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COURT OF KING'S BENCH OF ALBERTA

JUDICIAL CENTRE

CALGARY



COM Feb 28, 2024

IN THE MATTER OF THE *BANKRUPTCY AND INSOLVENCY ACT*, RSC 1985, c B-3, AS AMENDED

AND IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF RAZOR ENERGY CORP., RAZOR ROYALTIES LIMITED PARTNERSHIP, RAZOR HOLDINGS GP CORP., AND BLADE ENERGY SERVICES CORP.

AND

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

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

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SECOND REPORT TO COURT OF FTI CONSULTING CANADA INC., IN ITS CAPACITY AS PROPOSAL TRUSTEE OF RAZOR ENERGY CORP., RAZOR ROYALTIES LIMITED PARTNERSHIP, RAZOR HOLDINGS GP CORP., AND BLADE ENERGY SERVICES CORP. AND FIRST REPORT TO COURT OF FTI CONSULTING CANADA INC., IN ITS CAPACITY AS PROPOSED MONITOR OF RAZOR ENERGY CORP., RAZOR HOLDINGS GP CORP., AND BLADE ENERGY SERVICES CORP.

February 21, 2024

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT

PROPOSED MONITOR AND PROPOSAL TRUSTEE

FTI Consulting Canada Inc.
Suite 1610, 520 Fifth Avenue S.W.
Calgary, AB T2P 3R7

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Calgary, AB T2P 3R7

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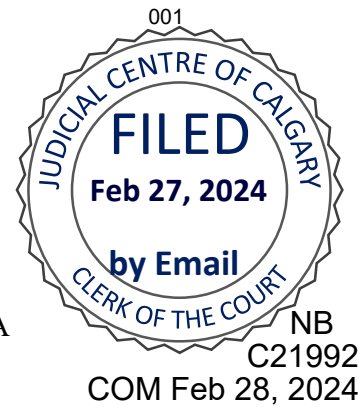
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PROPOSED MONITOR AND PROPOSAL TRUSTEE
FTI Consulting Canada Inc.
Suite 1610, 520 Fifth Avenue S.W.
Calgary, AB T2P 3R7

Deryck Helkaa / Brett Wilson
Telephone: (403) 454-6031 / (403) 454-6033
Fax: (403) 232-6116
E-mail: deryck.helkaa@fticonsulting.com
brett.wilson@fticonsulting.com

COUNSEL

Blake, Cassels & Graydon LLP
Suite 3500, Bankers Hall East
855 2nd Street S.W.
Calgary, AB T2P 4J8
Kelly Bourassa
Telephone: (403) 260-9697
E-mail: kelly.bourassa@blakes.com

**SECOND REPORT OF THE PROPOSAL TRUSTEE
AND FIRST REPORT OF THE PROPOSED MONITOR**

TABLE OF CONTENTS

INTRODUCTION	1
PURPOSE	7
TERMS OF REFERENCE	8
BACKGROUND	9
ENGAGEMENT OF SALES AGENT	10
SALE AND INVESTMENT SOLICITATION PROCESS	11
BUDGET TO ACTUAL	13
CONTINUATION OF THE NOI PROCEEDINGS UNDER THE CCAA	17
FTI'S QUALIFICATIONS TO ACT AS MONITOR	18
CCAA CASH FLOW STATEMENT	19
AMOUNT AND PRIORITY OF INTIAL ORDER CHARGES	23
CONCLUSIONS AND RECOMMENDATIONS	26

Appendix "A" – Reasons for Judgment of the Honourable Justice M.J. Lema dated February 21, 2024

Appendix "B" – Consent to Act

Appendix "C" – CCAA Cash Flow Statement for the period ending March 31, 2024

INTRODUCTION

1. This report (this “**Report**”) has been prepared by FTI Consulting Canada Inc. (“**FTI**”), in its capacity as: (i) proposal trustee (“**Proposal Trustee**”) in connection with a Notice of Intention to Make a Proposal (“**NOI**”) filed on January 30, 2024, (the “**NOI Filing Date**”) by Razor Energy Corp. (“**Razor Energy**”), Razor Royalties Limited Partnership (“**Razor Royalties LP**”), Razor Holdings GP Corp. (“**Razor Holdings**”), and Blade Energy Services Corp. (“**Blade**” and collectively with Razor Energy, Razor Royalties LP, and Razor Holdings, the “**Razor Entities**”), pursuant to subsection 50.4(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c B-3, as amended (the “**BIA**”) (the “**NOI Proceedings**”); and (ii) proposed monitor (the “**Proposed Monitor**”) in the proposed proceedings of Razor Energy, Razor Holdings, and Blade (collectively referred to as, the “**Applicants**”) under the *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c C-36, as amended (the “**CCAA**”) (the “**CCAA Proceedings**”) to monitor the assets, business and affairs of the Razor Entities (if appointed, the “**Monitor**”).
2. Copies of the Certificates of Filing issued by the Office of Superintendent of Bankruptcy (the “**OSB**”) are appended in the First Report of the Proposal Trustee and the Affidavit of Doug Bailey, sworn on February 20, 2024 (the “**Bailey Affidavit**”).
3. The Applicants are bringing an application before the Court of the King’s Bench of Alberta (the “**Court**”) seeking certain relief under the CCAA.
4. On February 16, 2024, the Honourable Justice Lema of the Court heard an application in respect of a dispute between Razor Energy and Conifer Energy Inc. (“**Conifer**”) regarding amongst other things, access to the Judy Creek Conversion Gas Plant (“**Judy Creek Gas Plant**”) in which Razor Energy holds an ownership interest, which has impacted the South Swan Hills Assets (as defined below).

5. The Reasons for Judgment (the “**Decision**”) of the Honourable Justice M.J. Lema were released on February 21, 2024 and are attached as **Appendix “A”**. Among other things, Justice Lema held that the actions taken by Conifer, constitute a violation of the stay of proceedings under the BIA. FTI understands that counsel to Razor Energy and counsel to Conifer are in discussions as to the effect of the Decision and reconnection of the South Swan Hills Assets (as defined below) to the Judy Creek Gas Plant.

6. This Report is being delivered in connection with the application currently scheduled to be heard on February 28, 2024 (the “**February 28 Application**”), seeking an Order from the Court (the “**Initial Order**”), among other things:
 - (a) declaring that the Applicants are companies to which the CCAA applies;

 - (b) (i) declaring that the NOI Proceedings of the Applicants are taken up and continued under the CCAA, pursuant to section 11.6(a) of the CCAA; (ii) declaring that Division I of Part III of the BIA has no further application to the Applicants or to Razor Royalties LP; (iii) terminating the NOI Proceedings; and (iv) deeming the NOIs filed by the Applicants and Razor Royalties LP to be withdrawn;

 - (c) authorizing the Applicants to carry on business in a manner consistent with the preservation of their business and property;

 - (d) authorizing the Applicants to pay the reasonable expenses incurred by the Applicants in carrying out their business in the ordinary course, including certain expenses incurred prior to the date of the Initial Order;

 - (e) staying all proceedings, rights, and remedies, against or in respect of the Applicants and their business or property, except as otherwise set forth in the Initial Order, for an initial ten-day period (as may be amended or extended from time to time, the “**Stay Period**”);

- (f) granting a stay of proceedings, against Razor Royalties LP, and declaring that the Proposed Monitor shall be authorized and directed to monitor and report to the Court with respect to Razor Royalties LP for the duration of the Stay Period;
- (g) appointing FTI as the Monitor of the Applicants in these proceedings;
- (h) authorizing the Razor Entities to pay all reasonable fees and disbursements of the Proposed Monitor, the Proposed Monitor's legal counsel, and the Razor Entities' legal counsel;
- (i) granting the following charges against the Razor Entities' current and future assets, undertakings, and properties, of every nature and kind whatsoever, and wherever situate including all proceeds thereof (the "**Property**"), for the purposes of securing the payment and performance of:
- the fees and the disbursements of the Proposed Monitor, the Proposed Monitor's legal counsel, and the Applicants' legal counsel (the "**Administration Charge**"), to be secured against all of the Razor Entities' Property, in the amount of \$100,000; and,
 - the Applicants' obligations to indemnify the Applicants' directors and officers for liabilities they may occur after the commencement of these proceedings (the "**Directors' Charge**"), to be secured against all of the Razor Entities' Property, in the maximum amount of \$335,000;

- (j) declaring that the Administration Charge and the Directors' Charge (collectively, the "**Initial Order Charges**") rank in priority to all existing liens, security interests, encumbrances, or claims, with respect to concerning, or as and against, all of the Property; provided, for greater certainty, that in the event that the Interim Financing Charge and KERP Charge (each as defined below) are granted in connection with the Amended and Restated Initial Order (as defined below), the priority of the Initial Order Charges shall be amended;
 - (k) approving the Applicants' sales and investment solicitation process (the "**SISP**"), and authorizing, empowering, and directing the Applicants and the Sale Agent (as defined below), to carry out the SISP, in accordance with its terms, and to perform their respective obligations thereunder;
 - (l) approving the engagement letter, dated January 25, 2024 (the "**Sale Agent Agreement**"), between Razor Energy and Peters & Co. Limited ("**Peters & Co.**"), as sale agent under the SISP (in such capacity, the "**Sale Agent**"), and payment of all corresponding fees and expenses;
 - (m) sealing the Confidential Sale Agent Exhibit (as defined in the Bailey Affidavit);
 - (n) providing for a comeback hearing in respect of certain additional relief, including among other relief, an extension of the Stay Period, on a date to be fixed by this Honourable Court (the "**Comeback Hearing**"); and
 - (o) such further and other relief as may be sought by the Applicants and granted by this Honourable Court.
7. In the event that the Initial Order is granted, the Applicants intend to seek, at the Comeback Hearing, various amendments to the Initial Order (as so amended, the "**Amended and Restated Initial Order**"), including, among other things:

- (a) extending the Stay Period, in respect of the Applicants and Razor Royalties LP, up to a date to be determined;
- (b) authorizing the Applicants to obtain an interim financing facility, (the “**Interim Financing Facility**”), in an amount to be determined;
- (c) approving a key employee retention plan (the “**KERP**”), in an amount to be advised and on terms to be finalized, and authorizing, empowering, and directing Razor Energy to perform its obligations thereunder;
- (d) granting the following charges against all of the Razor Entities’ Property, to secure:
- the Razor Entities’ obligations under the Interim Financing Facility (the “**Interim Financing Charge**”), ranking subsequent to the Administration Charge and in priority to the Directors’ Charge and the KERP Charge (as defined below); and
 - Razor Energy’s obligations arising under the KERP (the “**KERP Charge**”, and together with the Interim Financing Charge, and the Initial Order Charges, the “**Charges**”), up to a maximum amount to be advised;
- (e) increasing the quantum of the Administration Charge and the Directors’ Charge, in an amount to be advised;
- (f) declaring that the Charges rank in priority to all existing liens, security interests, encumbrances, or claims, with respect to concerning, or as and against, all of the Property, and providing for the respective priority of the Charges, as between them, as follows:
- **First** - Administration Charge;

- **Second** - Interim Financing Charge;
 - **Third** - Directors' Charge; and
 - **Fourth** - KERP Charge;
- (g) if necessary, following the pronouncement of the Initial Order, declaring that no J.V. Set-Off Party (as defined in the Bailey Affidavit) is entitled to set off any debt, liabilities, or obligations owed by the Applicants which arose prior to January 30, 2024, against any debt, liabilities, or obligations owed to the Applicants which arises after January 30, 2024, except with leave of the Court;
- (h) relieving Razor Energy from certain securities reporting obligations;
- (i) relieving Razor Energy of an obligations to call and hold its next annual general meeting of shareholders until further Order of this Court; and
- (j) such further and other relief as may be sought by the Applicants in connection with the Comeback Hearing.
8. In the event that the Initial Order is granted, it is anticipated that a supplemental affidavit will be filed in support of the Comeback Hearing which will provide further details regarding, among other things, the Term Sheet, the KERP, the quantum of the Administration Charge, the Interim Financing Facility, and the relief regarding certain corporate and securities requirements. If appointed, FTI as Monitor will file a further report in advance of the Comeback Hearing commenting on the additional relief.
9. This Report should be read in conjunction with the Bailey Affidavit which provides further background information concerning the NOI Proceedings and the proposed CCAA Proceedings.

10. Electronic copies of all materials filed by the Razor Entities in connection with the February 28 Application and other statutory materials are available on the Proposal Trustee’s website at: <http://cfcanada.fticonsulting.com/razor-blade> (the “Website”).

PURPOSE

11. FTI has reviewed the Court materials filed by the Applicants in support of the February 28 Application. The purpose of this Report is to provide information to this Honourable Court pertaining to:
 - (a) the Razor Entities;
 - (b) the retention of the Sales Agent in respect of the SISP;
 - (c) the components and timelines of the proposed SISP;
 - (d) the budget to actual cash flow results for the period ended February 18, 2024;
 - (e) the rationale for the continuation of the NOI Proceedings under the CCAA and Proposed Monitor’s position thereon;
 - (f) the qualifications of FTI to act as Monitor in the CCAA Proceedings;
 - (g) an overview of the Razor Entities’ revised cash flow statements (the “**CCAA Cash Flow Statement**”) for the six-week period ending March 31, 2024 (the “**Forecast Period**”) as well as the key assumptions on which the CCAA Cash Flow Statement are based on;
 - (h) the amount and priority of the proposed Initial Order Charges; and
 - (i) the Proposed Monitor’s conclusions and recommendations with respect to the application for the Initial Order.

TERMS OF REFERENCE

12. In preparing this Report, the Proposed Monitor has relied upon unaudited financial information, other information available to the Proposal Trustee and, where appropriate, Razor Entities' books and records and discussions with various parties (collectively, the **"Information"**).
13. Except as described in this Report:
 - (a) the Proposed Monitor has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would comply with Generally Accepted Assurance Standards pursuant to the *Chartered Professional Accountants of Canada Handbook*;
 - (b) the Proposed Monitor has not examined or reviewed financial forecasts and projections referred to in this report in a manner that would comply with the procedures described in the *Chartered Professional Accountants of Canada Handbook*; and
 - (c) future oriented financial information reported or relied on in preparing this report is based on assumptions regarding future events; actual results may vary from forecast and such variations may be material.
14. The Proposed Monitor has prepared this Report in connection with the February 28 Application. This Report should not be relied on for other purposes.
15. Information and advice described in this Report that has been provided to the Proposed Monitor by its legal counsel, Blake, Cassels & Graydon LLP (the **"Proposed Monitor's Counsel"**) and was provided to assist the Proposed Monitor in considering its course of action, is not intended as legal or other advice to, and may not be relied upon by, any other person.

16. Unless otherwise stated, all monetary amounts contained herein are expressed in Canadian Dollars. Capitalized terms used but not defined herein are given the meaning ascribed to them in the Bailey Affidavit.

BACKGROUND

17. Detailed information with respect to the Razor Entities' business, operations and causes of financial difficulty are described in the Bailey Affidavit. The information contained in this Report provides a summary of the Razor Entities' business and affairs.
18. Razor Energy is a publicly traded junior oil and gas development and production company, incorporated pursuant to the laws of the Province of Alberta.
19. Razor Energy owns all the Razor Entities' operating and non-operating petroleum and natural gas assets, with the exception of certain royalty interests held by Razor Royalties LP.
20. Blade is an oilfield services company, which provides services such as fluid handling, earthworks, and general labour primarily to Razor Energy, incorporated pursuant to the laws of the Province of Alberta. Its primary assets include oilfield service and ancillary equipment.
21. Razor Holdings is a holding corporation, which was incorporated for the purpose of acting as the general partner of Razor Royalties LP and holding general partner units in Razor Royalties LP. Razor holdings has no ongoing operations or cash flow.
22. Razor Royalties LP is a partnership, formed in connection with a loan transaction, to hold certain gross overriding royalty interests and has no ongoing operations or cash flow.

23. As at the NOI Filing Date, Razor Energy employed approximately 35 full-time employees and Blade employed approximately 25 full-time employees. The Razor Entities also had approximately 20 contractors for field operations.

Oil and Gas Operations

24. Razor Energy holds various producing assets and exploration and production rights, including:
- (a) assets related to the Swan Hills Beaverhill Lake formation, including the South Swan Hills assets (the “**South Swan Hill Assets**”), which are located in the Swan Hills region of Alberta and form part of the Beaverhill Lake Group, a geologic unit located in northern Alberta;
 - (b) assets related to a formation referred to as Kaybob, located in northern Alberta (the “**Kaybob Assets**”); and
 - (c) assets related to formations in southern Alberta (the “**District South Assets**”).

ENGAGEMENT OF SALES AGENT

25. Razor Energy engaged the Sales Agent on January 25, 2024, to undertake a process to solicit bids in connection with a transaction or series of transactions that may include a sale or sales of Razor Energy property, assets and undertaking, a financing or refinancing which may include an accompanying restructuring of Razor Energy financial and contractual obligations, or a combination of any of the foregoing.
26. The Sales Agent was previously retained on July 26, 2023, to provide financial advisory and related services and to evaluate a potential sale, monetization, or disposition of specific assets. As such the Sales Agent is familiar with Razor Energy’s operations, which offers time and cost efficiencies, and is anticipated to assist the parties in meeting the SISP timelines.

27. The Sales Agent's engagement team includes senior professionals who have extensive experience in restructuring proceedings of a similar nature and scale.
28. The unredacted Sales Agent Agreement is included as a confidential exhibit to the Bailey Affidavit. The professional fees contemplated in the engagement letter are outlined below:
 - (a) a monthly work fee;
 - (b) if Razor Energy enters into a transaction which is completed (and accordingly, approved by the Court), the Sales Agent will be paid a transaction fee ("**Success Fee**") which will be credited against the work fee; and
 - (c) reimbursement for all reasonable out-of-pocket expenses, payable regardless of whether a transaction is completed.
29. The Proposed Monitor has reviewed the terms of the Sales Agent Agreement and is of the view that the monthly work fee and Success Fee are reasonable and appropriate in the circumstances, based on the Sales Agent's knowledge of Razor Energy and their experience with restructuring proceedings of a similar nature and scale.

SALE AND INVESTMENT SOLICITATION PROCESS

30. One of the primary objections of the restructuring proceedings is to undertake the SISP to identify sales of, or investments in, the Razor Energy assets. Accordingly, the Applicants are seeking approval of the SISP to authorize the Applicants, under the supervision of the Proposed Monitor, to carry out the SISP procedures described therein.
31. Activities of the Sales Agent beginning February 6, 2024, to the date of this Report are summarized below:

- (a) distribution of an information memorandum to ~400 potentially interested parties, including strategic and financial purchasers. In addition, 50 high graded counterparties were identified for direct follow-up by the Sales Agent;
 - (b) published notice of the SISP in the Daily Oil Bulletin on February 7 and February 8, 2024, and the BOE Report commencing on February 7, 2024;
 - (c) prepared a virtual data room (“VDR”) containing financial and technical information regarding Razor Energy’s petroleum and natural gas assets;
 - (d) executed 43 confidentiality agreements (“CA”) and provided VDR access; and
 - (e) continue to address any information requests from interested parties.
32. In consideration of Razor Energy’s limited liquidity runway, proposal submissions from interested parties are required to be submitted by 12:00 PM MST on March 12, 2024 (the “**Bid Deadline**”).
33. Razor Energy, in consultation with the Sale Agent and the Proposed Monitor, will assess any bids received to determine the highest and best bid(s) and seek Court approval of one or more transactions following such determination.
34. The Proposed Monitor’s comments on the SISP are as follows:
- (a) management of Razor Energy has consulted with key stakeholders including their primary secured creditor. Management and the Proposal Trustee held preliminary discussions with the Alberta Energy Regulator (“AER”) and Orphan Well Association (“OWA”);

- (b) the SISP is structured to solicit *en bloc* asset sales or going concern offers or offers for specific assets. It is the view of the Proposed Monitor, that the contemplated SISP allows for maximizing value as it provides optionality for interested parties to participate in various sale or restructuring transactions;
 - (c) the timeframe outlined to solicit purchasers or investors in the business is reasonable and appropriate in the circumstances. It is the view of the Proposed Monitor, that Razor Energy’s limited liquidity requires the SISP to be administered within the accelerated timeline contemplated. Further, the timeframe is adequate for interested parties that may wish to submit a bid to perform appropriate due diligence; and
 - (d) the SISP is fair and transparent marketing process designed to identify the highest and best offers for Razor Energy’s assets and to maximize recoveries.
35. Overall, it is the Proposed Monitor’s view that the SISP terms and timelines are reasonable in the circumstances and afford the Razor Entities an opportunity to achieve a successful sale or restructuring transaction.

BUDGET TO ACTUAL

36. The Razor Entities, in consultation with the Proposal Trustee, prepared three cash flow statements for the NOI Proceedings, one for Razor Energy, one for Blade, one for Razor Holdings, and one for Razor Royalties LP (collectively, the “**NOI Cash Flow Statements**”) which were filed with the OSB and appended to the First Report of the Proposal Trustee.
37. Actual cash flows as compared to those contained in the NOI Cash Flow Statements for the period of January 29, 2024, to February 18, 2024, are summarized below.

Razor Energy - Cash Flow Statement			
(C\$ 000s)	Actual	Budget	Variance
Receipts			
Net production revenue	\$ -	\$ 773	\$ (773)
Other receipts	17	41	(24)
Total - Receipts	17	814	(797)
Disbursements			
Operating expenses	(828)	(674)	(153)
Transportation costs	-	-	-
Lease rentals	(58)	(179)	121
Insurance	(245)	(247)	3
BESC service agreement	-	-	-
BESC funding	(200)	(275)	75
Payroll	(355)	(357)	2
Professional Fees	(325)	(325)	-
G&A expense	(219)	(121)	(98)
Total - Disbursements	(2,230)	(2,179)	(51)
Net cash flow	(2,213)	(1,365)	(848)
Opening cash balance	2,328	2,328	-
Ending cash balance	\$ 115	\$ 963	\$ (848)

38. The Razor Energy variances in actual receipts and disbursements are primarily due to the following:
- (a) lower than anticipated receipts of approximately \$797,000 is mainly due to a timing variance pertaining to receivable collections. In particular, the Pembina Midstream Limited Partnership (“PMLP”) receivable which is discussed within this Report;
 - (b) higher than anticipated disbursements of approximately \$51,000 is the result of the following:
 - operating expenses variance of approximately \$153,000 represents higher than forecast expenses, some of which relate to timing variances;

- lease rentals variance of approximately \$121,000 which is a timing variance;
 - Blade funding variance of \$75,000 is due to lower than forecast cash requirements to meet Blade's liquidity needs; and
 - G&A expense variance of \$98,000 is due to higher than forecast expense pertaining to transfers to Razor Royalties LP to cover margin call on hedging contracts and a one-time expenses;
- (c) the cash balance at the end of the period is approximately \$115,000 which represents a lower than anticipate cash balance of approximately \$848,000 primarily driven by a timing variance in receivable collections.

Blade - Cash Flow Statement			
(C\$ 000s)	Actual	Budget	Variance
Receipts			
Revenue	\$ 200	\$ 275	\$ (75)
Total - Receipts	200	275	(75)
Disbursements			
Operating expenses	(130)	(154)	24
Insurance	(6)	(6)	0
Payroll	(165)	(157)	(7)
G&A expense	(7)	(26)	19
Total - Disbursements	(308)	(343)	35
Net cash flow	(108)	(68)	(40)
Opening cash balance	111	111	-
Ending cash balance	\$ 3	\$ 43	\$ (40)

39. The Blade variances in actual receipts and disbursements are primarily due to the following:

- (a) Blade's revenue relates to funds received from Razor Energy under a service agreement and additional funds to cover liquidity requirements. The variance of \$75,000 is due to less than forecast funds needed to meet its liquidity requirements; and
- (b) the lower than anticipate disbursements of approximately \$35,000 is due to lower than forecast operating and G&A expenses over the period.

Razor Royalties LP - Cash Flow Statement					
(C\$ 000s)	Actual		Budget		Variance
Receipts					
Revenue	\$	67	\$	39	\$ 28
Total - Receipts		67		39	28
Disbursements					
Margin call expense		(67)	(39)	\$	(28)
Total - Disbursements		(67)	(39)		(28)
Net cash flow		-	-		-
Opening cash balance		-	-		-
Ending cash balance	\$	-	\$	-	\$ -

40. The Razor Royalties LP variances in actual receipts and disbursements are primarily due to the following:
- (a) Razor Energy transferred more funds (revenue) than anticipated into Razor Royalties LP to cover liquidity requirements;
- (b) the higher than anticipated disbursements variance of approximately \$28,000 due to a larger margin call expense on the hedging contracts; and
- (c) there is a nominal cash balance as this is not an operating entity cash flow.
41. Razor Holdings is not an operating entity and therefore there are no cash flow activity or variances to report over the three-week period ending February 18, 2024.

42. As at February 18, 2024, the Razor Entities' had approximately \$118,000 of cash on hand.

CONTINUATION OF THE NOI PROCEEDINGS UNDER THE CCAA

43. The Applicants are seeking an order, among other things, to continue the NOI Proceedings under the CCAA and declaring that Division I of Part III of the BIA has no further application to the Applicants or Razor Royalties LP.

44. In FTI's view, the continuation of the NOI Proceedings under the CCAA, terminating the NOI Proceedings and deeming the NOIs filed by the Razor Entities withdrawn is appropriate for the following reasons:

- (a) the Applicants and their management have acted and continue to act in good faith and with due diligence in taking steps to facilitate a restructuring of the business;
- (b) the continuation will allow time for Razor Energy and the Sales Agent to administer the SISP as described and proposed within this Report; and
- (c) no creditor will be materially prejudiced by the requested continuation of the NOI Proceedings under the CCAA.

45. As outlined in the cash flow section, the Applicants have liquidity to continue their restructuring over the Forecast Period under the CCAA. Further, they are in the process of discussion with respect to a term sheet for an Interim Financing Facility and will provide an update on the terms at the Comeback Hearing.

46. No proposal within the meaning of the BIA has been filed by the Applicants or Razor Royalties LP under Division I of Part III of the BIA, therefore the taking up and conversion of the NOI Proceedings under the CCAA in respect of the Applicants is not precluded under section 11.6 of the CCAA.

47. The Applicants form an interrelated business unit to which the CCAA applies, they are insolvent and are subject to creditor claims against them in excess of \$5 million.

FTI'S QUALIFICATIONS TO ACT AS MONITOR

48. FTI is a trustee within the meaning of section 2(1) of the *BIA*, as amended, and with respect to the Applicants, is not subject to any of the restrictions on who may be appointed as monitor as set out in section 11.7(2) of the CCAA. FTI has provided its consent to act as Monitor in the CCAA Proceedings, a copy of which is attached hereto as **Appendix "B"**.
49. Since being engaged as the Proposal Trustee, FTI has acquired knowledge of the business and operations of the Razor Entities', including its key personnel, stakeholders, and key issues in the proposed CCAA Proceedings. As a result, FTI is in a position to immediately act as Proposed Monitor in the CCAA Proceedings, if so appointed by this Court.
50. The senior FTI personnel with carriage of the matter are *Chartered Insolvency and Restructuring Professionals* and *Licensed Insolvency Trustees* who have acted in numerous restructurings and CCAA matters of this nature and scale.
51. Neither FTI, nor any of its representatives, have been, at any time in the two proceeding years:
- (a) A director, officer, or employee of the Razor Entities;
 - (b) Related to Razor Entities or to any director or officer of the Razor Entities; or
 - (c) The auditor, accountant, or legal counsel, or partner or employee of the auditor, accountant or legal counsel, of the Razor Entities.

52. FTI was initially appointed as Proposal Trustee on January 30, 2024, to assist in restructuring under the *BIA*. During the course of this mandate, FTI has, among other things:
- (a) Participated in numerous meetings and discussions with senior management and legal advisors in connection with the Razor Entities' business and financial affairs generally and in connection with the preparation of the CCAA Cash Flow Statement;
 - (b) Engaged legal counsel who have also participated in certain of the above meetings;
 - (c) Obtained and reviewed financial and certain other information produced by the Razor Entities relating to their operations, cash flows, and financial situation;
 - (d) Assisted the Razor Entities in the preparation of its cash flow forecasts;
 - (e) Prepared this Report.

CCAA CASH FLOW STATEMENT

53. The Razor Entities, in consultation with the Proposed Monitor, have prepared the CCAA Cash Flow Statement to estimate the liquidity for the Forecast Period, a summary of which is presented below and attached hereto as **Appendix "C"**.

Cash Flow Statement	Total
(C\$ 000s)	
Receipts	
Net production revenue	\$ 5,168
Other receipts	90
Total - Receipts	5,258
Disbursements	
Operating expenses	(2,607)
Transportation costs	(327)
Lease rentals	(248)
Insurance	(251)
Payroll	(750)
Professional Fees	(340)
G&A expense	(329)
Total - Disbursements	(4,852)
Net cash flow	406
Opening cash balance	118
Ending cash balance	\$ 525

54. The CCAA Cash Flow Statement projects a positive net cashflow of approximately \$406,000 over the Forecast Period, including:
- (a) cash receipts of approximately \$5.3 million primarily related to the collection of petroleum and natural gas sales;
 - (b) cash disbursements of approximately \$4.9 million primarily related to trade payments, insurance premiums, payroll and benefits, other operating disbursements, and professional fees; and
 - (c) the positive net cash flow for the Forecast Period increases its opening balance from approximately \$115,000 to \$525,000.
55. The CCAA Cash Flow Statement assumes the South Swan Hill Assets are brought back on production starting March 1, 2024. In order to bring the South Swan Hills Assets back

on production the Applicants require Conifer (the operator of the Judy Creek Plant) to commence processing natural gas for the Applicants. Accordingly, the CCAA Cash Flow Statement assumes a \$200,000 deposit will be paid to the Conifer at the end of February 2024 to provide additional security to Conifer for providing ongoing services.

56. The Company operates in the exploration and development industry and derives all substantial revenues (and cash) from the sale of petroleum and natural gas products. As typical in the industry, the majority of revenues and/or cash receipts are received on or about the 25th of each month relating to petroleum and natural gas sold in the preceding month.

Pembina Receivable Collections

57. Razor Energy sold oil to PMLP for delivery in December 2023, which was valued at \$729,232.09. PMLP is disputing the payment citing the right to offset against amounts owing to Pembina Pipeline Corporation (for oil transportation) and Pembina Gas Infrastructure (for gas processing).
58. It is the view of Razor Energy, that the amount remains payable as there is no master netting agreement between Razor Energy and the Pembina entities. As a result, it is assumed the receivable will be collected in week ending March 17, 2024, and it remains in the Razor Energy CCAA Cash Flow Statement, but if it is not received it could have a material impact on the Razor Energy CCAA Cash Flow Statement.
59. Razor Energy is currently in discussions with Pembina regarding this amount.

Proposed Monitor's Comments on the CCAA Cash Flow Statement

60. Pursuant to section 23(1)(b) of the CCAA and in accordance with the Canadian Association of Insolvency and Restructuring Professionals Standard of Practice 09-1, the Proposed Monitor hereby reports as follows:

- (a) the CCAA Cash Flow Statement have been prepared by management of the Razor Entities, for the purpose described in the notes to the CCAA Cash Flow Statement, using probable and hypothetical assumptions set out therein;
- (b) the Proposed Monitor's review of the CCAA Cash Flow Statement consisted of inquiries, analytical procedures and discussions related to the Information supplied to it by the Razor Entities. Since hypothetical assumptions need not be supported, the Proposed Monitor's procedures were limited to evaluating whether they were consistent with the purpose of the CCAA Cash Flow Statement, and there are no material assumptions contained therein which seem unreasonable in the circumstances. The Proposed Monitor has also reviewed the support provided by management for the probable assumptions, and the preparation and presentation of the CCAA Cash Flow Statement;
- (c) based on the Proposed Monitor's review, as at the date of this Report, nothing has come to its attention that causes it to believe that, in all material respects:
- The hypothetical assumptions are not consistent with the purpose of the CCAA Cash Flow Statement;
 - The probable assumptions developed by the Razor Entities are not supported and consistent with the plan of the Razor Entities or do not provide a reasonable basis for the CCAA Cash Flow Statement, given the hypothetical assumptions; or
 - The CCAA Cash Flow Statement do not reflect the probably and hypothetical assumptions;

- (d) since the CCAA Cash Flow Statement is based on assumptions regarding future events, actual results will vary from the information presented even if the hypothetical assumptions occur, and the variations may be material. Accordingly, the Proposed Monitor expresses no assurance as to whether the CCAA Cash Flow Statement will be achieved. The Proposed Monitor expresses no opinion or other form of assurance with respect to the accuracy of any financial information present in this Report, or relied upon by the Proposed Monitor in preparing this Report; and
- (e) the CCAA Cash Flow Statement has been prepared solely for the purposes described in the notes to the CCAA Cash Flow Statement and readers are cautioned that it may not be appropriate for other purposes.

AMOUNT AND PRIORITY OF INITIAL ORDER CHARGES

- 61. The proposed Initial Order provides for two Court-ordered charges that rank in priority to all other charges and security interests against the Razor Entities. The proposed Initial Order Charges includes the following:

Administration Charge

- 62. The proposed Initial Order provides for an Administration Charge in an amount of \$100,000, charging the assets of the Razor Entities to secure the fees and disbursements incurred in connection with services rendered to the Applicants before and after the commencement of the CCAA Proceedings by the Applicants' legal counsel, the Proposed Monitor, and the Proposed Monitor's Counsel.
- 63. The Proposed Monitor will comment on any proposed amendment to increase the amount of the Administration Charge at the Comeback Hearing as part of a further report to this Court.

64. The Proposed Monitor has reviewed (i) the underlying assumptions upon which the Applicants have based the quantum of the proposed Administration Charge, (ii) the anticipated complexity of the CCAA Proceedings and the services to be provided by the beneficiaries of the Administration Charge, and (iii) is of the view that the proposed quantum of the Administration Charge is reasonable and appropriate in the circumstances.
65. The Proposed Monitor believes it is appropriate for the beneficiaries to be afforded the Administration Charge as they will be undertaking a necessary and integral role in the CCAA Proceedings

Directors' Charge

66. The proposed Initial Order provides for the Directors' Charge over the property of the Razor Entities in favour of the directors and officers of the Applicants as security for the indemnity contained in the Initial Order in respect of specified obligations and liabilities that the directors and officers may incur after the commencement of the CCAA Proceedings. The Directors' Charge will not exceed an aggregate amount of \$335,000.
67. As described in the Bailey Affidavit, the Applicants maintain primary directors and officers insurance policies. The Proposed Monitor notes that the Directors' Charge would only apply to the extent that the directors and officers do not have coverage under any existing insurance policy, or to the extent that such coverage is insufficient to pay amounts for which the directors and officers are entitled to be indemnified pursuant to the provisions of the proposed Initial Order.
68. The Directors' Charge represents the amount applicable during the initial 10-day stay period prior to the Comeback Hearing. The Proposed Monitor will comment on any proposed amendment to increase the amount of the Directors' Charge at the Comeback Hearing as part of a further report to this Court.

69. It is the Proposed Monitor's view that the continued support and service of the directors and officers of the Applicants during the CCAA Proceedings would be beneficial to the Applicants' efforts to preserve value and maximize recoveries for stakeholders through completion of CCAA Proceedings.
70. The Proposed Monitor has reviewed the underlying assumptions upon which the Applicants have based the estimate of the potential liability in respect of directors' statutory obligations and is of the view that the Directors' Charge is reasonable in relation to the quantum of the estimated potential liability and appropriate in the circumstances.

Summary of the Initial Order Charges

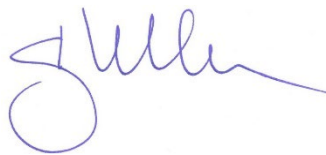
71. The Proposed Monitor believes that the proposed Initial Order Charges, including their proposed quantum and ranking, are required and reasonable in the circumstances of these CCAA Proceedings in order to preserve the going concern operations of the Razor Entities and, as a result, supports the granting of the granting of Initial Order Charges as proposed by the Applicants.

CONCLUSIONS AND RECOMMENDATIONS

72. The Razor Entities and their management are acting in good faith and with due diligence in taking steps to facilitate a restructuring of the business.
73. The Proposed Monitor is of the view that the relief sought by the Razor Entities pursuant to the proposed Initial Order is necessary, reasonable, and justified in the circumstances.
74. The Razor Entities have available liquidity for the Forecast Period (which includes the Stay Period).
75. Based on the foregoing, the Proposed Monitor supports the relief being sought by the Applicants and respectfully recommends that the Applicants request for the proposed Initial Order be granted.

All of which is respectfully submitted this 21st day of February, 2024.

FTI Consulting Canada Inc.
 Licensed Insolvency Trustee
 in its capacity as Proposal Trustee of
 Razor Energy Corp., Razor Royalties Limited
 Partnership, Razor Holdings GP Corp., and Blade
 Energy Services Corp., and in its capacity as
 Proposed Monitor of the Applicants, and not in
 its personal or corporate capacity



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

Second Report of FTI Consulting Canada Inc.,

In its capacity as Proposal Trustee of Razor Energy Corp., Razor Royalties Limited Partnership, Razor Holdings GP Corp., and Blade Energy Services Corp.

First Report of FTI Consulting Canada Inc.,

In its capacity as Proposed Monitor of Razor Energy Corp., Razor Holdings GP Corp., and Blade Energy Services Corp.

Appendix “A” – Reasons for Judgment of the Honourable Justice M.J. Lema dated February 21, 2024



Court of King's Bench of Alberta

Citation: Blade Energy Services Corp (Re), 2024 ABKB 100

Date:

Dockets: B301 037330; B301 037334
B301 037338; B301 037340

Registry: Calgary

In the Matter of the Notice of Intention to Make a Proposal of

Docket: B301 037330

Between:

FTI Consulting Canada Inc

Applicant

- and -

Blade Energy Services Corp

Respondent

In the Matter of the Notice of Intention to Make a Proposal of

Docket: B301 037334

Between:

FTI Consulting Canada Inc

Applicant

- and -

Razor Energy Corp

Respondent

In the Matter of the Notice of Intention to Make a Proposal of

Docket: B301 037338

Between:

FTI Consulting Canada Inc

Applicant

- and -

Razor Holdings GP Corp

Respondent

In the Matter of the Notice of Intention to Make a Proposal of

Docket: B301 037340

Between:

FTI Consulting Canada Inc

Applicant

- and -

Razor Royalties Limited Partnership

Respondent

**Reasons for Judgment
of
Honourable Justice M. J. Lema**

I. Introduction

[1] Is the arrears-triggered disconnection (or lockout) of a gas producer by a gas-plant operator a continuing remedy and accordingly one stayed under the producer's notice-of-intention proceedings under the *Bankruptcy and Insolvency Act*?

[2] The producer seeks an order declaring that the stay applies and directing reconnection to the gas-gathering system and processing of its production on certain payment terms.

[3] The operator characterizes the lockout as a completed step and thus, not offside the *BIA* stay. Alternatively, if the stay applies and reconnection follows, the operator seeks going-forward terms including immediate payment, a critical-supplier's charge, and payment of some of the existing arrears.

[4] I find that the lockout was a continuing remedy, that it was stayed when the *BIA* notice of intention was filed, that reconnection is required, and that, with the stay not applying to any post-NOI arrears that may accrue, the parties' existing agreements will govern future services and payments for them i.e., without the Court setting such terms.

II. Background

[5] Razor and Conifer are oil and gas producers. Conifer is also the operator of a gas plant in the South Swan Hills area in which both are producing natural gas.

[6] Per Conifer, Razor owes approximately \$8 million to it, relating in part to processing-charge and capital-cost shortfalls. Razor disputes that figure.

[7] After long-running attempts to negotiate the clearance of those arrears, Conifer notified Razor that, relying on a right in their operating-procedure agreement, it intended to disconnect Razor from the gas-gathering system if it did not clear its arrears or agree to a satisfactory payment arrangement.

[8] Neither happened, eventually leading to Conifer disconnecting Razor from the system, Razor shortly afterwards filing a notice of intention to file a proposal under the *Bankruptcy and Insolvency Act*, and the current debate over the scope of the resulting stay and its impact (if any) on the lockout.

III. Issues

[9] The first issue is whether the lockout constitutes a continuing debt-collection remedy. If so, it is stayed by the *BIA* stay. The second is the appropriate remedy in such case. Assuming it includes reconnection, the third is on what term(s) should future services be provided by Conifer.

IV. Analysis

A. Stay provision

[10] Here is the applicable *BIA* provision (para 69(1)(a)):

Subject to subsections (2) and (3) and sections 69.4, 69.5 and 69.6 [none of which apply here, at least not currently], on the filing of a notice of intention under section 50.4 by an insolvent person,

- (a) no creditor has **any remedy** against the insolvent person or the insolvent person's property, or shall commence or continue **any** action, execution or **other proceedings**, for the recovery of a claim provable in bankruptcy[.] [emphasis added]

[11] Conifer did not argue, and it could not plausibly have argued, that Razor is not an insolvent person, that a notice of intention has not been filed, or that its claim for contractual amounts owing by Razor through to the lockout is not a claim provable in bankruptcy i.e. would not fall within the scope of s 121 *BIA* if a bankruptcy had occurred on the NOI filing date.

[12] Leaving the questions of whether the lockout constitutes a remedy or other proceeding (or both) and, if so, whether the stay captures the lockout when it occurred before the NOI was filed.

[13] I start by examining the scope of the key terms here.

B. Broad scope of “remedy” and “other proceedings”

[14] The scope of “remedy” and “other proceedings” is broad, including both judicial and extrajudicial debt-collection steps. Per *Vachon v Canada Employment and Immigration Commission*, [1985] 2 SCR 417:

Appellant in my view properly relied upon the English version of s. 49(1) of the *Bankruptcy Act*, where the word *recours* is rendered by the word "remedy", **giving to it and to the words "autres procédures" ("other proceedings") a very broad meaning which covers any kind of attempt at recovery, judicial or extrajudicial.** *Black's Law Dictionary* (5th ed. 1979), defines "remedy":

The **means by which a right is enforced** or the violation of a right is prevented, redressed, or compensated.

and below:

Remedy means **any remedial right** to which an aggrieved party is entitled with or without resort to a tribunal.

Jowitt's Dictionary of English Law (2nd ed. 1977), vol. 2, gives an almost identical definition:

the means by which the violation of a right is prevented, redressed, or compensated. Remedies are of four kinds: (1) by act of the party injured . . .; (2) by operation of law . . .; (3) **by agreement between the parties** ...; (4) by judicial remedy, *e.g.* action or suit. **The last are called judicial remedies, as opposed to the first three classes which are extrajudicial.**

The courts have also interpreted the stay of proceedings imposed by s. 49(1) of the *Bankruptcy Act* **very broadly.**

[discussion of cases involving distress for unpaid municipal taxes, incomplete seizures, and bids to cut off utilities].

This Court of course does not have to decide whether the conclusions of these judgments are correct, but in my opinion **the courts were right to give, expressly or by implication, a broad meaning to the stay of proceedings imposed by s. 49(1) of the *Bankruptcy Act*. This broad meaning is confirmed by the fact that the legislator took the trouble to exclude actions against either the creditor or his property.**

As Houlden and Morawetz wrote in *Bankruptcy Law of Canada*, vol. 1, p. F-70.1, under s. 49 of the *Bankruptcy Act*:

An ordinary unsecured creditor with a claim provable in bankruptcy can only obtain payment of that claim subject to and in accordance with the terms of the Bankruptcy Act. The procedure laid down by that Act completely excludes any other remedy or procedure.

The *Bankruptcy Act* governs bankruptcy in all its aspects. It is therefore understandable that **the legislator wished to suspend all proceedings, administrative or judicial, so that all the objectives of the Act could be attained.**

Accordingly, I consider that s. 49(1) of the *Bankruptcy Act* is sufficiently broad to include recovery by retention from subsequent [unemployment-insurance] benefits, such as the recovery at issue here. [paras 21-31] [emphasis added]

[15] Recall as well that para 69(1)(a) refers to “**any** remedy” and “**any** ... other proceedings”, without any limitation to legal remedies or proceedings.

[16] Further examples of extrajudicial steps found to constitute “remedies” or “proceedings” include:

- **setting off** current payments (for coal deliveries) against pre-existing arrears: *Quintette Coal Ltd v Nippon Steel Corp*, 1990 CanLII 430 (BCCA), found to fall within the scope of a s 11 *CCAA* stay of “proceedings” (see paragraph beginning “Quintette continued to make coal deliveries ...” and paragraphs from that beginning with “It is evident from the above that ...” .. up to and including that beginning with “As Thackray, J. has not been shown to have erred ...”]
- “**sweeping [the debtor’s] operating account and [capping] the amount available to [the debtor] [under a revolving credit facility]:** *Heritage Flooring BIA Proposal (Re)*, 2004 NBQB 168 (para 82);
- **distraint** for unpaid rent: *Ford Credit Canada Ltd v Crosbie Realty Ltd*, 1992 CanLII 7132 (NLCA) (paras 21-26) and *Durham Sports Barn Inc (bankruptcy proposal)*, 2020 ONSC 5938 (42-49);
- **registering a caveat** as a prelude to enforcing a condominium levy: *Condominium Plan No 78R15349 v Fayad*, 2001 SKQB 104 (paras 23 and 24); and
- seeking an **injunction to enforce continued business operations** in leased premises: *Golden Griddle Corp v Fort Erie Truck & Travel Plaza Inc*, 2005 CanLII 81263 (ONSC) (paras 11-15).

[17] The focus of such steps is collection or attempted collection of existing indebtedness i.e. “remedies” or “other proceedings” for the “recovery of claims provable in bankruptcy.”

[18] By contrast, **terminating an agreement** was found to fall outside the scope of s. 69: *Canadian Petcetera Limited Partnership v 2876 R Holdings Ltd*, 2010 BCCA 469 (paras 20, 28

and 29). For the same (outside scope of s 69) treatment of **contract termination**, see also *Hutchingame Growth Capital Corporation v Independent Electricity System Operator*, 2020 ONCA 430 (paras 32-26) (leave denied: 2021 CanLII 2823 (SCC)). Examples of the same treatment in a landlord-tenant context include *Peel Housing Corp v Siewnarine*, 2008 CanLII 31815 (ONSC DC) (paras 12-26) and *BCIMC Realty Corporation v Fernandes*, 2021 CanLII 140640 (ON LTB) (determinations 1-7).

[19] The distinction with termination is the focus on ending the commercial relationship, not on recovery of outstanding arrears.

[20] I note that Conifer does not argue that the agreement in question has terminated, whether because of Razor's defaults or otherwise.

[21] Other "outside scope" examples noted in *Canadian Petcetera* are seeking *Criminal Code compensation orders*, pursuing a **contempt order**, or **enforcing post-bankruptcy indebtedness** (paras 30 and 31), all found not to involve claims provable in the insolvency proceeding. (I discuss the latter aspect later, with "post-bankruptcy" translated to "post-NOI".)

C. Purpose of stay

[22] *Golden Griddle* (cited above) accurately describes the purpose of staying such remedies and proceedings in a proposal setting:

While I agree that the word "remedy" in section 69(1)(a) should be given a broad interpretation, it must be a purposive one that is in accord with the objectives of the BIA generally, and in particular, the specific purposes of the stay provisions against secured and unsecured creditors, **giving**, in the words of E.B. Leonard and K.G. Marantz in their article, "Debt restructuring under the *Bankruptcy and Insolvency Act*, June 1, 1995 – Stays of Proceedings, under the *Bankruptcy and Insolvency Act*" (for the 1995 Insolvency Institute of Canada lectures), "**a reorganizing debtor an opportunity to have some 'breathing room' during which to negotiate with its creditors and hopefully put together a prospective financial restructuring which would meet their requirements.**"

A purposive definition of the word "remedy" in section 69(1)(a) would suggest that, **remedies which in any way hinder or could impair that process are caught within the section and are stayed**. The issue should be approached contextually on a case-by-case basis and the remedy sought should be considered in terms of its impact on the objectives of the statutory stay provision. It is the **impact rather than the generic nature of the relief sought which should govern. Therefore, if the injunctive relief sought detrimentally affects or could impair the ability of the insolvent person to put forth a proposal, it should be stayed**, whereas, if the nature of the injunction sought would have no effect whatsoever on that ability, it should not be stayed.

The nature of the injunctive relief sought here is to restrain the defendants from operating a restaurant other than a Golden Griddle and a convenience store other than a Nicholby's, and to restrain the defendants from terminating the lease arrangements. It is, in a sense, a **mandatory injunction that is sought to continue to have the defendants operate the outlets as a Golden Griddle restaurant and as a Nicholby's**. To operate as a Golden Griddle restaurant

requires compliance by the defendants with the franchise agreement provisions such as meeting certain standards and operating procedures, selling only approved products and services, purchasing food products and supplies from designated suppliers and maintaining adequate inventory and adequately trained personnel.

To enforce such provisions during the proposal period, in my view, would be a remedy which would interfere with the "breathing space" that section 69(1)(a) was meant to create, and, could have implications for and could impair the debtor's ability to restructure and put forth a proposal.

I, therefore find that the **nature of the injunctive relief sought here is such that because of its potential impact on the restructuring process it is caught by the wording of section 69(1)(a) and is, therefore, stayed.** [paras 11-15] [emphasis added]

D. Nature of lockout per Conifer

[23] Conifer itself recognizes the remedial nature of its lockout step. Per the February 15, 2024 Affidavit of its deponent (Heather Wilkins – Conifer’s VP Finance):

On or around December 23, 2023, **after multiple attempts to get Razor to address its arrears**, Conifer exercised its rights under section 602(b)(ii) of the [Construction, Ownership and Operation Agreement], and **stopped receiving and processing Razor’s gas by physically closing and locking valves** at 16 separate points within the South Swan Hills Gas Gathering System **on the basis of close to \$8 million in unpaid arrears.** [para 8]

Conifer has not received any payments and **no further enforcement steps** were taken following the disconnecting of services. [para 9]

Due to Razor’s unwillingness to address its obligations, on or about November 2, 2023, conifer notified Razor that Conifer would **revoke Razor’s privileges and disconnect services** at the Judy Creek Gas Plant in seven days ... **if Razor failed to remedy its arrears and bring its account into good standing.** ... [para 28]

... Conifer reiterated that **it would disconnect Razor’s Services within seven days if Razor did not implement a monthly payment plan to bring its account into good standing.** [para 31]

On December 20, 2023, Conifer wrote ... to Razor that [a certain] proposal was not acceptable, and that **Conifer would follow through with Service Disconnection if Conifer did not receive at least \$2.5 million to pay towards Razor’s arrears** by December 22, 2023. ... [para 34]

On December 29, 2023 ..., Conifer completed the Fuel Disconnection. At that time, **service to Razor’s South Swan Hills Unit assets was completely disconnected from the fuel supply at the Judy Creek Gas Plant** with the exception of one generator running for building heat and pipeline tracers to preserve infrastructure integrity. [para 42]

I confirm that **Conifer has taken no further steps to enforce payment of Razor's arrears since the Fuel Disconnection** on December 29, 2023. [emphasis added]

[24] Conifer did not argue that its exercise of the described disconnection step, one its contractual rights under the agreement in question with Razor (and other parties), was not a "remedy" or "other proceeding" within the meaning of para 69(1)(a).

[25] Nor could it plausibly have done so, given the above-described breadth of the provision and the clearly acknowledged use of the lockout right to recover, or try to recover, Razor's arrears. Per *Vachon*, this was undoubtedly "[a] kind of attempt at recovery, judicial or extrajudicial" of amounts qualifying as a "provable claim in bankruptcy."

[26] By invoking the lockout provision of its agreement with Razor (and others), Conifer was attempting to extract payment from Razor of the approximately \$8 million in arrears claimed by Conifer (not all of which are acknowledged by Razor) or some subset satisfactory to Conifer and accompanied by a satisfactory payment arrangement for the balance.

[27] As was acknowledged by Conifer's counsel in the bolded passages below:

... Conifer is preserving the *status quo*, which as of the date of Disconnection means **no further Services will be provided without the substantial past accounts being paid or satisfactory arrangements being reached.**

The key question in determining this [legitimacy-of-disconnection] issue is whether or not Conifer **already exercised its rights** prior to Razor filing its NOI. If it has, the issue is moot; **Conifer cannot breach the stay for an action taken prior to the existence of the Stay**, which was only triggered by the filing of the NOI.

Conifer agrees that the Stay was created pursuant to section 69(1)(a) of the *BIA*; however, Razor's submissions fail to acknowledge two key points: (1) **the remedy, in this case the Disconnection and cessation of the Services, was exercised on notice and prior to January 30, 2024 when Razor filed the NOI**; and (2) the Disconnection was implemented to prevent further costs from being incurred in the face of Razor's continued payment arrears. ...

Conifer reasonably exercised its rights by ceasing to provide Services at a loss through implementing the Disconnection when Razor failed to provide a viable plan to address its arrears. **The Disconnection was not a continuing action as characterized by Razor but rather a one-time permanent step** taken in December 2023 resulting from the disconnection at 16 separate points within the South Swan Hills Gas Gathering System. [Conifer brief, paras 12-15] [emphasis added]

[28] As seen here, Conifer is not arguing that its lockout step was not a remedy or other proceeding per para 69(1)(a), instead that the remedy was taken *and completed* before the NOI was filed and, having no ongoing effect, is thus beyond the reach of the NOI-triggered stay. (It also anchors the lockout in the anticipated avoidance of further losses, which I discuss later.)

[29] It is common ground that the lockout occurred, or at least began, before the NOI was filed.

[30] It is also common ground that the para 69(1)(a) stay does not have retroactive effect, in the sense of undoing completed steps. For instance, the stay did not reach back to undo Conifer's accomplished set-offs (pre-NOI) of amounts owing to Razor against the latter's debts to Conifer. Same if Conifer had obtained a judgment against Razor, obtained proceeds from execution, and applied them to Razor's debts. Or Conifer had otherwise taken and completed a collection step before the NOI was filed.

[31] It is also common ground, or at least cannot be disputed, that para 69(1)(a) captures, and stays, both the commencement *and continuation* of proceedings to recover provable claims. (Per *Vachon*, "remedies" and "other proceedings" are effectively synonymous, at least in the case of extrajudicial recovery steps i.e. the bar on commencing or continuing "other remedies" is equally a bar on commencing or continuing extrajudicial "remedies" generally.)

[32] Was the lockout here a completed remedy?

E. Lockout a continuing remedy

[33] The answer is no: it was an ongoing (i.e. continuing) remedy.

[34] Despite Conifer's characterization of the lockout as a "one-time permanent step", it was anything but. Per Conifer's counsel's February 6, 2024 letter to Razor:

Should Razor desire access to the Judy Creek Facility, Razor must make acceptable provisions to address its arrears and provide pre-payment for all costs associated with obtaining access to the facility, fuel gas and processing costs going forward. We have been advised by Conifer that **should an acceptable arrangement be met, ... it would take approximately 3 business days for its to reinstate production for Razor.** [emphasis added]

[35] That paragraph reflects the true nature of the lockout: a reversible step designed to stay in place until Razor cleared or otherwise addressed its pre-NOI debt to Conifer's satisfaction.

[36] It was the very ongoing effect of the lockout – daily preventing Razor from producing from the field(s) in question – that constituted Conifer's (contractually-permitted) leverage here.

[37] This was not a completed step i.e. a *former* remedy no longer providing leverage or pressure to pay.

[38] It was a continuing step, creating ongoing leverage and resulting in or contributing to Razor's decision to pursue a *BIA* proposal, starting with filing a NOI and triggering the para 69(1)(a) stay of proceedings.

[39] How can the lockout fairly be regarded as a completed remedy, having no ongoing effect, when its express purpose – clearance of Razor's arrears or at least some portion (with a satisfactory payment arrangement for the balance) – was not achieved to any degree? And when (per the quoted letter) Conifer stood ready to reverse the lockout i.e. following a hoped-for clearance of Razor's arrears or a subset with a satisfactory payment arrangement for the balance? And until that happened, Conifer continued the lockout?

[40] The lockout is functionally equivalent to a judgment creditor seizing and removing the judgment debtor's key equipment and advising that will restore the equipment if the judgment debt is cleared in full or satisfactory payment arrangements are made.

[41] The common feature is a creditor step interrupting the debtor's business operations, designed to pressure the debtor to clear or arrange to clear the debt.

[42] In both cases the genesis of the pressure is a legal right i.e. a contractual right in the first case and a judgment-enforcement right in the second.

[43] The question is not whether the creditor has the given right or whether it was appropriate to exercise it.

[44] It is whether the remedy pursued was completed (in which case the stay does not reach it) versus being an ongoing step (in which case it does), with the *BIA* aiming to quell such creditor actions pending (at minimum) preparation and circulation of a proposal.

[45] I return to this point after examining two other arguments from Conifer defending its lockout step.

F. Continuing lockout not a permissible status quo

[46] Conifer argued that continuing the lockout after post-NOI simply maintained the pre-NOI status quo.

[47] But that ignores para 69(1)(a)'s bar on commencing *or continuing* debt-collection steps. Given that bar, an in-progress collection action cannot be the status quo to be preserved. Otherwise, the only question would be whether the collection action had started pre-NOI. If that were right, any already-started collection action would be permitted to continue e.g. an ongoing effort to seize the debtor's property via writ, an in-progress auction to sell seized property, a garnishment continuing to attach a periodic receivable, and so on.

[48] But (as explained earlier) para 69(1)(a) shuts down in-progress collection actions, leaving no room for preservation of a "continuing action status quo."

[49] For an example of status-quo-maintaining step not breaching a *BIA* stay, see *BNS v Avramenko*, 2020 SKQB 54 (Elson J.), where an unsecured creditor sought to renew its judgment despite the bankruptcy of the debtor:

I am compelled to add, perhaps *in obiter*, that I would have granted the renewal [of the unsecured creditor's judgment under SKQB rules], even if the trustee had not been discharged. In my view, and construing s. 69.3(1) purposively, **the stay of proceedings does not apply to steps a judgment creditor takes to preserve a position it already enjoys.** As much as s. 7.1 of *The Limitations Act* and Rule 10-12 contemplate active steps by commencing a proceeding on the judgment, **the reality is that these are steps to preserve a judgment. They are neither new proceedings nor are they steps to execute on the judgment.** To conclude otherwise would be to force a judgment creditor to stand aside while its judgment expires through circumstances that may well be beyond its control. [para 17] [bold emphasis added]

[50] The renewal step so authorized allowed the judgment creditor to continue as such; it did not extend to enforcing the judgment, which would have offended the stay.

[51] Conifer did not point to this kind of status-quo-maintaining step here, only to its ongoing collection action via the lockout.

G. Conifer not a secured creditor in this context

[52] At the application, Conifer's counsel argued that Conifer is a secured creditor of Razor, pointing to a lien and charge provision (s 602(a)) in the operating agreement.

[53] Per that provision, Conifer indeed has a lien and charge "with respect to the **Functional Unit Participation** of each Owner in the **Facility** and such Owner's share of Facility Products, to secure payment of such Owner's proportionate share of the costs and expenses incurred by the Operator for the Joint Account."

[54] "**Functional Unit Participation**" means "with respect to any **Functional Unit**, the percentage interest ownership of each Owner in such Functional Unit as set forth opposite such Owner's name under the Appendix entitled "FACILITY AND FUNCTIONAL UNIT PARTICIPATION"[.]

[55] "**Functional Unit**" means a separate component of the Facility described under the Appendix entitled "DESCRIPTION OF FACILITY AND FUNCTIONAL UNITS AND SCHEMATIC", and all real and personal property of every nature and kind attached to, forming part of or used in connection with the operation thereof"[.]

[56] "**Facility**" means "all real and personal property of every nature and kind attached to, forming part of or use in connection with Joint Operations, maintained and held by Operator in accordance with this Agreement and as described under the Appendix entitled "DESCRIPTION OF FACILITY AND FUNCTIONAL UNITS AND SCHEMATIC"[.]

[57] The lien and charge, focused on Razor's ownership stake in the described oil and gas assets, is not the root of Conifer's lockout right. The latter arises under a separate provision (s 602(b)(ii)) and focuses on denial of one of Razor's "privileges" under the operating agreement.

[58] In any case, Conifer did not argue that its lockout right arises from or is otherwise a feature of the lien and charge.

H. No difference if Conifer secured

[59] Instead, Conifer appeared to argue that its status as a secured creditor (arising from the lien and charge) conferred general immunity from the stay i.e. even if the lockout right is not security-based itself.

[60] However, the stay analysis would remain the same, whether Conifer is a secured creditor "at large" or even if the lockout right itself should be characterized as or stemming from security.

[61] Paragraph 69(1)(a) applies to "creditor[s]" generally, whether secured, preferred, or unsecured.

[62] Subsection 69(2) contains an exception to the stay in para 69(1)(a) for secured creditors; however, it is limited to the following circumstances:

(2) The stays provided by subsection (1) do not apply

(a) to prevent a **secured creditor who took possession of secured assets of the insolvent person for the purpose of realization** before the notice of intention under section 50.4 was filed from dealing with those assets;

(b) to prevent a **secured creditor who gave notice of intention under subsection 244(1) to enforce that creditor's security against the insolvent person** more than ten days before the notice of intention under section 50.4 was filed, **from enforcing that security**, unless the secured creditor consents to the stay; [or]

(c) to prevent a **secured creditor who gave notice of intention under subsection 244(1) to enforce that creditor's security from enforcing the security** if the insolvent person has, under subsection 244(2), **consented to the enforcement action**[.]

[63] Conifer did not “[take] possession of secured assets of [Razor]” here or, if it did, did not do so “for the purpose of realization” of such assets. Conifer was exercising its lockout right, not attempting to somehow dispose of that right to others for proceeds.

[64] Neither did Conifer issue a prescribed form notice under ss 244(1) *BIA*. (See *BIA* General Rule 124 and Form 88 for the prescribed form.)

[65] Accordingly, even if characterized as a secured creditor for the purposes of para 69(1)(a), Conifer still falls within its scope, with no ss 69(2) or other secured-creditor exception applying.

I. Conclusion on stay and lockout

[66] For these reasons, I find that the lockout step was a continuing remedy or “other proceeding”, that it accordingly fell within the scope of the para 69(1)(a) stay, that continuing that remedy was not a defensible status quo, and that Conifer’s actual or possible secured-creditor status makes no difference here.

[67] The net result is that Conifer’s lockout step, commenced before the NOI stay began, was a continuing collection remedy and was thus stayed when the NOI was filed.

[68] Conifer’s continuation of the lockout since then has been in breach of the stay.

[69] The question becomes: what can and should be done in response?

J. Parties’ positions on appropriate response

[70] Per Razor:

... the appropriate relief, in the circumstances is to cure the breach of the Stay by ordering Conifer to: (i) **permit Razor ... to access the Judy Creek Gas Plant**; and (ii) **resume providing Services on terms** that include Conifer continuing its practice of marketing [Razor’s] production, setting off the revenue against post-filing amounts, and calling upon \$200,000 security if there is a shortfall [as particularized in Razor’s counsel’s February 1, 2024 letter]

[71] Per Conifer (making alternative submissions i.e. “if Conifer must supply”):

If this Court holds that Razor’s rights under the Ownership Agreement compel Conifer to continue processing and selling their products, then Razor must **pay for those Services up front and in advance**. The *BIA* is clear that a party providing post-filing services may **require immediate payment for those services** and that service providers are not required to advance further money or credit. Specifically, section 65.4(1) states:

... Nothing in subsections (1) to (3) shall be construed

(a) as prohibiting a person from **requiring immediate payment for goods, services**, use of leased or licensed property or other valuable consideration provided after the filing of

(i) the notice of intention, if one was filed ... or

(b) as requiring the further advance of money or credit

... Forcing Conifer to provide the Services without guaranteeing payment up front is equivalent to forcing Conifer to provide the Services on credit, a requirement that is expressly prohibited under [para] 65.1(4)(b).

As Razor is seeking a declaration [that the stay applies], which is an equitable remedy, this Court must consider the equities of both parties. [bold emphasis added]

[72] Conifer also seeks a “critical suppliers” charge and repayment of some “cure costs” (i.e. some of the pre-NOI arrears, as detailed in paras 29-42 of its brief.

K. Remedies for stay breach

1. Court’s power to remedy breach of stay

[73] The *BIA* does not expressly endow the Court with powers to remedy a stay breach.

[74] However, many examples exist of courts granting orders undoing or reversing a stay-breaching action or pulling the proceeds of such actions into the proposal or bankruptcy estate (as applicable): see the cases summarized in 5:289 – Proceedings Taken Without Leave in Bankruptcy and Insolvency Law of Canada, 4th Edition (online edition), which feature remedial orders such as reversing a property seizure, barring further proceeding in offside actions, and turning over garnishment recoveries,

[75] I find that para 69(1)(a) implies a power for the Court to grant such orders i.e. to enforce the stay and, as much as possible, restore the parties to their pre-breach position.

2. Remedy appropriate here

[76] In this case, the stay breach did not generate any proceeds.

[77] The clear remedy for the breach here – continuing an arrears-collection lockout in the face of the stay – is an order directing Conifer to discontinue the lockout i.e. restoring the system connections Razor had before the lockout.

[78] Given Conifer's estimate of "approximately 3 business days" to reconnect Razor, I direct Conifer to perform the reconnection work by 6 pm on Friday, February 23, 2024 or such other deadline as the parties may agree on.

3. Payment terms for future services

[79] The other relief suggested by the parties (alternatively, in Conifer's case) goes to the **terms on which future services are to be provided by Conifer.**

[80] As noted, Razor suggested continuation of the pre-lockout set-off arrangement or situation, bolstered by a \$200,000 deposit. Conifer argued in favour of immediate payments, a critical-supplier charge, and payments towards arrears.

[81] I do not see any role for the Court when it comes to the parties' going-forward arrangements.

[82] Paragraph 69(1)(a) focuses on shutting down collection steps on pre-NOI arrears, as reflected in the above order reversing the lockout.

[83] It says nothing about the terms on which services must, should or may be provided going forward.

4. Section 65.1 inapplicable

[84] As noted, Conifer invokes s. 65.1. However, that section does not apply here. Per ss 65.1(1), it only applies where a person "terminate[s] or amend[s] any agreement ... with the insolvent person, or claim[s] an accelerated payment, or a forfeiture of the term, under any agreement ... with the insolvent person", limiting the moving party's rights to take any such steps in certain circumstances.

[85] In invoking its lockout right, Conifer did not engage in any of the noted activities.

[86] As a result, nothing in s. 65.1 applies here.

[87] That includes ss. 65.1(4) (quoted above). The purpose of that provision is to shelter a creditor's immediate-payment right (if it exists) from limitations imposed by one or more of ss. 65.1(1), (2) and (3). As noted, ss. 65.1(1) does not apply here. And neither does ss. 65.1(2) (leases and licensing agreements) or 65.1(3) (public utilities).

[88] If (for example) we were dealing with a public utility, and the utility had the right under its contract with its customer to require immediate payment (versus extending credit) for services provided, ss. 65.1(4) tells us that that right survives the imposition of no-discontinuance-for-arrears limitation imposed under ss. 65.1(3).

[89] In other words, while the utility cannot discontinue service for arrears, it can rely on its immediate-payment-required term for ongoing utility services.

[90] In yet other words, ss. 65.1(4) does not create a freestanding right in a creditor to insist on immediate payment post-NOI.

[91] It depends on whether the creditor has that right under its contract with the debtor.

[92] I cannot tell from the materials filed whether Conifer has the right to require immediate payment for future services, whether under the Accounting Procedure described in s 902 of the Ownership and Operation Agreement, Article VI of the Operating Procedure (Accounting Measures), or otherwise.

5. Conifer's enforcement rights not stayed re debts for future services

[93] The critical point here is that Conifer's use and enforcement of its timing-of-payment and enforcement-of-payment rights, relating to future services, are not subject to the para 69(1)(a) stay.

[94] The reason is simple: the NOI filing created two distinct eras, the period leading up to the filing and the period after. Claims existing in the first era are subject to the stay; claims arising in the second are not.

[95] Here see *Canadian Petcetera Limited Partnership* (cited above):

[An earlier-described] interpretation of s. 69(1) is also demonstrated by the jurisprudence dealing with **new indebtedness incurred by a debtor after he or she has gone bankrupt**. It has been held that leave is not necessary for a creditor to have a remedy against the debtor because the **new indebtedness is not a claim provable in the bankruptcy**. (See *Richardson & Co. v. Storey* (1941), 1941 CanLII 334 (ON SC), 23 C.B.R. 145, [1942] 1 D.L.R. 182 (Ont. S.C.); *Re Bolf* (1945), 26 C.B.R. 149 (Que. S.C.); *Veneri v. Bomasuit* (1950), 31 C.B.R. 150 (Ont. S.C.); and *Greenfield Park Lumber & Builders' Supplies Ltd. v. Zikman* (1967), 12 C.B.R. (N.S.) 115 (Que. S.C.). Also see *Wescraft Manufacturing Co. (Re)* (1994), 1994 CanLII 2883 (BC SC), 27 C.B.R. (3d) 28 (B.C.S.C.), which appears to have held, correctly in my view, that **s. 69.1(1) (the stay provision triggered upon the filing of a proposal) did not stay the termination of a lease on account of arrears of rent due after the filing of a proposal ...**[para 31] [emphasis added]

[96] And *Schendel Mechanical Contracting (Re)*, 2021 ABQB 893 (Mah J.):

... it is known that Hatch **supplied goods** to various Schendel projects **during the post-NOI period** to the tune of \$34,476.75. Hatch advised the Receiver of which specific invoices to which the \$40,000 was applied. That information was not provided to the Court. It is known that apart from those specific invoices, there was a balance that was applied to indebtedness on the Paul Band School project, where one invoice related to the post-NOI period.

The stay would not apply in respect of indebtedness arising from goods and services supplied to Schendel after the date of filing the NOI as such indebtedness would not be "a claim provable in bankruptcy" per section 69(1): *Wosk's Ltd Re*, 1985 CanLII 624 (BC SC), 1985 Carswell BC 807 (SC), 58 CBR 312; *728835 Ontario Ltd., Re*, 1998 CanLII 2019 (ON CA), 1998 CarswellOnt 2576, 3 C.B.R. (4th) 214.; and *Jones, Re*, 2003 CanLII 21196 (ON CA), 2003 CarswellOnt 3184, 2003 CarswellOnt 3184, [2003] O.J. No. 3258. [paras 25 and 26] [emphasis added]

[97] Accordingly, when it comes to future services, Conifer and Razor have the same rights and liabilities under their agreements as before i.e. without any limitations arising from or otherwise affected by the stay of proceedings.

[98] It may be that Conifer will choose to proceed on the basis suggested by Razor (setoffs accompanied by deposit). Conifer might choose to rely on other payment-enforcement rights it

has under the agreements i.e. as they may be triggered by Razor's payment performance or non-performance. The parties may end up agreeing to new or varied payment arrangements.

[99] It is not the Court's role, in a stay-enforcement context, to get involved in those going-forward business decisions.

6. Critical-supplier charge and "cure" payments

[100] While Conifer requested a critical-supplier charge, it did not apply for such relief. I recognize that the application heard last Friday (February 16th) was brought forward with very tight timing and that Conifer was already dealing with accelerated timelines.

[101] I simply note that I did not have the benefit of any written submissions from Razor on the critical-supplier aspect, with none required i.e. with no application for such cross-relief.

[102] As well, I am not convinced that every gap or difference between the *BIA* (which does not provide for critical-supplier charges, at least expressly) and the *CCAA* (which does) is necessarily answered by filling in the gap i.e. by finding that a feature or aspect in one is necessarily to be read into the other. I would (ideally) have more fulsome submissions from each side on this point before considering such a charge further.

[103] Same for Conifer's request for payment of a portion of Razor's pre-NOI arrears. This is at odds with the equality-of-unsecured-creditors approach under the *BIA*. It too would benefit from an application and more fulsome submissions from both sides.

[104] If Conifer continues to seek either or both forms of relief, I invite its counsel to so advise, following which I will provide procedural directions for a follow-up application (with which I am seizing myself), on accelerated timelines, if necessary.

7. Lockout to avoid anticipated future arrears

[105] As noted, Conifer attempted to explain its lockout decision in part by a wish to avoid or pre-empt anticipated future arrears. Per its brief (para 14):

... the Discontinuance was [also] implemented to prevent further costs from being incurred in the face of Razor's continued payment arrears. [I added "also" given the clear evidence, recited earlier, that Conifer was also seeking, via the lockout, to enforce collection of all or at least some of the pre-NOI arrears.]

[106] I do not see anything in the agreements here authorizing a lockout for *anticipated* arrears, even with Razor's arrears history.

[107] As explained above, the parties are effectively back to square one when it comes to future services. If Razor allows new arrears to accrue, it faces the prospect of Conifer taking any, some or all of the enforcement steps available to it under the agreements, without any impediment from the para. 69(1)(a) stay.

[108] Absent further defaults, I do not see Conifer having any lockout power.

V. Closing note

[109] I thank the parties for their excellent written materials and oral submissions.

[110] On costs, if either side seeks a ruling other than "bear own costs", on which *Goldenkey Oil Inc (Re)*, 2023 ABKB 365 may provide some guidance, I invite counsel to contact my

assistant to arrange for a phone conference to discuss and set procedural directions for costs submissions.

Heard via Webex in Edmonton, Alberta the 16th day of February, 2024.

Dated at the City of Calgary, Alberta this 21st day of February, 2024.



M.J. Lema
J.C.K.B.A.

Appearances:

Kelly Bourassa
Blake, Cassels & Graydon LLP
for the Applicant (FTI Consulting Canada Inc) Proposal Trustee

Sean Collins, Patellis Kyriakis and Nathan Stewart
McCarthy Tetrault LLP
For Razor Energy Group

Keely Cameron, Michael Selnes and Lisa Rodriguez
Bennett Jones LLP
For Conifer Energy Inc.

Jessica Cameron
Fasken Martineau DuMoulin LLP
For Arena Investors LP

Second Report of FTI Consulting Canada Inc.,

In its capacity as Proposal Trustee of Razor Energy Corp., Razor Royalties Limited Partnership, Razor Holdings GP Corp., and Blade Energy Services Corp.

First Report of FTI Consulting Canada Inc.,

In its capacity as Proposed Monitor of Razor Energy Corp., Razor Holdings GP Corp., and Blade Energy Services Corp.

Appendix “B” – Consent to Act

COURT FILE NUMBER

COURT

COURT OF KING'S BENCH OF ALBERTA

JUDICIAL CENTRE

CALGARY

APPLICANTS

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 RAZOR ENERGY CORP., RAZOR HOLDINGS GP CORP., AND BLADE ENERGY SERVICES CORP.

DOCUMENT

CONSENT TO ACT AS MONITOR

ADDRESS FOR SERVICE
AND CONTACT
INFORMATION OF PARTY
FILING THIS DOCUMENT

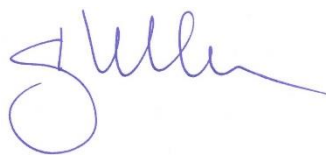
McCarthy Tétrault LLP
4000, 421 – 7th Avenue SW
Calgary, AB T2P 4K9
Attention: Sean Collins / Pantelis Kyriakakis / Nathan Stewart
Tel: 403-260-3531/ 3536 / 3534
Fax: 403-260-3501
Email: scollins@mccarthy.ca / pkyriakakis@mccarthy.ca /
nstewart@mccarthy.ca

CONSENT TO ACT AS MONITOR

TAKE NOTICE THAT FTI Consulting Canada Inc. hereby consents to act as the court-appointed monitor of Razor Energy Corp., Razor Holdings GP Corp., and Blade Energy Services Corp., if so appointed by this Honourable Court.

DATED at Calgary, Alberta this 21st day of February, 2024.

FTI CONSULTING CANADA INC.



Per: _____

Name: Deryck Helkaa, CPA, CA, CIRP, LIT
Title: Senior Managing Director

Second Report of FTI Consulting Canada Inc.,

In its capacity as Proposal Trustee of Razor Energy Corp., Razor Royalties Limited Partnership, Razor Holdings GP Corp., and Blade Energy Services Corp.

First Report of FTI Consulting Canada Inc.,

In its capacity as Proposed Monitor of Razor Energy Corp., Razor Holdings GP Corp., and Blade Energy Services Corp.

Appendix “C” – CCAA Cash Flow Statement for the period ending March 31, 2024

Razor Energy Corp., Razor Royalties Limited Partnership, Razor Holdings GP Corp., and Blade Energy Services Corp. (the "Razor Entities")
 Projected Cash Flow Statement for the period of February 19, 2024 to March 31, 2024

Cash Flow Statement		Week 1	Week 2	Week 3	Week 4	Week 5	Week 6	Total
(C\$ 000s)	Week Ending	25-Feb	3-Mar	10-Mar	17-Mar	24-Mar	31-Mar	
Receipts								
Net production revenue	1	\$ -	\$ 2,360	\$ -	\$ 729	\$ -	\$ 2,079	\$ 5,168
Other receipts	2	15	15	15	15	15	15	90
Total - Receipts		15	2,375	15	744	15	2,094	5,258
Disbursements								
Operating expenses	3	-	(1,047)	(217)	(217)	(217)	(909)	(2,607)
Transportation costs	4	-	-	-	-	-	(327)	(327)
Lease rentals	5	-	(120)	-	(128)	-	-	(248)
Insurance	6	-	-	-	(27)	-	(224)	(251)
Payroll	7	-	(255)	-	(250)	-	(245)	(750)
Professional Fees	8	-	(175)	-	-	-	(165)	(340)
G&A expense	9	(40)	(99)	(50)	(50)	(50)	(40)	(329)
Total - Disbursements		(40)	(1,697)	(267)	(672)	(267)	(1,910)	(4,852)
Net cash flow		(25)	678	(252)	73	(252)	184	406
Opening cash balance		118	93	771	520	592	340	118
Ending cash balance		\$ 93	\$ 771	\$ 520	\$ 592	\$ 340	\$ 525	\$ 525



RAZOR ENTITIES

Per: Doug Bailey, President and CEO

Notes:

Management of the Razor Entities has prepared this Projected Cash Flow Statement solely for the purposes of determining the liquidity requirements of the Razor Entities during the period of February 19, 2024 to March 31, 2024. This Projected Cash Flow Statement is based on probable and hypothetical assumptions detailed in the notes below. Consequently, actual results will likely vary from actual performance and such variances may be material.

- 1 - Net production revenue relates to the sale of Razor Energy Corp's petroleum and natural gas production and is based on forecast production volumes and third-party pricing. Further, it assumes Judy Creek Gas Plant production resumes and no additional revenue received from non-operated production.
 - Week ending March 17, 2024, includes the Pembina Midstream Limited Partnership receivable which is assumed to be collectible.
 - Crown royalties for oil production are paid in kind.
- 2 Other receipts consist of third-party road use fees, partner joint interest billings, etc.
- 3 Operating expenses are based on the annual operating budget and relates to the costs associated with the operation of oil and natural gas wells.
- 4 Transportation costs relate to transporting petroleum and natural gas production from well head to market and is based on projected production volumes and transportation rates.
- 5 Lease rentals are based on annual budget.
- 6 Insurance is based on current policy premiums.
- 7 Payroll is based on the most recent payroll registers.
- 8 Professional fees include estimates for Proposed Monitor, Proposed Monitor's legal counsel, Razor Entities' legal counsel, and sales agent.
- 9 G&A expense includes overhead costs based on the annual budget.



800, 500-5th Ave. S.W.
Calgary, AB T2P 3L5
Phone: 403-262-0242

February 21, 2024

FTI Consulting Canada Inc.
Suite 1610, 520 Fifth Avenue S.W.
Calgary, AB
T2P 3R7

Attention: Deryck Helkaa, CPA, CA, CIRP, LIT

Dear Sir:

**Re: Proceedings under the Companies' Creditors Arrangement Act ("CCA")
Responsibilities/Obligations and Disclosure with Respect to Cash Flow Projections**

In connection with the application by Razor Energy Corp., Razor Holdings GP Corp., and Blade Energy Services Corp. (collectively, the "**Applicants**" and with Razor Royalties Limited Partnership, the "**Razor Entities**"), for the commencement of proceedings under the CCA in respect of the Razor Entities, the management of the Razor Entities ("**Management**") has prepared the attached Cash Flow Statement and the assumptions on which the Cash Flow Statement are based.

Management confirms that:

1. The Cash Flow Statement and the underlying assumptions are the responsibility of the Razor Entities;
2. All material information relevant to the Cash Flow Statement and to the underlying assumptions has been made available to FTI Consulting Canada Inc. in its capacity as proposed Monitor; and
3. Management has taken all actions that it considers necessary to ensure:
 - a. That the individual assumptions underlying the Cash Flow Statement are appropriate in the circumstances; and
 - b. That the individual assumptions underlying the Cash Flow Statement, taken as a whole, are appropriate in the circumstances.

A handwritten signature in blue ink, appearing to be "Doug Bailey", written over a horizontal line.

Doug Bailey
President and CEO