



COURT FILE NUMBER 1701-11639
COURT COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE CALGARY
APPLICANT NATIONAL BANK OF CANADA
RESPONDENTS SCOLLARD ENERGY LTD.
DOCUMENT **FOURTH REPORT OF FTI CONSULTING CANADA INC., IN ITS CAPACITY AS COURT APPOINTED RECEIVER AND MANAGER OF SCOLLARD ENERGY LTD.**

January 14, 2019

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT

RECEIVER

FTI Consulting Canada Inc.
Suite 1610, 520 Fifth Avenue S.W.
Calgary, AB T2P 3R7
Deryck Helkaa / Dustin Olver
Telephone: (403) 454-6031 / (403) 454-6032
Fax: (403) 232-6116
Email: deryck.helkaa@fticonsulting.com
dustin.olver@fticonsulting.com

COUNSEL

Osler, Hoskin & Harcourt LLP
Suite 2500, TransCanada Tower
450 First Street S.W.
Calgary, AB T2P 5H1
Randal Van de Mosselaer
Telephone: (403) 260-7060
Fax: (403) 260-7024
Email: rvandemosselaer@osler.com

INTRODUCTION

1. On September 1, 2017 (the “**Date of Appointment**”), FTI Consulting Canada Inc. was appointed as receiver and manager (the “**Receiver**”) of all of the current and future assets, undertakings and properties (the “**Property**”) of Scollard Energy Ltd. (“**Scollard**” or the “**Company**”) by order of the Honourable Madam Justice B.E.C. Romaine (the “**Receivership Order**”) pronounced in the Court of Queen’s Bench of Alberta Court File Number 1701-11639 (the “**Receivership Proceedings**”) pursuant to an Application by the National Bank of Canada (the “**National Bank**” or the “**Lender**”).
2. The Receivership Order authorized the Receiver, among other things, to manage, operate and carry on the business of the Company, to market any or all the Property including advertising and soliciting offers to purchase the Property, and to make such arrangements or agreements as deemed necessary by the Receiver. Any sale of the Property in excess of aggregate consideration of \$500,000 was subject to further approval of the Court in the Receivership Proceedings.
3. The Receiver’s reports and other publicly available information filed in connection with the Receivership Proceedings are posted on the Receiver’s website at <http://cfcanada.fticonsulting.com/scollard> (the “**Receiver’s Website**”).
4. On February 5, 2018 the Court approved, among other things, two sale transactions and granted the following Orders:
 - (a) an Order which authorized and approved the execution of an asset purchase and sale agreement dated January 9, 2018 (the “**Sandpoint PSA**”) between the Receiver as vendor and Sandpoint Resources Inc. and Blue Moon Oil and Gas Inc. as purchasers; and

- (b) an Order which authorized and approved the execution of an asset purchase and sale agreement dated January 19, 2018 (the “**Westbrick PSA**”) between the Receiver as vendor and Westbrick Energy Ltd. as purchaser,

(collectively, the “**January Transactions**”).

- 5. Also, on February 5, 2018, the Court granted an Order which, among other things, authorized the Receiver to distribute up to the net proceeds derived from the closing of the January Transactions to the National Bank.

- 6. On March 12, 2018, the Court approved, among other things, two sale transactions and granted the following Orders:
 - (a) an Order which authorized and approved the execution of an asset purchase and sale agreement dated February 28, 2018 (the “**Black Crane PSA**”) between the Receiver as vendor and Black Crane Energy Corp. as purchaser; and

 - (b) an Order which authorized and approved the execution of an asset purchase and sale agreement dated February 28, 2018 (the “**Point Loma PSA**”) between the Receiver as vendor and Point Loma Resources Ltd. and Salt Bush Energy Ltd. as purchasers,

(collectively, the “**February Transactions**”).

- 7. Also, on March 12, 2018, the Court granted an Order which, among other things, authorized the Receiver to distribute up to the net proceeds derived from the closing of the February Transactions to the National Bank.

8. The purpose of this report (the “**Fourth Report**”) is to provide this Honourable Court with an update on the following:
 - (a) a summary of the activities of the Receiver since the third report of the Receiver dated March 1, 2018 (the “**Third Report**”), including its statement of receipts and disbursements from the Date of Appointment to January 2, 2019;
 - (b) details of the secured and potential priority claims in the Receivership Proceedings and recommended distribution to such creditors; and
 - (c) a summary of the Receiver’s fees and expenses (the “**Receiver’s Fees**”) and the Receiver’s Counsel’s (as defined below) fees and disbursements (the “**Receiver’s Counsel’s Fees**”).

9. The Receiver is requesting the following relief from this Honourable Court:
 - (a) approval of the activities of the Receiver, including its statement of receipts and disbursements since the Date of Appointment;
 - (b) approval of the Receiver’s Fees and the Receiver’s Counsel’s Fees;
 - (c) authorization to make further distribution and distribute any residual funds from these Receivership Proceedings to the National Bank;
 - (d) authorization for the Receiver to destroy the Company’s corporate books and records if unclaimed by any of the current or former directors of the Company within thirty (30) days of the Receiver providing such notice; and
 - (e) discharging the Receiver and terminating these Receivership Proceedings upon the filing of a Receiver’s Certificate.

TERMS OF REFERENCE

10. In preparing this Fourth Report, the Receiver has relied upon unaudited financial information, other information available to the Receiver and, where appropriate, the Company's books and records and discussions with various parties (collectively, the "**Information**").
11. Except as described in this Fourth Report:
 - (a) the Receiver 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 Canadian Institute of Chartered Accountants Handbook; and
 - (b) the Receiver has not examined or reviewed financial forecasts and projections referred to in this Fourth Report in a manner that would comply with the procedures described in the Canadian Institute of Chartered Accountants Handbook.
12. Future oriented financial information reported or relied on in preparing this Fourth Report is based on assumptions regarding future events. Actual results may vary from forecasts and such variations may be material.
13. The Receiver has prepared this Fourth Report in connection with the Receiver's Application on January 24, 2019. This Fourth Report should not be relied on for other purposes.
14. Any information and advice described in this Fourth Report has been provided to the Receiver by its counsel, Osler, Hoskin & Harcourt LLP (the "**Receiver's Counsel**"), in order to assist the Receiver in considering its course of action, and is not intended as legal or other advice to, and may not be relied upon by, any other person.

15. Unless otherwise stated, all monetary amounts contained herein are expressed in Canadian Dollars. Capitalized terms not otherwise defined herein have the meaning ascribed to them in the Receivership Order.

ACTIVITIES OF THE RECEIVER

16. Since the date of the Third Report the Receiver has, among other things:
- (a) continued to review the Company's operated and non-operated properties to determine which remaining properties not subject to any transaction (the "**Remaining Properties**") should be disclaimed pursuant to the Receiver's authority at law, including section 14.06 of the *Bankruptcy and Insolvency Act*;
 - (b) maintained the Company's operations and attempted to sell the Remaining Properties;
 - (c) entered into four additional asset purchase and sale agreements (the "**Additional Transactions**" and collectively with the January Transactions and February Transaction, the "**Transactions**") which were below the threshold for Court approval in accordance with paragraph 3(1)(i) of the Receivership Order of \$100,000 individually and \$500,000 in aggregate;
 - (d) continued to correspond with purchasers and prospective purchasers, completed the Transactions, including the settlement of the final statement of adjustments; and
 - (e) responded to requests for information from creditors, employees and other stakeholders.

17. A summary of the Additional Transactions completed since the Third Report is provided below:
- (a) an asset purchase and sale agreement dated March 2, 2018 between the Receiver as vendor and Triple 555 Oil Company as purchaser;
 - (b) an asset purchase and sale agreement dated March 16, 2018 between the Receiver as vendor and Avila Exploration and Development (Canada) Ltd. as purchaser;
 - (c) an asset purchase and sale agreement dated March 26, 2018 between the Receiver as vendor and Firenze Energy Ltd. as purchaser; and
 - (d) an asset purchase and sale agreement dated April 23, 2018 between the Receiver as vendor and Bonavista Energy Corporation as purchaser.
18. The Receiver, with the assistance of its selling agent, aggressively attempted to realize on all the Property to maximize recoveries for all stakeholders, which is illustrated by the eight (8) transactions completed by the Receiver. The Receiver further attempted to solicit interest in the Remaining Properties, however ultimately those efforts were unsuccessful and on June 13, 2018 and August 28, 2018, the Receiver sent notices to the Alberta Energy Regulator (the “AER”) and Orphan Well Association (the “OWA”) listing the properties and assets of Scollard it was disclaiming pursuant to the Receiver’s authority at law, including section 14.06 of the *Bankruptcy and Insolvency Act (Canada)* (the “**Notices of Renunciation**”)
19. Since the date of the Third Report, the Receiver worked with the AER and the OWA to ensure an orderly and safe transfer of the Remaining Properties.

20. After the completion of the Transactions and the renunciation of Scollard's interest in the Remaining Properties, there is no material Property remaining to be realized upon that is subject to these Receivership Proceedings. The Receiver notes that the collection of certain joint venture receivables is still ongoing, however the amounts are not material to the overall recoveries on the Property.

STATEMENT OF RECEIPTS AND DISBURSEMENTS

21. The Receiver's statement of receipts and disbursements from the Date of Appointment to January 2, 2019 is summarized below:

Statement of Receipts and Disbursements for the period September 1, 2017 to January 2, 2019	
CAD \$	Cumulative
Receipts	
Transaction proceeds	6,047,271
Accounts receivable collections	4,992,011
Receiver's borrowings	300,000
GST / PST collected	244,237
Other miscellaneous receipts	114,320
Total - Receipts	11,697,839
Disbursements	
Interim distributions	5,732,553
Operating expenses	2,776,110
Salary and benefits	889,528
Royalties	335,372
Receiver's Fees	325,260
GST paid / remitted	277,178
Receiver's Counsel Fees	267,678
Repayment of the Receiver's borrowings	250,000
Other miscellaneous disbursements	235,157
Surface and mineral rentals	191,893
G&A	157,119
Other professional fees	43,671
Interest on Receivership borrowings	15,399
Total - Disbursements	11,496,917
Net Cash held by the Receiver	200,922

22. The amounts set out in the statement of receipts and disbursements above are as follows:

- (a) Transaction proceeds includes the net proceeds received from the Transactions, including the settlement of the final statement of adjustments;
- (b) Accounts receivable collections includes the sale of the Company's oil, natural gas and natural gas liquids production, and receipts from joint venture partners;
- (c) Receiver's borrowings in accordance with paragraph 20 of the Receivership Order which authorized the Receiver to borrow amounts not to exceed \$1,000,000. Throughout the Receivership Proceedings, the Receiver borrowed the principal amount of \$300,000, of which \$250,000 has subsequently been repaid and remaining amount will be repaid upon the final distribution proposed below;
- (d) GST / PST collected in connection with the accounts receivable;
- (e) Other miscellaneous receipts including GST refunds and other miscellaneous refunds;
- (f) Interim distributions to the National Bank pursuant to previous Orders of this Honourable Court;
- (g) Operating expenses relating to the Property since the Date of Appointment;
- (h) Salary and benefits relating to employee and contractor wages, payroll remittances, benefits and payroll service charges;
- (i) Receiver's Fees for professional services rendered and paid;

- (j) Receiver's Counsel's Fees for professional services rendered and paid to November 30, 2018;
 - (k) Other miscellaneous disbursements including revenue collected by the Receiver after the closing the Transactions that was subsequently remitted to the purchasers;
 - (l) G&A includes general and administrative costs of the of the business, including among other things, costs related to the office lease, insurance and utilities; and
 - (m) Other professional fees include fees and expenses related to the marketing agent in the sales process.
23. As at January 2, 2019 the Receiver held approximately \$200,922 in cash on hand.

DETAILS OF SECURED AND POTENTIAL PRIORITY CLAIMS

24. The Receiver is aware of the following secured claims and charges that are owed by the Company, either pursuant to statute, or which have been registered against the Property.

Secured Claim

25. As described in the Affidavit of Karen Koury sworn on August 30, 2017, the Lender was owed approximately \$16.8 million plus all accruing interest and incurred legal fees and other costs pursuant to the terms of a loan agreements dated August 12, 2015 as amended on December 23, 2015 and June 1, 2017 (the "**Loan Agreements**"). The Loan Agreements are secured by a General Assignment of Books Debts, a Floating Charge Debenture and Pledge Agreement (the "**National Bank Security**"). The National Bank Security has been registered at the Alberta Personal Property Registry.

26. As described in the Third Report, on September 11, 2017, the Receiver obtained an independent security opinion from the Receiver's Counsel, concluding that under the laws of Alberta, and subject to customary qualifications and assumptions, the Loan Agreements between Scollard and the National Bank create a valid security interest in the Property and are registered in a manner that is sufficient to perfect the security interest in favour of the Lender.
27. As a result, the Receiver is of the view that the Lender holds a valid and enforceable security over the Property in priority to unsecured creditors of Scollard.
28. The Receiver notes that distributions to the Lender will be significantly less than the secured debt owing.

CRA Deemed Trust Claim

29. On December 19, 2017, the Canada Revenue Agency (the "CRA") delivered a notice asserting a trust claim under subsection 222(3) of the Excise Tax Act in the amount of \$18,651.77 in respect of unremitted GST/HST (the "**Deemed Trust Claim**").
30. The Receiver notes that Scollard's post-receivership GST/HST account is currently in a credit position which has not been refunded by the CRA as of the date of this Fourth Report. The post-receivership credit position will offset the majority of the Deemed Trust Claim, and as a result the Receiver only expects the net Deemed Trust Claim to be approximately \$5,000.

Municipal Taxes

31. On June 20, 2017, this Honourable Court granted an order in the receivership proceedings of Virginia Hill Oil Corp. and Dolomite Energy Inc., (the "**Virginia Hills Order**"), which order provided that the linear portion of municipal tax claims did not form part of a "special lien" on a debtor's property pursuant to the *Municipal Government Act*, RSA 2000, c.M-26 and accordingly did not enjoy priority.

32. On June 12, 2018, the Alberta Court of Appeal heard an appeal of the Virginia Hills Order and the decision of the Alberta Court of Appeal has not yet been released.
33. Attached as Appendix “A” is a summary of Scollard’s calculation of its 2017 municipal taxes (the “**2017 Taxes**”) and 2018 municipal taxes (the “**2018 Taxes**”) based on the assessment and tax notices received from each municipality.
34. On the Date of Appointment certain of Scollard’s 2017 Taxes were unpaid. As a result, the Receiver reviewed both the linear and non-linear portion of the municipal taxes.
35. Given the Virginia Hills Order, the linear portion of the 2017 Taxes constitutes an unsecured claim against the estate. As there will be no distribution to any unsecured creditors in the Receivership Proceedings, no amount will be paid on account of the linear portion of the 2017 Taxes.
36. The Receiver reviewed the 2017 Taxes and determined the non-linear portion associated with the properties subject to the Transactions to be \$35,959.94 as summarized below.

Non-linear portion of the 2017 Taxes subject to the Transactions	
Lacombe County	15,824.68
Clearwater County	11,728.58
County of Wetaskiwin	8,081.33
Yellowhead County	325.35
Total	35,959.94

37. The Receiver notes that the 2018 Taxes will either be paid by the purchaser(s) or are subject to the Notices of Renunciation based on the following:
- (a) the January and February Transactions had an effective date on or before January 1, 2018;

- (b) the Additional Transactions were completed on an as is where is basis without any adjustment for the 2017 Taxes or the 2018 Taxes, and accordingly any outstanding taxes are the purchaser(s) responsibility; and
 - (c) Scollard's interest in the Remaining Properties were subject to the Notices of Renunciation.
38. On January 7, 2019, the Receiver sent a letter to each of the municipalities via email setting out the amount the Receiver is proposing to distribute based on the schedule above (the "**January 7 Letters**"). Copies of the January 7 Letters are attached as Appendix "B". Each of the municipalities listed in Appendix "A" have also been provided with notice of this application.

Alberta Energy Audit

39. During the Receivership Proceedings the Receiver has been made aware that Scollard did not meet certain filing deadlines in connection with certain expenditures relating to its 2017 allowable cost submissions. As a result, the Alberta Department of Energy ("**DOE**") made amendments to certain costs that were claimed by Scollard in 2017 resulting in an adjustment of approximately \$1,057,123, exclusive of penalty and interest (the "**Arrears**").
40. The Receiver notes that it continued to file and remit royalties with the DOE during the Receivership Proceedings, for the months of September 2017 through April 2018, when Scollard's operated and producing properties had been sold.
41. Given that the Arrears relates to adjustments for periods prior to the Date of Appointment, the Receiver would submit that the Arrears form an unsecured claim against Scollard. The Receiver is not aware of any claim being made by the DOE to the proceeds from sale of the Property and the DOE has been provided notice of this application.

PROFESSIONAL FEES

42. Invoices paid for professional services rendered and costs for the Receiver from the Date of Appointment to January 2, 2018 total \$325,260.38, exclusive of GST. An additional \$44,126.79, exclusive of GST, has been incurred and remains outstanding. Accordingly, the Receiver's Fees incurred since the Date of Appointment total \$369,387.17.
43. Invoices paid for professional services rendered and disbursements for the Receiver's Counsel from the Date of Appointment to November 30, 2018 total \$267,677.83, exclusive of GST.
44. Invoices for the Receiver's Fees and the Receiver's Counsel's Fees can be made available upon request of this Honourable Court.
45. The Receiver is recommending a hold back for the Receiver's Fees and the Receiver's Counsel's Fees of approximately \$54,833, in connection with the following:
 - (a) The Receiver's Fees of \$46,333.13, including GST; and
 - (b) \$8,500 for the Receiver's Counsel's Fees for additional time attending to the final administrative matters of the Receivership Proceedings.
46. The Receiver is of the opinion that the Receiver's Fees and the Receiver's Counsel's Fees are reasonable and appropriate in the circumstances.

PROPOSED FINAL DISTRIBUTION

47. As detailed above, the Receiver currently holds approximately \$200,922. The table below presents a summary of the Receiver's proposed uses of funds on hand including a holdback of approximately \$118,068 to be retained by the Receiver on account of the following:

- (a) \$54,833 for outstanding professional fees and estimated fees to complete the administration of the Receivership Proceedings;
- (b) \$35,960 for the proposed distribution relating to the 2017 Taxes;
- (c) \$22,275 for the remaining costs to complete the administration of these Receivership proceedings including the payment of any residual operating expenses; and
- (d) \$5,000 relating to the net anticipated Deemed Trust Claim as discussed above.

(collectively, the "**Holdback**").

Proposed Final Distribution	
CAD \$	
Sources	
Cash on Hand	200,922
Holdback	
Receiver's Fees	46,333
2017 Taxes	35,960
Operating expenses	22,275
Receiver's Counsel's Fees	8,500
Deemed Trust Claim	5,000
Total - Holdback	118,068
Total - Proposed Final Distribution	82,853

48. After review by the Receiver, it has been determined that there are no other creditors that rank in priority to the secured claim of the Lender other than those discussed herein, and accordingly the Receiver is requesting:
- (a) authorization to distribute \$82,853 to the Lender;
 - (b) authorization to distribute any residual funds to the Lender that may remain from the Holdback upon the completion of the Receivership Proceedings; and
 - (c) any additional collections of joint venture receivables or other miscellaneous amounts that may be collected.

CORPORATE BOOKS AND RECORDS

49. The Company's corporate books and records are currently located at an offsite storage facility. The Receiver is seeking the approval of this Honourable Court to destroy the remaining corporate books and records, except those required by statute, unless they are claimed by any of the current or former directors of the Company within thirty (30) days of the Receiver providing written notification of the same.
50. The Receiver will use the addresses listed on an Alberta Corporate Registry search as the addresses for which to notify the current or former directors.

TERMINATION OF THE RECEIVERSHIP PROCEEDINGS

51. As described in this Fourth Report, the Receivership Proceedings are substantially complete, with exception of certain matters which are administrative in nature. In order to avoid the additional costs associated with subsequent Court appearances, and with the support of the Lender, the Receiver is seeking an Order terminating the Receivership Proceedings and discharging the Receiver of its duties and obligations under the Receivership Order upon filing a Receiver's Certificate (the "**Receiver's Certificate**") with this Honourable Court certifying that all remaining administrative matters have been concluded.

RECEIVER'S RECOMMENDATIONS

52. The Receiver respectfully requests that this Honourable Court grant the following relief:

- (a) approval of the activities of the Receiver, including its statement of receipts and disbursements since the Date of Appointment;
- (b) approval of the Receiver's Fees and the Receiver's Counsel's Fees;
- (c) a declaration that Appendix "A" hereto accurately sets out the amount of municipal taxes owing by the Company to the various municipalities set out in Appendix "A", and that the only amounts payable to these municipalities out of the Receivership estate are as shown in paragraph 36 hereof;
- (d) authorization for the Receiver to distribute \$88,560 to the Lender, maintain the Holdback and distribute any residual funds from the Holdback to the Lender upon completion of all remaining administrative matters;

- (e) authorization for the Receiver to destroy Scollard's corporate books and records if not claimed by any of the current or former directors of the Company within thirty (30) days of the Receiver providing written notification of the same; and
- (f) the discharge of the Receiver and termination the Receivership Proceedings upon the completion of the Receiver's remaining administrative tasks relating to the receivership and filing of the Receiver's Certificate.

All of which is respectfully submitted this 14th day of January 2019.

FTI Consulting Canada Inc. in its capacity as Receiver
of the assets, undertakings and properties of Scollard
Energy Ltd.

Name:
Title:



Deryck Helkaa, CPA, CA, LIT
Senior Managing Director,
FTI Consulting Canada Inc.

Scollard Energy Ltd. - in Receivership

Municipal Tax allocation by Municipality - Excluding penalty and interest

Municipality	Unpaid taxes: 2017 Linear Taxation	Unpaid taxes: 2017 Non- Linear Taxation	Total unpaid: 2017 Taxes	Unpaid taxes: 2018 Linear Taxation	Unpaid taxes: 2018 Non- Linear Taxation	Total unpaid: 2018 Taxes	Total unpaid: 2017 & 2018 Taxes	Total unpaid: 2017 Non-Linear Taxes subject to the Transactions
Brazeau County ^[1]	-	-	-	-	4,749.60	4,749.60	4,749.60	-
Camrose County ^[1]	-	-	-	6,001.98	2,472.82	8,474.80	8,474.80	-
Clearwater County ^[4]	30,545.94	11,728.58	42,274.52	-	-	-	42,274.52	11,728.58
Forty Mile, County of ^[2]	-	-	-	-	-	-	-	-
Greenview, MD of ^[1]	-	-	-	-	148.86	148.86	148.86	-
Lacombe County ^[5]	36,027.27	18,435.37	54,462.64	-	2,659.65	2,659.65	57,122.29	15,824.68
Leduc County ^[2]	-	-	-	-	-	-	-	-
Mountain View County ^[3]	1,290.49	852.43	2,142.92	-	863.25	863.25	3,006.17	-
Parkland County ^[1]	-	-	-	1,612.50	2,055.80	3,668.30	3,668.30	-
Ponoka County ^[1]	-	-	-	10,573.66	8,163.40	18,737.06	18,737.06	-
Red Deer County ^[1]	-	-	-	6,391.24	4,627.44	11,018.68	11,018.68	-
Special Areas ^[3]	20,512.10	21,737.36	42,249.46	-	-	-	42,249.46	-
Stettler, County of ^[3]	1,809.64	-	1,809.64	1,294.97	-	1,294.97	3,104.61	-
Strathcona County ^[2]	-	-	-	-	-	-	-	-
Wetaskiwin, County of ^[5]	73,552.07	39,700.55	113,252.62	19,774.76	32,443.14	52,217.90	165,470.52	8,081.33
Woodlands County ^[2]	-	-	-	-	-	-	-	-
Yellowhead County ^[5]	49,899.32	22,842.67	72,741.99	20,566.85	25,074.79	45,641.64	118,383.63	325.35
Total	213,636.83	115,296.96	328,933.79	66,215.96	83,258.75	149,474.71	478,408.50	35,959.94

Notes

[1] No unpaid 2017 Taxes. Wells, pipelines and or facilities disclaimed pursuant to the Notices of Renunciation

[2] No unpaid 2017 Taxes. No 2018 assessment received and wells, pipelines and/or facilities disclaimed pursuant to the Notices of Renunciation

[3] Not subject to the Transactions. Wells, pipelines and/or facilities disclaimed pursuant to the Notices of Renunciation

[4] 2018 Taxes to be paid by the Purchaser(s). The Receiver is seeking authorization to distribute 2017 Non-Linear Taxes subject to the Transactions

[5] Portion of 2018 Taxes to be paid by the Purchaser(s). The Receiver is seeking authorization to distribute 2017 Non-Linear Taxes subject to the Transactions

January 7, 2019

Brazeau County
7401 - TWP RD 494, PO Box 77
Drayton Valley, AB T7A 1R1

SENT BY ELECTRONIC MAIL (cswap@brazeau.ab.ca)

To: Brazeau County (the "**Municipality**")

Dear: Colin Swap, General Manager of Finance

Re: Renunciation of certain assets by FTI Consulting Canada Inc. ("FTI") in its capacity as court-appointed receiver and manager of Scollard Energy Ltd. ("Scollard")

As you are aware, pursuant to an Order of the Court of Queen's Bench of Alberta (the "**Court**") pronounced on September 1, 2017, FTI was appointed as receiver and manager (the "**Receiver**") of Scollard (the "**Receivership Order**"). A copy of the Receivership Order can be found on the Receiver's website at <http://cfcanada.fticonsulting.com/Scollard/> (the "**Receiver's Website**").

Pursuant to letters dated June 13, 2018 (the "**June 13 Letter**") and August 28, 2018 (the "**August 28 Letter**") from the Receiver to the Alberta Energy Regulator (the "**Notices of Renunciation**"), and in accordance with the Receiver's authority at law, including 14.06(4)(c) of the *Bankruptcy and Insolvency Act* (Canada), the Receiver has abandoned, renounced and divested any and all interest that Scollard had in the wells, facilities, pipelines, lands, licenses and leases associated thereto listed on Schedule "A" of the June 13 Letter and Schedules "B", "D" and "E" of the August 28 Letter. Copies of the June 13 Letter and August 28 Letter are available on the Receiver's Website.

Additionally, on June 20, 2017, the Court granted an order in the receivership proceedings of Virginia Hill Oil Corp. and Dolomite Energy Inc., (the "**Virginia Hills Order**"), which order provided that the linear portion of municipal tax claims did not form part of a "special lien" on the debtor's property.

On June 12, 2018, the Alberta Court of Appeal heard an appeal of the Virginia Hills Order and the decision of the Alberta Court of Appeal has not yet been released.

On the Date of Appointment certain of Scollard's 2017 municipal taxes (the "**2017 Taxes**") remained unpaid. Attached as Appendix A is the Receiver's calculation of the 2017 Taxes which were owing by Scollard based on the assessment and tax notices received from the Municipality.

You have been identified as a municipality with certain Scollard properties which are subject to the Notice of Renunciation and are hereby notified of the same. For greater certainty, this means that the Receiver will not be taking any actions with respect to the interests listed on the Notices of Renunciation, including, but not limited to, paying mineral, surface, property taxes or other amounts required to operate the

properties. The Receiver's position is that only those non-linear property taxes owing to a municipality in which there were assets which formerly belonged to Scollard and which were the subject of a sale transaction are to be paid. Linear taxes, or 2017 Taxes of any description in a municipality in which formerly Scollard assets were subject to the Notice of Renunciation and were not sold in a sale transaction are not payable and will not be paid by the Receiver, all as set out in Appendix A hereto.

Please be advised that the Receiver has scheduled an application to be heard on January 24, 2019 at 11:30 am before the Honourable Madam Justice B.E.C. Romaine where it will be seeking, among other things, authorization to make distributions totaling \$35,959.94 to certain municipalities in connection with the 2017 non-linear taxes owing for properties which were sold by the Receiver in these receivership proceedings, as shown in Appendix A. You can anticipate receiving formal notice of this application in due course. In the meantime, please feel free to contact the undersigned if you should have any questions.

Sincerely,

FTI Consulting Canada Inc.
In its capacity as receiver and manager of
Scollard Energy Ltd., and not in
its personal or corporate capacity

January 7, 2019

Camrose County
3755 - 43 Avenue,
Camrose, AB T4V 3S8

SENT BY ELECTRONIC MAIL (jaicken@county.camrose.ab.ca)

To: Camrose County (the “**Municipality**”)

Dear: Jamie Aicken, Manager of Finance and Accounting Services

Re: Renunciation of certain assets by FTI Consulting Canada Inc. (“FTI”) in its capacity as court-appointed receiver and manager of Scollard Energy Ltd. (“Scollard”)

As you are aware, pursuant to an Order of the Court of Queen’s Bench of Alberta (the “**Court**”) pronounced on September 1, 2017, FTI was appointed as receiver and manager (the “**Receiver**”) of Scollard (the “**Receivership Order**”). A copy of the Receivership Order can be found on the Receiver’s website at <http://cfcanada.fticonsulting.com/Scollard/> (the “**Receiver’s Website**”).

Pursuant to letters dated June 13, 2018 (the “**June 13 Letter**”) and August 28, 2018 (the “**August 28 Letter**”) from the Receiver to the Alberta Energy Regulator (the “**Notices of Renunciation**”), and in accordance with the Receiver’s authority at law, including 14.06(4)(c) of the *Bankruptcy and Insolvency Act* (Canada), the Receiver has abandoned, renounced and divested any and all interest that Scollard had in the wells, facilities, pipelines, lands, licenses and leases associated thereto listed on Schedule “A” of the June 13 Letter and Schedules “B”, “D” and “E” of the August 28 Letter. Copies of the June 13 Letter and August 28 Letter are available on the Receiver’s Website.

Additionally, on June 20, 2017, the Court granted an order in the receivership proceedings of Virginia Hill Oil Corp. and Dolomite Energy Inc., (the “**Virginia Hills Order**”), which order provided that the linear portion of municipal tax claims did not form part of a “special lien” on the debtor’s property.

On June 12, 2018, the Alberta Court of Appeal heard an appeal of the Virginia Hills Order and the decision of the Alberta Court of Appeal has not yet been released.

On the Date of Appointment certain of Scollard’s 2017 municipal taxes (the “**2017 Taxes**”) remained unpaid. Attached as Appendix A is the Receiver’s calculation of the 2017 Taxes which were owing by Scollard based on the assessment and tax notices received from the Municipality.

You have been identified as a municipality with certain Scollard properties which are subject to the Notice of Renunciation and are hereby notified of the same. For greater certainty, this means that the Receiver will not be taking any actions with respect to the interests listed on the Notices of Renunciation, including, but not limited to, paying mineral, surface, property taxes or other amounts required to operate the

properties. The Receiver's position is that only those non-linear property taxes owing to a municipality in which there were assets which formerly belonged to Scollard and which were the subject of a sale transaction are to be paid. Linear taxes, or 2017 Taxes of any description in a municipality in which formerly Scollard assets were subject to the Notice of Renunciation and were not sold in a sale transaction are not payable and will not be paid by the Receiver, all as set out in Appendix A hereto.

Please be advised that the Receiver has scheduled an application to be heard on January 24, 2019 at 11:30 am before the Honourable Madam Justice B.E.C. Romaine where it will be seeking, among other things, authorization to make distributions totaling \$35,959.94 to certain municipalities in connection with the 2017 non-linear taxes owing for properties which were sold by the Receiver in these receivership proceedings, as shown in Appendix A. You can anticipate receiving formal notice of this application in due course. In the meantime, please feel free to contact the undersigned if you should have any questions.

Sincerely,

FTI Consulting Canada Inc.
In its capacity as receiver and manager of
Scollard Energy Ltd., and not in
its personal or corporate capacity

January 7, 2019

Clearwater County
4340 - 47 Avenue, PO Box 550
Rocky Mountain House, AB T4T 1A4

SENT BY ELECTRONIC MAIL (MHagan@clearwatercounty.ca)

To: Clearwater County (the “Municipality”)

Dear: Murray Hagan, Director Corporate Services

Re: Renunciation of certain assets by FTI Consulting Canada Inc. (“FTI”) in its capacity as court-appointed receiver and manager of Scollard Energy Ltd. (“Scollard”)

As you are aware, pursuant to an Order of the Court of Queen’s Bench of Alberta (the “**Court**”) pronounced on September 1, 2017, FTI was appointed as receiver and manager (the “**Receiver**”) of Scollard (the “**Receivership Order**”). A copy of the Receivership Order can be found on the Receiver’s website at <http://cfcanada.fticonsulting.com/Scollard/> (the “**Receiver’s Website**”).

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On the Date of Appointment certain of Scollard’s 2017 municipal taxes (the “**2017 Taxes**”) remained unpaid. Attached as Appendix A is the Receiver’s calculation of the 2017 Taxes which were owing by Scollard based on the assessment and tax notices received from the Municipality.

You have been identified as a municipality with certain Scollard properties which are subject to the Notice of Renunciation and are hereby notified of the same. For greater certainty, this means that the Receiver will not be taking any actions with respect to the interests listed on the Notices of Renunciation, including, but not limited to, paying mineral, surface, property taxes or other amounts required to operate the

properties. The Receiver's position is that only those non-linear property taxes owing to a municipality in which there were assets which formerly belonged to Scollard and which were the subject of a sale transaction are to be paid. Linear taxes, or 2017 Taxes of any description in a municipality in which formerly Scollard assets were subject to the Notice of Renunciation and were not sold in a sale transaction are not payable and will not be paid by the Receiver, all as set out in Appendix A hereto.

Please be advised that the Receiver has scheduled an application to be heard on January 24, 2019 at 11:30 am before the Honourable Madam Justice B.E.C. Romaine where it will be seeking, among other things, authorization to make distributions totaling \$35,959.94 to certain municipalities in connection with the 2017 non-linear taxes owing for properties which were sold by the Receiver in these receivership proceedings, as shown in Appendix A. You can anticipate receiving formal notice of this application in due course. In the meantime, please feel free to contact the undersigned if you should have any questions.

Sincerely,

FTI Consulting Canada Inc.
In its capacity as receiver and manager of
Scollard Energy Ltd., and not in
its personal or corporate capacity

January 7, 2019

County of Forty Mile
303 Main Street, PO Box 160
Foremost, AB T0K 0X0

SENT BY ELECTRONIC MAIL (taxes@fortymile.ab.ca)

To: County of Forty Mile (the “**Municipality**”)

Dear: Kerri Buis, Director of Finance

Re: Renunciation of certain assets by FTI Consulting Canada Inc. (“FTI”) in its capacity as court-appointed receiver and manager of Scollard Energy Ltd. (“Scollard”)

As you are aware, pursuant to an Order of the Court of Queen’s Bench of Alberta (the “**Court**”) pronounced on September 1, 2017, FTI was appointed as receiver and manager (the “**Receiver**”) of Scollard (the “**Receivership Order**”). A copy of the Receivership Order can be found on the Receiver’s website at <http://cfcanada.fticonsulting.com/Scollard/> (the “**Receiver’s Website**”).

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On the Date of Appointment certain of Scollard’s 2017 municipal taxes (the “**2017 Taxes**”) remained unpaid. Attached as Appendix A is the Receiver’s calculation of the 2017 Taxes which were owing by Scollard based on the assessment and tax notices received from the Municipality.

You have been identified as a municipality with certain Scollard properties which are subject to the Notice of Renunciation and are hereby notified of the same. For greater certainty, this means that the Receiver will not be taking any actions with respect to the interests listed on the Notices of Renunciation, including, but not limited to, paying mineral, surface, property taxes or other amounts required to operate the

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Sincerely,

FTI Consulting Canada Inc.
In its capacity as receiver and manager of
Scollard Energy Ltd., and not in
its personal or corporate capacity

January 7, 2019

MD of Greenview
4806 - 36 Avenue, PO Box 1079
Valleyview, AB T0H 3N0

SENT BY ELECTRONIC MAIL (rosemary.offrey@mdgreenview.ab.ca)

To: MD of Greenview (the "**Municipality**")

Dear: Rosemary Offery, General Manager Corporate Services

Re: Renunciation of certain assets by FTI Consulting Canada Inc. ("FTI") in its capacity as court-appointed receiver and manager of Scollard Energy Ltd. ("Scollard")

As you are aware, pursuant to an Order of the Court of Queen's Bench of Alberta (the "**Court**") pronounced on September 1, 2017, FTI was appointed as receiver and manager (the "**Receiver**") of Scollard (the "**Receivership Order**"). A copy of the Receivership Order can be found on the Receiver's website at <http://cfcanada.fticonsulting.com/Scollard/> (the "**Receiver's Website**").

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Sincerely,

FTI Consulting Canada Inc.
In its capacity as receiver and manager of
Scollard Energy Ltd., and not in
its personal or corporate capacity

January 7, 2019

Lacombe County
RR 3,
Lacombe, AB T4L 2N3

SENT BY ELECTRONIC MAIL (lriep@lacombecounty.com)

To: Lacombe County (the “Municipality”)

Dear: Larry Riep, Chief Assessor

Re: Renunciation of certain assets by FTI Consulting Canada Inc. (“FTI”) in its capacity as court-appointed receiver and manager of Scollard Energy Ltd. (“Scollard”)

As you are aware, pursuant to an Order of the Court of Queen’s Bench of Alberta (the “**Court**”) pronounced on September 1, 2017, FTI was appointed as receiver and manager (the “**Receiver**”) of Scollard (the “**Receivership Order**”). A copy of the Receivership Order can be found on the Receiver’s website at <http://cfcanada.fticonsulting.com/Scollard/> (the “**Receiver’s Website**”).

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Sincerely,

FTI Consulting Canada Inc.
In its capacity as receiver and manager of
Scollard Energy Ltd., and not in
its personal or corporate capacity

January 7, 2019

Leduc County
101 Leduc County Centre, 1101 - 5 Street
Nisku, AB T9E 2X3

SENT BY ELECTRONIC MAIL (assessment@leduc-county.com)

To: Leduc County (the “**Municipality**”)

Dear: Sir/Madam

Re: Renunciation of certain assets by FTI Consulting Canada Inc. (“FTI”) in its capacity as court-appointed receiver and manager of Scollard Energy Ltd. (“Scollard”)

As you are aware, pursuant to an Order of the Court of Queen’s Bench of Alberta (the “**Court**”) pronounced on September 1, 2017, FTI was appointed as receiver and manager (the “**Receiver**”) of Scollard (the “**Receivership Order**”). A copy of the Receivership Order can be found on the Receiver’s website at <http://cfcanada.fticonsulting.com/Scollard/> (the “**Receiver’s Website**”).

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Sincerely,

FTI Consulting Canada Inc.
In its capacity as receiver and manager of
Scollard Energy Ltd., and not in
its personal or corporate capacity

January 7, 2019

Mountain View County
10-1408 Twp. Rd. 320, PO Bag 100
Didsbury, AB T0M 0W0

SENT BY ELECTRONIC MAIL (corporate@mvcountry.com)

To: Mountain View County (the "**Municipality**")

Dear: Robert Beaupertuis, Director Corporate Services

Re: Renunciation of certain assets by FTI Consulting Canada Inc. ("FTI") in its capacity as court-appointed receiver and manager of Scollard Energy Ltd. ("Scollard")

As you are aware, pursuant to an Order of the Court of Queen's Bench of Alberta (the "**Court**") pronounced on September 1, 2017, FTI was appointed as receiver and manager (the "**Receiver**") of Scollard (the "**Receivership Order**"). A copy of the Receivership Order can be found on the Receiver's website at <http://cfcanada.fticonsulting.com/Scollard/> (the "**Receiver's Website**").

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Sincerely,

FTI Consulting Canada Inc.
In its capacity as receiver and manager of
Scollard Energy Ltd., and not in
its personal or corporate capacity

January 7, 2019

Parkland County
53109A HWY 779,
Parkland County, AB T7Z 1R1

SENT BY ELECTRONIC MAIL (taxes@parklandcounty.com)

To: Parkland County (the “**Municipality**”)

Dear: Sir/Madam

Re: Renunciation of certain assets by FTI Consulting Canada Inc. (“FTI”) in its capacity as court-appointed receiver and manager of Scollard Energy Ltd. (“Scollard”)

As you are aware, pursuant to an Order of the Court of Queen’s Bench of Alberta (the “**Court**”) pronounced on September 1, 2017, FTI was appointed as receiver and manager (the “**Receiver**”) of Scollard (the “**Receivership Order**”). A copy of the Receivership Order can be found on the Receiver’s website at <http://cfcanada.fticonsulting.com/Scollard/> (the “**Receiver’s Website**”).

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Sincerely,

FTI Consulting Canada Inc.
In its capacity as receiver and manager of
Scollard Energy Ltd., and not in
its personal or corporate capacity

January 7, 2019

Ponoka County
4205 HWY 2A,
Ponoka, AB T4J 1V9

SENT BY ELECTRONIC MAIL (lynncomeau@ponokacounty.com)

To: Ponoka County (the “**Municipality**”)

Dear: Lynn Comeau, Assessment Clerk

Re: Renunciation of certain assets by FTI Consulting Canada Inc. (“FTI”) in its capacity as court-appointed receiver and manager of Scollard Energy Ltd. (“Scollard”)

As you are aware, pursuant to an Order of the Court of Queen’s Bench of Alberta (the “**Court**”) pronounced on September 1, 2017, FTI was appointed as receiver and manager (the “**Receiver**”) of Scollard (the “**Receivership Order**”). A copy of the Receivership Order can be found on the Receiver’s website at <http://cfcanada.fticonsulting.com/Scollard/> (the “**Receiver’s Website**”).

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You have been identified as a municipality with certain Scollard properties which are subject to the Notice of Renunciation and are hereby notified of the same. For greater certainty, this means that the Receiver will not be taking any actions with respect to the interests listed on the Notices of Renunciation, including, but not limited to, paying mineral, surface, property taxes or other amounts required to operate the

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Please be advised that the Receiver has scheduled an application to be heard on January 24, 2019 at 11:30 am before the Honourable Madam Justice B.E.C. Romaine where it will be seeking, among other things, authorization to make distributions totaling \$35,959.94 to certain municipalities in connection with the 2017 non-linear taxes owing for properties which were sold by the Receiver in these receivership proceedings, as shown in Appendix A. You can anticipate receiving formal notice of this application in due course. In the meantime, please feel free to contact the undersigned if you should have any questions.

Sincerely,

FTI Consulting Canada Inc.
In its capacity as receiver and manager of
Scollard Energy Ltd., and not in
its personal or corporate capacity

January 7, 2019

Red Deer County
38106 Range Rd. 275,
Red Deer County, AB T4S 2L9

SENT BY ELECTRONIC MAIL (hsurkan@rdcounty.ca)

To: Red Deer County (the “**Municipality**”)

Dear: Heather Surkan, Director of Corporate Services

Re: Renunciation of certain assets by FTI Consulting Canada Inc. (“FTI”) in its capacity as court-appointed receiver and manager of Scollard Energy Ltd. (“Scollard”)

As you are aware, pursuant to an Order of the Court of Queen’s Bench of Alberta (the “**Court**”) pronounced on September 1, 2017, FTI was appointed as receiver and manager (the “**Receiver**”) of Scollard (the “**Receivership Order**”). A copy of the Receivership Order can be found on the Receiver’s website at <http://cfcanada.fticonsulting.com/Scollard/> (the “**Receiver’s Website**”).

Pursuant to letters dated June 13, 2018 (the “**June 13 Letter**”) and August 28, 2018 (the “**August 28 Letter**”) from the Receiver to the Alberta Energy Regulator (the “**Notices of Renunciation**”), and in accordance with the Receiver’s authority at law, including 14.06(4)(c) of the *Bankruptcy and Insolvency Act* (Canada), the Receiver has abandoned, renounced and divested any and all interest that Scollard had in the wells, facilities, pipelines, lands, licenses and leases associated thereto listed on Schedule “A” of the June 13 Letter and Schedules “B”, “D” and “E” of the August 28 Letter. Copies of the June 13 Letter and August 28 Letter are available on the Receiver’s Website.

Additionally, on June 20, 2017, the Court granted an order in the receivership proceedings of Virginia Hill Oil Corp. and Dolomite Energy Inc., (the “**Virginia Hills Order**”), which order provided that the linear portion of municipal tax claims did not form part of a “special lien” on the debtor’s property.

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On the Date of Appointment certain of Scollard’s 2017 municipal taxes (the “**2017 Taxes**”) remained unpaid. Attached as Appendix A is the Receiver’s calculation of the 2017 Taxes which were owing by Scollard based on the assessment and tax notices received from the Municipality.

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Please be advised that the Receiver has scheduled an application to be heard on January 24, 2019 at 11:30 am before the Honourable Madam Justice B.E.C. Romaine where it will be seeking, among other things, authorization to make distributions totaling \$35,959.94 to certain municipalities in connection with the 2017 non-linear taxes owing for properties which were sold by the Receiver in these receivership proceedings, as shown in Appendix A. You can anticipate receiving formal notice of this application in due course. In the meantime, please feel free to contact the undersigned if you should have any questions.

Sincerely,

FTI Consulting Canada Inc.
In its capacity as receiver and manager of
Scollard Energy Ltd., and not in
its personal or corporate capacity

January 7, 2019

Special Areas Board
212 - 2nd Avenue West, PO Box 820
Hanna, AB T0J 1P0

SENT BY ELECTRONIC MAIL (Sue.Carl@specialareas.ab.ca)

To: Special Areas Board (the “**Municipality**”)

Dear: Sue Carl

Re: Renunciation of certain assets by FTI Consulting Canada Inc. (“FTI”) in its capacity as court-appointed receiver and manager of Scollard Energy Ltd. (“Scollard”)

As you are aware, pursuant to an Order of the Court of Queen’s Bench of Alberta (the “**Court**”) pronounced on September 1, 2017, FTI was appointed as receiver and manager (the “**Receiver**”) of Scollard (the “**Receivership Order**”). A copy of the Receivership Order can be found on the Receiver’s website at <http://cfcanada.fticonsulting.com/Scollard/> (the “**Receiver’s Website**”).

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Sincerely,

FTI Consulting Canada Inc.
In its capacity as receiver and manager of
Scollard Energy Ltd., and not in
its personal or corporate capacity

January 7, 2019

County of Stettler
6602 - 44 Avenue, PO Box 1270
Stettler, AB T0C 2L0

SENT BY ELECTRONIC MAIL (ccornelssen@stettlercounty.ca)

To: County of Stettler (the "**Municipality**")

Dear: Christa Cornelssen, Director of Finance

Re: Renunciation of certain assets by FTI Consulting Canada Inc. ("FTI") in its capacity as court-appointed receiver and manager of Scollard Energy Ltd. ("Scollard")

As you are aware, pursuant to an Order of the Court of Queen's Bench of Alberta (the "**Court**") pronounced on September 1, 2017, FTI was appointed as receiver and manager (the "**Receiver**") of Scollard (the "**Receivership Order**"). A copy of the Receivership Order can be found on the Receiver's website at <http://cfcanada.fticonsulting.com/Scollard/> (the "**Receiver's Website**").

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Sincerely,

FTI Consulting Canada Inc.
In its capacity as receiver and manager of
Scollard Energy Ltd., and not in
its personal or corporate capacity

January 7, 2019

Strathcona County
2001 Sherwood Drive,
Sherwood Park, AB T8A 3W7

SENT BY ELECTRONIC MAIL (shelby.lemke@strathcona.ca)

To: Strathcona County (the “**Municipality**”)

Dear: Shelby Lemke, Property Tax Supervisor

Re: Renunciation of certain assets by FTI Consulting Canada Inc. (“FTI”) in its capacity as court-appointed receiver and manager of Scollard Energy Ltd. (“Scollard”)

As you are aware, pursuant to an Order of the Court of Queen’s Bench of Alberta (the “**Court**”) pronounced on September 1, 2017, FTI was appointed as receiver and manager (the “**Receiver**”) of Scollard (the “**Receivership Order**”). A copy of the Receivership Order can be found on the Receiver’s website at <http://cfcanada.fticonsulting.com/Scollard/> (the “**Receiver’s Website**”).

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Sincerely,

FTI Consulting Canada Inc.
In its capacity as receiver and manager of
Scollard Energy Ltd., and not in
its personal or corporate capacity

January 7, 2019

County of Wetaskiwin
PO Box 6960,
Wetaskiwin, AB T9A 2G5

SENT BY ELECTRONIC MAIL (lrobinson@county.wetaskiwin.ab.ca)

To: County of Wetaskiwin (the “**Municipality**”)

Dear: Lexie Robinson, Assessment Administrative Assistant

Re: Renunciation of certain assets by FTI Consulting Canada Inc. (“FTI”) in its capacity as court-appointed receiver and manager of Scollard Energy Ltd. (“Scollard”)

As you are aware, pursuant to an Order of the Court of Queen’s Bench of Alberta (the “**Court**”) pronounced on September 1, 2017, FTI was appointed as receiver and manager (the “**Receiver**”) of Scollard (the “**Receivership Order**”). A copy of the Receivership Order can be found on the Receiver’s website at <http://cfcanada.fticonsulting.com/Scollard/> (the “**Receiver’s Website**”).

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Sincerely,

FTI Consulting Canada Inc.
In its capacity as receiver and manager of
Scollard Energy Ltd., and not in
its personal or corporate capacity

January 7, 2019

Woodlands County
#1 Woodlands Lane, PO Box 60
Whitecourt, AB T7S 1N3

SENT BY ELECTRONIC MAIL (sue.oberg@woodlands.ab.ca)

To: Woodlands County (the “**Municipality**”)

Dear: Sue Oberg, Director of Corporate Services

Re: Renunciation of certain assets by FTI Consulting Canada Inc. (“FTI”) in its capacity as court-appointed receiver and manager of Scollard Energy Ltd. (“Scollard”)

As you are aware, pursuant to an Order of the Court of Queen’s Bench of Alberta (the “**Court**”) pronounced on September 1, 2017, FTI was appointed as receiver and manager (the “**Receiver**”) of Scollard (the “**Receivership Order**”). A copy of the Receivership Order can be found on the Receiver’s website at <http://cfcanada.fticonsulting.com/Scollard/> (the “**Receiver’s Website**”).

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Sincerely,

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In its capacity as receiver and manager of
Scollard Energy Ltd., and not in
its personal or corporate capacity

January 7, 2019

Yellowhead County
2716 - 1 Avenue,
Edson, AB T7E 1N9

SENT BY ELECTRONIC MAIL (blyons@yellowheadcounty.ab.ca)

To: Yellowhead County (the “Municipality”)

Dear: Barb Lyons, Director of Corporate and Planning Services

Re: Renunciation of certain assets by FTI Consulting Canada Inc. (“FTI”) in its capacity as court-appointed receiver and manager of Scollard Energy Ltd. (“Scollard”)

As you are aware, pursuant to an Order of the Court of Queen’s Bench of Alberta (the “Court”) pronounced on September 1, 2017, FTI was appointed as receiver and manager (the “Receiver”) of Scollard (the “Receivership Order”). A copy of the Receivership Order can be found on the Receiver’s website at <http://cfcanada.fticonsulting.com/Scollard/> (the “Receiver’s Website”).

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