

COURT FILE NUMBER 2401-02680
COURT COURT OF KING'S BENCH OF ALBERTA
JUDICIAL CENTRE CALGARY

Clerk's Stamp

APPLICANTS IN THE MATTER OF *THE COMPANIES' CREDITORS' FILED*
ARRANGEMENT ACT, R.S.C. 1985, c. C-36, AS AMENDED DIGITALLY
2401 02680
AND IN THE MATTER OF THE PLAN OF COMPROMISE, APR 9, 2024
ARRANGEMENT OF RAZOR ENERGY CORP., RAZOR 10:38 AM
HOLDINGS GP CORP., AND BLADE ENERGY SERVICES
CORP. CLERK OF THE COURT

DOCUMENT **APPLICATION**

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT
McCarthy Tétrault LLP
4000, 421 - 7 Avenue SW
Calgary, AB T2P 4K9
Attention: Sean Collins / Pantelis Kyriakakis / Nathan Stewart
Phone: 403-260-3531 / 3536 / 3534
Fax: 403-260-3501
Email: scollins@mccarthy.ca / pkyriakakis@mccarthy.ca / nstewart@mccarthy.ca

NOTICE TO RESPONDENT(S)

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

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

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

Date: April 10, 2024
Time: 10:00 a.m.
Where: Edmonton Law Courts via Webex. Videoconference details are enclosed as Schedule "A" to this Application and found here: <https://albertacourts.webex.com/meet/virtual.courtroom86>
Before Whom: Honourable Justice M.E. Burns

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

Remedy claimed or sought: Razor Energy Corp. ("**Razor Energy**"), Razor Holdings GP Corp., and Blade Energy Services Corp. (collectively, the "**Applicants**") apply for an order, substantially in the form attached as Schedule "**B**" hereto, seeking, among other things, the following relief:

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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.

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Remedy claimed or sought: Razor Energy Corp. ("**Razor Energy**"), Razor Holdings GP Corp., and Blade Energy Services Corp. (collectively, the "**Applicants**") apply for an order, substantially in the form attached as Schedule "**B**" hereto, seeking, among other things, the following relief:

1. Declaring that the time for service of this application (the “**Application**”), is abridged, if necessary, the Application is properly returnable on April 10, 2024, that service of the Application and related materials, on the service list (the “**Service List**”) created and maintained in respect of the within proceedings, is, validated, good, and sufficient, and that no persons, other than those on the Service List, are entitled to service of the materials filed in connection with the within Application.
2. Declaring that: (i) Alberta Petroleum Marketing Commission (“**APMC**”), in issuing the Direction, dated March 1, 2024 (the “**Direction**”), under the Petroleum Marketing Regulation, Alta Reg 174/2006 (the “**Marketing Regulation**”) and pursuing any enforcement efforts associated the unremitted royalties, due to APMC, for the month of January 2024 (the “**January 2024 Royalty Minerals**”) is seeking to enforce its rights as a creditor; and, (ii) the enforcement of such rights are stayed, pursuant to section 11.4 of the *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c. C-36 (the “**CCAA**”).
3. Such further and other relief as may be sought by the Applicants.

Grounds for Making this Application: The grounds for the Application are as follows:

Background

4. Razor Energy is engaged in the business of petroleum and natural gas exploration and production.
5. Razor Energy holds certain Petroleum and Natural Gas Leases, issued by the Minister of Energy and Minerals of Alberta, *inter alia*, permitting the production of conventional crude oil.
6. APMC is a Crown corporation and the agent of the Crown in Right of Alberta (the “**Crown**”) for the receipt of crude oil royalties. Specifically, APMC is created and appointed to act as the Crown’s agent, to receive and market crude oil royalty volumes. APMC’s statutory responsibilities include administering various aspects of the Marketing Regulation, related to crude oil royalty forecasting, deliveries, and settlements of Crown royalty oil.
7. The Crown’s royalty in respect of production in a calendar month is delivered and settled in the first part of the following month.

8. To determine the Crown's royalty entitlement, the legislative framework calculates prescribed royalty quantities, on a monthly basis, through production calculations and prices that are set under the Marketing Regulation, as a proxy of market value.
9. Razor Energy did not deliver the January 2024 Royalty Minerals, to APMC, as owing for the month of January 2024.
10. According to the records of APMC, the aggregate underdelivered balance of the January 2024 Royalty Minerals is 934.8 cubic meters of crude oil. Based on strip pricing, the value of such crude is approximately \$600,000.00.
11. On January 30, 2024 (the "**Filing Date**"), each of the Applicants, and a related entity, filed Notices of Intention to Make a Proposal (the "**NOIs**") under and pursuant to section 50.4 of the BIA (such proceedings, the "**NOI Proceedings**"). FTI Consulting Canada Inc. ("**FTI**") was the proposal trustee in respect of the NOIs.
12. On February 28, 2024, the Honourable Justice Whitting granted an Initial Order, under the CCAA, with respect to the Applicants (the "**Initial Order**"). Among other things, the Initial Order:
 - (a) declared that the Applicants are companies to which the CCAA applies; and,
 - (b) stayed 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 (the "**Stay**"), for an initial ten day period (as may be amended or extended from time to time, the "**Stay Period**").
13. The Stay Period was subsequently extended:
 - (a) up to including March 29, 2024, pursuant to the Amended and Restated Initial Order, granted on March 6, 2024, by the Honourable Justice M.E. Burns; and,
 - (b) up to and including May 3, 2024, pursuant to the Order, granted on March 25, 2024, by the Honourable Justice C.M. Jones.
14. To date, Razor Energy has and continues to remit all "post-filing" royalty obligations to APMC.

APMC is securing enforcement of a payment.

15. The Crown's royalty interest under the *Mines and Minerals Act* (Alberta) and Marketing Regulations constitutes a statutory deemed trust, intended to enforce payment, either in-kind or in cash, of royalties owing to the Crown. Specifically, the Crown's royalty share of minerals, produced in a given month, is at all times commingled with all produced minerals which are property of Razor Energy. As a result, "when crude oil recovered pursuant to an agreement is delivered to a field delivery point during a delivery month, the Crown's royalty share of that crude oil is deemed to be delivered first".

16. Pursuant to the Direction, APMC directed Razor Energy to make up the underdelivered balance for January 2024, by the delivery, in kind, to APMC, as part of the February 2024 production month, crude oil of an equal quantity and of like quality to the January royalty deficiency volumes.

17. APMC subsequently filed the Application (the "**APMC Application**") seeking, *inter alia*, to compel Razor Energy to comply with the Direction and deliver the January 2024 Royalty Minerals, to APMC, in kind.

18. The Direction and the APMC Application constitute enforcement efforts, on the part of APMC, to collect the unpaid January 2024 Royalty Minerals.

19. In the present circumstances, where:

- (i) APMC is enforcing a claim for a debt or obligation, owed by Razor Energy, being the undelivered January 2024 Royalty Minerals;
- (ii) such liability or obligation was incurred prior to the Filing Date, when Razor Energy commenced insolvency proceedings;
- (iii) it is possible, in fact simple, to attach a monetary value to the undelivered January 2024 Royalty Minerals, as the Marketing Regulations ascribe the mechanism for calculating same; and,
- (iv) APMC and the Government of Alberta stand to benefit, financially, from the Direction and APMC's enforcement efforts,

APMC is clearly seeking to enforce rights as a creditor, which are and should continue to be stayed, in accordance with the CCAA.

20. Such further and other grounds as counsel to the Applicants may advise.

Material or evidence to be relied upon:

21. Affidavit #2 of Doug Bailey, sworn on March 4, 2024, filed;
22. Affidavit #3 of Doug Bailey, sworn on March 6, 2024, filed;
23. Affidavit #5 of Doug Bailey, sworn on April 5, 2024, to be filed;
24. Supplemental Bench Brief of the Applicants, dated March 6, 2024, filed;
25. Second Supplemental Bench of the Applicants, dated April 5, 2024, to be filed; and,
26. Such further and other material or evidence as counsel to the Applicants may advise and this Honourable Court may permit.

Applicable rules:

27. Rules 1.3, 6.3, 6.4, 6.9, 11.27, and 13.5 of the *Alberta Rules of Court*.

Applicable Acts and Regulations:

28. The BIA.
29. The CCAA.
30. The *Alberta Rules of Court*, Alta. Reg. 124/2010.
31. The *Mines and Minerals Act*, RSA 2000, c. M-17.
32. The *Regulation*.
33. Such further and other Acts and regulations as counsel to the Applicants may advise.

Any irregularity complained of or objection relied on:

34. There are no irregularities complained of or objections relied on.

How the application is proposed to be heard or considered:

35. The Applications propose that the Application be heard in person or via WebEx with one, some, or all of the parties present.

WARNING

If you do not come to Court either in person or by your lawyer, the Court may give the applicant(s) what they want in your absence. You will be bound by any order that the Court makes. If you want to take part in this application, you or your lawyer must attend in Court on the date and at the time shown at the beginning of the form. If you intend to rely on an affidavit or other evidence when the application is heard or considered, you must reply by giving reasonable notice of the material to the applicant.

SCHEDULE "A" **WEBEX DETAILS**

Virtual Courtroom 86 has been assigned for the above noted matter:

Virtual Courtroom Link:

<https://albertacourts.webex.com/meet/virtual.courtroom86>

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.

SCHEDULE "B"
FORM OF ORDER

[See attached]

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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

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DOCUMENT **ORDER**

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DATE ON WHICH ORDER WAS PRONOUNCED: April 10, 2024

NAME OF JUDGE WHO MADE THIS ORDER: Justice M.E. Burns

LOCATION OF HEARING: Edmonton, Alberta

UPON the application (the "**Application**") of Razor Energy Corp. ("**Razor Energy**"), Razor Holdings GP Corp., and Blade Energy Services Corp. (collectively, the "**Applicants**"); **AND UPON** having read the Application, Affidavit #2 of Doug Bailey, sworn on March 4, 2024 (the "**Bailey #2 Affidavit**"), the Affidavit #3 of Doug Bailey, sworn on March 6, 2024 (the "**Bailey #3 Affidavit**"), and the Affidavit #5 of Doug Bailey, sworn on April 5, 2024, filed; **AND UPON** having read the Supplemental Bench Brief of the Applicants, dated March 6, 2024 and the Second Supplemental Bench Brief of the Applicants, dated April 5, 2024, filed; **AND UPON** having read the Affidavit of Service of Katie Hynne, sworn on April 5, 2024, filed; **AND UPON** having read the Amended and Restated Initial Order pronounced by the Honourable Justice M.E. Burns on March 6, 2024 (the "**ARIO**"), in the within proceedings (the "**CCAA Proceedings**"), filed; **AND UPON** hearing from counsel for the Applicants, counsel for the Alberta Petroleum Marketing Commission ("**APMC**"), and counsel to all other parties present;

IT IS HEREBY ORDERED AND DECLARED THAT:

1. The time for service of the Application, the Bailey #5 Affidavit, and all related materials, is hereby abridged and deemed good and sufficient and the Application is properly returnable today.
2. In issuing the direction, dated March 1, 2024, and in any and all enforcement efforts associated with any undelivered crown royalties, to be paid to APMC, for the month of January 2024, APMC is:
 - (a) seeking to enforce its rights as a creditor; and,
 - (b) the enforcement of all such rights are stayed, as contemplated in the ARIO, pursuant to section 11.4 of the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36.
3. Service of this Order shall be deemed good and sufficient by:
 - (a) serving same on:
 - (i) the persons listed on the service list created in these CCAA Proceedings;
 - (ii) any other person served with notice of the Application for this Order;
 - (iii) any other parties attending or represented at the Application for this Order; and,
 - (b) posting a copy of this Order on the Monitor's website at <http://cfcanada.fticonsulting.com/Razor-Blade/>.

and service on any other person is hereby dispensed with.

Justice of the Court of King's Bench of Alberta