following approximate distributions in accordance with the RVO and the Retained Contracts Order:
- (a) \$1.1 million in respect of Cure Costs;
 - (b) \$2.6 million for Post-Filing Municipal Taxes;
 - (c) \$0.5 million to APMC on account of Razor Energy's royalty share for the month of January 2024;
 - (d) \$1.3 million for certain post-filing obligations of the Applicants;
 - (e) \$2.5 million to Arena as a partial repayment of the Razor Entities' secured indebtedness to Arena; and
 - (f) \$0.3 million to the Sales Agent.
37. The Monitor is currently holding ResidualCo Funds of approximately \$2.3 million, which includes the holdback of at least \$615,000 required pursuant to paragraph 10 of the RVO on account of the Directors' Charge, the Administration Charge and for potential trust or property claims.

Post-filing Claims

38. As described in paragraphs 20 and 21 of the Monitor’s supplemental report to the eighth report dated November 26, 2024, the Applicants had substantially exhausted their liquidity at the time they were attempting to finalize the Subscription Agreement. They were unable to pay post-filing operating costs and did not have access to interim financing. Initially, the Monitor understood that the Cash Proceeds would be used to pay post-filing obligations. On that basis, the Monitor supported various extensions of the time required to close the Transaction. However, when the Applicants finally executed the Subscription Agreement and sought Court approval, the Transaction was met with significant opposition from various creditors and stakeholders. In particular, certain secured creditors/stakeholders opposed the proposed waterfall of how the Cash Proceeds from the Subscription Agreement would be distributed to creditors. The proposed waterfall contemplated the payment of post-filing operating costs which certain secured creditors opposed. This opposition resulted in various delays in obtaining Court approval of the Transaction which ultimately increased the amount of unpaid post-filing trade creditors.
39. The opposition was ultimately dealt with by deferring the issue to post-closing. The funds that were initially proposed to be paid to post-filing creditors were deposited in a trust account held by the Monitor on behalf of ResidualCo and it was contemplated that the Monitor would bring an application for approval of a Claims Process and to seek advice and direction with respect to the distribution of the ResidualCo Funds.

40. The Monitor continues to be of the view that the post-filing trade creditors should be paid before any distributions to pre-filing creditors (including pre-filing secured creditors). If not for the post-filing creditors providing services to the Applicants, the Subscription Agreement would not have been completed and the Applicants' assets would have been turned over to the Orphan Well Association with no distributions to creditors. Due to the opposition and delays in closing the Subscription Agreement, the Monitor is not fully aware of the quantum of the unpaid post-filing claims. Accordingly, the Monitor is proposing to administer the Claims Process to make a determination of the total proven post-filing claims and then bring a future application for advice and direction with respect to distribution of the ResidualCo Funds.

CLAIMS PROCESS

41. The proposed Claims Process Order calls for four categories of claims, Proprietary/Trust Claims, Post-Filing Claims, Secured Claims and D&O Claims (together, "**Provable Claims**"). Based on the Company's books and records, the quantum of Provable Claims is substantially higher than the ResidualCo Funds available for distribution to creditors, so there is no possibility of funds being available for distribution to pre-filing unsecured creditors. Accordingly, and as contemplated in the RVO, the Monitor is not proposing to call for pre-filing unsecured claims.
42. The Monitor will send a package to each of the known Creditors with Provable Claims informing them of the Claims Process (the "**Claims Package**") by prepaid ordinary mail, fax, courier or email on or before February 26, 2025.
43. The Monitor will publish a notice of the Claims Process in the Daily Oil Bulletin on or before February 28, 2025. The Monitor will also post electronic copies of the Claims Package on the Monitor's website as soon as practically possible after the date on which the Claims Process Order is granted.

44. Creditors with Provable Claims must submit their Proofs of Claim to the Monitor prior to 5:00 pm (Mountain Time) on March 31, 2025 (the “**Claims Bar Date**”). The Monitor will review each Proof of Claim submitted by the Claims Bar Date. As appropriate, the Monitor will accept, revise or disallow the amounts of each Provable Claim set out therein.
45. Any claimant that does not file a Proof of Claim in respect of a Provable Claim prior to the Claims Bar Date, shall: (i) not be entitled to participate as a Creditor in the Claims Process; (ii) not be entitled to receive any distribution in respect of such Claim; and (iii) be forever extinguished and barred from making or enforcing any Claim.
46. Prior to accepting, revising or disallowing a Claim, the Monitor may attempt to consensually resolve any dispute regarding the classification and/or amount of any Claim with the applicable Creditor.
47. If the Monitor determines to revise or disallow a Claim, the Monitor shall send a notice of revision or disallowance (“**NORD**”) to the Creditor.
48. Any Creditor who disputes the classification or amount of its Claim as set forth in a NORD shall deliver a Notice of Dispute to the Monitor by no later than 5:00 pm on the date that is fifteen (15) days after the date on which the NORD is deemed to be received under the Claims Process Order. In addition, the disputing Creditor must file an application with the Court supported by an affidavit setting out the basis for the dispute and must send the application and affidavit to the Monitor immediately upon filing. The application and affidavit must be filed by the disputing Creditor within fifteen (15) days after sending the Notice of Dispute to the Monitor.
49. Upon receipt of a Notice of Dispute, the Monitor, may attempt to consensually resolve the classification and the amount of the Claim with the Creditor.


50. If a Creditor does not deliver a Notice of Dispute by the deadlines set out in the Claims Process, it shall be deemed to accept the classification and amount of its Claim as set forth in the applicable NORD.
51. The Monitor believes that the proposed Claims Process and proposed Claims Process Order are reasonable and appropriate in the circumstances and provide for a timely review of all potential Provable Claims against ResidualCo. In the Monitor's view:
- (a) the notice requirements are broad and will provide adequate opportunity to both known and unknown creditors to be aware of the Claims Process and file a Proof of Claim; and
 - (b) the various timelines set out in the Claims Process Order are reasonable as they provide sufficient notice and time for any disputed claims to be reconciled or adjudicated.
52. Once the Claims Process is completed, the Monitor will apply to this Honourable Court for advice, assistance and direction with respect to the distribution of the ResidualCo Funds and in particular the treatment of Post-Filing Claims.

CONCLUSIONS

53. The Monitor recommends that this Honourable Court approve the proposed Claims Process and grant the proposed Claims Process Order.

All of which is respectfully submitted this 10th day of February 2025.

FTI Consulting Canada Inc.,
Licensed Insolvency Trustee in its capacity as
Monitor of 2669337 Alberta Ltd., and not in its
personal or corporate capacity.



Name: Dustin Olver, CPA, CA, CIRP, LIT
Title: Senior Managing Director
FTI Consulting Canada Inc.