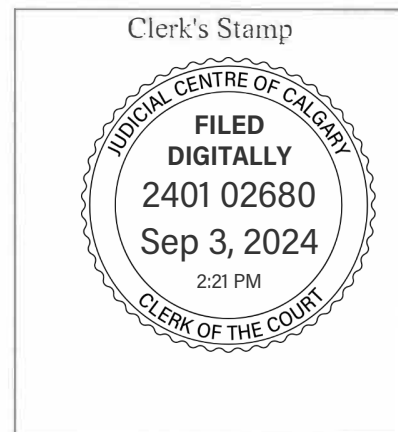


FORM 49  
[RULE 13.19]

COURT FILE NO. 2401-02680  
COURT COURT OF KING'S BENCH OF  
ALBERTA IN BANKRUPTCY AND  
INSOLVENCY  
JUDICIAL CENTRE CALGARY



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

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

DOCUMENT **AFFIDAVIT OF HEATHER WILKINS**

ADDRESS FOR  
SERVICE AND  
CONTACT  
INFORMATION OF  
PARTY FILING  
THIS DOCUMENT

**BENNETT JONES LLP**  
Barristers and Solicitors  
4500, 855 – 2nd Street S.W.  
Calgary, Alberta T2P 4K7  
Attention: Keely Cameron/Sarah Aaron  
Telephone No.: 403-298-3324  
Fax No.: 403-265-7219  
Client File No.: 91565.9

**AFFIDAVIT #3 OF HEATHER WILKINS**

**Affirmed September 3, 2024.**

I, Heather Wilkins, of Calgary, Alberta, AFFIRM AND SAY THAT:

1. I am the Vice President Finance of Conifer Energy Inc. ("**Conifer**") and as such have personal knowledge of the matters described herein, except where stated to be based on information and belief, in which case I believe the same to be true.

2. Conifer is an energy production company with headquarters in Calgary, Alberta, specializing in the production and distribution of oil and natural gas predominantly in the areas of Judy Creek, Redwater and Greater Swan Hills. Conifer is a working interest partner in certain oil and gas assets in which Razor Energy Corp. ("**Razor**") also has an interest.
3. In addition to Affidavit #7 of Doug Bailey sworn May 29, 2024 ("**Seventh Bailey Affidavit**") and Fourth Report of the Monitor dated May 30, 2024 ("**Fourth Report**"), I have had an opportunity to review Affidavit #8 of Doug Bailey sworn July 10, 2024 ("**Eighth Bailey Affidavit**", collectively with the Seventh Bailey Affidavit, the "**Bailey Affidavits**") and Fifth Report of the Monitor dated July 12, 2024 ("**Fifth Report**", collectively with the Fourth Report, the "**Monitor's Reports**"). I swear this Affidavit in response to the Bailey Affidavits and Monitor's Reports, and in support of Conifer's Application for payment of Razor's outstanding post-filing payments as well as Razor's outstanding post-filing payments to Canadian Natural Resources Limited ("**CNRL**") that CNRL is now seeking to reallocate to Conifer.
4. Terms not otherwise defined herein, have the meaning provided in the Bailey Affidavits.

**I. Judy Creek Gas Plant**

5. Conifer and Razor both own interests in the Judy Creek Gas Conservation Plant ("**Judy Creek Gas Plant**") and the South Swan Hills Unit. Conifer is the operator of the Judy Creek Gas Plant and Razor is the operator of the South Swan Hills Unit.
6. For the purposes of the Judy Creek Gas Plant, a functional unit is a group equipment designed to work together for a specific function or purpose, such as gathering gas, gas compression, or distillation.
7. The Judy Creek Gas Plant consists of several functional units. Conifer, Razor, and eight other corporations have varying ownership interests in the functional units that make up the facility.

8. A critical component of the role of Operator is ensuring that the Owners pay amounts owing to ensure that there are sufficient funds available for the maintenance and operation of joint assets. The Operator in turn uses those funds to provide services to maintain the joint assets and provides services such as the processing of gas for the Owners.
9. In December 2023, after providing multiple notices to Razor in respect of its significant arrears of close to \$8 million and Conifer's concerns with the accumulation of further arrears should Razor continue to fail to meet its obligations, Conifer exercised its rights under section 602(b)(ii) of the Agreement for the Ownership and Operation of the Judy Creek Gas Plant ("**CO&O**") 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 (the "**Locked Out Properties**").
10. On February 16, 2024, Razor brought an application as part of proposal proceedings under the *Bankruptcy and Insolvency Act*, RSC 1985, c B-3, as amended ("**BIA**"), for a declaration that Conifer was in breach of the stay of proceedings and for a direction that Conifer cease restricting Razor's access to the Judy Creek Gas Plant.
11. In support of its application, Razor filed Affidavit #1 of Doug Bailey, sworn on February 13, 2024. Mr. Bailey asserted that the application was necessary and urgent because Razor required the revenue that is derived from the Locked Out Properties to fund Razor's working capital requirements and its associated revenue that has comprised a material portion of Razor's cash flow. Razor asserted at the application that it required ongoing revenue from the Locked Out Properties to have sufficient cash flow to convert from a notice of intention under the *BIA* (the "**NOI**") to a proceeding pursuant to the *Companies' Creditors Arrangement Act*, RSC 1985, c C-36, as amended.
12. Given the low oil prices at the time, between \$73.86 US/bbl and \$76.61 US/bbl, and the significant Alberta Electric System Operator (**AESO**) pool power prices of between \$80.75 CAD/MWh to \$152.78 CAD/MWh, Conifer questioned Razor's cash flow statements and whether that much of its revenue came from the Locked Out Properties, as Judy Creek Gas Plant was operating at a loss.

13. The Honourable Justice Michael J. Lema issued his decision on February 21, 2024, directing Conifer to restore the system connections to the Locked Out Properties. Justice Lema also held that Conifer could rely on its contractual rights for post-filing payment obligations (the "**Decision**").
14. On this basis, Conifer reached out to Razor to discuss terms for providing access to the Judy Creek Gas Plant, which included providing payment in advance of services, in accordance with its contractual entitlement. No agreement was reached, despite the increase in oil prices to between \$78.62 US/bbl and \$84.39 US/bbl and the significant decrease in AESO pool power prices to between \$31.85 CAD/MWh and \$68.61 CAD/MWh.
15. Conifer filed notice to appeal the Decision on February 23, 2024. Razor has advised that it will not be participating in the appeal.

## **II. Value to the Estate**

16. I understand that Razor's interest in the Judy Creek Gas Plant and South Swan Hills Unit form part of the assets for which Razor has found a purchaser. I further understand that the Alberta Energy Regulator and Orphan Well Association have taken the position that they will only support a transaction that involves the sale of all Razor's oil and gas assets. Therefore, any recovery by Razor's creditors will depend on the ability to sell or otherwise monetize these assets, with the Judy Creek Gas Plant being required to enable the production of the majority of Razor's oil assets.

## **III. Razor's Failure to Pay**

17. Razor has refused to make any post-filing payments to Conifer on the basis that, as set out in the Fourth Report and Fifth Report, Razor disputes the charges, incorrectly asserting that Conifer is not processing Razor's gas from the South Swan Hills Assets.

(a) **Conifer Continues to Process Razor's Gas**

18. Conifer continues to process some of Razor's gas through the Judy Creek Gas Plant notwithstanding the disconnection of the Locked Out Properties and has billed Razor on or before the last day of each month for its proportionate share of the Joint Account.
19. Razor's production from its non-operated proportionate share of Swan Hills Unit No. 1 and Razor's 100% operated East Swan Hills Unit of around 830 e<sup>3</sup>m<sup>3</sup> per month continues to flow through the Judy Creek Gas Plant through Swan Hills Unit No. 1 and Conifer's operated South Swan Hills Gas Gathering System ("**Razor's Processed Gas**"). This is about 1/3 of the volume of gas that Razor used to put through the Judy Creek Gas Plant before Conifer disconnected the Locked Out Properties.
20. Conifer cannot lock out Razor's Processed Gas without locking out the entire Swan Hills Unit No. 1 and all other production to the east and northeast of it, including Conifer and CNRL's volumes, as well as the volumes of Allied Energy II Corp. ("**Allied**") and Aspenleaf Energy Limited ("**Aspenleaf**"). Allied and Aspenleaf are two third-party, custom user gas partners whose gas flows into the Judy Creek Gas Plant via Swan Hills Unit No. 1 and is processed by Conifer at the Judy Creek Gas Plant pursuant to two Gas Handling Agreements executed on May 1, 2015 (the "**Non-Owner/Custom Users**"). Locking out these volumes may reduce the total gas flows to the Judy Creek Gas Plant to a level where it could not operate properly, forcing Conifer to lock out all of the Judy Creek Gas Plant production.

(b) **Conifer Has Not Agreed to Razor Withholding Payment**

21. Section 107 of the 1996 PASC Accounting Procedure (the "**Accounting Procedure**") that applies to the Operation of the Judy Creek Gas Plant does not permit a Non-Operator to withhold payment in the event of a dispute unless the Operator agrees. Attached hereto as **Exhibit "A"** is a true copy of the key provisions from the Accounting Procedure.
22. Further, section 102 of Appendix IV of Exhibit "A" to the CO&O provides that Owners must reimburse the Operator for variable operating costs on an interim basis in proportion

to their estimated throughput of inlet substances. Attached hereto as **Exhibit "B"** is a true copy of the provision from Appendix IV of Exhibit "A" to the CO&O.

23. At no point since filing its NOI has Razor submitted a dispute of its payment obligations under the CO&O. Conifer, as Operator, has also not agreed to payment being withheld while it continues to provide service to Razor. Conifer has continued to invoice Razor with little success in obtaining payment. Similarly, Razor has not paid to Conifer its share of variable operating costs in proportion to its throughput of inlet substances. Since Razor filed its NOI, Razor has only paid Conifer \$8.81 for post-filing amounts. To the best of my knowledge, this payment was for a lease rental.

(c) **Razor Appears to Have No Intention of Paying Conifer**

24. As identified in the Fifth Report, Razor has not contemplated allocating any of its cash to Conifer for Razor's Processed Gas and has separately identified that it does not intend to address any of the post-filing amounts owed to Conifer despite its stated commitment to paying other suppliers' and stakeholders' post-filing payments, including paying other parties' processing fees.
25. Conifer continues to process Razor's gas without receiving any payment from Razor, resulting in Conifer incurring significant and unnecessary liabilities.

(d) **The Outstanding Post-Filing Arrears**

26. In calculating the post-filing amounts, Conifer deducts Razor's revenues for Razor's Processed Gas from the outstanding post-filing amounts. However, Razor's revenue is insufficient to meet its financial obligations.
27. At the time of swearing this Affidavit, Razor owes to Conifer post-filing amounts of approximately \$1.89 million (the "**Post-Filing Arrears**"), with the following breakdown:
- (a) \$1.21 million in joint billings, after netting off approximately \$1.07 million in amounts owed to Razor, that include approximately:
- (i) \$2.15 million for Razor's share of costs incurred to operate the Judy Creek

Gas Plant;

- (ii) \$50,000.00 for Razor's share of net costs incurred to operate the Carson Creek North Beaverhill Lake Unit No. 1, in which Razor owns a 3% working interests;
  - (iii) \$80,000.00 for South Swan Hills Unit revenue for February and March 2024 that Razor allocated to Conifer on joint billings but has not been paid;
- (b) \$680,000.00 in operating deposit invoices billed to Razor under (i) the terms of the CO&O, representing Razor's share of 10% of the estimated annual costs to operate the Judy Creek Gas Plant, and (ii) under the terms of the Carson Creek North Beaverhill Lake Unit No. 1 Unit Operating Agreement, representing Razor's share of 1/12 of the estimated annual costs to operate the unit.

(e) **Razor's Use and Availability of Funds**

28. I have read the Fifth Report and the Cash Flow provided. I understand that Razor has been paying some processing costs, lease rentals and operating expenses. Other than the \$8.81 referenced in paragraph 23, no other amounts have been paid to Conifer. I understand from the Fifth Report that the basis for Razor's ongoing refusal to pay Conifer is that Razor has not received any production revenue and disputes some of these amounts on the basis that their South Swan Hills Unit production is locked out or otherwise not being processed at the Judy Creek Gas Plant, and particularly that their production is not flowing through Functional Unit C of the South Swan Hills Gas Gathering System.
29. However, Conifer has retained Razor's production revenue to offset the post-filing operating expenses that Razor owes to Conifer. This production revenue has not been sufficient to fully offset the Post-Filing Arrears. Further, Conifer continues to operate the South Swan Hills Gas Gathering System, and the Non-Owner/Custom Users continue to send volumes through it to the Judy Creek Gas Plant. Pursuant to the CO&O, for the purposes of allocating variable operating expenses, Razor is allocated third party volumes based on its ownership in that functional unit. This means that even where Razor's own

gas is not flowing through the line, its allocated volumes are still the majority of the volume, so it is still responsible for most of the operating expenses.

30. I also understand from the Eighth Bailey Affidavit, Razor sought an order approving each of the FutEra Transaction and the HWN Transaction (collectively, the "**Transactions**"). I understand from the Fifth Report that Razor does not intend to use any of the funds from the Transactions to address Razor's significant post-filing arrears owed to Conifer.
31. I further understand that there has been a delay with the conclusion of Razor's sales process. The associated bid deadline was March 12, 2024, with Razor and the Monitor soon after identifying the Corporate Transaction (as defined in Razor's materials) as being the highest and best available option.
32. However, Conifer has not received the full details of the Corporate Transaction or updates regarding the anticipated closing date despite the significant time since the bid deadline. Conifer is concerned about the ongoing delays in concluding the Sales and Investment Solicitation Process and that there does not appear to be a backup plan should the Corporate Transaction not proceed.

(f) **Razor's Failure to Pay other Stakeholders is being Reallocated to Conifer**

33. Razor's failure to pay other Owners pre- and post-filing amounts is resulting in these amounts being re-allocated to Conifer. As set out in CNRL's letter dated July 25, 2024, due to Razor's failure to pay its share of costs and expenses for Swan Hill Unit No. 1 and Swan Hills Gas Gathering System, for which CNRL is the Operator, CNRL is seeking to re-distribute Razor's costs to the other Owners. As identified in Appendix A to CNRL's letter, CNRL is seeking greater than \$4.15 million from Conifer to cover Razor's arrears from July 1, 2020, to be paid by Conifer within 30 days of the letter. Approximately \$360,000



of this is for post-filing amounts (the "CNRL Post-Filing Arrears") Attached hereto as **Exhibit "C"** is a true copy of CNRL's letter dated July 25, 2024, with enclosures.

(g) **Razor's Failure to Pay the Post-Filing Arrears is causing Significant Harm to Conifer**

34. As a result of Razor's ongoing refusal to pay post-filing amounts, Conifer continues to take on additional debt and liability which impacts its operations by requiring it to divert funds.
35. As identified above, Conifer is currently covering Razor's debts of approximately \$1.89 million in Post-Filing Arrears and is being requested to pay approximately \$360,000 in CNRL Post-Filing Arrears.
36. The Post-Filing Arrears will continue to increase daily. Conifer projects that it costs Conifer an average of approximately \$385,000 per month in joint interest billings to continue to process Razor's Processed Gas. After deducting approximately \$135,000 each month in Razor's revenues from Razor's Processed Gas, Conifer is left with an ongoing and increasing debt of approximately \$250,000 each month to process Razor's Processed Gas.
37. Unlike Conifer's disconnection of the Locked Out Properties, Conifer is unable to disconnect Razor's Processed Gas without also disconnecting the other Non-Operators/Owners who are complying with their contractual obligations. Such an action would result in Conifer contravening its obligations pursuant to the CO&O and the amount of volumes that would need to be shut-in would impact the functioning of the Judy Creek Processing Plant.
38. I make this Affidavit in support of Conifer's application to have this Honourable Court grant the relief described in Conifer's Application being served concurrently with this Affidavit, and for no other or improper purpose.

AFFIRMED BEFORE ME  
at Calgary, Alberta, this  
3<sup>rd</sup> day of September, 2024.



A Commissioner for Oaths  
in and for Alberta

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HEATHER WILKINS

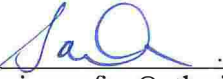
**Sarah Aaron**

*Barrister & Solicitor*

A Notary Public/Commissioner for Oaths  
in and for the Province of Alberta

My Commission expires at the pleasure of  
the Lieutenant Governor in Council

This is **Exhibit "A"** referred to in the Affidavit Heather Wilkins sworn before me this 3 day of September, 2024



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A Commissioner for Oaths in and for Alberta

**Sarah Aaron**  
*Barrister & Solicitor*  
A Notary Public/Commissioner for Oaths  
in and for the Province of Alberta  
My Commission expires at the pleasure of  
the Lieutenant Governor in Council

**PASC  
PASC ACCOUNTING PROCEDURE**

Recommended by the Petroleum Accountants Society of Canada

**EXHIBIT " "**

Attached to and a part of \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**ARTICLE I - GENERAL PROVISIONS**

**101. Definitions**

In this Accounting Procedure the following words and phrases shall have the following respective meanings, namely:

- (a) "Administrative Services" means support services such as accounting, purchasing, clerical, secretarial, and administrative whether On-Site or not.
- (b) "Affiliate" means, with respect to the relationship between corporations, that one of them is controlled by the other or that both of them are controlled by the same person, corporation or body politic; and for this purpose a corporation shall be deemed to be controlled by those persons, corporations or bodies politic who own or effectively control, other than by way of security only, sufficient voting shares of the corporation (whether directly through the ownership of shares of the corporation or indirectly through the ownership of shares of another corporation which owns shares of the corporation) to elect the majority of its board of directors, provided that a partnership which is a party and which is comprised solely of corporations which are Affiliates, as described above, shall be deemed to be an Affiliate of each such corporation and its other Affiliates.
- (c) "Agreement" means the Agreement to which this Accounting Procedure is attached.
- (d) "Alliance" means a contractual arrangement whereby a third party provides services to the Operator and which involves the sharing of employees and/or office spaces.

- (e) "Completion" means the installation in, on, or with respect to a well of all such production casing, tubing and wellhead equipment and all such other equipment and material necessary for the permanent preparation of the well for the taking of petroleum substances therefrom up to and including the outlet valve on the wellhead and includes, as necessary, the perforating, stimulating, treating, fracturing and swabbing of the well and the conduct of such production tests with respect to such well as are reasonably required to establish the initial production of the well.
- (f) "Construction Project" means construction, abandonment and reclamation of facilities or installation activity undertaken for the Joint Account, including each subsequent addition thereto or alteration thereof and Equipping wells but does not include Drilling. For purposes of Clause 302 of this Accounting Procedure, each addition or alteration hereunder will be considered as a separate Construction Project except that multiple projects of a similar nature being constructed under a single program will be consolidated as a single Construction Project. Replacement of Material in kind should be considered Operations and Maintenance unless the Owners agree otherwise.
- (g) "Controllable Material" means Material which at the time is so classified in the Controllable Material Price Catalogue as most recently recommended by the Petroleum Accountants Society of Canada.
- (h) "Drilling" means all activities with respect to the drilling of a well, including surface access and the construction of roads to and from the site of the well, preparation of the site of the well, the installation of all surface and intermediate casing respecting the well, logging, coring, capping, deepening, abandoning, reclaiming, plugging back, sidetracking, re-drilling, production testing of a well or the converting of a well to a source, injection, observation or producing well and including stratigraphic tests, and includes Completion but does not include Equipping, routine clean-out and pump or rod pulling operations which are Operations and Maintenance. Without limiting the generality of the foregoing this also includes environmental or socioeconomic studies required by governmental authorities as a prerequisite to the issuance of approval for the drilling of such well.
- (i) "Equipping" means the installation of such equipment as is required to produce petroleum substances from a completed well, including, without restricting the generality of the foregoing, a pump (or other artificial lift equipment), the installation of the flow lines and production tankage serving the well and, if necessary, a heater, dehydrator or other wellsite facility for the initial treatment of petroleum substances produced from the well to prepare such production for transportation to market, but specifically excludes any such equipment, installation, or facility that is (or is intended to be) a production facility.

- (j) "Exploration" means geological, geophysical and geochemical examinations and other investigations relating to geology, and any related environmental studies, other than Drilling, for the purpose of defining field limits or defining development well locations, conducted pursuant to the terms of the Agreement.
- (k) "Initial Construction" means construction conducted to place the Joint Property on stream to the date of initial operations.
- (l) "Joint Account" means the account showing, in Canadian funds, the charges paid and credits received as a result of Joint Operations and which are to be shared by the Owners in accordance with the terms of the Agreement.
- (m) "Joint Operations" means Exploration, Drilling, Completion, Equipping, Construction Projects, and Operations and Maintenance activities conducted pursuant to the terms of the Agreement.
- (n) "Joint Property" means all property subject to the Agreement.
- (o) "Material" means equipment or supplies acquired for use in the conduct of Joint Operations, which shall be classified as follows:
  - (1) Condition "A" means that which is new;
  - (2) Condition "B" means that which has been used but is suitable for its original function without reconditioning;
  - (3) Condition "C" means that which has been used and would be suitable for its original function after reconditioning or that which cannot be reconditioned for, but has a limited service in, its original function;
  - (4) Condition "D" means that which is not suitable for its original function but is usable for another function;
  - (5) Condition "E" means that which is junk.
- (p) "New Price" means the current price of Condition "A" Material at the nearest reputable supply store where such Material is available or at the nearest receiving point to which such Material could be delivered, whichever is closer to the Joint Property. Tubular goods fifty and eight tenths millimetres (50.8 mm) or two inches (2 inches) in diameter and over shall be priced on a carload basis. Costs of special services to tubular goods, including transportation for that service, shall be included when determining the New Price. Any cash discount that may be allowed by a dealer shall not be deducted in determining the New Price.
- (q) "Non-Operator" means an Owner or a Party to the Agreement other than the Operator.

- (r) "Operations and Maintenance" means activities and Material required to directly operate, repair, and maintain wells and facilities on the Joint Property.
- (s) "Operator" means the Owner or Party designated pursuant to the Agreement to conduct Joint Operations.
- (t) "On-Site" means within the legal boundaries of the Joint Property or in the Production Office or in the general vicinity of the Joint Property when in direct conduct of Joint Operations.
- (u) "Owner" or "Party" means a person, partnership, corporation or other entity who is bound by the Agreement.
- (v) "Production Engineering" means facilities and operations engineering support for Operations and Maintenance. This includes the following activities:
  - (1) facilities engineering which includes evaluation, optimization, testing, and if required, modifications to wellsite facilities, pipelines, production satellites, oil treating facilities, gas treating facilities, production storage and custody transfer facilities, gas and natural gas liquid injection facilities, produced water handling and injection facilities, fresh water supply and handling facilities, gas compression facilities, controls and data acquisition, loss prevention, utilities, corrosion control and classification, environmental protection, quality control and assurance, operational problem resolution and process optimization and maintenance planning.
  - (2) operations engineering which includes preparation of expense recompletion programs, remedial workover and stimulation programs (acidizing, fracturing, slick line and wireline programs, coiled tubing, snubbing, nitrogen and carbon dioxide programs); preparation of well control and safety programs; design and optimization of artificial lift systems (dynamometer and fluid level analysis, well bore gradient and interpretation, water analysis, pressure, volume, temperature data, open and cased hole logs, absolute open flow data and the like required to evaluate well performance and workover candidate); and optimization of downhole completion assemblies excluding reservoir performance optimization but including tubing force analysis and packer design, wellhead design, sand control equipment and procedures, downhole equipment for quality assurance and quality control as well as metallurgical design for critical service, selection of workover candidate to rectify mechanical problems, design and implementation of field bottom hole pressure survey and interpretation of pressure data, and interpretation of data required for optimization of downhole completion assemblies.
- (w) "Production Office" means an office or a portion of an office, the primary function of which is to directly serve the daily Operations and Maintenance.

- (x) "Professional Consulting Services" means the services of a professional individual or firm employed to provide professional advice for the benefit of Joint Operations.
- (y) "Supervision" means the supervision of employees and/or contract labour directly employed On-Site in the conduct of Joint Operations.
- (z) "Technical Services" means the services providing specific engineering, geological or other professional skills such as, but not limited to those performed by engineers, geologists, geophysicists, technologists, environmentalists, safety specialists, and surface landmen required to handle specific operating conditions and problems for the benefit of Joint Operations which are not Production Engineering or Administrative Services.
- (aa) "Warehouse" means a building, pipe yard and/or storage point where idle equipment is stored.

102. Statement and Billings

The Operator shall bill each Non-Operator on or before the last day of each month for its proportionate share of the Joint Account for the preceding month. Such bills shall be accompanied by statements which identify the authority for expenditure, lease or facility, and all charges and credits, summarized in accordance with the Joint Interest Billing Exchange Chart of Accounts as most recently recommended by the Petroleum Accountants Society of Canada classifications, as a minimum.

In the event that production revenue settlement statements are submitted by the Operator, sufficient volumetric, pricing, and revenue information by product, production month and year shall be provided to enable each Non-Operator to correctly calculate and record its income and pay its obligations attached thereto.

103. Payments by Non-Operators

Unless otherwise provided in the Agreement, each Non-Operator shall pay all bills as rendered pursuant to Clause 102 of this Accounting Procedure within thirty (30) days of receipt thereof. When the due date falls on a weekend or a statutory holiday, the payment will be due on the preceding business day.

104. Capital Advances

Unless otherwise provided in the Agreement, the Operator may require each Non-Operator to advance its proportionate share of the estimated costs to be paid in the succeeding month for approved capital projects for Joint Operations. If the Operator so elects, it shall, not earlier than thirty (30) days prior to the first day of each month,



submit to each Non-Operator a reasonably detailed estimate of the costs proposed to be paid for the Joint Account in that month, with a request for payment by each Non-Operator of its proportionate share thereof. Each Non-Operator shall pay the Operator its proportionate share of the costs so estimated on or before the fifteenth (15th) day of the month for which the advance is requested or twenty (20) days after receipt of such estimate, whichever is later.

The Operator shall adjust each monthly billing to reflect advances received from the Non-Operator. Expenditures in excess of the advances shall be billed to and paid by each Non-Operator pursuant to Clause 103 of this Accounting Procedure. Amounts advanced by each Non-Operator in excess of actual costs shall be refunded by the Operator with the related billing for the month in which the advance was paid. Any such excess amounts not refunded will, at each Non-Operator's option, bear interest, payable by the Operator for the account of each Non-Operator, at the rate specified pursuant to Clause 106 of this Accounting Procedure from the day the billing is rendered pursuant to Clause 102 of this Accounting Procedure.

105. Operating Fund

Unless otherwise provided in the Agreement, the Operator may require each Non-Operator to advance for an operating fund its proportionate share of \_\_\_\_\_ percent (\_\_\_\_%) of an approved forecast of expenditures for Operations and Maintenance for a year. The amount of this operating fund shall be increased or decreased annually in accordance with the current year's approved forecast of expenditures for Operations and Maintenance. This adjustment shall be done within ninety (90) days after the end of the previous year or when the current year's forecast is approved, whichever is later. Each Non-Operator shall remit such advance thirty (30) days after receipt of request for payment. After the establishment of the operating fund, each Non-Operator shall remit its share of actual costs in accordance with each month's billing, thus maintaining the operating fund intact.

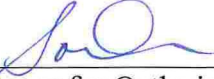
106. Unpaid Accounts

Unless otherwise provided for in the Agreement, if payment of any bills or requests for advances is not made within the time stipulated in this Accounting Procedure, the unpaid amount may, at the Operator's option, bear interest payable by the Non-Operator and compounded monthly, for the account of the Operator at the rate of two percent (2%) per annum higher than the average prime rate charged by the principal Canadian Chartered bank used by the Operator, regardless of whether the Operator has notified such Non-Operator in advance of its intention to charge interest with respect to such unpaid amount, for the period in which such interest is payable.

**.07. Adjustment and Right to Protest/Question Bills**

- (a) A Non-Operator shall not withhold payment of any portion of a bill presented by the Operator due to protest or question related to such a bill unless there is a significant item under dispute and the Operator agrees to the Non-Operator withholding payment for the disputed item. Questions by the Non-Operator related to bills shall be responded to by the Operator within fourteen (14) days of receipt of the Non-Operator's query. In the event the Operator agrees that the questioned charges require adjustment, such adjustment shall be made by the Operator within thirty (30) days after such agreement to the adjustment. Notwithstanding the foregoing provisions, the Operator shall not unreasonably deny the Non-Operator's request to withhold payment for significant disputed charges which require adjustment and for which written notice has been received.
- (b) Subject to Subclause 107(c) hereof, payment of any bills or requests for advances shall not prejudice the right of the Non-Operator to protest or question the correctness thereof; provided however, all bills and statements rendered to the Non-Operator during any calendar year shall be presumed to be true and correct after the later of twenty-six (26) months following the end of such calendar year or any approved extensions pursuant to Subclause 108(b) of this Accounting Procedure, unless before the end of the said twenty-six (26) months the Non-Operator takes written exception thereto and makes claim on the Operator for an adjustment.
- (c) If within the period referred to in Subclause 107(b) hereof, the Non-Operator or the Operator establishes that an error in the books, accounts and records relating to Joint Operations existing in the said period also existed previous to the period, the Operator shall make the required adjustments retroactively either to the inception of the error or in a manner as approved by the Owners. The provisions of this Subclause are neither intended to extend the Non-Operator's audit rights to access books and records beyond the twenty-four (24) month audit limitation pursuant to Subclause 108(a) of this Accounting Procedure; nor is it intended that the Non-Operator request such an adjustment without being able to adequately support the request. The adjustments shall be subject to the Non-Operator's right to audit.
- (d) The provisions of this Clause shall not prevent adjustments resulting from physical inventory of Controllable Material pursuant to Article V of this Accounting Procedure.

This is **Exhibit "B"** referred to in the Affidavit Heather Wilkins sworn before me this 3 day of September, 2024



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A Commissioner for Oaths in and for Alberta

**Sarah Aaron**

*Barrister & Solicitor*

A Notary Public/Commissioner for Oaths  
in and for the Province of Alberta

My Commission expires at the pleasure of  
the Lieutenant Governor in Council

**APPENDIX IV of EXHIBIT "A"**  
**to the**  
**Agreement for the Ownership and Operation of the**  
**Judy Creek Gas Plant**

**STRUCTURE AND SHARING OF**  
**THE JOINT ACCOUNT**

101. Structure of the Joint Account

The Joint Account for the Facility and all statements thereof furnished to the Owners shall be segregated by Functional Units and divided into Capital Costs and Operating Costs. Operating Costs shall be further subdivided into Fixed Operating Costs and Variable Operating Costs.

102. Sharing of Joint Account Amongst Owners

- (a) The Owners shall reimburse Operator for Capital Costs and Operating Costs as follows:
- (i) Capital Costs and Fixed Operating Costs - in proportion to their Functional Unit Participation.
  - (ii) Variable Operating Costs Monthly on an interim basis in proportion to their estimated throughput of Inlet Substances in the prior Year, which shall be subject to an annual adjustment pursuant to Subclause (d) hereof.
- (b) Operator shall distribute non-Owner fee income, as may be charged from time to time pursuant to Clause 104 of Appendix V to Exhibit "A" entitled "CAPACITY USAGE", to the Owners Monthly on an interim basis in proportion to their Functional Unit Participation and such distribution shall be subject to an annual adjustment pursuant to Subclause (d) hereof. For the purpose of allocating Operating Costs only, the volumes of non-Owner Inlet Substances, distributed to the Owners in proportion to their Functional Unit Participation, shall be considered as being a part of an Owner's Inlet Substances.
- (c) Operator shall distribute the Surplus Capacity usage charges, as may be charged from time to time pursuant to clause 103 of Appendix V to Exhibit "A" entitled "CAPACITY USAGE", to the Owners Monthly on an interim basis in proportion to their Functional Unit Participation and such distribution shall be subject to an annual adjustment pursuant to Subclause (d) hereof.
- (d) Operator shall, within one hundred and eighty (180) Days of the end of the preceding year adjust the distribution of the costs, fee income and Surplus Capacity usage charges made pursuant to Subclauses (a), (b) and (c) hereof to reflect the following basis for sharing:
- (i) Variable Operating Costs and non-Owner fee income (Operating Cost Component) shall be shared by the Owners on the basis of each Owner's volume of Inlet Substances.
  - (ii) Fixed Operating Costs shall be shared by the Owners on the basis of their Functional Unit Participation.
  - (iii) Surplus Capacity usage charges and non-Owner fee income (Capital Component) shall be shared by the Owners contributing Surplus Capacity on the basis of each such Owner's prorated share of Surplus Capacity so contributed.

This is **Exhibit "C"** referred to in the Affidavit Heather Wilkins sworn before me this 3 day of September, 2024



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A Commissioner for Oaths in and for Alberta

**Sarah Aaron**

*Barrister & Solicitor*

A Notary Public/Commissioner for Oaths  
in and for the Province of Alberta  
My Commission expires at the pleasure of  
the Lieutenant Governor in Council



## Canadian Natural

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July 25, 2024

Working Interest Owners  
(Addressee List Attached)

**RE: Razor Energy Corp. ("Razor")  
Payment Default – Contribution by Parties  
Swan Hills Unit No. 1 Unit Operating Agreement ("Unit")  
Swan Hills Gas Gathering System CO&O ("CO&O"),  
(The Unit and CO&O are collectively called the "Agreements")  
CNR Files: SWA.U1.5A; SWA.G1.5A**

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Canadian Natural Resources Limited ("CNRL") has noted that Razor has failed to pay its share of costs and expenses in accordance with the terms of the Agreements. Razor has been served with multiple Default Notices since 2019 and effective February 28, 2024, Razor went into CCAA.

The outstanding balance owed by Razor from July 1, 2020 until June 30, 2024, currently stands at \$10,053,806.56 (the "**Current Unpaid Balance**"), the details of which are set out in the attached Appendix A.

Accordingly, pursuant to Article 1107, 1108 and 1804 of the Unit and Article 602 and 603 of the CO&O, Canadian Natural is seeking a pro-rata contribution of the Current Unpaid Balance from each of the other non-defaulting Parties. The amount owed by each party is set out in the attached Appendix A. The redistributed interest used to determine the amounts owed is outlined in Appendix B. Please note that the working interest changes charted in Appendix B are not revisions to the exhibits in the Agreements. The outstanding charges will be redistributed amongst the remaining parties based on the interest used when the invoice was sent.

For the Current Unpaid Balance and for future billings, CNRL as Operator, will be invoking its rights under Article 1105 of the Unit Operating Agreement to require the net payment due in 15 days. Please see Appendix A "Swan Hills Unit No. 1 Expenses and AFEs" for amount owed in 15 days.

Under the terms of the CO&O, CNRL as Operator, will be invoking its rights under Clause 103 of the PASC Accounting Procedure forming part of the CO&O, to require the net payment due in 30 days. Please see Appendix A "Swan Hills GGS FU 1, 2 & 3 Expenses and AFEs" for the amount owed in 30 days.

CNRL will not be generating a Joint Interest Billing invoice via Energylink, this letter represents the manual invoice. The back-up package for this manual invoice will be provided to all partners in an excel spreadsheet through email.

**Canadian Natural Resources Limited**

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## Canadian Natural

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We trust you will find the foregoing to be in order. Should you have any questions, please contact the undersigned.

Yours truly,

**CANADIAN NATURAL RESOURCES LIMITED**

**Bruce Kohrs**  
Joint Venture Supervisor  
[Bruce.Kohrs@cnrl.com](mailto:Bruce.Kohrs@cnrl.com)

.encl

**Canadian Natural Resources Limited**

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## Canadian Natural

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**Swan Hills Unit No. 1/Swan Hills Gas Gathering CO&O  
Working Interest Owners  
Addressee List**

**439 Royalty Corp**  
600, 999 8 St SW  
Calgary, AB, T2R 1J5  
Attention: Joint Ventures

**Arc Resources Ltd.**  
1200-308 4 Ave SW  
Calgary, AB, T2P 0H7  
Attention: Joint Ventures

**Canadian Kenwood Company**  
730 2 Ave South, Suite 1400  
Minneapolis, MN, 55402  
Attention: Joint Ventures

**Chair Holdings Limited**  
2 Bloor St West  
Suite 3404 Box 17  
Toronto, ON, M4W 3E2  
Attention: Joint Ventures

**Chair Resources Inc.**  
2 Bloor St West  
Suite 3404 Box 17  
Toronto, ON, M4W 3E2  
Attention: Joint Ventures

**Conifer Energy Inc.**  
2500-700 9 Ave SW  
Calgary, AB, T2P 3V4  
Attention: Joint Ventures

**Jane Corporation**  
2711 Lionel Cr SW  
Calgary, AB, T3E 6B1  
Attention: Joint Ventures

**New North Resources Ltd.**  
320-700 4 Ave SW  
Calgary, AB, T2P 3J4  
Attention: Joint Ventures

**Razor Energy Corp.**  
800, 500 5 Ave SW  
Calgary, AB, T2P 3L5  
Attention: Joint Ventures

**Sabre Energy Partnership**  
800-1122 4 St SW  
Calgary, AB, T2R 1M1  
Attention: Joint Ventures

**Canadian Natural Resources Limited**

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**Canadian Natural**

**Appendix A**

**Breakdown of Razor's unpaid balance associated with Swan Hills Unit No. 1 and Swan Hills Gas Gathering System**

Company Name	BA #	80043452			80043453			80043454			80100144			Total CC	Total AFE	Grand Total
		Swan Hills GGS FU #1	Swan Hills GGS FU #2	Swan Hills GGS FU #3	Swan Hills GGS FU #1	Swan Hills GGS FU #2	Swan Hills GGS FU #3	Swan Hills GGS FU #1	Swan Hills GGS FU #2	Swan Hills GGS FU #3	AFES Swan Hills Unit No 1	AFES Swan Hills Unit No 1	AFES Swan Hills Unit No 1			
Canadian Natural Resources Limited	1	70,207.56	226,382.27	49,559.69	2,966,849.78	23,541.04	545.43	1,580,329.65	3,312,999.30	1,604,416.12	4,917,415.43					
439 Royalty Ltd.	567046	1,742.16	6,293.17	1,025.79	98,683.02	762.90	28.09	52,564.74	107,744.13	53,355.73	161,099.86					
ARC Resources Ltd.	10910	3,350.38	11,417.66	2,176.51	165,444.43	1,285.96	39.26	88,126.05	182,388.98	89,451.27	271,840.25					
Canadian Kenwood Company	12439	3,945.75	11,813.84	3,154.95	64,143.51	1,082.53	11.07	34,166.84	83,658.05	35,260.44	118,318.49					
Chair Holdings Limited	10306	394.34	1,416.30	234.56	21,713.28	170.52	6.18	11,565.85	23,758.48	11,742.55	35,501.03					
Chair Resources Inc.	31019	1,640.84	5,928.95	965.66	93,087.74	719.00	26.49	49,584.35	101,623.19	50,329.84	151,953.03					
Comifer Energy Inc.	876778	123,955.01	436,331.97	118,639.62	2,234,923.72	51,256.90	1,752.27	1,190,460.08	2,913,850.33	1,243,469.25	4,157,319.58					
Jane Corporation	884323	3,816.39	14,918.94	2,049.42	137,276.30	1,970.97	85.94	73,121.94	158,961.05	75,178.85	233,239.90					
New North Resources Ltd.	67727	118.35	431.96	68.34	7,045.97	53.00	2.00	3,753.12	7,664.62	3,808.13	11,472.75					
Sabre Energy Partnership	562947	(152.72)	(779.90)	-	(3,845.75)	-	-	424.62	(4,778.37)	424.62	(4,353.74)					
<b>Total Redistribution</b>		<b>209,018.06</b>	<b>714,155.17</b>	<b>177,874.53</b>	<b>5,785,322.00</b>	<b>80,842.81</b>	<b>2,496.74</b>	<b>3,084,097.25</b>	<b>6,886,369.76</b>	<b>3,167,436.80</b>	<b>10,053,806.56</b>					

**Canadian Natural Resources Limited**

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# Canadian Natural

## Appendix B

### SWAN HILLS UNIT NO. 1

Owner	Working Interest	Redistributed Interest
Canadian Natural Resources Limited	31.8715426%	51.2482953%
439 Royalty Corp.	1.0601076%	1.7046149%
Arc Resources Ltd.	1.7772957%	2.8578276%
Canadian Kenwood Company	0.6890651%	1.1079919%
Chair Holdings Limited	0.2332560%	0.3750673%
Chair Resources Inc.	1.0000000%	1.6079641%
Conifer Energy Inc	24.0087878%	38.6052680%
Jane Corporation	1.4746980%	2.3712614%
New North Resources	0.0756917%	0.1217095%
Razor Energy Corp	37.8095555%	0.0000000%

Note: From July 1, 2020 to September 30, 2021, Sabre Energy Partnership had a 24.7056822% WIO which was acquired by Razor Energy Corp.

### SWAN HILLS GAS GATHERING SYSTEM

#### Functional Unit #1: INLET PIPELINES & VRU'S

Owner	Capital %	Redistributed Capital %	OCBI %	Redistributed OCBI %
Canadian Natural Resources Limited	11.48824%	21.84577%	16.67846%	29.11952%
439 Royalty Corp.	0.59160%	1.12497%	0.54050%	0.94368%
Arc Resources Ltd.	0.82700%	1.57260%	0.91108%	1.59069%
Canadian Kenwood Company	0.23320%	0.44345%	0.76695%	1.33905%
Chair Holdings Limited	0.13020%	0.24759%	0.12081%	0.21093%
Chair Resources Inc.	0.55800%	1.06108%	0.50940%	0.88938%
Conifer Energy Inc	36.90746%	70.18238%	36.31470%	63.40316%
Jane Corporation	1.81003%	3.44191%	1.39640%	2.43803%
New North Resources	0.04220%	0.08025%	0.03755%	0.06556%
Razor Energy Corp	47.41207%	0.00000%	42.72415%	0.00000%

Note: From July 1, 2020 to September 30, 2021, Sabre Energy Partnership had a 27.56822% WIO and a 21.80491% OCBI which was acquired by Razor Energy Corp.

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### Functional Unit #2: 03-18-067-10W5 COMPRESSOR STATION

Owner	Capital %	Redistributed Capital %	OCBI %	Redistributed OCBI %
Canadian Natural Resources Limited	11.48824%	21.84577%	16.67846%	29.11952%
439 Royalty Corp.	0.59160%	1.12497%	0.54050%	0.94368%
Arc Resources Ltd.	0.82700%	1.57260%	0.91108%	1.59069%
Canadian Kenwood Company	0.23320%	0.44345%	0.76695%	1.33905%
Chair Holdings Limited	0.13020%	0.24759%	0.12081%	0.21093%
Chair Resources Inc.	0.55800%	1.06108%	0.50940%	0.88938%
Conifer Energy Inc	36.90746%	70.18238%	36.31470%	63.40316%
Jane Corporation	1.81003%	3.44191%	1.39640%	2.43803%
New North Resources	0.04220%	0.08025%	0.03755%	0.06556%
Razor Energy Corp	47.41207%	0.00000%	42.72415%	0.00000%

Note: From July 1, 2020 to September 30, 2021, Sabre Energy Partnership had a 27.56822% WIO and a 21.80491% OCBI which was acquired by Razor Energy Corp.

### Functional Unit #3: TRANSPORT PIPELINE

Owner	Capital %	Redistributed Capital %	OCBI %	Redistributed OCBI %
Canadian Natural Resources Limited	11.48824%	21.84577%	9.44557%	25.23134%
439 Royalty Corp.	0.59160%	1.12497%	0.30564%	0.81644%
Arc Resources Ltd.	0.82700%	1.57260%	0.51520%	1.37622%
Canadian Kenwood Company	0.23320%	0.44345%	0.44624%	1.19201%
Chair Holdings Limited	0.13020%	0.24759%	0.06831%	0.18247%
Chair Resources Inc.	0.55800%	1.06108%	0.28806%	0.76948%
Conifer Energy Inc	36.90746%	70.18238%	25.53946%	68.22191%
Jane Corporation	1.81003%	3.44191%	0.80615%	2.15342%
New North Resources	0.04220%	0.08025%	0.02123%	0.05671%
Razor Energy Corp	47.41207%	0.00000%	62.56414%	0.00000%

Note: From July 1, 2020 to September 30, 2021, Sabre Energy Partnership had a 27.56822% WIO and a 12.43883% OCBI which was acquired by Razor Energy Corp.

### Canadian Natural Resources Limited

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