



COURT FILE NUMBER

2401 09247

COURT

COURT OF KING'S BENCH OF ALBERTA

JUDICIAL CENTRE

CALGARY

C70149

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, RSC 1985, c C-36, as amended

AND IN THE MATTER OF THE COMPROMISE OR ARRANGEMENT OF LONG RUN EXPLORATION LTD. AND CALGARY SINOENERGY INVESTMENT CORP.

DOCUMENT

ORIGINATING APPLICATION

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT

BLAKE, CASSELS & GRAYDON LLP

Barristers and Solicitors
3500 Bankers Hall East
855 – 2nd Street S.W.
Calgary, Alberta T2P 4J8

Attention: Kelly J. Bourassa / Christopher Keliher
Telephone: 403-260-9697 / 403-260-9760
Fax: 403-260-9700
E-mail: kelly.bourassa@blakes.com /
christopher.keliher@blakes.com

File: 14438/2

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 Court.

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

Date: July 4, 2024
Time: 11:00 a.m. MT
Where: The Calgary Courts Centre, VIA Webex, details attached as Appendix "A"
Before Whom: The Honourable Justice K.M. Horner

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

Clerk's stamp:

COURT FILE NUMBER

COURT

COURT OF KING'S BENCH OF ALBERTA

JUDICIAL CENTRE

CALGARY

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, RSC 1985, c C-36, as amended

AND IN THE MATTER OF THE COMPROMISE OR ARRANGEMENT OF LONG RUN EXPLORATION LTD. AND CALGARY SINOENERGY INVESTMENT CORP.

DOCUMENT

ORIGINATING APPLICATION

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT

BLAKE, CASSELS & GRAYDON LLP

Barristers and Solicitors
3500 Bankers Hall East
855 – 2nd Street S.W.
Calgary, Alberta T2P 4J8

Attention: Kelly J. Bourassa / Christopher Keliher
Telephone: 403-260-9697 / 403-260-9760
Fax: 403-260-9700
E-mail: kelly.bourassa@blakes.com / christopher.keliher@blakes.com

File: 14438/2

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 Court.

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

Date: July 4, 2024
Time: 11:00 a.m. MT
Where: The Calgary Courts Centre, VIA Webex, details attached as Appendix "A"
Before Whom: The Honourable Justice K.M. Horner

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

REMEDY SOUGHT:

1. The Applicant, China Construction Bank Toronto Branch ("**CCBT**"), in its capacity as collateral agent (in such capacity, the "**Agent**") brings this Originating Application for an Initial Order, substantially in the form attached as Schedule "**A**", among other things:
 - (a) abridging the time for service of this application and declaring that it is properly returnable on the day heard, if necessary, and further service of this application, other than to those listed on the Service List attached hereto as Schedule "**B**" is hereby dispensed with;
 - (b) declaring that Long Run Exploration Ltd. ("**Long Run**") and Calgary Sinoenergy Investment Corp. (the "**Guarantor**", and together with Long Run, the "**Debtors**") are parties to which the *Companies' Creditors Arrangement Act*, RSC 1985, c C-36, as amended (the "**CCAA**") applies;
 - (c) appointing FTI Consulting Canada Inc. ("**FTI**") as Monitor of the Debtors in these proceedings (the "**Proposed Monitor**" and, if appointed, the "**Monitor**") with enhanced powers;
 - (d) granting an administration charge in the amount of \$250,000 in favour of counsel for the Applicant, the Monitor, and its counsel;
 - (e) granting a charge in the amount of \$250,000 in favour of the directors and officers of the Debtors to secure obligations and liabilities that the directors and officers may incur as directors and officers of the Debtors after the commencement of these proceedings; and
 - (f) granting an initial stay of proceedings to July 14, 2024 (the "**Stay Period**").

BASIS FOR THIS CLAIM:

Background on the Debtors

2. Long Run is a privately owned intermediate oil and gas production and exploration company headquartered in Calgary, Alberta.
3. Long Run primarily operates throughout central and northwest Alberta, in the Boyer, Peace River, Deep Basin and Redwater areas and produces a mix of oil and gas products. In total, Long Run is the operator of 4,696 licensed wells, of which only 1,787 are active.
4. The Guarantor, which owns 100% of the voting shares of Long Run, is a privately owned Alberta corporation.

Indebtedness to the Lenders and Continuing Security

5. Certain credit facilities were advanced to Long Run (the "**CCB Facilities**") pursuant to:
 - (a) an amended and restated credit agreement made as of October 27, 2020 (as amended, supplemented or otherwise modified, the "**CCBT Credit Agreement**") between, *inter alios*, the Debtor, as borrower, the Guarantor, as guarantor, CCBT as lender, and CCBT, as collateral agent; and
 - (b) a credit agreement made as of October 27, 2020 (as amended, supplemented or otherwise modified, the "**CCBQ Credit Agreement**" and, together with the CCBT Credit Agreement, collectively, the "**Credit Agreements**") between, *inter alios*, the Debtor, as borrower, the Guarantor, as guarantor, China Construction Bank Corporation, Qingdao Branch ("**CCBQ**", and together with CCBQ and CCBT, collectively, the "**Lenders**") and the other lenders from time to time party thereto, as lenders, and CCBT, as administrative agent and collateral agent.
6. CCBT was appointed as collateral agent in respect of, among others, the CCB Facilities, pursuant to a collateral agent and intercreditor agreement made as of October 27, 2020 (the "**Intercreditor Agreement**") among, *inter alios*, the Debtor, the Guarantor, CCBT, CCBQ, and Bank of China (Qingdao Branch) ("**BOCQ**").
7. As at June 28, 2024, the secured obligation owing to CCBQ was \$243,606,593, plus interest and penalties from that date (the "**CCBQ Indebtedness**"). As at December 21, 2023, the secured obligation owing to BOCQ was at least \$112,100,958, plus accruing interest and penalties (the "**BOCQ Indebtedness**" and together with the CCBQ Indebtedness, the "**Indebtedness**").
8. As continuing security for Long Run's obligations to the Agent and the Lenders in connection with the Credit Agreements, Long Run granted to the Agent, among other security:
 - (a) a general security agreement, pursuant to which the Agent holds a general security interest in all of the present and after-acquired property wherever situate of Long Run, dated October 27, 2020 (the "**GSA**");
 - (b) an amended and restated fixed and floating charge demand debenture dated October 27, 2020, in favour of the Agent, in its capacity as collateral agent for its own benefit and for the benefit of certain other secured parties (the "**Debenture**"); and

- (c) a debenture pledge agreement dated October 27, 2020, in favour of the Agent, in its capacity as collateral agent for its own benefit and for the benefit of certain other secured parties (the "**Debenture Pledge**").
9. To further support and secure amounts advanced pursuant to the Credit Agreements the Guarantor, pursuant to the terms of the Credit Agreements, jointly and severally, unconditionally and irrevocably, guaranteed payment of the Indebtedness to the Agent, and agreed to make payment, on demand, to the Agent in the full amount of same. As continuing security for this guarantee, the Guarantor granted to the Agent an amended and restated securities pledge agreement, made as of October 27, 2020, between the Guarantor, as pledgor, and the Agent, in its capacity as agent.
10. To secure the Indebtedness under the CCBT Credit Agreement, CCBQ issued a standby letter of credit on January 26, 2017, in favour of CCBT (the "**CCBQ SBLC**") which in turn was supported by a standby letter of credit issued by BOCQ, on January 25, 2017, in favour of CCBQ (the "**BOCQ SBLC**").
11. The Debtors, as obligors, granted: (a) an indemnity and reimbursement agreement, effective as of October 27, 2020, for the benefit of CCBQ, in its capacity as the CCBQ SBLC provider, and (b) an indemnity and reimbursement agreement, effective as of October 27, 2020, for the benefit of BOCQ, in its capacity as the BOCQ SBLC provider, with respect to any payments made by them under the CCBQ SBLC and the BOCQ SBLC.

Maturity, Demand and the call on the Letters of Credit

12. The CCB Facilities matured on December 9, 2023 (the "**Maturity Date**"), and to date, have not been repaid.
13. On December 12, 2023, the Agent sent to Long Run: (i) a demand letter demanding full payment of the Indebtedness (a "**Demand**"), (ii) a notice of intention to enforce security in accordance with section 244 of the *Bankruptcy and Insolvency Act* (Canada), and (iii) a reservation of rights letter (the "**ROR#1**"), in which, following the completion of certain conditions precedent, the Agent agreed not to commence enforcement until January 31, 2024.
14. The Agent also sent a Demand and ROR#1 to the Guarantor on December 12, 2023.
15. Following the issuance of the Demands and ROR#1, the Agent called upon the CCBQ SBLC to satisfy certain obligations owing to CCBT under the CCBT Credit Agreement. CCBQ subsequently called upon the BOCQ SBLC, which became an obligation of the Debtors to BOCQ

pursuant to an indemnity and reimbursement agreement made effective as of October 27, 2020, granted by the Debtors, as obligors, for the benefit of BOCQ.

16. The Agent sent a second reservation of rights letter on April 26, 2024, agreeing not to commence enforcement until May 6, 2024, which was later extended to May 20, 2024.

CCAA Proceedings

17. The CCB Facilities matured on December 9, 2023, and Long Run has no availability to funding thereunder.
18. The Debtor has debt in excess of \$5,000,000, is insolvent, and is facing a liquidity crisis.
19. The Agent has brought these proceedings, in consultation with FTI and the Debtor, in the form of a creditor-initiated CCAA application on the basis that it will provide the best opportunity to: (a) determine whether a going concern or *en bloc* sale of all or a part of the Debtors' business or assets is possible; and (b) to maximize recoveries and preserve value for all stakeholders.

Proposed Monitor and Enhanced Powers

20. The Agent proposes that FTI be appointed Monitor in these CCAA proceedings with enhanced powers. FTI has significant experience working with debtors which operate in the oil and gas industry and has consented to act as Monitor, subject to Court approval.
21. FTI has provided guidance and assistance to both the Debtors and the Agent in advance of commencing the CCAA proceedings.
22. FTI is a trustee within the meaning of section 2 of the *Bankruptcy and Insolvency Act (Canada)* and is not subject to any of the restrictions on who may be appointed as monitor set out in section 11.7(2) of the CCAA.
23. The Agent is seeking enhanced powers of the Monitor in the Initial Order, including, among other things, the power to:
 - (a) take actions and steps to manage, operate, and carry on the business of the Debtors;
 - (b) preserve, protect, and exercise control over the property of the Debtors;
 - (c) report to, meet, discuss, and share information with affected persons on all matters relating to the Debtors' business and property; and

- (d) oversee and direct the preparation and dissemination of financial and other information of the Debtors, including cash flow statements.
24. FTI has been actively working with the Debtors to assess the financial and operating capabilities of Long Run since it was engaged by the Agent as financial advisor.
25. As a result, and considering FTI's significant experience with distressed oil and gas companies, providing enhanced powers to the Monitor provides the most cost efficient and effective way to conduct these CCAA proceedings.

Administration Charge

26. The Agent seeks a super-priority charge over the Debtor's property in favour of the Monitor, counsel to the Monitor, and counsel to the Agent (collectively, the "**Professionals Group**"), to secure payment of their professional fees and disbursements, whether incurred before or after the date of the Initial Order (the "**Administration Charge**").
27. The proposed Administration Charge being sought at the initial CCAA Application is for a maximum amount of \$250,000 and will secure the payment of fees and expenses incurred in connection with moving for the within relief sought and for the initial ten (10) day protection period leading up to the Comeback Hearing (as defined below).
28. The Administration Charge is proposed to rank as a first-priority charge on all of the property and assets of the Debtors in priority over the claim of any secured creditors given notice of this Application.

Directors' Charge

29. The Agent also seeks a directors' charge in the amount of \$250,000 (the "**Directors' Charge**") in favour of the directors and officers of the Debtors to secure obligations and liabilities that the directors and officers may incur as directors and officers of the Debtors after the commencement of these CCAA proceedings (the "**Post-filing Obligations**").
30. The Directors' Charge is intended to supplement and support a court-ordered indemnity (the "**Indemnity**") to be provided by the Debtors for Post-Filing Obligations, but only to the extent the directors and officers do not have coverage under any directors' and officers' insurance policy or to the extent such coverage is insufficient to address the Indemnity.
31. The Directors' Charge is proposed to rank as a second-priority charge on all of the property and assets of the Debtors in priority over the claim of any secured creditors given notice of this Application.

Stay of Proceedings

32. Given the significant financial challenges faced by the Debtors, they require an immediate stay of proceedings to maintain the *status quo* and to give the Debtors and the Proposed Monitor the breathing space they require to stabilize operations for the benefit of all stakeholders.
33. The Initial Order contemplates a Stay Period for an initial period of ten days. The Applicant has reserved court time on July 12, 2024 at 2:00 p.m. before the Honourable Justice P.R. Jeffrey for a comeback hearing (the "**Comeback Hearing**"). At the Comeback Hearing, the Applicant intends to apply for an amended and restated initial order.

AFFIDAVIT OR OTHER EVIDENCE TO BE USED IN SUPPORT OF THIS APPLICATION:

34. Affidavit of Ziqing (Eddie) Zou affirmed July 2, 2024, to be filed;
35. Bench Brief of the Applicant, to be filed;
36. Pre-Filing Report of the Proposed Monitor, to be filed;
37. Consent to Act as Monitor of FTI Consulting Canada Inc.,; and
38. Such further and other materials and evidence as counsel may advise and this Honourable Court may permit.

APPLICABLE ACTS AND REGULATIONS:

39. *Companies' Creditor Arrangement Act*, RSC 1985, c C-36.
40. Alberta Rules of Court, Alta Reg 124/2010.
41. Such further and other Acts and regulations as counsel may advise and this Honourable Court may permit.

WARNING

You are named as a respondent because you have made or are expected to make an adverse claim in respect of this originating application. If you do not come to Court either in person or by your lawyer, the Court may make an order declaring you and all persons claiming under you to be barred from taking any further proceedings against the applicant(s) and against all persons claiming under the applicant(s). You will be bound by any order the Court makes, or another order might be given or other proceedings taken which the applicant(s) is/are entitled to make without any further notice to you. If you want to take part in the application, you or your lawyer must attend in Court on the date and the time shown at the beginning of this form. If you intend to give evidence in response to the application, you must reply by filing an affidavit or other evidence with the Court and serving a copy of that affidavit or other evidence on the applicant(s) a reasonable time before the application is to be heard or considered.

Schedule A
Form of Initial Order

Clerk's Stamp:

COURT FILE NUMBER

COURT

JUDICIAL CENTRE OF

COURT OF KING'S BENCH OF ALBERTA

CALGARY

IN THE MATTER OF THE *COMPANIES' CREDITORS
ARRANGEMENT ACT*, RSC 1985, c C-36, as amended

AND IN THE MATTER OF A PLAN OF COMPROMISE OR
ARRANGEMENT OF LONG RUN EXPLORATION LTD.
AND CALGARY SINOENERGY INVESTMENT CORP.

DOCUMENT

CCAA INITIAL ORDER

CONTACT INFORMATION OF PARTY
FILING THIS DOCUMENT:

BLAKE, CASSELS & GRAYDON LLP

Barristers and Solicitors
3500 Bankers Hall East
855 – 2nd Street SW
Calgary, Alberta T2P 4J8

Attention: Kelly J. Bourassa / Christopher Keliher

Telephone: 403-260-9697 / 403-260-9760

Fax No.: 403-260-9700

Email: kelly.bourassa@blakes.com /
christopher.keliher@blakes.com

File: 14438/2

DATE ON WHICH ORDER WAS PRONOUNCED: July 4, 2024

NAME OF JUSTICE WHO MADE THIS ORDER: Honourable Justice K.M. Horner

LOCATION OF HEARING: Calgary Courts Centre

UPON the application of China Construction Bank Toronto Branch (the "**Applicant**" or "**CCBT**"); **AND UPON** having read the Originating Application, the Affidavit of Ziqing (Eddie) Zou affirmed July 2, 2024; and the Affidavit of Service of Olivia Valks affirmed July 3, 2024, filed; **AND UPON** reading the consent of FTI Consulting Canada Inc. ("**FTI**" or the "**Monitor**") to act as Monitor; **AND UPON** being advised that the secured creditors who are likely to be affected by the charges created herein have been provided notice of this application and either do not oppose or alternatively consent to the within Order; **AND UPON** hearing counsel for CCBT and counsel for the Monitor; **AND UPON** reading the Pre-Filing Report of FTI, in its capacity as proposed monitor of Long Run Exploration Ltd. and Calgary Sinoenergy Investment Corp. (the "**Debtors**");

IT IS HEREBY ORDERED AND DECLARED THAT:

SERVICE

1. The time for service of the originating application for this order (the "**Order**") is hereby abridged and deemed good and sufficient and this application is properly returnable today.

APPLICATION

2. The Debtors are companies to which the *Companies' Creditors Arrangement Act* of Canada (the "**CCAA**") applies.

PLAN OF ARRANGEMENT

3. The Debtors shall have the authority to file and may, subject to further order of this Court, file with this Court a plan of compromise or arrangement (a "**Plan**").

POSSESSION OF PROPERTY AND OPERATIONS

4. The Debtors shall:
 - (a) remain in possession and control of their current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate including all proceeds thereof (the "**Property**");
 - (b) subject to further order of this Court, continue to carry on business in a manner consistent with the preservation of its business (the "**Business**") and Property;
 - (c) be authorized and empowered to continue to retain and employ the employees, consultants, agents, experts, accountants, counsel and such other persons (collectively "**Assistants**") currently retained or employed by them, with liberty to retain such further

Assistants with the consent of the Monitor as it deems reasonably necessary or desirable in the ordinary course of business or for the carrying out of the terms of this Order; and

- (d) be entitled to continue to utilize the central cash management system currently in place or, with the consent of the Monitor, replace it with another substantially similar central cash management system (the "**Cash Management System**") and that any present or future bank providing the Cash Management System shall not be under any obligation whatsoever to inquire into the propriety, validity or legality of any transfer, payment, collection or other action taken under the Cash Management System, or as to the use or application by the Debtors of funds transferred, paid, collected or otherwise dealt with in the Cash Management System, shall be entitled to provide the Cash Management System without any liability in respect thereof to any Person (as hereinafter defined) other than the Debtors, pursuant to the terms of the documentation applicable to the Cash Management System, and shall be, in its capacity as provider of the Cash Management System, an unaffected creditor under any Plan with regard to any claims or expenses it may suffer or incur in connection with the provision of the Cash Management System.
5. To the extent permitted by law, the Debtors shall, with the consent of the Monitor, be entitled but not required to make the following advances or payments of the following expenses, incurred prior to or after this Order:
- (a) all outstanding and future wages, salaries, employee and pension benefits, vacation pay and expenses payable on or after the date of this Order, in each case incurred in the ordinary course of business and consistent with existing compensation policies and arrangements; and
 - (b) the reasonable fees and disbursements of any Assistants retained or employed by the Debtors in respect of these proceedings, at their standard rates and charges, including for periods prior to the date of this Order.
6. Except as otherwise provided to the contrary herein, the Debtors shall, with the consent of the Monitor, be entitled but not required to pay all reasonable expenses incurred by the Debtors in carrying on the Business in the ordinary course after this Order, and in carrying out the provisions of this Order, which expenses shall include, without limitation:
- (a) all expenses and capital expenditures reasonably necessary for the preservation of the Property or the Business including, without limitation, payments on account of insurance (including directors and officers insurance), maintenance and security services; and
 - (b) payment for goods or services actually supplied to the Debtors following the date of this Order.

7. The Debtors shall remit, in accordance with legal requirements, or pay:
- (a) any statutory deemed trust amounts in favour of the Crown in Right of Canada or of any Province thereof or any other taxation authority that are required to be deducted from employees' wages, including, without limitation, amounts in respect of:
 - (i) employment insurance,
 - (ii) Canada Pension Plan, and
 - (iii) income taxes,but only where such statutory deemed trust amounts arise after the date of this Order, or are not required to be remitted until after the date of this Order, unless otherwise ordered by the Court;
 - (b) all goods and services or other applicable sales taxes (collectively, "**Sales Taxes**") required to be remitted by the Debtors in connection with the sale of goods and services by the Debtors, but only where such Sales Taxes are accrued or collected after the date of this Order, or where such Sales Taxes were accrued or collected prior to the date of this Order but not required to be remitted until on or after the date of this Order; and
 - (c) any amount payable to the Crown in Right of Canada or of any Province thereof or any political subdivision thereof or any other taxation authority in respect of municipal realty, municipal business or other taxes, assessments or levies of any nature or kind which are entitled at law to be paid in priority to claims of secured creditors and that are attributable to or in respect of the carrying on of the Business by the Debtors.
8. Until such time as a real property lease is disclaimed or resiliated in accordance with the CCAA, the Debtors may, with the consent of the Monitor, pay all amounts constituting rent or payable as rent under real property leases (including, for greater certainty, common area maintenance charges, utilities and realty taxes and any other amounts payable as rent to the landlord under the lease) based on the terms of existing lease arrangements or as otherwise may be negotiated by the Debtors from time to time for the period commencing from and including the date of this Order ("**Rent**"), but shall not pay any rent in arrears.
9. Except as specifically permitted in this Order, the Debtors are hereby directed, until further order of this Court:
- (a) to make no payments of principal, interest thereon or otherwise on account of amounts owing by the Debtors to any of its creditors as of the date of this Order;
 - (b) to grant no security interests, trust, liens, charges or encumbrances upon or in respect of any of its Property; and

- (c) not to grant credit or incur liabilities except in the ordinary course of the Business.

RESTRUCTURING

10. The Debtors shall, subject to such requirements as are imposed by the CCAA have the right to:
 - (a) permanently or temporarily cease, downsize or shut down any portion of its business or operations and to dispose of redundant or non-material assets not exceeding \$500,000 in any one transaction or \$1,000,000 in the aggregate, provided that any sale that is either (i) in excess of the above thresholds, or (ii) in favour of a person related to the Debtors (within the meaning of section 36(5) of the CCAA), shall require authorization by this Court in accordance with section 36 of the CCAA;
 - (b) terminate the employment of such of its employees or temporarily lay off such of its employees as it deems appropriate on such terms as may be agreed upon between the Debtors and such employee, or failing such agreement, to deal with the consequences thereof in the Plan;
 - (c) disclaim or resiliate, in whole or in part, with the prior consent of the Monitor (as defined below) or further Order of the Court, their arrangements or agreements of any nature whatsoever with whomsoever, whether oral or written, as the Debtors deem appropriate, in accordance with section 32 of the CCAA; and
 - (d) pursue all avenues of refinancing of its Business or Property, in whole or part, subject to prior approval of this Court being obtained before any material refinancing,

all of the foregoing to permit the Debtors to proceed with an orderly restructuring of the Business (the "**Restructuring**").

11. The Debtors shall provide each of the relevant landlords with notice of the Debtors' intention to remove any fixtures from any leased premises at least seven (7) days prior to the date of the intended removal. The relevant landlord shall be entitled to have a representative present in the leased premises to observe such removal. If the landlord disputes the Debtors' entitlement to remove any such fixture under the provisions of the lease, such fixture shall remain on the premises and shall be dealt with as agreed between any applicable secured creditors, such landlord and the Debtors, or by further order of this Court upon application by the Debtors on at least two (2) days' notice to such landlord and any such secured creditors. If the Debtors disclaim or resiliate the lease governing such leased premises in accordance with section 32 of the CCAA, they shall not be required to pay Rent under such lease pending resolution of any such dispute other than Rent payable for the notice period provided for in section 32(5) of the CCAA, and the disclaimer or resiliation of the lease shall be without prejudice to the Debtors' claim to the fixtures in dispute.

12. If a notice of disclaimer or resiliation is delivered pursuant to section 32 of the CCAA, then:
- (a) during the notice period prior to the effective time of the disclaimer or resiliation, the landlord may show the affected leased premises to prospective tenants during normal business hours, on giving the Debtors and the Monitor 24 hours' prior written notice; and
 - (b) at the effective time of the disclaimer or resiliation, the relevant landlord shall be entitled to take possession of any such leased premises without waiver of or prejudice to any claims or rights such landlord may have against the Debtors in respect of such lease or leased premises and such landlord shall be entitled to notify the Debtors of the basis on which it is taking possession and to gain possession of and re-lease such leased premises to any third party or parties on such terms as such landlord considers advisable, provided that nothing herein shall relieve such landlord of its obligation to mitigate any damages claimed in connection therewith.

NO PROCEEDINGS AGAINST THE DEBTORS OR THE PROPERTY

13. Until and including July 14, 2024, or such later date as this Court may order (the "**Stay Period**"), no proceeding or enforcement process in any court (each, a "**Proceeding**") shall be commenced or continued against or in respect of the Debtors or the Monitor, or affecting the Business or the Property, except with leave of this Court, and any and all Proceedings currently under way against or in respect of the Debtors or affecting the Business or the Property are hereby stayed and suspended pending further order of this Court.

NO EXERCISE OF RIGHTS OR REMEDIES

14. During the Stay Period, all rights and remedies of any individual, firm, corporation, governmental body or agency, or any other entities (all of the foregoing, collectively being "**Persons**" and each being a "**Person**"), whether judicial or extra-judicial, statutory or non-statutory against or in respect of the Debtors or the Monitor, or affecting the Business or the Property, are hereby stayed and suspended and shall not be commenced, proceeded with or continued except with leave of this Court, provided that nothing in this Order shall:
- (a) empower the Debtors to carry on any business that the Debtors are not lawfully entitled to carry on;
 - (b) affect such investigations, actions, suits or proceedings by a regulatory body as are permitted by section 11.1 of the CCAA;
 - (c) prevent the filing of any registration to preserve or perfect a security interest;
 - (d) prevent the registration of a claim for lien; or

- (e) exempt the Debtors from compliance with statutory or regulatory provisions relating to health, safety or the environment.

15. Nothing in this Order shall prevent any party from taking an action against the Debtors where such an action must be taken in order to comply with statutory time limitations in order to preserve their rights at law, provided that no further steps shall be taken by such party except in accordance with the other provisions of this Order, and notice in writing of such action be given to the Monitor at the first available opportunity.

NO INTERFERENCE WITH RIGHTS

16. During the Stay Period, no person shall accelerate, suspend, discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, licence or permit in favour of or held by the Debtors, except with the written consent of the Debtors and the Monitor, or leave of this Court.

CONTINUATION OF SERVICES

17. During the Stay Period, all persons having:
- (a) statutory or regulatory mandates for the supply of goods and/or services; or
 - (b) oral or written agreements or arrangements with the Debtors, including without limitation all computer software, communication and other data services, centralized banking services, payroll services, insurance, transportation, services, utility or other services to the Business or the Debtors

are hereby restrained until further order of this Court from discontinuing, altering, interfering with, suspending or terminating the supply of such goods or services as may be required by the Debtors or exercising any other remedy provided under such agreements or arrangements. The Debtors shall be entitled to the continued use of their current premises, telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the usual prices or charges for all such goods or services received after the date of this Order are paid by the Debtors in accordance with the payment practices of the Debtors, or such other practices as may be agreed upon by the supplier or service provider and each of the Debtors and the Monitor, or as may be ordered by this Court.

NON-DEROGATION OF RIGHTS

18. Nothing in this Order has the effect of prohibiting a person from requiring immediate payment for goods, services, use of leased or licensed property or other valuable consideration provided on or

after the date of this Order, nor shall any person be under any obligation on or after the date of this Order to advance or re-advance any monies or otherwise extend any credit to the Debtors.

PROCEEDINGS AGAINST DIRECTORS AND OFFICERS

19. During the Stay Period, and except as permitted by subsection 11.03(2) of the CCAA and paragraph 15 of this Order, no Proceeding may be commenced or continued against any of the former, current or future directors or officers of the Debtors with respect to any claim against the directors or officers that arose before the date of this Order and that relates to any obligations of the Debtors whereby the directors or officers are alleged under any law to be liable in their capacity as directors or officers for the payment or performance of such obligations, until a compromise or arrangement in respect of the Debtors, if one is filed, is sanctioned by this Court or is refused by the creditors of the Debtors or this Court.

DIRECTORS' AND OFFICERS' INDEMNIFICATION AND CHARGE

20. The Debtors shall indemnify its directors and officers against obligations and liabilities that they may incur as directors and or officers of the Debtors after the commencement of the within proceedings except to the extent that, with respect to any officer or director, the obligation was incurred as a result of the director's or officer's gross negligence or wilful misconduct.
21. The directors and officers of the Debtors shall be entitled to the benefit of and are hereby granted a charge (the "**Directors' Charge**") on the Property, which charge shall not exceed an aggregate amount of \$250,000, as security for the indemnity provided in paragraph 20 of this Order. The Directors' Charge shall have the priority set out in paragraphs 34 and 36 herein.
22. Notwithstanding any language in any applicable insurance policy to the contrary:
 - (a) no insurer shall be entitled to be subrogated to or claim the benefit of the Directors' Charge; and
 - (b) the Debtors' directors and officers shall only be entitled to the benefit of the Directors' Charge to the extent that they do not have coverage under any directors' and officers' insurance policy, or to the extent that such coverage is insufficient to pay amounts indemnified in accordance with paragraph 20 of this Order.

APPOINTMENT OF MONITOR

23. FTI is hereby appointed pursuant to the CCAA as the Monitor, an officer of this Court, to monitor the Property, Business, and financial affairs and the Debtors with the powers and obligations set out in the CCAA or set forth herein and that the Debtors and its shareholders, officers, directors, and

Assistants shall advise the Monitor of all material steps taken by the Debtors pursuant to this Order, and shall co-operate fully with the Monitor in the exercise of its powers and discharge of its obligations and provide the Monitor with the assistance that is necessary to enable the Monitor to adequately carry out the Monitor's functions.

24. The Monitor, in addition to its prescribed rights and obligations under the CCAA, is hereby directed and empowered to:

- (a) monitor the Debtors' receipts and disbursements, Business and dealings with the Property;
- (b) report to this Court at such times and intervals as the Monitor may deem appropriate with respect to matters relating to the Property, the Business, and such other matters as may be relevant to the proceedings herein and immediately report to the Court if in the opinion of the Monitor there is a material adverse change in the financial circumstances of the Debtors;
- (c) have full and complete access to the Property, including the premises, books, records, data, including data in electronic form and other financial documents of the Debtors to the extent that it is necessary to adequately assess the Property, Business, and financial affairs of the Debtors or to perform its duties arising under this Order;
- (d) be at liberty to engage independent legal counsel or such other persons as the Monitor deems necessary or advisable respecting the exercise of its powers and performance of its obligations under this Order;
- (e) hold funds in trust or in escrow, to the extent required, to facilitate settlements between the Debtors and any other Person; and
- (f) perform such other duties as are required by this Order or by this Court from time to time.

25. Without in any way limiting the powers and duties of the Monitor otherwise set out herein or in the CCAA, the Monitor is hereby empowered and authorized, but not obligated, to do any of the following in the name of and on behalf of the Debtors, where the Monitor considers it necessary or desirable:

- (a) take any and all actions and steps to manage, operate and carry on the Business, including, without in any way limiting the generality of the foregoing:
 - (i) any actions or steps the Monitor considers necessary or desirable to proceed with an orderly restructuring or liquidation of the Business;
 - (ii) any and all steps of the Debtors authorized by this Order and any other Order

- made in these proceedings, including making distributions or payments;
- (iii) permanently or temporarily ceasing, downsizing or shutting down any of the Debtors' operations;
 - (iv) terminating the employment of or temporarily laying off employees of the Debtors;
 - (v) preparing a Plan on behalf of the Debtors;
 - (vi) entering into any agreements;
 - (vii) settling, extending or compromising any indebtedness owing to or by the Debtors;
 - (viii) engaging and instructing Assistants from time to time and on whatever basis, including on a temporary basis, to assist with the exercise of the Monitor's powers and duties, including those conferred by this Order;
 - (ix) purchasing or leasing machinery, equipment, inventories, supplies, premises or other assets to continue the Business, or any part or parts thereof;
 - (x) initiating, prosecuting and continuing the prosecution of any and all proceedings and defending all proceedings now pending or hereafter instituted with respect to the Debtors, the Business, the Property or the Monitor and to settle or compromise any such proceeding;
 - (xi) exercising any rights of the Debtors;
 - (xii) applying for any permits, licences, approvals or permissions as may be required by any governmental authority and any renewals thereof for and on behalf of and in the name of the Debtors;
 - (xiii) taking any and all corporate governance actions for the Debtors; and
 - (xiv) providing instruction and direction to the Assistants of the Debtors.
- (b) preserve, protect and exercise control over the Property, or any parts thereof, including, without in any way limiting the generality of the foregoing to:
- (i) receive, collect and exercise control over all monies and accounts held by or owing to the Debtors, including any proceeds of the sale of any of the Property;
 - (ii) exercise all remedies of the Debtors in collecting monies owed or hereafter owing

to the Debtors and to enforce any security held by the Debtors; and

- (iii) execute, assign, issue and endorse documents of whatever nature in respect of any of the Property for any purpose pursuant to this Order;
 - (iv) market, sell, convey, transfer, lease or assign the Property or any part of parts of the Property out of the ordinary course of business, including running a sales solicitation process without the approval of this Court, in respect of any one transaction not exceeding \$500,000 or \$1,000,000 in the aggregate and with the approval of this Court in respect of any other transaction;
- (c) to report to, meet with and discuss with such affected persons as the Monitor deems appropriate on all matters relating to the Business and the Property, and to share information, subject to such terms as to confidentiality as the Monitor deems advisable;
 - (d) oversee and direct the preparation and dissemination of financial and other information of the Debtors in these proceedings, including cash flow statements; and
 - (e) perform such other duties or take any steps reasonably incidental to the exercise of these powers and in each case where the Monitor takes any such actions or steps, it shall be exclusively authorized and empowered to do so, to the exclusion of all other persons, including the Debtors and without interference from any other person.
26. The Monitor is not and shall not, for any purposes, be deemed to be a director, officer, employee, receiver, receiver-manager, or liquidator of the Debtors.
27. The Monitor is not and shall not for the purposes of the *Income Tax Act* (Canada) be deemed to be a legal representative or person to whom s. 150(3) of that Act applies.
28. The Monitor shall not take possession of the Property and shall not, by fulfilling its obligations hereunder, or by inadvertence in relation to the due exercise of powers or performance of duties under this Order, be deemed to have taken or maintain possession or control of the Business or Property, or any part thereof. Nothing in this Order shall require the Monitor to occupy or to take control, care, charge, possession or management of any of the Property that might be environmentally contaminated, or might cause or contribute to a spill, discharge, release or deposit of a substance contrary to any federal, provincial or other law respecting the protection, conservation, enhancement, remediation or rehabilitation of the environment or relating to the disposal or waste or other contamination, provided however that this Order does not exempt the

Monitor from any duty to report or make disclosure imposed by applicable environmental legislation or regulation. The Monitor shall not, as a result of this Order or anything done in pursuance of the Monitor's duties and powers under this Order be deemed to be in possession of any of the Property within the meaning of any federal or provincial environmental legislation.

29. The Monitor shall provide the Applicant and any creditor of the Debtors with information provided by the Debtors in response to reasonable requests for information made in writing by such creditor addressed to the Monitor. The Monitor shall not have any responsibility or liability with respect to the information disseminated by it pursuant to this paragraph. In the case of information that the Monitor has been advised by the Debtors is confidential, the Monitor shall not provide such information to creditors unless otherwise directed by this Court or on such terms as the Monitor and the Debtors may agree.
30. In addition to the rights and protections afforded the Monitor under the CCAA or as an officer of this Court, the Monitor shall incur no liability or obligation as a result of its appointment or the carrying out of the provisions of this Order, save and except for any gross negligence or wilful misconduct on its part. Nothing in this Order shall derogate from the protections afforded the Monitor by the CCAA or any applicable legislation.
31. The Monitor, counsel to the Monitor and counsel to the Applicant shall be paid their reasonable fees and disbursements (including any pre-filing fees and disbursements related to these CCAA proceedings), in each case at their standard rates and charges, by the Debtors as part of the costs of these proceedings. The Debtors are hereby authorized and directed to pay the accounts of the Monitor, counsel for the Monitor and the Applicant's counsel on a bi-weekly basis unless otherwise agreed by the parties.
32. The Monitor and its legal counsel shall pass their accounts from time to time.
33. The Monitor, counsel to the Monitor, and the Applicant's counsel, as security for the professional fees and disbursements incurred both before and after the granting of this Order, shall be entitled to the benefits of and are hereby granted a charge (the "**Administration Charge**") on the Property, which charge shall not exceed an aggregate amount of \$250,000 as security for their professional fees and disbursements incurred at the normal rates and charges of the Monitor and such counsel, both before and after the making of this Order in respect of these proceedings. The Administration Charge shall have the priority set out in paragraphs 34 and 36 hereof.

VALIDITY AND PRIORITY OF CHARGES

34. The priorities of the Directors' Charge and the Administration Charge (together, the "**Charges**") shall be as follows:

First – Administration Charge (to the maximum amount of \$250,000); and

Second – Directors' Charge (to the maximum amount of \$250,000).

35. The filing, registration or perfection of the Charges shall not be required, and the Charges shall be valid and enforceable for all purposes, including as against any right, title or interest filed, registered, recorded or perfected subsequent to the Charges coming into existence, notwithstanding any such failure to file, register, record or perfect.
36. The Charges (as constituted and defined herein) shall constitute a charge on the Property and subject always to section 34(11) of the CCAA such Charges shall rank in priority to all other security interests, trusts, liens, charges and encumbrances, and claims of any secured creditor, statutory or otherwise (collectively, "**Encumbrances**") in favour of any Person, which was served with the materials filed in support of this Order. For greater certainty, secured creditors not given notice of or served with materials in support of the Originating Application shall not have their security rights or interests affected by or subordinated to the Charges.
37. Except as otherwise expressly provided for herein, or as may be approved by this Court, the Debtors shall not grant any Encumbrances over any Property that rank in priority to, or *pari passu* with the Charges unless the Debtors also obtain the prior written consent of the Monitor, and the beneficiaries of the Charges, or further order of this Court.
38. The Charges shall not be rendered invalid or unenforceable and the rights and remedies of the chargees entitled to the benefit of the Charges (collectively, the "**Chargees**") shall not otherwise be limited or impaired in any way by:
 - (a) the pendency of these proceedings and the declarations of insolvency made in this Order;
 - (b) any application(s) for bankruptcy order(s) issued pursuant to BIA, or any bankruptcy order made pursuant to such applications;
 - (c) the filing of any assignments for the general benefit of creditors made pursuant to the BIA;
 - (d) the provisions of any federal or provincial statutes; or
 - (e) any negative covenants, prohibitions or other similar provisions with respect to borrowings, incurring debt or the creation of Encumbrances, contained in any existing loan documents, lease, sublease, offer to lease or other agreement (collectively, an "**Agreement**") that binds the Debtors, and notwithstanding any provision to the contrary in any Agreement:
 - (i) neither the creation of the Charges nor the execution, delivery, perfection, registration or performance of any documents in respect thereof shall create or be deemed to constitute a new breach by the Debtors of any Agreement to which it is a party;

- (ii) none of the Chargees shall have any liability to any Person whatsoever as a result of any breach of any Agreement caused by or resulting from the creation of the Charges; and
- (iii) the payments made by the Debtors pursuant to this Order, and the granting of the Charges, do not and will not constitute preferences, fraudulent conveyances, transfers at undervalue, oppressive conduct or other challengeable or voidable transactions under any applicable law.

ALLOCATION

39. Any interested Person may apply to this Court on notice to any other party likely to be affected for an order to allocate the Charges amongst the various assets comprising the Property.

SERVICE AND NOTICE

40. The Monitor shall (i) without delay, publish in the Daily Oil Bulletin a notice containing the information prescribed under the CCAA; (ii) within five (5) days after the date of this Order (A) make this Order publicly available in the manner prescribed under the CCAA, (B) send, in the prescribed manner, a notice to every known creditor who has a claim against the Debtors of more than \$1,000 and (C) prepare a list showing the names and addresses of those creditors and the estimated amounts of those claims, and make it publicly available in the prescribed manner, all in accordance with section 23(1)(a) of the CCAA and the regulations made thereunder.
41. The Monitor shall establish a case website in respect of the within proceedings at <http://cfcanada.fticonsulting.com/longrun>.

GENERAL

42. The Debtors or the Monitor may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder.
43. Notwithstanding Rule 6.11 of the *Alberta Rules of Court*, unless otherwise ordered by this Court, the Monitor will report to the Court from time to time, which reporting is not required to be in affidavit form and shall be considered by this Court as evidence. The Monitor's reports shall be filed by the Court Clerk notwithstanding that they do not include an original signature.
44. Nothing in this Order shall prevent the Monitor from acting as an interim receiver, a receiver, a receiver and manager or a trustee in bankruptcy of the Debtors, the Business or the Property.

45. This Court hereby requests the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in any foreign jurisdiction, to give effect to this Order and to assist the Applicant, the Debtors, the Monitor and their respective agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Applicant, the Debtors and to the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Order, to grant representative status to the Monitor in any foreign proceeding, or to assist the Applicant, the Debtors, the Monitor and their respective agents in carrying out the terms of this Order.
46. Each of the Applicant, the Debtors and the Monitor be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order and that the Monitor is authorized and empowered to act as a representative in respect of the within proceeding for the purpose of having these proceedings recognized in a jurisdiction outside Canada.
47. Any interested party (including the Applicant, the Debtors and the Monitor) may apply to this Court to vary or amend this Order on not less than seven (7) days' notice to any other party or parties likely to be affected by the order sought or upon such other notice, if any, as this Court may order.
48. This Order and all of its provisions are effective as of 12:01 a.m. Mountain Standard Time on the date of this Order.

Justice of the Court of King's Bench of Alberta

Schedule "B"

Service List

Clerk's Stamp

COURT FILE NUMBER

COURT

JUDICIAL CENTRE

COURT OF KING'S BENCH OF ALBERTA

CALGARY

IN THE MATTER OF THE COMPANIES' CREDITORS
ARRANGEMENT ACT, R.S.C. 1985, c C-36, AS AMENDED

AND IN THE MATTER OF THE PLAN OF COMPROMISE OR
ARRANGEMENT OF LONG RUN EXPLORATION LTD.

DOCUMENT

SERVICE LIST

ADDRESS FOR SERVICE AND
CONTACT INFORMATION OF
PARTY FILING THIS
DOCUMENT

BLAKE, CASSELS & GRAYDON LLP

Blake, Cassels & Graydon LLP
Barristers and Solicitors
3500 Bankers Hall East
855 – 2nd Street SW
Calgary, Alberta T2P 4J8

Attention: Kelly J. Bourassa / Christopher Keliher
Telephone No: 403-260-9697 / 403-260-9760
Email: kelly.bourassa@blakes.com /
christopher.keliher@blakes.com

File: 14438/2

SERVICE LIST
(as at July 2, 2024)

<p>BLAKE, CASSELS & GRAYDON LLP 855 – 2nd Street SW Suite 3500, Bankers Hall East Tower Calgary, Alberta T2P 4J8</p> <p>Attention: Kelly J. Bourassa E-mail: kelly.bourassa@blakes.com</p> <p>Attention: Christopher Keliher E-mail: christopher.keliher@blakes.com</p> <p><i>Counsel to China Construction Bank, Toronto Branch</i></p>	<p>LONG RUN EXPLORATION LTD. Elveden Center - 300 707 7th Avenue SW Calgary, Alberta T2P 3H6</p> <p>Attention: Wendy Barber E-mail: wbarber@longrunexploration.com</p>
<p>FTI CONSULTING CANADA INC. 520 5th Avenue SW Suite 1610 Calgary, Alberta T2P 3R7</p> <p>Attention: Deryck Helkaa E-mail: deryck.helkaa@fticonsulting.com</p> <p>Attention: Dustin Olver E-mail: dustin.olver@fticonsulting.com</p> <p>Attention: Brett Wilson E-mail: brett.wilson@fticonsulting.com</p> <p><i>The Proposed Monitor</i></p>	<p>BENNETT JONES LLP 4500 Bankers Hall East 855 2nd Street SW Calgary, Alberta T2P 4K7</p> <p>Attention: Kelsey Meyer E-mail: meyerk@bennettjones.com</p> <p><i>Counsel to the Proposed Monitor</i></p>
<p>CALGARY SINOENERGY INVESTMENT CORP. 1500, 444 – 5 Avenue SW Calgary, Alberta T2P 2T8</p>	<p>GOVERNMENT OF ALBERTA ALBERTA ENERGY AND MINERALS ENERGY LEGAL TEAM 9th Floor, North Petroleum Plaza 9945 – 108 Street Edmonton, Alberta T5K 2G6</p> <p>Attention: Kristopher Lensink E-mail: kristopher.lensink@gov.ab.ca</p>
<p>ALBERTA ENERGY REGULATOR Suite 1000, 250 – 5 Street SW Calgary, Alberta T2P 0R4</p> <p>Attention: Maria Lavelle E-mail: maria.lavelle@aer.ca</p> <p>E-mail: insolvency@aer.ca</p>	

CANADA REVENUE AGENCY

Surrey National Verification and Collections
Centre
9755 King George Boulevard
Surrey, British Columbia V3T 5E1

Fax (toll-free): 1-833-697-2390

CANADA REVENUE AGENCY

Prairie Regional Office (Edmonton)
300, 10423-101 Street
Edmonton, Alberta T5H 0E7

Attention: George Bódy

E-mail: george.body@justice.gc.ca

Attention: Kasydi Mack

E-mail: kasydi.mack@justice.gc.ca

E-mail Distribution List:

kelly.bourassa@blakes.com; christopher.keliher@blakes.com; deryck.helkaa@fticonsulting.com;
dustin.olver@fticonsulting.com; brett.wilson@fticonsulting.com; meyerk@bennettjones.com;
wbarber@longrunexploration.com; maria.lavelle@aer.ca; insolvency@aer.ca;
kristopher.lensink@gov.ab.ca; george.body@justice.gc.ca; kasydi.mack@justice.gc.ca

Registered Mail:

CALGARY SINOENERGY INVESTMENT CORP.

1500, 444 – 5 Avenue SW

Calgary, Alberta T2P 2T8

CANADA REVENUE AGENCY

Surrey National Verification and Collections Centre
9755 King George Boulevard
Surrey, British Columbia V3T 5E1

Appendix "A"

Webex details

Virtual Courtroom 60 has been assigned for the above noted matter:

Virtual Courtroom Link: <https://albertacourts.webex.com/meet/virtual.courtroom60>

Instructions for Connecting to the Meeting

1. Click on the link above or open up Chrome or Firefox and cut and paste it into your browser address bar.
2. If you do not have the Cisco Webex application already installed on your device, the site will have a button to install it. Follow installation instructions. Enter your full name and email address when prompted
3. Click on the **Open Cisco Webex Meeting**.
4. You will see a preview screen. Click on **Join Meeting**.

Key considerations for those attending:

1. Please connect to the courtroom 15 minutes prior to the start of the hearing.
2. Please ensure that your microphone is muted and remains muted for the duration of the proceeding, unless you are speaking. Ensure that you state your name each time you speak.
3. If bandwidth becomes an issue, some participants may be asked to turn off their video and participate by audio only.
4. Note: Recording or rebroadcasting of the video is prohibited.
5. **Note: It is highly recommended you use headphones with a microphone or a headset when using Webex. This prevents feedback.**

For more information relating to Webex protocols and procedures, please visit: <https://www.albertacourts.ca/qb/court-operations-schedules/webex-remote-hearings-protocol>

You can also join the meeting via the "Cisco Webex Meetings" App on your smartphone/tablet or other smart device. You can download this via the App marketplace and join via the link provided above